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**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

LAWRENCE E. JAFFE PENSION PLAN, On )	Lead Case No. 02-C-5893
Behalf of Itself and All Others Similarly )	(Consolidated)
Situated, )	
Plaintiff, )	<u>CLASS ACTION</u>
vs. )	Judge Ronald A. Guzman
HOUSEHOLD INTERNATIONAL, INC., et )	Magistrate Judge Nan R. Nolan
al., )	
Defendants. )	

**FILED**  
MAR 01 2005  
MAR 1 2005  
MICHAEL W. DOBBINS  
CLERK, U.S. DISTRICT COURT

**APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFFS' MOTION FOR ORDER  
COMPELLING DEFENDANT ARTHUR ANDERSEN LLP TO PRODUCE WITNESSES  
FOR DEPOSITION AND DOCUMENTS**

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11/23/2004 10:10 AM

<b>Exhibit</b>	<b>Description</b>
Exhibit 1:	Notice of Deposition of Arthur Andersen LLP Pursuant to Federal Rule of Civil Procedure 30(b)(6);
Exhibit 2:	Plaintiffs' First Request for Production of Documents to Defendant Arthur Andersen LLP;
Exhibit 3:	Excerpts of Household International, Inc. ("Household") SEC Report on Form 10-K, for fiscal year ended December 31, 1995;
Exhibit 4:	Excerpts of Household SEC Report on Form 10-K/A for fiscal year ended December 31, 2001;
Exhibit 5:	Defendant Arthur Andersen LLP's Objections and Responses to Plaintiffs' First Request for Production of Documents;
Exhibit 6:	Letter to Azra Z. Mehdi from Mark D. Brookstein, dated July 9, 2004;
Exhibit 7:	Letter to Stanley Parzen from Sylvia Sum, dated July 29, 2004;
Exhibit 8:	Letter to Stanley Parzen from Sylvia Sum, dated August 5, 2004;
Exhibit 9:	Emails between Sylvia Sum and Susan Charles and Lucia Nale;
Exhibit 10:	Letter to Lucia Nale and Susan Charles from Sylvia Sum, dated August 23, 2004;
Exhibit 11:	Letter to Sylvia Sum from Susan Charles, dated September 1, 2004;
Exhibit 12:	Letter to Stanley Parzen and Lucia Nale from Sylvia Sum, dated October 12, 2004;
Exhibit 13:	Letter to Sylvia Sum from Stanley Parzen, dated October 22, 2004;
Exhibit 14:	Letter to Stanley Parzen from Sylvia Sum, dated October 29, 2004;
Exhibit 15:	Letter to Azra Mehdi and Sylvia Sum from Lucia Nale, dated November 3, 2004;
Exhibit 16:	Letter to Luke O. Brooks from Lucia Nale, dated December 22, 2004;
Exhibit 17:	Initial Disclosures by Defendant Arthur Andersen LLP Pursuant to Rule 26(a)(1) of the Federal Rules of Civil Procedure;

<b>Exhibit</b>	<b>Description</b>
Exhibit 18:	Household SEC Report on Form 8-K, dated March 19, 2003; and
Exhibit 19:	Letter to Luke Brooks from Susan Charles, dated February 15, 2005.

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# Exhibit 1

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

LAWRENCE E. JAFFE PENSION PLAN, On ) Behalf of Itself and All Others Similarly ) Situating, )  Plaintiff, )  vs. )  HOUSEHOLD INTERNATIONAL, INC., et ) al., )  Defendants. ) _____ )	)	Lead Case No. 02-C-5893 (Consolidated)  <u>CLASS ACTION</u>  Judge Ronald A. Guzman Magistrate Judge Nan R. Nolan
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**NOTICE OF DEPOSITION OF ARTHUR ANDERSEN LLP PURSUANT TO  
FEDERAL RULE OF CIVIL PROCEDURE 30(b)(6)**

TO: ALL PARTIES AND THEIR ATTORNEYS OF RECORD

PLEASE TAKE NOTICE that, pursuant to Rules 26 and 30(b)(6) of the Federal Rules of Civil Procedure, plaintiffs, by their attorneys, will take the deposition of Arthur Andersen LLP ("Andersen"), on July 15, 2004, at 9:30 a.m., or on any other mutually agreed upon date, at the offices of Miller Faucher and Cafferty LLP, 30 North LaSalle Street, Suite 3200, Chicago, IL 60602. The deposition will be taken before a notary public or some other officer qualified to administer oaths pursuant to Fed. R. Civ. P. 28(a), will be videotaped and recorded by a stenographer, and will continue from day to day excluding Sundays and holidays until the examination is completed.

Pursuant to Fed. R. Civ. P. 30(b)(6), Andersen shall designate and produce one or more of its officers, directors, employees, managing agents or other persons most qualified to testify on behalf of Andersen, and most knowledgeable and properly designated regarding the subject matters set forth in Schedule A, attached hereto, for the time period January 1, 1997 to the present, unless otherwise specified.

PLEASE TAKE FURTHER NOTICE that pursuant to Fed. R. Civ. P. 30(b)(5), Andersen is commanded to produce to plaintiffs all documents reviewed or relied upon by the deponent in preparation for the above-described deposition by July 6, 2004.

DATED: June 9, 2004

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& ROBBINS LLP  
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Attorneys for Plaintiff

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## SCHEDULE A

### I. DEFINITIONS

The following definitions apply to the matters identified herein and are deemed to be incorporated in each of said subject matter requests.

1. The term "documents" has the same meaning as "[w]ritings and recordings," which is defined in Rule 1001(1) of the Federal Rules of Evidence, including any electronically stored documents, preliminary versions, drafts or revisions, and is used as broadly as allowed under the Federal Rules of Civil Procedure.

2. The term "Household" shall refer to defendant Household International, Inc., any of its subsidiaries, including, but not limited to, defendant Household Finance Corporation, Inc., Beneficial Corporation and Household Realty Corporation, Household's divisions or affiliates (foreign and domestic), predecessors, successors and any present and former officers, directors, employees, agents or members of the Board of Directors of Household, its attorneys, accountants, advisors and all other persons acting or purporting to act on its behalf.

3. The term "Individual Defendants" shall refer to defendants William Aldinger, David Schoenholz, Gary Gilmer and J.A. Vozar, and their agents, attorneys, advisors, accountants and all other persons acting or purporting to act on their behalf.

4. The terms "Andersen" or "you" shall refer to Arthur Andersen LLP and any of its members (as defined by ET 92.06, 92.09 and .16 of the American Institute of Certified Public Accountants Code of Professional Conduct as of June 1, 2002) and any of Andersen's predecessors, successors, parents, subsidiaries, divisions, partnerships and branches; its international, foreign, national, regional and local offices; all present or former officers, directors, partners, employees, agents, attorneys, advisors, accountants, consultants and all other persons acting or purporting to act on its behalf.



5. The terms "person" or "persons" shall refer to natural persons, proprietorships, governmental agencies, corporations, partnerships, trusts, joint ventures, groups, associations, organizations and all other entities.

6. The terms "refer" or "relate" shall mean all documents which comprise, explicitly or implicitly refer to, or were created, generated or maintained as a result of the subject matter of the request, including, without limitation, all documents which reflect, record, memorialize, embody, discuss, evaluate, consider, review or report on the subject matter of the request.

7. The term "professional services" means any work or services performed by you for Household and/or the Individual Defendants.

## **II. DEPOSITION SUBJECT MATTER**

In accordance with Fed. R. Civ. P. 30(b)(6), Andersen is advised of its duty to designate one or more of its officers, directors, employees, managing agents or other persons most qualified to testify on its behalf with respect to the following:

1. The identity and location of all partners or principals at Andersen who provided professional services to Household.

2. The identity and location of persons (including non-Andersen employees) who participated in, or have personal knowledge of, Andersen's professional services performed for Household, including, but not limited to:

- (a) audits;
- (b) consulting, including, but not limited to, business advisory services, business process outsourcing, financial advisory services, and human resources services;
- (c) reviews of interim financial information;
- (d) tax and tax-shelter services;
- (e) due diligence;

- (f) assurance, accounting and attestation;
- (g) agreed upon procedures for audits;
- (h) executive compensation;
- (i) the raising of public financing offerings of or debt securities;
- (j) letters to underwriters, commonly referred to as comfort letters; and
- (k) press releases.

3. The identity and location of persons (including non-Andersen employees) who have personal knowledge of Andersen's engagement, retention and agreements with Household.

4. The identity and location of persons (including non-Andersen employees) who participated in, or have personal knowledge of, the facts and circumstances that led up to Household's restatement announced on or about August 14, 2002.

5. The facts and circumstances that led up to the termination of Andersen's relationship with Household as Household's independent auditor.

6. The identity and location of persons (including non-Andersen employees) who participated in, or have personal knowledge of, any meetings, communications, analyses, whether written or oral, regarding the applicability of Emerging Issues Task Force Issue No. 93-1 to Household's co-branding agreements.

7. The location and description of all documents requested in Plaintiffs' First Request for Production of Documents to Defendant Arthur Andersen LLP.

8. Andersen's email system, including, but not limited to:

- (a) hardware;
- (b) software;
- (c) back-up procedures and policies;
- (d) back-up software;

- (e) back-up hardware;
- (f) operating systems and software; and
- (g) all efforts made by Andersen after the filing of this action to preserve potentially relevant emails.

9. Andersen's documents destruction, retention and/or alteration policy.

DECLARATION OF SERVICE BY MAIL AND FACSIMILE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and employed in the City and County of San Francisco, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 100 Pine Street, Suite 2600, San Francisco, California 94111.

2. That on June 9, 2004, declarant served the NOTICE OF DEPOSITION OF ARTHUR ANDERSEN LLP PURSUANT TO FEDERAL RULE OF CIVIL PROCEDURE 30(b)(6) by depositing a true copy thereof in a United States mailbox at San Francisco, California in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List. Declarant also served the parties by facsimile.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 9th day of June, 2004, at San Francisco, California.

  
\_\_\_\_\_  
MONINA O. GAMBOA

**HOUSEHOLD INTERNATIONAL (LEAD)**

Service List - 6/8/2004 (02-0377)

Page 1 of 2

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HOUSEHOLD INTERNATIONAL (LEAD)

Service List - 6/8/2004 (02-0377)

Page 2 of 2

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## Exhibit 2

**PLAINTIFFS' FIRST REQUEST FOR PRODUCTION OF DOCUMENTS TO  
DEFENDANT ARTHUR ANDERSEN LLP**



TO: DEFENDANT ARTHUR ANDERSEN LLP AND THEIR COUNSEL OF RECORD

Pursuant to Federal Rules of Civil Procedure 26 and 34, and subject to the definitions, instructions, and relevant time period set forth below, plaintiffs request that defendant Arthur Andersen LLP produce for inspection and copying the documents designated under the heading "DOCUMENTS REQUESTED" within 30 days after service hereof at the offices of Lerach Coughlin Stoia & Robbins LLP, 100 Pine Street, Suite 2600, San Francisco, CA 94111, or at such other time and place as the parties mutually agree.

Plaintiffs request that such production be made in accordance with the "DEFINITIONS" and "INSTRUCTIONS" set forth below.

#### **I. DEFINITIONS**

Unless otherwise stated, the terms set forth below are defined as follows:

1. The term "documents" has the same meaning as "[w]ritings and recordings," which is defined in Rule 1001(1) of the Federal Rules of Evidence, including any electronically stored documents, preliminary versions, drafts or revisions, and is used as broadly as allowed under the Federal Rules of Civil Procedure.

2. The term "Household" shall refer to defendant Household International, Inc., any of its subsidiaries, including, but not limited to, defendant Household Finance Corporation, Inc. ("HFC"), Beneficial Corporation and Household Realty Corporation, Household's divisions or affiliates (foreign and domestic), predecessors, successors and any present and former officers, directors, employees, agents or members of the Board of Directors of Household, its attorneys, accountants, advisors and all other persons acting or purporting to act on its behalf.

3. The term "Individual Defendants" shall refer to defendants William Aldinger, David Schoenholz, Gary Gilmer and J.A. Vozar, and their agents, attorneys, advisors, accountants and all other persons acting or purporting to act on their behalf.

4. The term "defendants" shall refer to Household and the Individual Defendants.

5. The terms "Andersen," "you" or "your" shall refer to Arthur Andersen LLP and any of its members (as defined by ET 92.06, 92.09 and .16 of the American Institute of Certified Public Accountants Code of Professional Conduct as of June 1, 2002) and any of Andersen's predecessors, successors, parents, subsidiaries, divisions, partnerships and branches; its international, foreign, national, regional and local offices; all present or former officers, directors, partners, employees, agents, attorneys, advisors, accountants, consultants and all other persons acting or purporting to act on its behalf.

6. The terms "person" or "persons" shall refer to natural persons, proprietorships, governmental agencies, corporations, partnerships, trusts, joint ventures, groups, associations, organizations and all other entities.

7. The term "communication" shall refer to every manner or means of disclosure, transfer or exchange of information (in the form of facts, ideas, inquiries or otherwise), whether orally, electronically, by document, telecopier, mail, personal delivery or otherwise.

8. The term "concerning" shall mean relating to, referring to, describing, evidencing, regarding or constituting.

9. The terms "refer" or "relate" or "referring" or "relating" shall mean all documents which comprise, explicitly or implicitly refer to, or were created, generated or maintained as a result of the subject matter of the request, including, without limitation, all documents which reflect, record, memorialize, embody, discuss, evaluate, consider, review or report on the subject matter of the request.

10. The term "SEC" refers to United States Securities and Exchange Commission.

11. The term "workpapers" means all documents concerning the procedures applied, work performed, information and evidence obtained and conclusions reached in the engagement by

any auditor, practitioner, consultant or any other person working on your behalf. Workpapers for any audit or attestation include, but are not limited to:

[R]ecords kept by the auditor [or practitioner] of the procedures applied, the tests performed, the information obtained, and the pertinent conclusions reached in the engagement. Examples of working papers are audit programs, analyses, memoranda, letters of confirmation and representation, abstracts of company documents, and schedules or commentaries prepared or obtained by the auditor. *Working papers also may be in the form of data stored on tapes, films, or other media.*

AU §339.03 (emphasis added).

The term "professional services" means any work or services performed by you for Household and/or the Individual Defendants.

## II. INSTRUCTIONS

1. All documents shall be produced in the order they are kept in the ordinary course of business, and shall be produced in their original folders, binders, covers or containers. For example, documents maintained electronically shall be produced in the manner in which they are stored.

2. All documents shall be organized and labeled to correspond to the categories in this request.

3. You shall produce the original of each item or document described below or, if the original is not in your custody, then a copy thereof, and in any event, all non-identical copies which differ from the original or from the other copies produced for any reason, including, but not limited to, the making of notes thereon.

4. These requests relate to all items and documents you shall produce (including those stored electronically) which are in your actual or constructive possession, custody or control or in the possession, custody or control of your predecessors, successors, parents, subsidiaries, divisions, or affiliates, or any of your respective directors, officers, managing agents, agents, employees, attorneys, accountants, or other persons occupying similar positions or performing similar functions.

A document shall be deemed to be within your control if you have the right to secure the document or a copy of the document from another person having possession or custody of the document.

5. If production of items or documents responsive to these requests is withheld under a claim of privilege or upon any other ground, as to each such item or document, state the following information in sufficient detail to permit the court to rule on your claim:

- (a) Which privilege is claimed;
- (b) A precise statement of the facts upon which said claim of privilege is based;
- (c) If a document, the following information describing each purportedly privileged document:

- (i) Its nature, *e.g.*, agreement, letter, memorandum, tape, etc.;
- (ii) The date it was prepared;
- (iii) The date it bears;
- (iv) The date it was sent;
- (v) The date it was received; the number of pages or Bates numbers of the document withheld;

- (vi) The identity of the person preparing it;
- (vii) The identity of the person sending it;
- (viii) The identity of each person to whom it was sent or was to have been sent, including all addresses and all recipients of copies; and

- (ix) A statement as to whom each identified person represented or purported to represent at all relevant times; and

- (d) A precise description of the place where each item, or a copy of that document is kept, including the title or description of the file in which said item or document may be found and the location of such.

6. Whenever a document is not produced in full or is produced in redacted form, so indicate on the document and state with particularity the reason or reasons it is not being produced in full and describe to the best of your knowledge, information and belief, and with as much particularity as possible, those portions of the document which are not being produced.

7. If an item or document responsive to these requests was at any time in your possession, custody or control, but is no longer available for production, as to each such document state the following information:

- (a) Whether the item or document is missing or lost;
- (b) Whether the item or document has been destroyed;
- (c) Whether the item or document has been transferred or delivered to another person and, if so, at whose request;
- (d) Whether the item or document has been otherwise disposed of; and
- (e) A precise statement of the circumstances surrounding the disposition of the item or document and the date of disposition.

8. With respect to any items or documents, the production of which you contend is in some way "burdensome" or "oppressive," please state the specific reasons for that objection.

9. You are to produce each document requested herein in its entirety, without deletion or excision (except as qualified by Instructions 5 and 6 above) regardless of whether you consider the entire document to be relevant or responsive to the requests.

10. The singular shall include the plural, and the disjunctive shall include the conjunctive, and vice versa.

11. "And" shall include the term "or," and the term "or" shall include the term "and," such that each document request calls for the production of the greatest number of documents.

12. You shall produce all responsive documents available at the time of production and you shall supplement your responses as required by Rule 26(e) of the Federal Rules of Civil Procedure.

### **III. RELEVANT TIME PERIOD**

All requests herein refer to the period from January 1, 1994, to the date of production (the "Relevant Time Period"), unless otherwise specifically indicated, and shall include all documents and information that relate to such period, even though prepared or published outside of the Relevant Time Period.

### **IV. DOCUMENTS REQUESTED**

#### **REQUEST NO. 1:**

All documents referring or relating to investigations or reviews by or communications with any federal or state governmental, administrative or regulatory agency, department or body, concerning Household or any professional services you performed for Household, including, without limitation, documents produced to and received by such agency, department or body and transcripts of testimony to such agency, department or body.

#### **REQUEST NO. 2:**

All documents relating or referring to investigations or reviews by or communications with any professional organization, association or society concerning Household or any professional services you performed for Household, including, without limitation, documents produced to and received by the American Institute of Certified Public Accountants or any other professional organization or body.

#### **REQUEST NO. 3:**

All documents referring or relating to Household's restatement announced by Household on or about August 14, 2002.

REQUEST NO. 4:

All documents concerning any professional services performed by you for Household or the Individual Defendants, including, but not limited to, documents related to:

- (a) audits;
- (b) consulting, including but not limited to, business advisory services, business process outsourcing, financial advisory services, and human resources services;
- (c) reviews of interim financial information;
- (d) tax and tax-shelter services;
- (e) due diligence;
- (f) assurance, accounting and attestation;
- (g) agreed upon procedures for audits;
- (h) executive compensation;
- (i) the raising of public financing offerings of or debt securities;
- (j) letters to underwriters, commonly referred to as comfort letters; and
- (k) press releases.

REQUEST NO. 5:

All audit documentation and engagement workpapers concerning all professional services performed by you for Household or the Individual Defendants including, but not limited to:

- (a) audits;
- (b) consulting, including but not limited to, business advisory services, business process outsourcing, financial advisory services, and human resources services;
- (c) reviews of interim financial information;
- (d) tax and tax-shelter services;
- (e) due diligence;

- (f) assurance, accounting and attestation;
- (g) agreed upon procedures for audits;
- (h) executive compensation;
- (i) the raising of public financing offerings of or debt securities;
- (j) letters to underwriters, commonly referred to as comfort letters; and
- (a) press releases.

REQUEST NO. 6:

All documents concerning Household or the Individual Defendants, kept or maintained by Andersen or any personnel who provided services for Household or the Individual Defendants, including, but not limited to, documents concerning:

- (a) Household's lending practices;
- (b) Household's customers and customer base;
- (c) lawsuits, accusations, charges, claims or complaints made by customers of Household against Household;
- (d) Household's loan default and delinquency rates;
- (e) Household's loan default and delinquency policies;
- (f) Household's reaging policies and practices; and
- (g) Household's accounting of its credit card co-branding, affinity or marketing agreements.

REQUEST NO. 7:

For the period of 1993 through the present, all documents constituting or concerning communications relating to the applicability of Emerging Issues Task Force Issue No. 93-1 to Household's co-branding agreements.



REQUEST NO. 8:

All documents concerning Andersen's research, evaluations, analyses, investigations, comparisons of the subprime lending market or Household's competitors, whether performed internally at Andersen or by some other individual or entity at Andersen's request.

REQUEST NO. 9:

All documents constituting or concerning communications to, from, or relating to Household or the Individual Defendants, including, without limitation, correspondence files and written communications electronically preserved, including, but not limited to, email and instant messages.

REQUEST NO. 10:

Your audit and accounting manuals and all documents created by you interpreting, elaborating upon, updating or modifying any accounting or auditing rules, principles, guidelines, policies or procedures, SEC practices, professional practices or industry publications, including, but not limited to, guides, notices, bulletins and memoranda.

REQUEST NO. 11:

All engagement letters, retention agreements or fee agreements between Andersen and Household and all documents concerning the construction, negotiation or interpretation of the same.

REQUEST NO. 12:

All documents concerning any financial interest, transactions or relationships between Andersen, its members, members' spouses, cohabitants or dependants and defendants, including, but not limited to:

- (a) equity or debt securities, puts, calls, straddles, options or warrants;
- (b) IRA, 401(K);
- (c) loans or extensions of credit;
- (d) brokerage accounts;

- (e) trustee, trusts;
- (f) joint ventures or partnerships;
- (g) promoter or underwriter;
- (h) distributor or marketing arrangements; and
- (i) combining products or services of Andersen with Household.

REQUEST NO. 13:

For each partner or principal at Andersen who provided professional services to Household, all documents concerning such partner's or principal's compensation.

REQUEST NO. 14:

All detailed engagement time or budgets compiling or comparing time by engagement area for any audit or review services performed for Household or the Individual Defendants.

REQUEST NO. 15:

All documents relating to billings and fees, including time sheets and expense reports, concerning services performed by Andersen for Household or the Individual Defendants.

REQUEST NO. 16:

All calendars and diaries of all personnel and partners who worked on any engagement relating to Household, including specifically HFC.

REQUEST NO. 17:

All reviews, evaluations and personnel files relating to people who provided professional services for or concerning Household or the Individual Defendants.

REQUEST NO. 18:

All documents concerning any peer reviews for any individual who performed professional services on behalf of Andersen for Household.

REQUEST NO. 19:

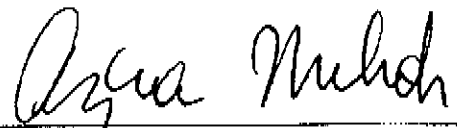
All documents concerning your document destruction, retention and alteration policy in effect during the Relevant Time Period, including, without limitation, any such policies concerning electronically stored documents and email.

REQUEST NO. 20:

All documents concerning the preservation, search for, collection, maintenance, destruction or alteration of any and all documents (including email and other electronic data) concerning Household that were undertaken with respect to this action, including, without limitation, all such action taken after this action was filed but prior to this request.

DATED: May 17, 2004

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Liaison Counsel

LAW OFFICES OF LAWRENCE G.  
SOICHER  
LAWRENCE G. SOICHER  
305 Madison Avenue, 46th Floor  
New York, NY 10165  
Telephone: 212/883-8000  
212/697-0877 (fax)

Attorneys for Plaintiff

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DECLARATION OF SERVICE BY MAIL AND FACSIMILE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and employed in the City and County of San Francisco, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 100 Pine Street, Suite 2600, San Francisco, California 94111.

2. That on May 17, 2004, declarant served the **PLAINTIFFS' FIRST REQUEST FOR PRODUCTION OF DOCUMENTS TO DEFENDANT ARTHUR ANDERSEN LLP** by depositing a true copy thereof in a United States mailbox at San Francisco, California in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List. Declarant also served the parties by facsimile.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 17th day of May, 2004, at San Francisco, California.



---

MONINA O. GAMBOA

**HOUSEHOLD INTERNATIONAL (LEAD)**

Service List - 5/17/2004 (02-0377)

1 of 2

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HOUSEHOLD INTERNATIONAL (LEAD)

Service List - 5/17/2004 (02-0377)

2 of 2

David R. Scott

Scott + Scott, LLC

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Worcester, CT 06415

860/537-3818

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## Exhibit 3



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87365

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1985

Commission file number 1-8198

### HOUSEHOLD INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

36-3121988

(I.R.S. Employer Identification No.)

2700 Sanders Road,

Prospect Heights, Illinois

(Address of principal executive offices)

60070

(Zip Code)

Registrant's telephone number, including area code: (312) 564-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$1 par value	New York Stock Exchange and Midwest Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange and Midwest Stock Exchange
\$6.25 Cumulative Convertible Voting Preferred Stock, no par, \$50.00 stated value	New York Stock Exchange
\$2.375 Cumulative Convertible Voting Preferred Stock, no par, \$6.75 stated value	New York Stock Exchange
\$2.50 Cumulative Convertible Voting Preferred Stock, no par, \$4.50 stated value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:  
None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

At March 17, 1986, there were 43,182,140 shares of registrant's common stock outstanding (excluding 8,513,091 shares held in treasury by Household International), and the aggregate market value of the voting stock held by nonaffiliates of the registrant was approximately \$2.2 billion.

#### DOCUMENTS INCORPORATED BY REFERENCE

Registrant's 1985 Annual Report to Shareholders for the fiscal year ended December 31, 1985; Parts I, II, and IV.

Registrant's definitive Proxy Statement dated March 28, 1986; Part I and Part III.

**OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**Household International, Inc.:**

In connection with our examination of the consolidated financial statements included in the December 31, 1985 annual report to shareholders of Household International, Inc. and subsidiaries and incorporated herein by reference, we have also examined the supplemental schedules of Household International, Inc. and subsidiaries, as of December 31, 1985 and for the year then ended, listed in Item 14(d). Our examination of the consolidated financial statements was made for the purpose of forming an opinion on those statements taken as a whole. The schedules listed in Item 14(d) are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the examination of the consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein for the year ended December 31, 1985 in relation to the consolidated financial statement taken as a whole.

*Arthur Andersen & Co.*

**ARTHUR ANDERSEN & CO.**

Chicago, Illinois  
February 14, 1986

## Exhibit 4

UNITED STATES SECURITIES AND

EXCHANGE COMMISSION  
Washington, D.C. 20549

-----  
FORM 10-K/A

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-8198

Household International, Inc.  
(Exact name of registrant as specified in its charter)

Delaware 36-3121988  
(State of incorporation) (I.R.S. Employer  
Identification No.)

2700 Sanders Road  
Prospect Heights, Illinois 60070  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (847) 564-5000

<PAGE>

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

The Audit Committee of the Board of Directors of Household International, Inc. annually considers and recommends to the Board the selection of Household's independent public accountants. As recommended by Household's Audit Committee, Household's Board of Directors on March 12, 2002 decided to no longer engage Arthur Andersen LLP ("Andersen") as Household's independent public accountants and engaged KPMG LLP to serve as Household's independent public accountants for 2002. The appointment of KPMG LLP was presented to Household's stockholders for ratification at the 2002 Annual Meeting. KPMG LLP was ratified as our auditors for 2002.

Andersen's reports on Household's consolidated financial statements for the two most recent fiscal years ended December 31, 2001 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

During Household's two most recent fiscal years and through the date of this Form 10-K, there were no disagreements with Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to Andersen's satisfaction, would have caused them to make reference to the subject matter in connection with their report on Household's consolidated financial statements for such years; and there were no reportable events, as listed in Item 304(a)(1)(v) of Regulation S-K.

Household has provided Andersen with a copy of this disclosure. Andersen's letter, dated March 13, 2002, stating its agreement with such statements is incorporated by reference to Exhibit 16 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

During Household's two most recent fiscal years and through the date of this Form 10-K, Household did not consult KPMG LLP regarding any of the matters or reportable events listed in Items 304(a)(2)(i) and (ii) of Regulation S-K.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Executive Officers of the Registrant.

The following information on our senior executive policy-making officers is included pursuant to Item 401(b) of Regulation S-K.

William F. Aldinger, age 54, joined Household in September 1994 as President and Chief Executive Officer. In May 1996 he was appointed our Chairman and Chief Executive Officer. Mr. Aldinger served as Vice Chairman of Wells Fargo Bank and a Director of several Wells Fargo subsidiaries from 1986 until joining us. Mr. Aldinger is also a director of Household Finance Corporation (one of our subsidiaries), Illinois Tool Works Inc. and MasterCard International, Incorporated.

Gary D. Gilmer, age 52, was appointed Vice Chairman--Consumer Lending in 2002 after having served as Group Executive--Consumer Lending since 1998. Mr. Gilmer joined Household Finance Corporation in 1972 and has served in various capacities in our consumer lending, retail services and insurance services businesses, most recently as Managing Director and Chief Executive Officer of our United Kingdom operations.

David A. Schoenholz, age 50, was appointed Vice Chairman--Chief Financial Officer in 2002. He has responsibility for our Mortgage Services, Direct Lending and United Kingdom businesses. He was appointed Group Executive--Chief Financial Officer, effective January 2000, having previously served as Executive Vice President--Chief Financial Officer since 1996, Senior Vice President--Chief Financial Officer since 1994, and Vice President--Chief Accounting Officer since 1993. He joined Household in 1985 as Director--Internal Audit.

## Exhibit 5





Defendant ARTHUR ANDERSEN LLP ("Andersen"), by its attorneys, Mayer, Brown, Rowe & Maw LLP, and pursuant to Rules 26 and 34 of the Federal Rules of Civil Procedure, hereby states its objections and responses to Plaintiffs' First Request for Production of Documents to Defendant Arthur Andersen LLP" (the "Requests") as follows:

### **GENERAL OBJECTIONS**

1. Andersen objects to the Requests to the extent that any information is requested is protected by the attorney-client privilege, the work product doctrine, or any other privilege or doctrine protecting information from disclosure or discovery. With regard to privileged or protected documents, Andersen will produce a privilege log in accordance with Rule 26(b)(5) of the Federal Rules of Civil Procedure. Nothing contained in these objections is intended as, or shall be in any way deemed, a waiver of any attorney-client privilege, any protected work product, or any applicable privileges or doctrines.

2. Andersen also objects to the Requests to the extent that they seek or encompass information or documents that are protected from disclosure by any applicable privileges or immunities, including but not limited to the statutory privilege for peer review documents established by 225 ILCS 450/30.3, the privilege of self-critical evaluation, the Illinois accountant privilege established by 225 ILCS 450/27, other applicable privileges and/or statutory restrictions on disclosure, and/or any rule or duty of confidentiality that precludes or limits production or disclosure. To the extent applicable, Andersen further states that plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law privilege.

3. To the extent that the Requests encompasses tax returns and tax return information of Andersen's clients, Andersen is prohibited from disclosing such information by § 7216 of the Internal Revenue Code.

4. Andersen objects to the Requests that seek information of Andersen that is proprietary, confidential, in the nature of trade secrets and/or not relevant to this litigation, such as documents concerning its audit methodology and systems, document retention policies and/or information relating to any insurance that it might have. Except to the extent covered by the interim protective order and subject to the entry of a final protective order, Andersen objects to the production of any confidential documents in response to these Requests prior to the entry of an appropriate protective order.

5. Andersen objects to the time period encompassed by the Requests as overbroad and unduly burdensome and seeking information which is neither relevant nor reasonably calculated to lead to the discovery of relevant information. The class period in the [Corrected] Consolidated Class Action Complaint for Violation of the Federal Securities Laws ("Complaint") purports to cover the period from October 23, 1997 to October 11, 2002. The Complaint alleges misconduct occurring only during the class period. *See, e.g.*, Comp. ¶¶ 2-3. Moreover, Andersen ceased being Household's outside auditor after fiscal year end 2001. Yet, the Requests seek documents from as far back as January 1, 1994 and forward. Any document request seeking information prior to or after the class period therefore seeks information which is not relevant.

6. Andersen objects to the Requests on the ground they are overbroad and unduly burdensome, particularly given Andersen's unique circumstances. Andersen no longer engages in the practice of public accounting; no longer employs the audit team for the audit of the consolidated year end 1997 to 2001 financial statements of Household International, Inc. ("Household"); and ceased being Household's outside auditor after fiscal year end 2001. Given Andersen's unique circumstances, Andersen objects to the requests to the extent that they

encompass information that was not generated in the form of written or printed records and to the extent that they call for information other than written or printed records included in the work papers or information revealed therefrom. To the extent Plaintiffs seek the production of any electronic information, Andersen specifically reserves its rights under the Federal Rules of Civil Procedure, including Rules 26 and 34, to seek appropriate relief, reimbursement of costs and any other appropriate relief.

7. Andersen objects to the Requests to the extent they seek information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence within the meaning of Fed. R. Civ. Proc. 26(b)(1) and (2), or otherwise vague, unclear, repetitive, overlapping, or duplicative.

8. Andersen objects to the Requests to the extent that they seek documents and information that are more readily available from other sources, including other parties to the litigation, or public or governmental sources, such that Andersen should not be burdened with the production of such documents.

9. Andersen objects to the Requests as overbroad, unduly burdensome, not relevant to the subject matter of the pending action and claims asserted against Andersen and not reasonably calculated to lead to the discovery of admissible evidence.

10. Andersen objects to the Requests to the extent that they seek documents not in Andersen's possession, custody or control.

11. Andersen objects to the Requests, and the Definitions and Instructions contained therein, to the extent that it seeks to impose upon Andersen obligations and duties greater than or different from those imposed by the Federal Rules of Civil Procedure, Local Rules of the Northern District of Illinois, and applicable law, including, but not limited to:

- a. Andersen objects to Definition 1, which purports to define "documents," to the extent it imposes obligations greater than or different from those imposed by the Federal Rules of Civil Procedure. Andersen will produce documents as required by Rule 34(a) of the Federal Rules of Civil Procedure.
- b. Andersen objects to Definition 2, which purports to define "Household" as any entity other than Household International, Inc. on the ground that it is unduly burdensome and attempts to impose an obligation greater than or different from the requirements under the Federal Rules of Civil Procedure.
- c. Andersen objects to Definition 3, which purports to define "Individual Defendants" as Messrs. Aldingers's, Schoenholz's, Gilmer's and Vozar's and their "agents, attorneys, advisors, accountants and all other persons acting or purporting to act on their behalf" as overbroad and unduly burdensome on the ground that Andersen lacks information and knowledge to determine the persons or entities incorporated by that definition.
- d. Andersen objects to Definition 5, which purports to define "Andersen," "you" or "your" as any entity other than Arthur Andersen LLP on the ground that it is unduly burdensome and attempts to impose an obligation greater than or different from the requirements of the Federal Rules of Civil Procedure.
- e. Andersen objects to Definition 11, which purports to define "work papers" as anything other than its Generally Accepted Auditing Standards definition on the ground that it is unduly burdensome and attempts to impose an obligation greater than or different from the requirements imposed under the Federal Rules of Civil Procedure.

- f. Andersen objects to the term "professional services" as vague, ambiguous, overbroad and unduly burdensome to the extent that it purports to incorporate any professional services rendered to Household International other than accounting and auditing activities performed by Andersen during the class period.
- g. Andersen objects to Instructions 1 and 2 regarding organizing and labeling responsive documents on the ground that they are unduly burdensome and attempt to impose an obligation greater than or different from the requirements imposed on non-parties under the Federal Rules of Civil Procedure. Accordingly, Andersen will produce documents as are kept.
- h. Andersen objects to Instruction 4 on the ground that it attempts to impose an obligation greater than or different from the requirements imposed by the Federal Rules of Civil Procedure. Andersen will produce documents within its possession, custody or control as required by F.R.C.P. 34(a).
- i. Andersen objects to Instruction 5 on the ground that it attempts to impose an obligation greater than or different from the requirements imposed by the Federal Rules of Civil Procedure. Andersen will submit a privilege log that complies with F.R.C.P. 26(b)(5).
- j. Andersen objects to Instruction 6 on the ground that it attempts to impose an obligation greater than or different from the requirements imposed by the Federal Rules of Civil Procedure. Andersen will submit a privilege log that complies with F.R.C.P. 26(b)(5).

k. Andersen objects to Instruction 7 regarding responsive documents no longer in Andersen's possession, custody or control on the ground that it is unduly burdensome and attempts to impose an obligation greater than or different from the requirements imposed under Rule 34(a) of the Federal Rules of Civil Procedure.

l. Andersen objects to Instruction 9 regarding the production of irrelevant or unresponsive material as imposing obligations greater than or different from those imposed by Rule 26(a) or 34(a) of the Federal Rules of Civil Procedure.

12. Andersen objects to the location designated for production by the Requests as unduly burdensome. To the extent that Andersen produces any documents pursuant to the Requests, the documents or copies thereof will be made available for inspection and copying at the offices of Mayer, Brown, Rowe & Maw LLP, 190 S. LaSalle Street, Chicago, Illinois.

13. Any statement by Andersen that it will make available for review or produce documents in response to the Requests is not an admission that such documents in fact exist but instead indicates that documents will be produced to the extent that they exist, can be identified, are responsive, and not subject to unresolved objections.

14. Andersen's production of documents in response to any of the Requests below is not intended to be construed as an acknowledgment that the requested information is relevant or admissible.

15. Andersen's investigation is on-going. Andersen expressly reserves its right to supplement and amend its responses as it discovers additional information during this litigation pursuant to Rule 26(e) of the Federal Rules of Civil Procedure.

Each of the above-stated General Objections is incorporated by reference in Andersen's specific responses below as though fully stated therein. Subject to and without waiving the foregoing General Objections, Andersen further responds to plaintiffs' specific document Requests as follows:

### **SPECIFIC OBJECTIONS AND RESPONSES**

#### **REQUEST NO. 1:**

All documents referring or relating to investigations or reviews by or communications with any federal or state governmental, administrative or regulatory agency, department or body, concerning Household or any professional services you performed for Household, including, without limitation, documents produced to and received by such agency, department or body and transcripts of testimony to such agency, department or body.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that the phrases "investigations or reviews" and "concerning Household or any professional services you performed for Household" are vague and ambiguous, overly broad and unduly burdensome. Andersen further objects to this request because it is duplicative of other requests and calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence and is otherwise privileged from disclosure.

#### **REQUEST NO. 2:**

All documents relating or referring to investigations or reviews by or communications with any professional organization, association or society concerning Household or any professional services you performed for Household, including, without limitation, documents produced to and received by the American Institute of Certified Public Accountants or any other professional organization or body.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague

and ambiguous, overly broad, unduly burdensome and duplicative of other requests. Andersen further objects on the ground that it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence and is otherwise privileged from disclosure..

**REQUEST NO. 3:**

All documents referring or relating to Household's restatement announced by Household on or about August 14, 2002.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is duplicative of other requests and seeks the production of confidential and proprietary information. Andersen further objects to this request as vague and ambiguous in that it fails to adequately categorize the precise documents being requested. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. Andersen further objects on the ground that the fact of a restatement is not relevant nor likely to lead to the discovery of relevant information, *inter alia* because such evidence is precluded as a matter of public policy. To the extent applicable, Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law and other applicable privileges. Subject to and without waiving its objections, Andersen will produce certain non-privileged documents specifically reflecting Household's August 14, 2002 restatement.



**REQUEST NO. 4:**

All documents concerning any professional services performed by you for Household or the Individual Defendants, including, but not limited to, documents related to:

- (a) audits;
- (b) consulting, including but not limited to, business advisory services, business process outsourcing, financial advisory services, and human resources services;
- (c) reviews of interim financial information;
- (d) tax and tax-shelter services;
- (e) due diligence;
- (f) assurance, accounting and attestation;
- (g) agreed upon procedures for audits;
- (h) executive compensation;
- (i) the raising of public financing offerings of or debt securities;
- (j) letters to underwriters, commonly referred to as comfort letters; and
- (k) press releases.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad, unduly burdensome and duplicative of other requests and lacks proper categorization.. Andersen further objects on the ground that it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence, and seeks the production of confidential and proprietary information. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. To the extent applicable, Andersen states

plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law privilege. Subject to and without waiving its objections, Andersen will produce: (i) work papers for the audit work performed by Andersen on the consolidated year end financial statements of Household , for the years end 1997 to 2001; (ii) work papers, if any, for any review of Household's 10Q's during that same time period; and (iii) work papers, including any comfort letters maintained therein, with respect to Household's registration statements, during the period 1997 to 2001 to the extent that claims founded on such registration statements have not been dismissed under Judge Guzman's March 19, 2004 Order .

**REQUEST NO. 5:**

All audit documentation and engagement workpapers concerning all professional services performed by you for Household or the Individual Defendants including, but not limited to:

- (a) audits;
- (b) consulting, including but not limited to, business advisory services, business process outsourcing, financial advisory services, and human resources services;
- (c) reviews of interim financial information;
- (d) tax and tax-shelter services;
- (e) due diligence;
- (f) assurance, accounting and attestation;
- (g) agreed upon procedures for audits;
- (h) executive compensation;
- (i) the raising of public financing offerings of or debt securities;
- (j) letters to underwriters, commonly referred to as comfort letters; and
- (k) press releases.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad, unduly burdensome and duplicative of other requests. Andersen further objects on the ground that it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence, and seeks the production of confidential and proprietary information. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. With regard to the accountant-client privilege, Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law accountant-client privilege. Subject to and without waiving its objections, Andersen will produce: (i) work papers for the audit work performed by Andersen on the consolidated year end financial statements of Household, for the years ended 1997 to 2001; (ii) work papers, if any, for any review of Household's 10Q's during that same time period; and (iii) work papers, including any comfort letters maintained therein, with respect to Household's registration statements, during the period 1997 to 2001, to the extent that claims founded on such registration statements have not been dismissed under Judge Guzman's March 19, 2004 Order.

**REQUEST NO. 6:**

All documents concerning Household or the Individual Defendants, kept or maintained by Andersen or any personnel who provided services for Household or the Individual Defendants, including, but not limited to, documents concerning:

- (a) Household's lending practices;
- (b) Household's customers and customer base;
- (c) lawsuits, accusations, charges, claims or complaints made by customers of Household against Household;
- (d) Household's loan default and delinquency rates;
- (e) Household's loan default and delinquency policies;
- (f) Household's reaging policies and practices; and
- (g) Household's accounting of its credit card co-branding, affinity or marketing agreements.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad, unduly burdensome and duplicative of other requests and fails to adequately categorize the precise documents being requested. Andersen further objects on the ground that it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence, and seeks the production of confidential and proprietary information. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. To the extent applicable, Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law privilege. Subject to and without waiving its objections, Andersen will produce its work papers for the audit work performed by Andersen on the consolidated year end financial statements of Household, for the years ended 1997 to 2001.

**REQUEST NO. 7:**

For the period of 1993 through the present, all documents constituting or concerning communications relating to the applicability of Emerging Issues Task Force Issue No. 93-1 to Household's co-branding agreements.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad, unduly burdensome and duplicative of other requests. Andersen further objects on the ground that it seeks the production of confidential and proprietary information. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. To the extent applicable, Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law privilege. Subject to and without waiving its objections, Andersen will produce non-privileged documents that are responsive to this request, to the extent that such documents are available and maintained, if at all, as part of Andersen's work papers for the audit work performed on the consolidated year end financial statements of Household, for the years ended 1994 to 2001. Answering further, Andersen states that additional responsive materials are included as part of the contemplated production in response to Request No. 3.

**REQUEST NO. 8:**

All documents concerning Andersen's research, evaluations, analyses, investigations, comparisons of the subprime lending market or Household's competitors, whether performed internally at Andersen or by some other individual or entity at Andersen's request.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague

and ambiguous, overly broad, unduly burdensome and duplicative of other requests. Andersen further objects on the ground that it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence, and seeks the production of confidential and proprietary information. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. To the extent applicable, Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law privilege. Subject to and without waiving its objections, Andersen will produce work papers for the audit work performed by Andersen on the consolidated year end financial statements of Household, for the years ended 1997 to 2001.

**REQUEST NO. 9:**

All documents constituting or concerning communications to, from, or relating to Household or the Individual Defendants, including, without limitation, correspondence files and written communications electronically preserved, including, but not limited to, email and instant messages.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad, unduly burdensome and duplicative of other requests and on the ground that it fails to adequately categorize the precise documents being requested. Andersen further objects on the ground that it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence, and seeks the production of confidential and proprietary information. Andersen also objects to this request to

the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. To the extent applicable, Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law privilege. Subject to and without waiving its objections, Andersen will produce work papers for the audit work performed by Andersen on the consolidated year end financial statements of Household, for the years ended 1997 to 2001.

**REQUEST NO. 10:**

Your audit and accounting manuals and all documents created by you interpreting, elaborating upon, updating or modifying any accounting or auditing rules, principles, guidelines, policies or procedures, SEC practices, professional practices or industry publications, including, but not limited to, guides, notices, bulletins and memoranda.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad, unduly burdensome and duplicative of other requests, and seeks information, the disclosure of which would be contrary to public policy. Andersen further objects on the ground that it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence, and seeks the production of confidential and proprietary information. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. To the

extent applicable,, Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law and other applicable privileges. Subject to and without waiving its objections, Andersen will produce work papers for the audit work performed by Andersen on the consolidated year end financial statements of Household, for the years ended 1997 to 2001.

**REQUEST NO. 11:**

All engagement letters, retention agreements or fee agreements between Andersen and Household and all documents concerning the construction, negotiation or interpretation of the same.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad, unduly burdensome and duplicative of other requests. Andersen further objects on the ground that it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence, and seeks the production of confidential and proprietary information. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. With regard to the accountant-client privilege, Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law accountant-client privilege. Subject to and without waiving its objections, Andersen will produce engagement letters to the extent that such documents relate to Andersen's: (i) audit work performed on the consolidated year end financial statements of Household, for the years ended



1997 to 2001; (ii) review work performed by Andersen in connection with Household's 10Q's during that same time period; and (iii) work, if any, performed by Andersen relative to, Household's registration statements, during the period 1997 to 2001 to the extent that claims founded on such registration statements have not been dismissed under Judge Guzman's March 19, 2004 Order ..

**REQUEST NO. 12:**

All documents concerning any financial interest, transactions or relationships between Andersen, its members, members' spouses, cohabitants or dependants and defendants, including, but not limited to:

- (a) equity or debt securities, puts, calls, straddles, options or warrants;
- (b) IRA, 401(K);
- (c) loans or extensions of credit;
- (d) brokerage accounts;
- (e) trustee, trusts;
- (f) joint ventures or partnerships;
- (g) promoter or underwriter;
- (h) distributor or marketing arrangements; and
- (i) combining products or services of Andersen with Household.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is incomprehensible, vague and ambiguous, overly broad and unduly burdensome. Andersen further objects on the ground that it seeks the production of confidential and/or proprietary information and because it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Subject to and without

waiving its objections, Andersen states that it has no documents reflecting that Andersen or its partners who worked on the audit of the consolidated financial statements of Household during the applicable period owned Household stock.

**REQUEST NO. 13:**

For each partner or principal at Andersen who provided professional services to Household, all documents concerning such partner's or principal's compensation.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad and unduly burdensome. Andersen further objects on the ground that it seeks the production of confidential and personal or proprietary information and because it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Andersen also objects because this request seeks information that invades and violates the privacy rights of the individuals noted in this request and seeks information which is exempt from disclosure under applicable privacy laws and regulations.

**REQUEST NO. 14:**

All detailed engagement time or budgets compiling or comparing time by engagement area for any audit or review services performed for Household or the Individual Defendants.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad, unduly burdensome and duplicative of other requests. . Andersen

further objects on the ground that it seeks the production of confidential and/or proprietary information and because it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. To the extent applicable, Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law privilege. Subject to and without waiving its objections, Andersen will produce non-privileged responsive documents to the extent that such documents are available and maintained, if at all, as part of the work papers that Andersen has agreed to produce in response to the various request herein..

**REQUEST NO. 15:**

All documents relating to billings and fees, including time sheets and expense reports, concerning services performed by Andersen for Household or the Individual Defendants.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad, unduly burdensome and duplicative of other requests. Andersen further objects on the ground that it seeks the production of confidential and proprietary information and because it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable

privileges or immunities. To the extent applicable, Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law privilege. Subject to and without waiving its objections, Andersen will produce certain non-privileged documents that show the approximate fees Andersen billed Household for Attest and Non-Attest services for calendar years 1997 to 2001.

**REQUEST NO. 16:**

All calendars and diaries of all personnel and partners who worked on any engagement relating to Household, including specifically HFC.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad, unduly burdensome and duplicative of other requests. Andersen further objects on the ground that it seeks the production of confidential and proprietary information and because it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege, the accountant-client privilege, the work-product doctrine, the joint interest privilege, duties of confidentiality, and other applicable privileges or immunities. To the extent applicable Andersen states plaintiffs have not demonstrated a need for the requested documents sufficient to overcome the state law privilege.

**REQUEST NO. 17:**

All reviews, evaluations and personnel files relating to people who provided professional services for or concerning Household or the Individual Defendants.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad and unduly burdensome. Andersen further objects on the ground that it seeks the production of confidential and/or proprietary information and because it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Andersen also objects because this request seeks privileged information that invades and violates the privacy rights of the individuals noted in this request and seeks information which is exempt from disclosure under the Illinois Personnel Records Act and which Andersen is otherwise prohibited from disclosing under applicable privacy laws and regulations.

**REQUEST NO. 18:**

All documents concerning any peer reviews for any individual who performed professional services on behalf of Andersen for Household.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad and unduly burdensome. Andersen further objects on the ground that it seeks the production of confidential and/or proprietary information and because it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by any applicable privileges or immunities, including but not limited to the accountant client privilege, self-critical analysis, and by the privilege for peer review documents. Subject to and without waiving its

objections, Andersen states that peer reviews are not performed on individuals and accordingly no responsive documents exist.

**REQUEST NO. 19:**

All documents concerning your document destruction, retention and alteration policy in effect during the Relevant Time Period, including, without limitation, any such policies concerning electronically stored documents and email.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad and unduly burdensome. Andersen further objects on the ground that it seeks the production of confidential and/or proprietary information and because it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

**REQUEST NO. 20:**

All documents concerning the preservation, search for, collection, maintenance, destruction or alteration of any and all documents (including email and other electronic data) concerning Household that were undertaken with respect to this action, including, without limitation, all such action taken after this action was filed but prior to this request.

**RESPONSE:** Andersen repeats and incorporates by reference its general objections as if fully stated herein. Andersen specifically objects to this request on the grounds that it is vague and ambiguous, overly broad and unduly burdensome. Andersen also objects to this request to the extent that it seeks or encompasses information or documents that are protected from disclosure by the attorney-client privilege and work-product doctrine and because it calls for the production of documents that are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

July 9, 2004

ARTHUR ANDERSEN LLP

By: Mark D. Brookstein  
One of its Attorneys

Stanley J. Parzen  
Lucia Nale  
Susan Charles  
Mark D. Brookstein  
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**JAFFE V. HOUSEHOLD INTERNATIONAL ET AL. (02 C 5893)  
SERVICE LIST**

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(212) 530-5219 (facsimile)  
{note Milbank has not appeared and does not plan to appear for a period of time}

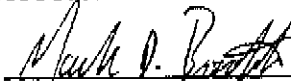


**CERTIFICATE OF SERVICE**

The undersigned, an attorney, hereby certifies that on July 9, 2004, I caused a copy of the foregoing **DEFENDANT ARTHUR ANDERSEN LLP'S RESPONSE TO PLAINTIFFS' FIRST REQUEST FOR PRODUCTION OF DOCUMENTS** to be served upon the persons on the attached service list by depositing same in the United States mail at 190 South LaSalle Street, Chicago, Illinois 60603.

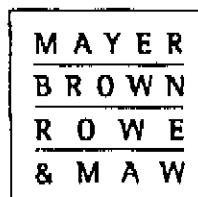
July 9, 2004

ARTHUR ANDERSEN LLP

By:   
One of its Attorneys

Stanley J. Parzen  
Lucia Nale  
Susan Charles  
Mark Brookstein  
MAYER, BROWN, ROWE & MAW LLP  
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Chicago, Illinois 60603  
312-782-0600 (Phone)  
312-701-7711 (Facsimile)

## Exhibit 6



July 9, 2004

**BY FACSIMILE**

Azra Z. Mehdi  
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Mayer, Brown, Rowe & Maw LLP  
190 South La Salle Street  
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Main Tel (312) 782-0600  
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www.mayerbrownrowe.com

Mark D. Brookstein  
Direct Tel (312) 701-8912  
Direct Fax (312) 706-8272  
mbrookstein@mayerbrownrowe.com

Re: Jaffe v. Household International, Inc., et al. Case  
No. 02-CIV-5893 (N.D. Ill.)

Dear Ms. Mehdi:

This letter serves to confirm Luci Nale's conversation with one of your colleagues during which Ms. Nale stated that Arthur Andersen LLP ("Andersen") objects, on several grounds, to Plaintiffs' Notice of Deposition of Arthur Andersen LLP Pursuant to Federal Rule of Civil Procedure 30(b)(6). Apart from the fact that Andersen no longer engages in the practice of public accounting and no longer employs the audit team for the audit of the consolidated financial statements of Household International, Inc. ("Household") during the class period, any relevant information that Plaintiffs seek is otherwise readily available through other sources and less burdensome means, including, Andersen's Rule 26(a)(1) disclosures and work papers that are being or will be produced in this action. Accordingly, so that you may plan your schedule, we will not be producing a witness on July 15, 2004. Of course, we will be happy to continue to discuss this matter with you.

While not required, Andersen's formal written objections are forthcoming. In the interim, Andersen reserves any and all objections, including but not limited to, objections as to scope, time-frame and relevancy; objections to the definitions and instructions set forth in plaintiffs' notice; and objections to any attempt by the notice to impose obligations on Andersen greater than or different from those under the applicable discovery and/or local rules. Andersen further reserves any and all applicable privileges, including the attorney-client privilege, work product doctrine, the accountant-client privilege and any other applicable privileges or immunities, and Andersen specifically objects to the subpoena to the extent it calls for testimony or documents violative or contrary thereto.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark D. Brookstein", with a stylized flourish at the end.

Mark D. Brookstein

Brussels Charlotte Chicago Cologne Frankfurt Houston London Los Angeles Manchester New York Palo Alto Paris Washington, D.C.  
Independent Mexico City Correspondent: Jauregui, Navarrete, Nader y Rojas, S.C.

Mayer, Brown, Rowe & Maw LLP operates in combination with our associated English limited liability partnership in the offices listed above.

## Exhibit 7



SAN FRANCISCO  
SAN DIEGO  
LOS ANGELES  
WASHINGTON, DC  
HOUSTON  
PHILADELPHIA

Sylvia Sum  
sylvias@lcsr.com

July 29, 2004

VIA FACSIMILE

Stanley Parzen, Esq.  
Lucia Nale, Esq.  
Mayer, Brown, Rowe & Maw  
190 South LaSalle Street  
Chicago, IL 60603

Re: *Jaffe v. Household International, Inc., et al.*  
Case No. 02-CIV-5893 (N.D. Ill.)

Dear Stanley and Lucia:

This letter serves to memorialize our meet and confer of July 26, 2004.

We first discussed Andersen's production of what purported to be 2001 workpapers. Our in-house forensic accountants had the opportunity to review the production and noticed the following deficiencies:

1. The documents were not produced as they were kept in the normal course of business at Andersen.
2. There are clear deficiencies in the production of documents. Examples of deficiencies include: all audit programs were not produced; all permanent files were not produced; all workpapers prepared by Household's internal audit department were not produced; electronic workpapers were not produced electronically; and all indices for the files/workpapers were not produced. There are gaps in the workpaper references and there are several tabs that have no documents following them.
3. The workpaper references did not copy well, were cut off or did not exist.

There were 2000 audit and review workpapers among the production, even though you believed the production to include only 2001 audit and review workpapers, making our review even more confusing. As produced, the production is unusable.





Stanley Parzen, Esq.  
Lucia Nale, Esq.  
July 29, 2004  
Page 2

You represented that you produced the documents as you received them from Andersen. We nonetheless request that a complete set of the 2001 audit and quarterly review workpapers and documents concerning the 2001 audit and reviews be produced as they were kept in the ordinary course of business by Andersen.

In light of the serious deficiencies in the initial production, we request the opportunity to have an in-house accountant inspect the original documents prior to copying. We understand that your current position is that you will not permit the original documents to leave your firm. As you are aware, plaintiffs used a third-party copy vendor to pick up documents produced on or about June 22, 2004 and return them to Mayer Brown upon copying. We are willing to do the same with any future production.

You agreed to confer with Andersen about the deficiencies identified by plaintiffs in the production to date, including whether electronic workpapers are maintained on disks, and whether the documents you received from Andersen represented all documents and workpapers for the 2001 audit and quarterly reviews. You agreed to provide plaintiffs an answer by August 6, 2004. At this time, please inform us about the logistics for copying the original documents and provide us with a timeframe. We reserve the right to take appropriate actions if the proposed logistics and the timeframe are unacceptable to us.

With respect to Andersen's Objections and Responses to Plaintiffs' First Request for Production of Documents, we discussed the following:

As an initial matter, plaintiffs reserve their right to move to compel production of documents not produced or deemed insufficient by plaintiffs.

Request for Production No. 1 (Investigations/ reviews by governmental agencies)<sup>1</sup>: We disagreed with respect to the relevancy of the documents relating to investigations or reviews by or communications with any federal or state governmental, administrative or regulatory agency. Not only the fact of an investigation goes to scienter, but also the contents of the documents or communications by Andersen with such governmental entity. It is your position that you will not produce any documents in response to this request.

Request for Production No. 2 (Investigations/ reviews by professional organizations): You agreed to check whether there are responsive documents. In particular, you will check if there was a peer review of the Andersen Household audit by Deloitte & Touche and any investigation by the

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<sup>1</sup> The short-forms of the requests used in the headings are for convenience only. We do not intend to limit our requests in any way.



Stanley Parzen, Esq.  
Lucia Nale, Esq.  
July 29, 2004  
Page 3

American Institute of Certified Public Accountants or other professional organization. You will get back to us by August 6, 2004. At that time, if Andersen has documents responsive to this request, please let us know whether you will produce the documents and when. Because it has been ten weeks since our initial request, plaintiffs expect production to be prompt, *i.e.*, no later than August 18, 2004.

Request for Production No. 3 (Documents referring or relating to Household's restatement):  
You will produce documents responsive to this request. You stated you will attempt to provide plaintiffs with copies by August 6, 2004, or give an update at that time.

Requests for Production No. 4 and 5 (All documents concerning any professional services performed by Andersen for Household and all audit documentation and engagement workpapers):  
You will only produce audit and quarterly review workpapers for the years ending 1997 to 2001, as well as documents relating to consulting fees received but refuse to otherwise produce documents relating to consulting work or other services performed by Andersen for Household. Request No. 4 includes all documents concerning any professional services performed, not just workpapers. While we believe non-auditing work performed by Andersen for Household to be relevant to plaintiffs' claims, and have made those allegations in our complaint (see Complaint ¶¶177-179), you stated you failed to see the relevance of non-auditing work to this case. Yet Andersen admitted, in its answer, that business development was one of several factors considered in assessing partner performance and compensation. See Answer ¶178. We intend to move to compel these documents if production is not forthcoming by August 18, 2004.

Our request seeks workpapers and other documents going back to January 1, 1994. Household's restatement went back that far. See Complaint ¶¶26, 135-136. Furthermore, workpapers must be viewed in context to determine compliance with Generally Accepted Auditing Standards ("GAAS"), and it is necessary to evaluate trends and changes in the industry and accounting treatment, as well as the audits, by Andersen before and during the Class Period.

As with the 2001 workpapers, you agreed to get back to us by August 6, 2004 about the logistics and timeframe for production of the workpapers for 1997 - 2001. You also agreed to check whether there are any documents relating to assurances, accounting and attestation, agreed upon procedures, and executive compensation work performed by Andersen for Household. Please inform us by August 6, 2004, whether such documents exist and, if so, whether you will produce them and when.

Request for Production No. 6 (All documents concerning Defendants, kept or maintained by Andersen or any personnel): You agreed to check with Andersen the extent to which Andersen maintained files kept by personnel and provide plaintiffs a response by August 6, 2004.



Stanley Parzen, Esq.  
Lucia Nale, Esq.  
July 29, 2004  
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Request for Production No. 7 (Applicability of Emerging Issues Task Force Issue No. 93-1 to Household's co-branding agreements): You will produce responsive documents going back to 1994 and will inform us by August 6, 2004, when you will produce these. You indicated that you may be able to get those documents ready for production by August 6, 2004.

Request for Production No. 8 (Research, analyses, comparisons of the subprime lending market or Household's competitors): You agreed to produce responsive documents to the extent they are in the workpapers. We agreed to defer this request until we reviewed the workpapers.

Request for Production No. 9 (Communications to, from, or relating to Household, including correspondence files and emails): You will check if Andersen kept separate correspondence files or whether correspondence was kept as part of the workpapers. We request all correspondence to, from, or relating to Household or the Individual Defendants, whether they are in the workpapers or not. Please provide a response by August 6, 2004.

With respect to emails, you represented that the computer network is no longer in use. You did not know if emails were stored on disks, hard drives, back-up tapes, etc. You agreed to give us information about what has been stored, the capabilities to restore the information and the feasibility for conducting searches. You also agreed to provide the name of a 30(6)(b) witness to testify as to Andersen's email system by August 6, 2004. At that time, please provide us with the person's availability for deposition.

Request for Production No. 10 (Audit and accounting manuals): Plaintiffs agreed to defer this request at this time. After review of the workpapers, plaintiffs reserve the right to request specific audit and accounting manuals referenced in the workpapers or any other audit and accounting manuals plaintiffs deem relevant.

Request for Production No. 11 (Engagement letters, retention agreements or fee agreements): You believe that engagement letters, retention agreements and/or fee agreements are part of the workpapers, but agreed to confirm that fact and get back to us. Please do so by August 6, 2004. If the requested documents are not part of the workpapers, advise us whether and when you will produce these documents.

Request for Production No. 12 (Documents concerning financial interest, transactions or relationships): You agreed to check if there are responsive documents and tell us what will be produced by August 6, 2004.

Request for Production No. 13 (Partner's or principal's compensation): You will not produce Andersen's partners' or principals' compensation because you claim they are privileged. Our complaint alleges that Andersen incentivized its auditing partners to sell lucrative consulting





Stanley Parzen, Esq.  
Lucia Nale, Esq.  
July 29, 2004  
Page 5

services. Thus, their compensation is relevant. We intend to move to compel production of these documents.

Request for Production No. 14 (Engagement time or budgets): You will produce engagement times or budgets to the extent they are already in the workpapers. You do not believe there are separate files for this category of documents. However, you agreed to check if there are such separate files and let us know by August 6, 2004. At that time, if there are separate files with engagement times or budgets, we ask that you inform us whether you will produce these and when. Also inform us whether engagement times or budgets were maintained in electronic files.

Request for Production No. 15 (Documents relating to billings and fees, including time sheets and expense reports): In Andersen's Response to this request, you agreed to produce "approximate" fees Andersen billed Household for Attest and Non-Attest services for calendar years 1997 to 2001. You informed us that this is all you can get. However, you agreed to check with Andersen if it maintained invoices, timesheets and the like and let us know by August 6, 2004 what you find out. It is plaintiffs' position that approximate fees are not adequate and that invoices, timesheets and the like must be produced. Plaintiffs intend to move to compel, if necessary.

Request for Production No. 16 (Calendars and diaries of all personnel and partners who worked on any Household engagement): You represented that Andersen did not keep individual personnel's calendars and diaries. To the extent there were electronic calendars, however, you agreed to check whether they have been stored and Andersen's capabilities for retrieving the information. As with emails, please provide that information by August 6, 2004.

Request for Production No. 17 (Reviews, evaluations and personnel files): You will not produce documents responsive to this request because they are privileged. You indicated you may consider a more narrowly framed request. Our request stands for now. Reviews, evaluations and personnel files of Andersen personnel who performed services for Household are relevant to plaintiffs' claims that Andersen abandoned its professional standards, suffered from lack of independence, failed to identify Household's false financial reporting, violated GAAS, etc. Plaintiffs intend to move to compel production of these documents.

Request for Production No. 18 (Documents concerning peer reviews): You agreed to check if there was a peer review of Andersen relating to Household's audit and whether there are documents relating to it. We believe there was a peer review by Deloitte & Touche covering Andersen's year end 2000 audit. Plaintiffs request that you get back to us by August 6, 2004.

Request for Production No. 19 (Document destruction, retention, alteration policy): You first conditioned your production of Andersen's document destruction policies on plaintiffs' production of theirs. That is unacceptable. Andersen's document destruction, retention, alteration policy are relevant to the completeness of the production and plaintiffs have already informed you that there



Stanley Parzen, Esq.

Lucia Nale, Esq.

July 29, 2004

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were serious deficiencies in the 2001 workpapers. You then indicated that you would think about this request some more. Please provide us a definitive response by August 6, 2004, so we may take further actions as necessary.

Request for Production No. 20 (Documents concerning preservation, search for, collection, maintenance, destruction and alteration of documents with respect to this action): Your position is that documents responsive to this request are privileged under the doctrine of work product and that you will not produce them. At this time, plaintiffs will defer this request pending production.

On the Rule 30(b)(6) Notice, with the exception of subject matter 8 (email system), your position is that there is no one available to testify from personal knowledge or that can be reasonably educated through documents or other means to testify with respect to the requested subject matters. It is plaintiffs' position that Andersen has an obligation to prepare designees for the various topics so that they may give knowledgeable answers to streamline the discovery process. Subject to Andersen's complete production of its 1997-2001 workpapers, by August 18, 2004, plaintiffs are willing to defer the 30(b)(6) depositions (except for subject matter 8) until a later date.

We look forward to receiving your responses and updates by August 6, 2004.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sylvia Sum".

Sylvia Sum

SS:jc

cc: Azra Mehdi

Susan Hanselman

T:\Cases\SF\Household Int\Corres\LTR Parzen 07-29-04.doc

## Exhibit 8

SS



SAN DIEGO • SAN FRANCISCO  
LOS ANGELES • NEW YORK • BOCA RATON  
WASHINGTON, DC • HOUSTON  
PHILADELPHIA • SEATTLE

Sylvia Sum  
sylvias@lerachlaw.com

August 5, 2004

VIA FACSIMILE

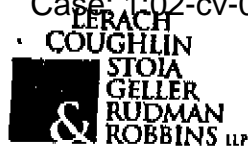
Stanley Parzen, Esq.  
Lucia Nale, Esq.  
Mayer, Brown, Rowe & Maw  
190 South LaSalle Street  
Chicago, IL 60603

Re: *Jaffe v. Household International, Inc., et al.*  
Case No. 02-CIV-5893 (N.D. Ill.)

Dear Stanley and Lucia:

Pursuant to our July 26, 2004 meet and confer and plaintiffs' letter to you dated July 29, 2004, responses to and updates for the following by August 6, 2004 are due to plaintiffs:

1. the deficiencies in Andersen's initial production;
2. the logistics for the review and copying of original documents and a timeframe for production;
3. whether responsive documents exist to Request No. 2 and, if so, Andersen's position regarding production of such documents;
4. when documents responsive to Request No. 3 will be produced;
5. the logistics and timeframe for production of the workpapers for 1997 - 2001;
6. whether documents relating to assurances, accounting and attestation, agreed upon procedures, and executive compensation work exist and, if so, Andersen's position regarding production;
7. whether Andersen maintained files kept by personnel and, if so, Andersen's position regarding production;
8. when documents responsive to Request No. 7 will be produced;



Stanley Parzen, Esq.

Lucia Nale, Esq.

August 5, 2004

Page 2

9. whether Andersen kept separate correspondence files or whether correspondence files were kept as part of the workpapers and, if the latter, Andersen's position regarding production;
10. with respect to emails, information about what has been stored, the capabilities to restore the information and the feasibility for conducting searches;
11. the name of a Rule 30(b)(6) witness to testify as to Andersen's email system, as well as that individual's availability;
12. whether engagement letters, retention agreements and/or fee agreements are part of the workpapers and, if not, Andersen's position regarding production of the same;
13. whether documents responsive to Request No. 12 exist and, if so, Andersen's position regarding production of the same;
14. whether engagement time or budgets are in separate files and, if so, Andersen's position regarding production of these;
15. whether engagement times or budgets were maintained in electronic files;
16. whether Andersen maintained invoices and timesheets and other documents relating to billing and fees;
17. whether electronic calendars were maintained and Andersen's capabilities for retrieving such information;
18. whether there was a peer review of Andersen relating to Household's audit;
19. a definitive position regarding production of Andersen's document destruction, retention and alteration policies.

We request that you provide responses to the above in writing. Thank you.

Very truly yours,

Sylvia Sum

SS:jc

cc: Azra Mehdi

## Exhibit 9

**From:** Sylvia Sum  
**To:** Charles, Susan; Nale, Lucia  
**Subject:** RE: Jaffe v. Household International, Inc., et al.

We will not be available at 12 noon (2 p.m. Chicago time), but will be available at 1 p.m. (3 p.m. Chicago time). Let me know if that will work for you.

>>> "Nale, Lucia" <LNale@mayerbrownrowe.com> 8/17/2004 8:08:50 AM >>>  
Sylvia: Our call needs to wrap up by 4 Chicago time so let's move up the start time. Also, your message is unclear as to what time you propose to start 2 or noon. Please advise. If we start at 2 Chicago time that should work.

-----Original Message-----

From: Sylvia Sum [mailto:SylviaS@lcsr.com]  
Sent: Monday, August 16, 2004 6:24 PM  
To: Charles, Susan  
Cc: Azra Mehdi; Monique Winkler; Nale, Lucia  
Subject: RE: Jaffe v. Household International, Inc., et al.

Sue,

We will be available at 2 noon (4 p.m. Chicago time) to meet and confer regarding the status of Andersen's document production. At that time, we expect to receive responses and updates to all the outstanding issues discussed during our meet and confer on July 26, 2004, and plaintiffs' July 29, 2004 and August 5, 2004 letters. Plaintiffs would have preferred receipt of these responses and updates prior to a meet and confer in order to facilitate the discussion. In light of the fact that Andersen has completely disregarded repeated requests by plaintiffs to provide their positions in writing, plaintiffs will proceed with the meet and confer but expect responses to all outstanding issues tomorrow.

We will call you at 4 p.m. Chicago time. Please reserve sufficient time to discuss all outstanding issues and provide dates for 30(b)(6) depositions.

Sylvia

Sylvia Sum  
Lerach Coughlin Stoia & Robbins LLP  
(415) 288-4545  
(415) 288-4534 (fax)

NOTICE: This email message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply email and destroy all copies of the original message.

>>> "Charles, Susan" <SCharles@mayerbrownrowe.com> 8/16/2004 3:44:28 PM  
>>>

Sylvia,

We would like to talk with you tomorrow afternoon to give you a status

on our document production. We plan to send out materials tomorrow night; we would also like to talk with you about your request to copy the work papers in-house at MBRM. We would like to talk b/w 2 and 4 Chicago time, but if that doesn't work, please let me know what time you would prefer.  
Thanks,  
Sue

-----Original Message-----

From: Sylvia Sum [mailto:SylviaS@lcsr.com]  
Sent: Friday, August 06, 2004 12:01 PM  
To: Charles, Susan  
Cc: Azra Mehdi; Monique Winkler; Nale, Lucia  
Subject: Re: Jaffe v. Household International, Inc., et al.

Given that our last meet and confer was over 2 hours long and there are at least 19 outstanding issues that Andersen needs to respond to (as identified in my July 29, 2004 and August 5, 2004 letters), plaintiffs would like your responses in writing before we engage in another meet and confer. During the meet and confer, Andersen agreed to provide us with responses and updates by today. Please note that the document requests were propounded on May 17, 2004, almost three months ago. If, however, you need until Tuesday, August 10, 2004 to respond, we will grant you an extension to that date.

With respect to the documents that you are sending, please identify what requests they are responsive to. As indicated during our July 26, 2004 meet and and confer and the July 29, 2004 follow-up letter, Andersen's initial workpapers production was not produced as workpapers are kept in the ordinary course of business, and thus are so deficient, that plaintiffs were unable to review and analyze the documents. Plaintiffs have requested that our in-house forensic accountant be able to review the original workpapers before they are copied. Please provide us a written response to this issue as well.

Plaintiffs are willing to do a necessary follow-up meet and confer next week once we receive Andersen's written responses.

Sylvia Sum

>>> "Charles, Susan" <SCharles@mayerbrownrowe.com> 8/6/2004 6:13:27 AM

>>>

Sylvia,

We would like to schedule a time to talk with you regarding the questions presented by plaintiffs during our July 26 meet and confer. Luci will be out of the office today and Monday conducting interviews



for another matter. We would like to try and set something up for next Tuesday or Wednesday. In the meantime, we have some additional documents that we are boxing up to send to you. You should have these additional documents early next week.  
Thanks,  
Sue Charles

---

Sue Charles  
Mayer, Brown, Rowe & Maw LLP  
190 South LaSalle Street  
Chicago, Illinois 60603  
312-701-8928 (phone)  
312-706-8416 (facsimile)  
[scharles@mayerbrownrowe.com](mailto:scharles@mayerbrownrowe.com)

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CC: Mehdi, Azra; Winkler, Monique

## Exhibit 10



ATM  
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WASHINGTON, DC • HOUSTON  
PHILADELPHIA • SEATTLE

Sylvia Sum  
SylviaS@lerachlaw.com

August 23, 2004

VIA FACSIMILE

Lucia Nale, Esq.  
Susan Charles, Esq.  
Mayer, Brown, Rowe & Maw  
190 South LaSalle Street  
Chicago, IL 60603

Re: *Jaffe v. Household International, Inc., et al.*  
Case No. 02-CIV-5893 (N.D. Ill)

Dear Lucia and Susan:

I write to memorialize the August 16, 2004 meet and confers between counsel for Andersen, counsel for plaintiffs and plaintiffs' in-house forensic accountant. Andersen requested this meet and confer to discuss the questions presented by plaintiffs during the July 26 meet and confer and to give plaintiffs a status on Andersen's document production.

Andersen's 2001 Workpapers: Andersen informed plaintiffs that the 2001 workpapers were produced as kept in the usual course of business. You explained the absence of audit program files by stating that Andersen kept workpapers pursuant to the "business audit methodology" and therefore audit programs did not exist for the 2001 audit. You further stated that the risk control documents, as well as other documents in the administrative files, explain Andersen's methodology and audit procedures.

Given Andersen's new audit methodology, there is a heightened need to obtain Andersen's audit and accounting manuals, as sought in Request No. 10 in Plaintiffs' First Request for Production of Documents to Defendant Arthur Andersen LLP. Andersen's change in audit methodology makes it imperative that plaintiffs receive Andersen's audit and accounting manuals, as applicable to Household's audit at the same time plaintiffs receive the workpapers.

You agreed to produce to plaintiffs a copy of the set of Andersen's 2001 workpapers that KPMG had made when it replaced Andersen as Household's auditors. We understand that copies have been made and plaintiffs will receive them shortly.



Lucia Nale, Esq.  
Susan Charles, Esq.  
August 23, 2004  
Page 2

You stated that your investigation revealed that electronic workpapers do not exist for the 2000 audit and Andersen did not maintain electronic workpapers on disk for the 2001 audit. You also explained that the 2000 workpapers, in the 2001 workpaper-production are carry-forward material.

You stated that the 1997-2000 workpapers will be available for copying after Labor Day. Pursuant to Fed R. Civ. P. 34, plaintiffs again request that they be allowed to inspect the original workpapers prior to copying and, after inspection, direct a copy service to copy the originals to their specification. Review of the original documents is especially needed because plaintiffs found that certain indices referenced in the 2001 workpapers produced so far were not produced. Your position is that you will not allow plaintiffs to inspect the original workpapers. You indicated that you would confirm with your co-counsel and get back to us on August 18, 2004 if he was of a different opinion. Since plaintiffs did not receive a call from you on August 18, 2004, we understand that you continue to refuse plaintiffs access to the originals. Plaintiffs reserve their right to seek review of the original workpapers.

Request No. 2: Your investigation revealed that Deloitte & Touche conducted peer reviews of Andersen in 1995 and 1998 and the Household audit workpapers were reviewed as part of these peer reviews. You stated that you do not have any documents concerning these reviews but agreed to check again whether there are documents in Andersen's possession and whether there was a 2001 peer review. Plaintiffs request all documents relating to or concerning the 1995, 1998, and, if it was performed, the 2001 peer review, including all correspondence, relating to these peer reviews.

Request No. 4: You informed plaintiffs that Andersen did not perform any executive compensation work for Household. The only work done by Andersen was tax work for Household's employees working overseas. You will check whether Andersen performed work relating to assurances, accounting and attestation, and agreed upon procedures. Please inform us by August 27, 2004 whether such work was performed.

Request 6: You informed plaintiffs that personnel or desk files that were kept by Andersen after an employee left, if any, are stored according to the person, not the engagement. You did not search the personnel or desk files of those Andersen employees that you identified in Andersen's Initial Disclosures and you indicated that you would not do so until plaintiffs identified which employees' files we wanted searched. It is plaintiffs' position that Andersen should search all employees' files for responsive documents. Andersen is in a better position to do that than plaintiffs. For a start, Andersen should begin with the files of those employees it had identified in their Initial Disclosures.

Request 9: You have confirmed that there are no separate correspondence files separate and apart from the workpapers.



Lucia Nale, Esq.  
Susan Charles, Esq.  
August 23, 2004  
Page 3

Request 11: You confirmed that, except for what might be found in the workpapers, there are no separate files for engagement letters, retention agreements or fee agreements.

Request 12: With respect to independence check lists, you confirmed that there was an independence verification procedure. The procedure was not engagement-specific but rather was organized by engagement partners. There was a centralized list of restricted securities that Andersen employees were not permitted to acquire. You agreed to follow-up on whether 1) there are documents that may be responsive to plaintiffs' Request No. 12 and 2) whether the restricted securities list can be recreated.

Requests 14 and 15: You informed us that you do not have Andersen's bills regarding Household and that you tried to ascertain documents that show the time spent on Andersen's clients. You indicated that when Andersen was in business, there was a billing report detailing the time spent by Andersen on the Household engagements. However, you informed us you do not have such report and do not know whether the ability exists today to regenerate this report. You informed us that, at the end of the week, an Andersen employee, currently on vacation, might be able to provide answers as to whether there is a way to regenerate the reports or otherwise provide us with information regarding engagement time, budgets, billings and fees. Please get back to us by August 27, 2004.

Request 9 and 16: With respect to emails and electronic calendars, you represented that Andersen had no policy to maintain emails or electronic data until January 2002. In light of this representation, it is even more crucial that Andersen produce its document destruction and maintenance policies. From January 2002 forward, Andersen has kept and has in its possession all of its employees' hard drives or ghost copies of the people's hard drives, including their emails and calendars.

Prior to January 2002, a snapshot was made at the end of each month and a back-up tape was stored with whatever was on the network on that day. You indicated that you do not know if the back-up tapes exist. You agreed, however, to check with an Andersen employee, currently on vacation, as to whether these back-up tapes exist and how far back they go. Please get back to us by August 27, 2004. At that time, please provide plaintiffs with the name of a 30(b)(6) witness to testify as to the retrievability of emails and electronic data both pre- and post-January 2002, as well as the email system in general, and the person's availability for deposition.

Request 19: You stand by your original position that you will not produce Andersen's destruction, retention and alteration policy.



Lucia Nale, Esq.  
Susan Charles, Esq.  
August 23, 2004  
Page 4

We look forward to receiving your further responses and updates by August 27, 2004.

Very truly yours,

Sylvia Sum

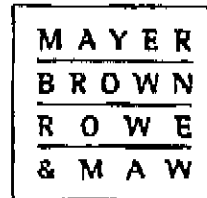
SS:je

cc: Azra Mehdi

T:\Cases\SF\Household Int\Corres\LTR Nale 08-23-04.doc

Exhibit 11





September 1, 2004

**BY FACSIMILE**

Ms. Sylvia Sum  
Lerach, Coughlin, Stoia & Robbins, LLP  
100 Pine Street, 26th Floor  
San Francisco, CA 94111

Mayer, Brown, Rowe & Maw LLP  
190 South La Salle Street  
Chicago, Illinois 60603-3441

Main Tel (312) 782-0600  
Main Fax (312) 701-7711  
[www.mayerbrownrowe.com](http://www.mayerbrownrowe.com)

Susan Charles  
Direct Tel (312) 701-8928  
Direct Fax (312) 706-8418  
[scharles@mayerbrownrowe.com](mailto:scharles@mayerbrownrowe.com)

Re: Jaffe v. Household International, Inc., et al.

Dear Sylvia:

You have sent us a series of letters purporting to summarize conversations that we have had regarding Arthur Andersen LLP's ("Andersen") responses to "Plaintiffs' First Request for Production of Documents ("Document Requests"). Your letters – dated July 29, August 5 and August 23, 2004 – contain numerous inaccuracies and do not correctly reflect the substance of our conversations. As we stated in our last conversation, we are continuing to investigate and gather information relating to the questions you have raised regarding Andersen's responses to the Document Requests. Please be advised that we will respond to your questions in a single letter once we have completed our review and are able to address all of your questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Susan Charles", with a long horizontal flourish extending to the right.

Susan Charles

cc: Marvin A. Miller (via facsimile: 312-782-4485)  
L. Anthony Pellegrino (via facsimile: 212-822-5140)  
Adam Deutsch (via facsimile: 312-692-1718)

Brussels Charlotte Chicago Cologne Frankfurt Houston London Los Angeles Manchester New York Palo Alto Paris Washington, D.C.  
Independent Mexico City Correspondent Jaurigui, Navarrete, Nader y Rojas, S.C.

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## Exhibit 12

SKS



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WASHINGTON, DC • HOUSTON  
PHILADELPHIA • SEATTLE

Sylvia Sum  
Sylvias@lerachlaw.com

October 12, 2004

VIA FACSIMILE

Stanley Parzen, Esq.  
Lucia Nale, Esq.  
Mayer, Brown, Rowe & Maw  
190 South LaSalle Street  
Chicago, IL 60603

Re: *Lawrence E. Jaffe Pension Plan v. Household International, Inc., et al*  
Case No. 02-CIV-5893 (N.D. Ill.)

Dear Stanley and Lucia:

This letter serves to summarize the status of outstanding discovery issues before the stay on merits discovery was implemented on August 30, 2004.

I. Document Requests

A. With respect to Requests No. 1, 2, 6, 13, 17, 19, Andersen refuses to produce responsive documents. Andersen also refuses to produce those portions of Requests No. 4 and 5 that request documents relating to consulting work and workpapers for the years ended 1994 to 1996. Moreover, Andersen refuses to allow plaintiffs to inspect the original workpapers for the 1997 to 2001 audits and quarterly reviews prior to having them copied.

If your position with respect to any of the foregoing has changed, please inform us of that decision by October 20, 2004. If not, please be advised that plaintiffs intend to move to compel for production of responsive documents shortly.

B. With respect to Requests No. 3 and 7, Andersen has produced documents responsive to these requests. Plaintiffs will inform you whether they consider the production sufficient.

C. Plaintiffs will defer their requests for production of documents responsive to Requests No. 8 and 20.

D. Andersen agreed to follow up on whether it is in possession of documents that are responsive to Requests No. 4 and 5 (with respect to work relating to assurances, accounting and





Stanley Parzen, Esq.

Lucia Nale, Esq.

October 12, 2004

Page 2

attestation, and agreed upon procedures), Request No. 12, and Request No. 18 (documents concerning the 1995, 1998, and 2001 peer reviews of Andersen by Deloitte & Touche, including correspondence). Please inform us by October 20, 2004 whether such documents exist and whether Andersen will produce them.

With respect to Request No. 9 (emails), also inform us by October 20, 2004 whether back-up tapes exist and how far back they go. In addition, with respect to Request No. 15, please inform us whether Andersen can recreate a detailed billing report and whether Andersen will produce such reports.

While previously deferred, given Andersen's new audit methodology, plaintiffs renew their request for immediate production of Andersen's audit and accounting manuals (Request No. 10), as applicable to Household's audit. Please inform us whether you will produce such documents by October 20, 2004.

## II. Rule 30(b)(6) Deposition

By October 20, 2004, please provide plaintiffs with the name of a Rule 30(b)(6) witness and his or her availability for deposition to testify as to the retrievability of emails and electronic data both pre- and post-January 2002, as well as Andersen's email system in general.

## III. Andersen's Response to Plaintiffs' First Set of Interrogatories

Plaintiffs request a meet and confer regarding Andersen's responses to Plaintiffs' First Set of Interrogatories. Please provide us your availability for the week of October 20, 2004.

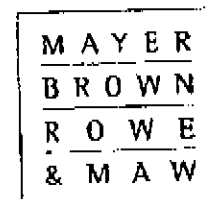
Very truly yours,

Sylvia Sum

SS:jc

cc: Azra Mehdi  
Marvin Miller

## Exhibit 13



October 22, 2004

BY FACIMILE

Sylvia Sum, Esq.  
Lerach Coughlin Stoia Geller Rudman & Robbins LLP  
100 Pine Street, 26<sup>th</sup>  
San Francisco, CA 94111

Mayer, Brown, Rowe & Maw LLP  
190 South La Salle Street  
Chicago, Illinois 60603-3441

Main Tel (312) 782-0600  
Main Fax (312) 701-7711  
www.mayerbrownrowe.com

Stanley J. Parzan  
Direct Tel (312) 701-7326  
Direct Fax (312) 706-8668  
sparzan@mayerbrownrowe.com

Re: *Lawrence E. Jaffe Pension Plan v. Household  
International, Inc. et al*  
Case No. 02-CIV-5893 (N.D. Ill.)

Dear Sylvia:

This letter responds to Paragraph 1 A. of your October 12, 2004 letter which was inaccurate in quite a few respects.

Request No. 1: To the extent that the documents can be identified, Arthur Andersen LLP ("Arthur Andersen") will produce any non-privileged documents that refer or relate to any investigations or reviews or communications with any governmental bodies during the course of its audits that relate to the matters alleged in the complaint, in particular the predatory lending allegations. To the best of our knowledge, however, there are no such responsive documents. If we identify any in the future, we will produce them. To extent that the request seeks responsive documents generated post August 2002, Arthur Andersen continues to object, but states that it has already produced any documents reflecting work performed for Household that were provided to any governmental bodies. Given these facts, we do not think that there is any legitimate dispute to be brought to the Court's attention.

Request No. 2: Arthur Andersen has the same response to Request No. 2 that it had to Request No. 1. Specifically, we state that, to the best of our knowledge, there were no response documents during the period that the audits were being performed. To the extent that responsive documents were produced to a professional organization, association, or society after August 2002, Arthur Andersen has produced them to the plaintiffs. Arthur Andersen otherwise continues to object to the request for the period of time after the audits were performed. Given these facts, we do not think that there is any legitimate dispute to be brought to the Court's attention.

Request No. 6: The request literally states produce "[a]ll documents concerning Household." As we informed you, such a request *inter alia* lacks the categorization required under the federal rules. See, e.g., *Wharton v. Lybrand, Ross Bros. & Montgomery*, 41 F.R.D. 177, 180. It would also seem that Household would be the better party from which to get

Brussels Charlotte Chicago Cologne Frankfurt Houston London Los Angeles Manchester New York Palo Alto Paris Washington, D.C.  
Independent Mexico City Correspondent: Jauregui, Navarrete, Nader y Rojas, S.C.

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Mayer, Brown, Rowe & Maw LLP

Sylvia Sum, Esq.  
October 22, 2004  
Page 2

Household policies. Nonetheless, Arthur Andersen stated that it would produce any responsive documents that were contained in its workpapers for the pertinent times. Do the plaintiffs really require more from Arthur Andersen?

Request No. 13: Arthur Andersen does object to this request. Putting aside whether this highly personal financial information should be discoverable at all, the breadth of the request is hard to understand. We would ask you to reconsider your insistence on this information.

Request No. 17: Courts in this district have held audit manuals not to be discoverable. You have refused to provide a reason as to why you are requesting this information. Subject to an explanation or a limitation, we can not agree to your request for wholesale production of audit manuals. In the spirit of compromise only, we would consider providing some more limited portion of the audit manual as a way of resolving this dispute should you wish to make such a proposal so that we would not have the burden the Court with this dispute..

Request No. 19: We have asked you for a basis for your request in this case for this material. We have received none. We asked the plaintiffs if they would be willing to provide this information if Arthur Andersen did, and we did not receive an affirmative response. Absent some particularized basis, we can not agree to produce these documents. Please inform us if you have any particularized showing of need, or if you are willing to limit the breadth of the request in terms of time period, and we will reconsider our position.

Your letter also requests that Arthur Andersen produce documents from 1994 to 1996 and consulting work within Requests No. 4 and 5. With respect to the years 1994 to 1996, we had agreed that you would defer this request. I now understand that plaintiffs have retracted that position. The years 1994 to 1996 are outside of the class period, and there is no particularized need for the documents sufficient to outweigh the state law privilege. If there are some specific documents or categories of documents which you would like, we will consider your request. A blanket request is not appropriate, however.

As to the consulting work, the plaintiffs are not challenging the consulting work performed. Nor do they claim that the consulting work relates to any of the subject matters referenced in the Complaint. The only assertion is that the fact that Arthur Andersen received consulting fees supposedly shows that it had a motive to commit securities fraud. Without accepting your premise, we have agreed to provide the fees generated from consulting work. We have not received any basis for a broader request.

We will respond to the remainder of your letter in the near future.

Very truly yours,



Stanley J. Parzen

## Exhibit 14



A-2M



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Sylvia Sum  
SylviaS@lerachlaw.com

October 29, 2004

VIA FACSIMILE

Stanley Parzen, Esq.  
Lucia Nale, Esq.  
Susan Charles, Esq.  
Mayer, Brown, Rowe & Maw  
190 South LaSalle Street  
Chicago, IL 60603

Re: *Jaffe v. Household International, Inc., et al.*  
Case No. 02-CIV-5893 (N.D. Ill)

Dear Counsel:

This letter serves to memorialize our meet and confer of October 28, 2004.

Andersen continues to refuse to allow plaintiffs to inspect original workpapers. Plaintiffs are entitled to inspect the original workpapers pursuant to Fed. R. Civ. P. 34 and intend to move to compel the inspection of original workpapers.

Plaintiffs will not pay Andersen's copying costs for the workpapers. You have instructed IKON to copy the 1997 - 2001 workpapers and to invoice plaintiffs. That was not our agreement. Plaintiffs' position is clear. Plaintiffs insist on the inspection of original workpapers because of the deficiencies noted in the 2001 workpaper production. Plaintiffs August 23, 2004 letter (attached) states unequivocally that "plaintiffs again request that they be allowed to inspect the original workpapers prior to copying and, after inspection, direct a copy service to copy the originals to their specification." The consequences of Andersen's counsel's disregard for plaintiffs' request will not be borne by plaintiffs.

You clarified that there are no responsive documents to Requests No. 1 and 2 that were created during the Class Period. There are also no responsive documents to Request No. 2 from after the Class Period. There are, however, documents responsive to Request No. 1 that were created after the Class Period. You agreed to produce documents that were provided to the state or federal regulators, but are unwilling to reproduce the actual production to the regulators (as



Stanley Parzen, Esq.  
Lucia Nale, Esq.  
Susan Charles, Esq.  
October 29, 2004  
Page 2

Bates-labeled) or produce any communications between Andersen and the regulators. Plaintiffs' request is clear in that it seeks production of all documents produced to and received by any regulatory body.

Plaintiffs again informed you that the documents sought pursuant to Request No. 6 are the desk files of those Andersen personnel that worked on Household engagements. You informed us that you had been unable to locate Andersen personnel's desk files. In light of this representation, it is especially important that plaintiffs depose a 30(b)(6) witness regarding location of documents.

Additionally, with respect to emails, you represented that you located a few back-up tapes that go back to 1997. You also informed plaintiffs that on January 10, 2002, a freeze policy went into effect, so that everything maintained on the networks and hard drives at that point remains available. For persons who left Andersen after January 10, 2002, their entire hard drive was ghosted. However, Andersen is unwilling to convert the ghosted hard drives, back-up tapes, and other media storing Andersen's emails into searchable format and produce them. You further represented that you cannot produce a 30(b)(6) witness to testify regarding Andersen's email system and back-up tapes.

The parties have reached an impasse with respect to requests for all audit and review workpapers for the years 1994 to 1996, partners' compensation, audit manuals and personnel files (Request No. 4, 10, 13, 17).

You agreed to produce document retention policies by the end of next week.

Andersen's position is that it will not amend your responses to the interrogatories asking for Andersen's bases for the affirmative defenses. Although plaintiffs are entitled to responses to all interrogatories at this time, please reconsider your position with respect to defenses 1-4, 6, 9-13, 19-21 and 24.



Stanley Parzen, Esq.  
Lucia Nale, Esq.  
Susan Charles, Esq.  
October 29, 2004  
Page 3

Given the impasse reached after three meet and confers, plaintiffs intend to move to compel Andersen to produce those documents parties have been unable to agree on.

Very truly yours,

Sylvia Sum

SS:jc

cc: Marvin Miller, Esq.

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## Exhibit 15

M	A	Y	E	R
B	R	O	W	N
R	O	W	E	
&	M	A	W	

November 3, 2004

**BY FACSIMILE**

Ms. Azra Medhi  
Ms. Sylvia Sum  
Lerach Coughlin Stoia Geller Rudman Robbins LLP  
100 Pine Street, 26th Floor  
San Francisco, CA 94111

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Main Fax (312) 701-7711  
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Lucia Nale  
Direct Tel (312) 701-7074  
Direct Fax (312) 706-6683  
lnale@mayerbrown.com

Re: *Lawrence E. Jaffee Pension Plan v. Household  
International, Inc., et al.*  
Case No. 02-CV-5893 (N.D. Ill.)

Dear Azra and Sylvia:

I write in response to your October 28, 2004 letter which, like your prior letters, mischaracterizes or otherwise does not fully reflect the substance of our meet and confers. I address below only some of the more glaring inaccuracies and deficiencies of your letter.

*Inspection of Original Workpapers:* In response to your request, we have repeatedly stated that, for logistical and document safety reasons, we are unable to accommodate a request to inspect the original workpapers for the period including 1994 - 2001. From a logistical perspective, we cannot accommodate your wholesale and open-ended request to inspect the large volume of original documents comprising the workpapers for the entire time period at issue. When we apprised you of our concerns, we offered to reconsider your request if you would narrow the scope to particular workpapers or time periods. You refused to narrow the scope of your request in any way. Moreover, as we have told you, to preserve the safekeeping and integrity of the original workpapers, we cannot release them to an off-site copy service or other reviewing facility. The documents could be lost, destroyed, become disorganized or otherwise be impaired.

When we asked you to explain why plaintiffs need to review the originals, as opposed to copies which could be taken and reviewed off-site, you told us that (1) the order of the 2001 workpapers seemed confusing to you, that certain documents appeared to be missing, and that you therefore wanted to check the copies against the originals; and (2) certain copies made by your chosen copy service were illegible or otherwise not clear. In response, we confirmed that the documents were copied in full and in the same order as the originals and told you that new copies could be made of any illegible pages.

As to the first point, you acknowledged that your confusion in understanding the order and completeness of the workpapers stemmed from a lack of familiarity with the workpaper

Brussels Charlotte Chicago Cologne Frankfurt Houston London Los Angeles Manchester New York Palo Alto Paris Washington, D.C.  
Independent Mexico City Correspondent: Jauregui, Navarrete, Nader y Rojas, S.C.

Mayer, Brown, Rowe & Maw LLP operates in combination with our associated English limited liability partnership in the offices listed above.

Ms. Azra Medhi  
Ms. Sylvia Sum  
November 3, 2004  
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compilation methodology. We remain willing to accommodate a reasonable and narrowly tailored inspection request. Your wholesale request, however, cannot be honored for the reasons previously mentioned.

As to the second point, you advised us that a substantial portion of the 2001 workpapers that you received back from your chosen copy service were illegible. As the control copy set provided to your chosen copy service did not share the same problem, we offered to have the documents recopied for you at your expense by our on-site third-party vendor copy service, IKON. You accepted our offer and directed us to make new copies at your expense. As agreed, new copies were made. The copies are legible and they are and remain available for pick-up. However, as we address in more detail below, you have now reneged on your agreement to pay the associated copy costs and have made no effort to collect the documents that remain waiting for you in our offices.

*Payment of copying costs for workpapers:* After numerous conference calls on the matter in July, August and early September, plaintiffs directed us to copy the workpapers for 1994 - 2000 and to recopy the workpapers for 2001. As to the 2001 workpapers, the reasons you asked us to recopy the documents for you are explained above. We agreed that they would be recopied by IKON and that we would invoice you for the costs. As to the workpapers for 1994 - 2000, we told you that it would take several weeks just to produce a control copy set from the originals and that, in the interests of time, we offered to have IKON simultaneously make a copy for you at your expense. While reserving your right to request to inspect the originals for all years in question, you directed us to proceed with making a copy set through IKON so as to facilitate timely production of those work-papers to you. As noted, we honored your request and agreement and have had all the copies made for you. Again, you have reneged on your deal and now refuse to pay for the copies from IKON.

We are shocked by your change of position and fail to understand the motivation behind what seems like nothing more than childlike posturing. While we now regret that we proceeded in trust and reliance on your oral assurances, we note that this is the same copying process that we followed for copies of the KPMG 2001 workpapers that we provided to you, as noted in our August 20<sup>th</sup> letter. Moreover, in further acknowledgement of our agreement, Sylvia Sum called Sue Charles of our office on September 2, 2004, asking if we would still be willing to provide the second copy set of the 2001 workpapers, notwithstanding the court's August 30<sup>th</sup> stay on merits discovery. Ms. Sum then repeated the request in a separate call with Stanley Parzen. And even during our call on October 28, 2004, Ms. Sum expressly acknowledged - before Luke Brooks and your own expert - that plaintiffs requested the materials be recopied by IKON, our on-site copy service, at plaintiff's expense. Amazingly, your October 28 letter now tries to ignore that as well. Finally, while you point to certain correspondence dated August 23<sup>rd</sup>, that letter simply reiterates your request to inspect the originals and obviously does not reflect the many conversations that occurred prior to and following your August 23<sup>rd</sup> letter. You also ignore

Ms. Azra Medhi  
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our September 1, 2004 letter which told you that your letter of August 23<sup>rd</sup> was inaccurate in many respects and that we would be responding in writing.

If we have to request an evidentiary hearing to resolve this matter, then we will do so. Even assuming there was some misunderstanding on our part – there was not – and regardless of whether you will ultimately inspect the originals, you still contend that you need copies and the originals cannot leave our site. If you believe that IKON's charges are above market – they are not – then we can ask them to lower the charges. If there are quality problems with the copies – and IKON assures us that there are not – we would resolve those at our expense. Proceed as you wish on this point as we are comfortable that Judge Nolan will not approve of your tactics.

*Request Numbers 1 and 2.* We refer you back to our letter of October 22, 2004, for our position on these requests. As to communications with the regulators outside the class period, that is, after August 2002, we object to production for the reasons previously stated, in particular on relevancy grounds. Notwithstanding and without waiving our objections, we offered to make any such documents available for inspection at our offices so that plaintiffs could confirm that they are of no import. Plaintiffs declined our request. As to your request that we replicate the precise production to the regulators, we made the 2001 workpapers in their entirety available for review and inspection to the SEC and the SEC chose certain documents for copying. As a complete copy of the identical work papers have already been produced to you, we fail to see the relevance of your continued request.

*Request No. 4:* Plaintiffs requested all workpapers for 1994 – 1996. We believe that plaintiffs cannot make the showing required under *Memorial Hospital v. Shadur*, 664 F.2d 1058 (7<sup>th</sup> Cir. 1981), for production of these documents. Indeed, plaintiffs themselves objected to discovery of even non-privileged material from this period. To resolve this dispute, we nonetheless offered to provide workpapers related to allegations associated with: (1) predatory lending; (2) reaging of delinquent accounts; and (3) co-branding agreements. These materials have been copied and are ready for your review and inspection. Plaintiffs have refused to narrow the scope of their request and continue to demand all workpapers for 1994-1996 and have not as yet made any effort to review the materials that have been offered.

*Request No. 6:* Plaintiffs have requested "all" desk files "concerning Household" for all audit team members. During our meet and confer, we advised you that we had not as of yet identified any desk files for the Household audit team members. We also told you that even when such files, if any, are identified, there is no systematic way to determine whether the materials in the desk files related in any way to the Household audit. To minimize burden and expense, we asked plaintiffs to narrow the scope of their request to (1) managers and partners; or (2) fewer than "all" audit team members. Plaintiffs refused to narrow the scope of their request. Andersen then proposed that plaintiffs defer this request and later determine whose desk files they would like to review based on information gleaned during depositions (in an effort to narrow the number of individuals from whom they would request desk files). Plaintiffs again

Mayer, Brown, Rowe & Maw LLP

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have refused our effort at compromise. As our search is ongoing on this matter, we will update plaintiffs at the appropriate time if we locate any desk file materials that relate to Household. As to your request for a 30(b)(6) witness on the topic of desk files, such a deposition would be a waste of time. There is no person who can talk historically or generically as to desk files as this was not a designated file under Arthur Andersen practice or, stated another way, each person had their own practice on the matter of desk files. If you would provide a more precise categorization as to what type of testimony you would like regarding the location of documents, we can determine whether such a deposition makes sense.

*Request Number 10:* We agree there is an impasse on this issue. Plaintiffs have requested complete copies of all audit and accounting manuals used that were extant during the Household audits. To the extent that such documents were referred to during the audit, they are included in the workpapers. In an effort to compromise, we offered to provide copies of particular portions of manuals. Plaintiffs refused our offer and demanded entire copies of any referenced manuals.

*Request Number 13:* We will not produce information relating to executive compensation on the bases of the objections previously stated, including relevancy and privacy objections.

*Request Number 17:* Plaintiffs have requested all evaluations for all Andersen personnel working on the Household audit. We have objected for the reasons previously stated. Notwithstanding and without waiving our objections, we offered several possible ways of trying to resolve the dispute after limiting the request to evaluations of the Household work such as to: (1) limit the request to certain level of persons; (2) limit the request to a certain sub-group of persons determined through deposition; (3) limit the request to persons involved with certain portions of the audit; (4) table the request until plaintiffs have a chance to review the workpapers and determine which individual's evaluations they would like to review. Plaintiffs have refused to narrow their request in any way.

*Electronic Documents:* As to back-up tapes of electronic material, we advised you that we have located a few back-up tapes that appear to go back to 1997. However, we have no idea as to the contents of any such back-up tapes. We also advised you that on January 10, 2002, a freeze policy went into effect so that electronic data existing on that date would be retained. As to hard drives, beginning on January 10, 2002, all hard drives were ghosted as of the time that a given employee left Andersen and turned in his computer. As to the retrieval and search of any such electronic information, we told you that there is no systematic way to determine whether anything relevant to Household exists within the electronic data. We also told you that it is labor and cost-prohibitive to manually review/convert/search e-mails and/or ghosted hard drives and/or back-up tapes and/or that we no longer have the financial or technical resources necessary to do so. We also suggested that, if plaintiffs really believe that something fruitful might be found through such a search, then plaintiffs should consider paying the related costs. You refused to



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pay any costs associated with the production of electronic material. Moreover, what you state in your letter is an extrapolation from what is referenced above.

*Contention Interrogatories:* We are still considering your revised request and will get back to you shortly. Therefore, we will not repeat our objections here to those requests.

Sincerely,



Lucia Nale

cc: Stanley Parzen  
Sue Charles

## Exhibit 16

MAYER  
BROWN  
ROWE  
& MAW

December 22, 2004

VIA FACSIMILE

Luke O. Brooks, Esq.  
Coughlin Stoia Geller Rudman & Robbins  
100 Pine Street  
26th Floor  
San Francisco, CA 94111

Mayer, Brown, Rowe & Maw LLP  
190 South La Salle Street  
Chicago, Illinois 60603-3441

Main Tel (312) 782-0600  
Main Fax (312) 701-7711  
www.mayerbrownrowe.com

Lucia Nale  
Direct Tel (312) 701-7074  
Direct Fax (312) 706-8663  
lnale@mayerbrown.com

Re: Lawrence E. Jaffe Pension Plan v. Household  
International, Inc., et al. Case No. 02-CIV-5893  
(N.D.Ill.)

Dear Mr. Brooks:

I am writing in follow up to our conversations and your letter of December 9, 2004.

As we discussed, we will make the original audit workpapers for 1997-2001 available for your review beginning on Monday, January 3, 2005 and continuing through Friday January 7, 2005. The documents will be available for review between the hours of 9 to 5 each day. We are making these documents available to you without waiving any of our positions, including, that the complaint fails to state a claim and even if it did the earlier years are not germane to any issue in the case.

As to plaintiffs other document requests, I refer you back to our many prior letters, including our letters dated October 22 and November 3, 2004. I also note that, with respect to the audit workpapers for 1994 through 1996, as part of our global compromise on the discovery disputes, we have not entirely refused to provide you access to those papers. As our initial response to your document requests itself notes, we have offered -- repeatedly -- to have you review those sections of the audit workpapers that would have anything to do with (1) the credit card agreements; (2) reaging issues; or (3) predatory lending. These are relatively broad categories of the workpapers and the review we propose would include all sections of the workpapers relating to: (1) Household Consumer Finance Services; (2) Job Administration; and (3) Household Credit Services. As these are the only sections of the workpapers that would even remotely pertain to the issues raised by this suit, we believe we have proposed a more than fair and reasonable compromise. If you would like to revisit this issue and accept our proposal, then please let us know as soon as possible and we will make every effort to have the documents available for your review during the week of January 3rd. As noted above, we are offering to make these documents available to you without waiving any of our objections or positions.

Mayer, Brown, Rowe & Maw LLP

Luke O. Brooks, Esq.  
December 22, 2004  
Page 2

As to the review process beginning on January 3rd, please send me a list, by letter or e-mail, of the names of the individuals who will be coming for the review. I will then apprise building security accordingly. Once you check in with security, proceed to the 39th floor and ask for me, Sue Charles or Jennifer Stoffer and one of us will escort you to your review room.

I wish you the best for the upcoming holidays.

Very truly yours,



Lucia Nate

## Exhibit 17

REC'D JUN 28 2004

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

LAWRENCE E. JAFFEE PENSION PLAN, On	)	Lead Case No. 02-C-5893
Behalf of Itself and All Others Similarly	)	(Consolidated)
Situated,	)	
	)	
Plaintiff,	)	Judge Ronald A. Guzman
	)	Magistrate Judge Nan R. Nolan
vs.	)	
	)	
HOUSEHOLD INTERNATIONAL INC., et al.,	)	
	)	
Defendants.	)	
	)	

**INITIAL DISCLOSURES BY DEFENDANT ARTHUR ANDERSEN LLP  
PURSUANT TO RULE 26(a)(1) OF THE FEDERAL  
RULES OF CIVIL PROCEDURE**

Pursuant to Rule 26(a)(1) of the Federal Rules of Civil Procedure, Defendant Arthur Andersen LLP ("Andersen"), by its counsel, makes the following initial disclosures. By providing these disclosures, Andersen does not waive any objections which may be appropriate, including, without limitation: (a) to the use, for any purposes, by the Plaintiff Lawrence E. Jaffee Pension Plan or by any purported class plaintiff and their counsel ("Plaintiff") of any of the information or documents disclosed, for any purpose other than the prosecution of this lawsuit; (b) to the admissibility or relevancy of any of the documents or information disclosed; or (c) any applicable privilege, including, without limitation, attorney-client privilege and/or the work product doctrine. Andersen reserves the right to supplement these disclosures and objections.

**Definitions**

**"Andersen"** means Arthur Andersen LLP, an Illinois Limited Liability Partnership.

**"Beneficial"** means Beneficial Corporation.

**"Class Period"** means October 23, 1997 through October 11, 2002.

**"HFC"** means Household Finance Corporation.

**"Household or Household International"** means Household International, Inc.

**"KPMG"** means KPMG LLP.

**"Plaintiff"** means Lawrence E. Jaffee Pension Plan, any purported class plaintiff and their counsel.

**I. Rule 26(a)(1)(A): Individuals and Entities Likely To Have Discoverable Information That Andersen May Use To Support Its Claims or Defenses.**

Pursuant to Rule 26(a)(1)(A), Andersen discloses individuals and entities believed to have discoverable information that Andersen may use to support its claims or defenses. At present, Andersen has not been able to identify all pertinent information or all individuals and entities that may have such pertinent information. Nor has Andersen been able to verify that each of these listed individuals or entities has such pertinent information. Andersen therefore reserves the right, pursuant to Rule 26(e), to amend or supplement this list. Notwithstanding these objections, and without waiver thereof, Andersen lists the following individuals or entities likely to have information that Andersen may use to support its claims or defenses.

**A. ANDERSEN**

**Address:** Arthur Andersen LLP  
c/o Mayer, Brown, Rowe & Maw LLP  
190 S. LaSalle Street  
Chicago, Illinois 60603

The following persons named in section I.A. who were employed with or worked for Andersen, as defined herein, including but not limited to:

Archibald, Don  
Belz, Sharon  
Bianucci, Christopher  
Bowden, Rhainnon  
Brennan, Therese  
Bullard, Karla  
Callahan, Bill  
Cheronis, Nick  
Crizpiuo, Sam  
Feeney, Terese M.  
Garwall, John  
Gorrell, Larry  
Gunderson, Cory  
Hedges, Greg  
Hills, Elden  
Huggins, Stacey  
Johnson, Tim  
Keckman, Zeljco  
Keller, John  
Kuipers, Dave  
Lechtenberg, Jennifer  
Luisi, Sharon  
McClayton, William  
McCormick, John  
McGrane, Bill  
Moravy, Joe L.  
Musil, Scott  
Plack, Jeff  
Potter, James  
Ruiz, Monique  
Schwager, John  
Scott, Patrick  
Shrarovsky, Tanya  
Smith, Mike  
Sonenthol, Ron  
Stewart, John



Thomas, Rod  
Walsh, Jim  
Wehrenberg, Ralph

The individuals listed above were involved in some fashion with Andersen's rendering of professional services to Household. These individuals have knowledge regarding the audit work performed by Andersen with respect to the fiscal year end financial statements of Household, the compliance of that work with professional standards, the provision of information to Andersen by Household and Andersen's reliance upon that information, the inclusion of Andersen's audit reports in Form 10-K's or Registration Statements, and/or the audit reports of Andersen with respect to those financial statements. All of these individuals are only to be contacted through Andersen's counsel.

Feeney, Therese  
Gorrell, Larry  
Hoey, Tom  
Janeway, Terry  
Keller, John  
Kustenda, Bob  
Peteren, Rick  
Stewart, John

The individuals listed above have knowledge regarding Andersen's review of EITF 93-1 at the time it was announced in May 1993 and the compliance of Andersen's audit work with EITF 93-1. All of these individuals are only to be contacted through Andersen's counsel.

Gorrell, Larry  
Grant, Edward A.  
Keller, John  
Richards, Mike  
John Stewart

The individuals listed above have knowledge regarding Andersen's conclusion, in and around the time that KPMG requested certain revisions to Household's accounting treatment of its Mastercard/Visa co-branding and affinity credit card relationships and a credit card marketing agreement with a third party, that the audit work performed by Andersen with respect to the fiscal year end financial statements of Household complied with all professional standards including EITF 93-1 and that no revision was required to Household's financial statements under professional standards. All of these individuals are only to be contacted through Andersen's counsel.

**B. HOUSEHOLD**

Address: Household International, Inc.  
2700 Sanders Road  
Prospect Heights, Illinois 60070

The following persons who were employed with or worked for Household, as defined herein, including but not limited to:

Aldinger, William F.  
Gilmer, Gary  
Levy, Lou  
McDonald, Steve  
Mehta, Bobby  
Mizialko, Cliff  
Robin, Ken  
Schoenholz, David A.

The individuals listed were officers, directors, and/or employees of Household. All of these individuals are presumed to have information about Household's operations, its financial statements audited and reported upon by Andersen, representations made to Andersen during the course of its audit work which were relied upon by Andersen, and/or any allegation in the

Complaint, including but not limited allegations relating to Household's August 14, 2002 restatement.

**C. KPMG**

Address: KPMG  
303 East Wacker Drive  
Chicago, IL 60601

The following persons who were employed with or worked for KPMG, as defined herein, including but not limited to:

Brett, Dave  
Overstreet, Bob  
Snyder, Paul  
Stevens, Brian

The entity listed rendered professional services to Household or was otherwise involved in an engagement related to Household, including the audit of Household's 2002 financial statements. This entity has knowledge with respect to the fiscal year end financial statements of Household, the compliance of KPMG's work with professional standards, and the scope of and the reasons for any restatements made with respect to Household's financial statements.

**D. Kessler Financial Services**

Address: Kessler Financial Services  
855 Boylston Street  
Boston, MA 02116

The following persons who were employed with or worked for Kessler Financial Services including but not limited to:

Kessler, Howard

The entity listed above entered into a credit card marketing agreement with Household International and is presumed to have knowledge relating to Household International's Mastercard/Visa co-branding and affinity credit card relationships.

**E. Various Investment Banks**

Address: Merrill Lynch  
4 World Financial Center  
New York, New York 10080

Goldman Sachs  
85 Broad Street  
New York, New York 10004

Various investment banks, including but not limited to those listed above, provided underwriting services for securities offerings by Household International and presumably have knowledge relating to various registration statements filed with the Securities and Exchange Commission by Household International. Each investment bank which provided underwriting services for securities offerings referred to in the Complaint, included but not limited to those listed above, are believed to have knowledge relating to one or more of the registration statements identified in the Complaint and Andersen incorporates by reference each investment bank listed on each of the registration statements (the names and addresses of which are publicly available) identified in plaintiffs' Complaint.

**F. Plaintiffs**

Address: Lerach Coughlin Stoia & Robbins LLP  
100 Pine Street, 26<sup>th</sup> Floor  
San Francisco, CA 94111

Barnard, Patricia A.  
Burdette, Ronald L.  
John, Paula N.

**Young, Boyd  
Signatory to West Virginia Laborers' Trust Fund Certification**

The individuals listed above have knowledge relating to one or more of the registration statements identified in the Complaint as well as Plaintiffs' alleged purchase of securities purportedly issued pursuant to one or more of the registration statements identified in Plaintiffs' Complaint.

**G. Plaintiffs' Counsel**

Address: Lerach Coughlin Stoia & Robbins LLP  
100 Pine Street, 26<sup>th</sup> Floor  
San Francisco, CA 94111

The law firm listed above has knowledge relating to the ability of Lerach Coughlin Stoia & Robbins LLP to adequately and fairly represent the purported class members.

**II. Rule 26(a)(1)(B): Documents that Andersen May Use To Support Its Claims or Defenses.**

Andersen may use to support its claims or defenses any documents in its possession, custody or control relating to Household, including but not limited to:

1. Workpapers for the audits of the financial statements of Household for years 1997-2001 which are put into issue by the current complaint in this case.
2. Andersen bills relating to audit work or other consulting work performed by Andersen for Household.
3. Documents relating to audit work performed by Andersen with respect to any statement for which the Plaintiffs seek to hold Andersen liable.
4. Publicly available documents regarding Household, including information relating to the price at which Household securities are being traded.

5. Any documents received from Household regarding accounting revisions requested by KPMG relating to Household's Mastercard/Visa co-branding and affinity card relationships and a credit card marketing agreement with a third party.
6. Any documents produced by any party to this litigation.

Moreover, Andersen requests that all documents produced in this case be subject to an appropriate protective order.

### **III. Rule 26(a)(1)(C): Computation of Damages Claimed**

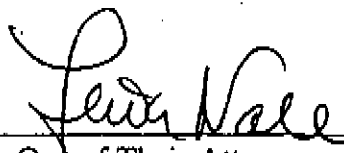
Andersen has not yet filed a counterclaim, but it expressly reserves the right to do so.

### **IV. Rule 26(a)(1)(D): Insurance Agreements**

There is no insurance agreement under which any person carrying on an insurance business may be liable to satisfy part or all of a judgment which may be entered in the action or to indemnify or reimburse for payments made to satisfy the judgment.

Dated: June 25, 2004

ARTHUR ANDERSEN LLP

By:   
One of Their Attorneys

Stanley J. Parzen  
Lucia Nale  
Susan Charles  
Mark Brookstein  
MAYER, BROWN, ROWE & MAW LLP  
190 S. LaSalle Street  
Chicago, Illinois 60603-3441  
(312) 782-0600 – Phone  
(312) 701-7711 – Fax

**CERTIFICATE OF SERVICE**

Susan Charles, an attorney, certifies that she served a copy of "Initial Disclosures by Defendant Arthur Andersen Pursuant to Rule 26(a)(1) of the Federal Rules of Civil Procedure," to the parties listed on the attached service list via United States Mail on June 25, 2004.

  
\_\_\_\_\_  
Susan Charles

**SERVICE LIST**

Patrick J. Coughlin  
Azra Z. Mehdi  
Luke O. Brooks  
LERACH COUGHLIN STOIA & ROBBINS LLP  
100 Pine Street, Suite 2600  
San Francisco, California 94111  
(415) 288-4545  
(415) 288-4534 (fax)

Marvin A. Miller  
Jennifer Winter Sprengel  
Lori A. Fanning  
MILLER FAUCHER and CAFFERTY LLP  
30 North LaSalle Street, Suite 3200  
Chicago, Illinois 60602  
(312) 782-4880  
(312) 782-4485 (fax)

*Counsel for Plaintiffs*

Nathan P. Eimer  
Adam B. Deutsch  
Eimer Stahl Klevorn & Solberg LLP  
224 S. Michigan Avenue  
Suite 1100  
Chicago, Illinois 60604  
(312) 660-7600

David R. Gelfand  
Michael L. Hirschfeld  
Douglas W. Henkin  
Milbank, Tweed, Hadley & McCloy LLP  
1 Chase Manhattan Plaza  
New York, NY 10005  
Tel: (212) 530-5000

*Attorneys for Household International, Inc.,  
William F. Aldinger, David A. Schoenholz,  
Gary Gilmer, and J.A. Vozar*



## Exhibit 18

<DOCUMENT>  
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 <SEQUENCE>1  
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 <DESCRIPTION>FORM 8-K  
 <TEXT>

SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

-----  
 FORM 8-K  
 CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
 Securities Exchange Act of 1934

MARCH 18, 2003  
 (Date of Earliest Event Reported)

HOUSEHOLD INTERNATIONAL, INC.  
 (Exact name of registrant as specified in its charter)

DELAWARE  
 (State or other  
 Jurisdiction  
 of incorporation)

001-08198  
 (Commission File Number)

36-3121988  
 (IRS Employer  
 Identification  
 Number)

2700 SANDERS ROAD, PROSPECT HEIGHTS, ILLINOIS 60070  
 (Address of principal executive offices, including Zip Code)  
 (847) 564-5000  
 (Registrant's telephone number, including area code)

<PAGE>

ITEM 5 - OTHER EVENTS.

On March 19, 2003, Household International, Inc., a Delaware corporation ("Household") issued a press release announcing that on March 18, 2003, it had agreed to the entry by the Securities and Exchange Commission ("SEC") of a cease-and-desist order relating to certain of Household's disclosures about its restructuring and other account management policies.

In connection with the foregoing, Household will also be filing an amendment to its Annual Report on Form 10-K/A for the year ended December 31, 2001 which will replace certain existing disclosures about its restructure policies with the following language:

Our account management policies and practices for consumer receivables include collection strategies that permit us to reset the contractual delinquency status of an account to current in certain circumstances. We are amending our disclosures of our restructure policies to include the following disclosures: (1) in numerous instances Household accepts one or zero payments prior to resetting the delinquency status, and (2) in many instances, we restructure

delinquent accounts automatically. In the case of automatic restructures, no prior contact is required with the customer to determine if the cause of delinquency has been cured. These account management policies and practices vary from product to product and are continually being tested and refined and may change from time to time and period to period. The account management policies and practices include, but are not limited to, restructure or reaging of accounts, forbearance agreements, extended payment plans, modification arrangements, consumer credit counseling accommodations, loan rewrites and deferments.

A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein. A copy of the order is attached hereto as Exhibit 99.2 and is incorporated by reference herein.

ITEM 7(C) - EXHIBITS.

- |      |   |
|------|---|
| 99.1 | Press Release, dated March 19, 2003, issued by Household International, Inc.  |
| 99.2 | Order Instituting Cease-And-Desist Proceedings, Making Findings, and Imposing Cease-and-Desist Order Pursuant to Section 21C of The Securities Exchange Act of 1934 |

-2-

<PAGE>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HOUSEHOLD INTERNATIONAL, INC.

Date: March 19, 2003

By: /s/; John W. Blenke

-----  
 Name: John W. Blenke  
 Title: Vice President - Group General  
 Counsel and Assistant Secretary

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<PAGE>

EXHIBIT INDEX

- 99.1 Press Release, dated March 19, 2003, issued by Household International, Inc.
- 99.2 Order Instituting Cease-And-Desist Proceedings, Making Findings, and Imposing Cease-and-Desist Order Pursuant to Section 21C of The Securities Exchange Act of 1934

</TEXT>  
</DOCUMENT>

## Exhibit 19

MAYER  
BROWN  
ROWE  
& MAW

February 15, 2005

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VIA OVERNIGHT MAIL

Mr. Luke Brooks  
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Re: Jaffe v. Household International, Inc., et al.  
Case No. 02-CIV-5893 (N.D. Ill.)

Dear Luke:

As a result of negotiations between the Lead Plaintiffs and Arthur Andersen LLP ("Andersen") with respect to the Lead Plaintiffs' document requests, Andersen agreed to produce a copy of Andersen's pertinent document retention policies so long as those documents were deemed Confidential under the terms of the Protective Order in this case. Enclosed please find those pertinent document retention policies (bates range AA66415-66477).

As you discussed with Stanley Parzen, please also find enclosed copies of certain of Arthur Andersen LLP's work papers for 1994-1996 (bates range AA AA16470-23741). These work papers for 1994-96 are the same materials that were included as part of your review when you were at our office in early January, 2005. In producing the work paper materials for these years, Andersen does not waive any of its prior objections and continues to specifically object to your request for information relating to time periods outside the relevant class period. These materials are also being produced on the express understanding that plaintiffs will reimburse us for the related copy costs. I am enclosing an invoice for these copies in the amount of \$1,129.20. Please forward payment of the invoice to my attention at your earliest convenience.

Andersen designates all of these documents as confidential pursuant to the Protective Order entered in this case and expects that Plaintiffs will treat them accordingly. Please contact me if you have any questions regarding the production.

Sincerely,

  
Susan Charles

cc: Stanley Parzen  
Luci Nale  
Jennifer Stoffer

Brussels Charlotte Chicago Cologne Frankfurt Houston London Los Angeles Manchester New York Palo Alto Paris Washington, D.C.  
Independent Mexico City Correspondent: Jauregui, Navarrete, Nader y Rojas, S.C.

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