UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS

EASTERN DIVISION

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

THE CLASS' FURTHER STATEMENT REGARDING POST-CLASS PERIOD INFORMATION SUBMITTED PURSUANT TO THE COURT'S APRIL 18, 2006 DIRECTION

Pursuant to the Court's instructions during the April 18, 2006 hearing, the Class submits this chart outlining the relevancy of post-Class Period information for certain document requests propounded by the Class.[1] Specifically, the Class addresses the following questions raised by the Court during the April 18 hearing: the relevance of each specific request to the Class' claims and the relevance of the post-Class Period information for each such request.[2]

There can be no dispute that documents created outside the Class Period that relate to or discuss events during the Class Period are relevant and discoverable. Additionally, even the post-Class Period documents that do not specifically discuss events during the Class Period sought are relevant to demonstrate the impact of Household, Inc.'s ("Household" or the "Company") predatory lending scheme and improper reaging practices during the Class Period. On the last day of the Class Period, Household agreed in a settlement with a group of multi-state Attorneys General ("AG") to eliminate or modify the predatory leading practices at issue in this case. Indeed, in their Answer, the Household Defendants admitted "that as part of the settlement Household agreed to change various of its consumer lending practices." First Amended Answer, ¶99 (Docket No. 346). Further, on March 19, 2003, Household entered into a Consent Order with the Securities and Exchange Commission (the "SEC") and agreed to cease and desist from making false and misleading disclosures about Household's reaging practices. The Class should be permitted post-Class Period discovery related to these events and their dramatic impact on Household's financial bottom line.

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1 The Class Period in this litigation is July 30, 1999 to October 11, 2002. Post-Class Period refers to documents through December 31, 2003.

2 On January 20, 2006 , the Class moved to compel responses to the Second Set of Interrogatories and requested post-Class Period information for Interrogatory Nos. 4-12 and 18 and has specifically detailed the reasons for those responses in the opening (January 20, 2006) and reply (February 13, 2006) briefs, attached as Attachment B and incorporated into the Class' statement filed on March 20, 2006.

PLAINTIFFS' FIRST REQUEST FOR PRODUCTION OF DOCUMENTS	
REQUEST NO. 10:[3] All documents and communications concerning Household's policies and practices relating to loan delinquencies, charge-off and reaging of loans, including all documents provided to or received from Andersen or KPMG regarding loan delinquencies, charge-off and reaging of loans.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
In its Complaint, the Class alleges that defendants engaged in a fraudulent scheme during the Class Period involving improper reaging or restructuring of delinquent loans. ¶¶107-133. The Class further alleges that Household's regularly reported key financial measures, such as credit loss reserves, delinquencies, net charge-offs, credit quality and asset performance, were materially misrepresented as a result of defendants' improper reaging practices. ¶24. Therefore, documents and communications related to loan delinquencies, charge-offs and reaging of loans are highly relevant to the Class' allegations in the Complaint. Andersen and KPMG were Household's outside auditors at different times during the Class Period. Andersen examined and opined on Household's financial statements for fiscal years 1997 to 2001 and reviewed Household's interim results and releases for the same period. ¶171. KPMG reaudited Household's financial information for fiscal years 1999 to 2001 and rendered unqualified opinions. ¶338. Thus, any documents related to loan delinquencies, charge-offs and reaging of loans that were	Household's improper reaging practices were the subject of an SEC investigation, which continued after the Class Period ended. The SEC concluded that Household's disclosures relating to its reaging, restructuring and account management policies and practices were false and misleading. On March 19, 2003, Household entered into a Consent Order with the SEC and agreed to cease and desist from further violating the federal securities laws. Documents created or communications made after the Consent Order that relate to Household's reaging, delinquency and charge-off policies are relevant to scienter and materiality. The policy and account management changes themselves suggest that defendants knew the Class Period statements regarding reaging were false when made. In addition, any communications made after the Consent Order that demonstrate defendants' knowledge that Household's reaging policies were different from the policies it publicly disclosed during the Class Period are also relevant to prove scienter.

[3] Attachment A of the Class' Statement Regarding Post-Class Period Information Submitted Pursuant to the Court's March 9, 2006 Direction inadvertently listed this request as relating to Household's Vision system. During the April 18, 2006 hearing, the Court specifically requested the Class to provide additional information relating to the relevance of post-Class Period documents, using the Vision system as one example. The Class' prior reference to post-Class Period documents relating to Vision was the result of a typographical error – the Class is not requesting such documents.

provided to or received from Andersen or KPMG are relevant to this case for the same reasons as described above.	Furthermore, the Class is entitled to compare reaging, charge-off, delinquency and account management policies that Household implemented as the result of the Consent Order with the policies and practices before the Consent Order to assess the materiality of defendants' misrepresentations during the Class Period. Documents created after the Consent Order that assess or analyze the financial impact of policy changes necessitated by the Consent Order relating to key operational metrics, such as delinquency, net charge-off, credit quality, and asset performance, are, therefore, relevant. Finally, an outside auditor is required to perform certain procedures if it becomes aware of information relating to financial statements on which it previously reported, but which was not known to the outside auditor as of the date of its report. Thus, any documents relating to Class Period loan deficiencies, charge-off, restructurings, account management policies, and reserves that were provided to or received from Andersen or KPMG subsequent to the Class Period are relevant.

<table>
<tr><th colspan="2">PLAINTIFFS' SECOND REQUEST FOR PRODUCTION OF DOCUMENTS</th></tr>
<tr><td colspan="2"><u>REQUEST NO. 5</u>:
All documents and communications concerning or relating to Household's Audit Committee meetings during the Relevant Time Period, including but not limited to agendas, materials distributed at the meetings, minutes, resolutions, pre-meeting notes.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>In its SEC filings, Household stated that its Audit Committee reviewed the Company's critical accounting policies and disclosures related to these policies and oversaw the Company's financial reporting processes, including the review and approval of the financial statements on quarterly basis. The Committee also reviewed and discussed the results of both internal and external audits.</td><td>Audits relating to events that occurred or processes that were in place during the Class Period continued after the Class Period. For example, the Audit Committee would have reviewed Household's 2002 financial results during meetings held in 2003. In addition, Household amended its 2002 Form 10-K on June 27, 2003, after Household's 2002 10-K was filed in March 2003. The Audit Committee should have held at least one meeting in 2003 to review</td></tr>
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<tr><td>This is a securities fraud action where the disclosures made in the financial statements, including footnotes and management discussion and analysis, are at the core of the litigation. Therefore, documents and communications relating to the Audit Committee's activities are relevant to the Class' allegations.</td><td>this amendment. Thus, post-Class Period documents and communications relating to Household's Audit Committee meetings necessarily discuss events and policies in place during the Class Period and are relevant to the Class' allegations.</td></tr>
<tr><td colspan="2"><u>REQUEST NO. 6</u>:
All documents and communications concerning or relating to internal audits of the following Household business units during the Relevant Time Period: Consumer Lending, Mortgage Services, Retail Services, Auto Finance, and Credit Card Services.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>In its SEC filings, Household stated that internal audits monitored and identified deficiencies in the internal controls of Household's business operations and financial reporting. Household's outside auditors relied heavily on the internal audits in providing clean audit opinions. Whether Household had sufficient internal controls regarding the claims alleged by the Class, such as its lending practices, reaging policies, and financial reporting processes, goes to the heart of this case. Further, whether Household management, i.e., the individual defendants, took proper actions to respond to any deficiencies identified by the internal audits, is also critically relevant to this case.</td><td>Any post-Class Period documents and communications concerning Household's internal audits during the Class Period are relevant to determine whether Household had adequate internal controls during that time.

In addition, internal audit documents revealing changes in Household's internal controls following the Class Period are likely to demonstrate that the controls during the Class Period were inadequate.

The Class' need for post-Class period documents relating to Household's internal controls is heightened due to the recent decisions by the regulatory agencies (OTS, OCC and FDIC) to redact the sections on internal controls from examination reports because the regulatory agencies concluded that such documents are available from other sources, including Household or its auditors.</td></tr>
<tr><td colspan="2"><u>REQUEST NO. 8</u>:
All documents and communications concerning, relating to or reflecting Household's use of discount points in its real estate loans during the Relevant Time Period.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>The Class alleges in its Complaint that defendants engaged in</td><td>Household agreed as part of the October 2002 multi-state AG</td></tr>
</table>

various predatory lending practices during the Class Period, including improperly using discount points to mislead, confuse and extract additional fees from customers. ¶¶61-67. Thus, documents related to Household's use of discount points and its impact on Household's bottom line are relevant to this case.	settlement that it would eliminate or modify certain predatory leading practices that the Class alleges defendants used to artificially inflate Household's revenue during the Class Period. ¶¶97-101. Household agreed in this settlement that the maximum combined fees and points, including discount points, charged to customers cannot exceed 5% of the loan amount. ¶99. During the Class Period, Household charged its customers points and fees in excess of 7.25% of the loan amount. ¶¶61-67. The Class is entitled to discover whether Household in fact implemented these changes as well as when and how the changes were made. In addition, post-Class Period discovery regarding the use of discount points is necessary to assess the impact of the AG settlement, including the specific provision capping discount points, had on Household's bottom line. The Class is entitled to establish materiality by demonstrating that Household could not achieve the revenues defendants touted to the market without resorting to improper lending practices. One way to accomplish this is to compare revenues Household earned from discount points after they were forced to cap them with revenues earned from discount points during the Class Period. Furthermore, post-Class Period documents, studies, and investigations assessing the impact of changes mandated by the AG settlement, such as how such changes would affect revenues and Household's ability to meet internal plans net income and earnings per share ("EPS") are also directly related to materiality. Finally, post-Class Period documents or communications during the Class Period that relate to Household's use of discount points are relevant to this case. For example, communications made after the AG settlement may demonstrate defendants' knowledge of Household's improper use of discount points during the Class Period,

	and thus, are relevant to prove scienter.

<u>REQUEST NO. 9</u>: All documents and communications concerning or relating to the setting aside of reserves for delinquent or defaulting loans, including, but not limited to, internal memoranda, underlying data, workpapers, analyses and testing.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
The Class alleges that defendants improperly reaged or restructured delinquent loans by resetting the delinquency status of these loans to current, thus artificially improving the credit quality of Household's loan portfolio. ¶¶107-124. As a result, the Class alleges, Household failed to maintain adequate level of credit loss reserves (¶125) despite Household publicly claiming that it maintained adequate credit loss reserves to cover probable losses of principal, interest and fees. Therefore, documents relating to Household's establishment and calculation of reserves are relevant to the Class' allegations.	Following the March 19, 2003 Consent Order, Household made attempts to reduce its high volume of reaged and restructured loans. These changes necessarily triggered modifications to the estimates and assumptions used in calculating Household's reserve requirements and are relevant to establish that during the Class Period Household did not maintain adequate loss reserves as it claimed in its 10-K. Furthermore, documents, studies, and investigations assessing the impact of changes made to Household's reserve calculation methodology after the Consent Order are directly related to materiality. Finally, post-Class Period documents or communications that relate to the setting aside of reserves, to the extent they discuss events that took place during the Class Period, also are relevant to this case. For example, communications made after the Consent Order that demonstrate defendants' knowledge that Household improperly set aside reserves during the Class Period are relevant to scienter.
<u>REQUEST NO. 32</u>: All documents and communications relating to the Credit Risk Committee.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
Household's Credit Risk Committee was responsible for reviewing, approving, and coordinating credit risk policies, including reage and restructure policies, charge-off policies,	Any changes in the reaging, charge-off, and delinquency policies and practices after the March 19, 2003 Consent Order would have been reviewed, discussed, and approved by the Credit Risk Committee. As

and the calculation of loan loss reserves. During the Class Period, business units at Household changed their reaging and charge-off policies multiple times depending on the financial impact of such changes on Household's bottom line. Therefore, documents related to the Credit Risk Committee are relevant to the Class' allegations.	discussed, such changes are relevant to establish that during the Class Period, Household's representations regarding its reaging policies and practices were materially false and misleading. In addition, post-Class Period documents or communications that relate to the Credit Risk committee, to the extent they discuss events took place during the Class Period, are relevant to this case. For example, communications made after the Class Period, such as emails between committee members and Household management, that demonstrate defendants' knowledge of Household's false statements regarding its reaging activities during the Class Period are relevant to defendants' scienter.

THE CLASS' [CORRECTED] THIRD REQUEST FOR PRODUCTION OF DOCUMENTS	
<u>REQUEST NO. 1</u>: An entire set of documents supporting Household's credit loss reserves calculation, for owned receivables, by loan category/business unit/group, for every financial quarter, for the Relevant Time Period.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
Owned receivables include loans that Household owns. Household was required to establish credit loss reserves to cover probable losses for its owned receivables. In its SEC filings, Household claimed that it maintained adequate amounts of credit loss reserves to cover probable losses of principal, interest and fees. The Class in this case alleges that defendants improperly reaged or restructured delinquent loans by resetting the delinquency status of these loans to current, thus artificially improving the credit quality of Household's loan portfolio. ¶¶107-124. As a result, the Class alleges, Household failed to	To the extent that Household made any changes to reaging, charge-off, delinquency and account management policies and practices after the SEC Consent Order, credit loss reserves calculations should have been modified accordingly. These modifications are relevant to establish, among other things, that during the Class Period, defendants' false statements regarding Household's reaging policies misled investors with respect to reserves. Furthermore, documents, studies, and investigations assessing the impact of changes made to the Company's reserve calculations after the Consent Order are also directly related to materiality. For example, changes that the Company made to its methodology of reserve calculations after the Consent Order would tend to show the

maintain adequate reserves. ¶125. Therefore, documents supporting Household's credit loss reserves calculations are relevant to the Class' reaging allegations.	inadequacy of reserves during the Class Period.
<u>REQUEST NO. 2</u>: An entire set of documents supporting Household's credit loss reserves calculation, for managed receivables, by loan category/business unit/group, for every financial quarter, for the Relevant Time Period.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
Managed receivables include loans that Household services (whether owned by Household or not). Household was required to establish credit loss reserves to cover probable losses for its managed receivables. In its SEC filings, Household claimed that it maintained adequate amounts of credit loss reserves to cover probable losses of principal, interest and fees. The Class alleges that defendants improperly reaged or restructured delinquent loans by resetting the delinquency status of these loans to current, thus artificially improving the credit quality of Household's loan portfolio. ¶¶107-124. As a result, the Class alleges that Household failed to maintain adequate reserves. ¶125. Therefore, documents supporting Household's credit loss reserves calculation are relevant to the Class' reaging allegations.	To the extent that Household made any changes in the reaging, charge-off, delinquency and account management policies and practices after the SEC Consent Order, it would have to modify or adjust the credit loss reserves calculations accordingly. These modifications are relevant to establish, among other things, that during the Class Period, defendants' false statements regarding Household's reaging policies misled investors with respect to reserves. Furthermore, documents, studies, and investigations assessing the impact of changes made to the Company's reserves calculations after the Consent Order are also directly related to materiality. For example, changes the Company made to its methodology of reserve calculations after the Consent Order would tend to show the inadequacy of reserves during the Class Period.
<u>REQUEST NO. 3</u>: An entire set of documents reflecting or demonstrating that the loan (portfolio) performance data for each business unit at Household was revised or modified contemporaneous with or subsequent to the SEC's determination that Household's disclosures regarding Household's reaging or restructuring policies were false and misleading.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
Because this request relates only to post-Class Period documents, its general relevance as well as how post-Class	Loan performance data consists of detailed loan information, such as the dollar amount of the loan, whether the loan has been reaged and

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<tr><td>Period documents fit into the case are addressed together.</td><td>the frequency of reaging.

The Class alleges that because defendants improperly reaged or restructured delinquent loans, Household's loan performance data during the Class Period did not accurately reflect its loan portfolio's true performance. ¶¶107-133.

The Class is entitled to compare Household's pre-Consent Order loan performance data with post-Consent Order loan performance data to demonstrate the materiality of Household's false statements regarding its reaging activities and its reported credit quality numbers during the Class Period. To the extent that the post-Class Period loan performance data shows a decrease of reaging and restructure activities, such decrease directly relates to materiality. Similarly, an increase in delinquency and charge-off rates also would bear directly on materiality and tend to show falsity.</td></tr>
<tr><td colspan="2"><u>REQUEST NO. 4</u>:
An entire set of documents reflecting or demonstrating that loss and delinquency trends for each business unit at Household were revised or modified contemporaneous with or subsequent to the SEC's determination that Household's disclosures regarding Household's reaging or restructuring policies were false and misleading.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>Because this request relates only to post-Class Period documents, its general relevance as well as how post-Class Period documents fit into the case are addressed together.</td><td>Loss and delinquency trends were key measures of Household's financial performance. Household tracked such trends and the investment community relied heavily on these measures to evaluate the credit quality of Household's loan portfolios. Loss and delinquency trends also were risk factors that Household was required to consider in calculating its credit loss reserves.

The Class alleges that Household artificially improved its credit quality and failed to maintain adequate reserves during the Class Period. ¶¶107-125. After the Consent Order, Household made attempts to reduce the high volume of its reaged and restructured</td></tr>
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<tr><td></td><td>loans. Such changes impacted both Household's credit quality and credit loss reserves. Therefore, any revisions in the way Household defined such loss and delinquency trends is relevant not only to demonstrate the falsity of Household's disclosure of risk factors, but also to the deficiencies in Household's calculations of credit loss reserves during the Class Period.</td></tr>
<tr><td colspan="2"><u>REQUEST NO. 5</u>:
An entire set of documents reflecting or demonstrating that roll rate models for each business unit at Household were revised or modified contemporaneous with or subsequent to the SEC's determination that Household's disclosures regarding Household's reaging or restructuring policies were false and misleading.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>Because this request relates only to post-Class Period documents, its general relevance as well as how post-Class Period documents fit into the case are addressed together.</td><td>Household's roll rate models used historical loss experience to calculate credit loss reserves and were not consistent with the ones used by its peers in the industry.

After the March 19, 2003 Consent Order, Household made attempts to reduce the high volume of its reaged and restructured loans. Such changes impacted both Household's credit quality and credit loss reserves. Therefore, any revisions or modifications to the roll rate models, including calculating reserves for previously reaged loans separately, are relevant to the deficiencies in Household's calculations of credit loss reserves during the Class Period.</td></tr>
<tr><td colspan="2"><u>REQUEST NO. 6</u>:
An entire set of documents supporting the recorded gain or loss on sale, credit loss reserves under the recourse provisions, servicing revenue and excess spread, as a result of securitization of receivables, for every financial quarter during the Relevant Time Period.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>Household met its funding requirements by reselling its loans through securitizing its loan pools, i.e., selling them for cash, but continuing to service them for a fee with limited recourse for future credit losses. ¶108. The recorded gain or loss is the profit or loss recorded by Household from its securitizations.</td><td>After the March 19, 2003 Order, Household made attempts to reduce the high volume of reaged and restructured loans, which impacted both the credit quality of Household's loan pools and the credit loss reserves necessary for these loan pools. This likely would have negatively impacted the gains recorded for securitizations. The Class</td></tr>
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Household was required to establish credit loss reserves to estimate probable losses for its securitized loans. The Class alleges in its Complaint that since Household sold its loans as asset-backed securities, it was critical for Household to generate stable and consistent loan pools. ¶109. The Class also alleges that in order to achieve this goal, defendants engaged in a consistent pattern of improperly reaging delinquent loans to make them current, thus artificially improving the credit quality of Household's loan pools. *Id*. The Class further alleges that Household failed to maintain adequate credit loss reserves. ¶125. Therefore, documents related to the securitization of receivables, such as financial performance of loan pools and reserves required for these loan pools, are relevant to the Class' reaging allegations.	is entitled to compare the pre-Consent Order financial data regarding the securitization of receivables with post-Consent Order data to establish that Household made less money securitizing its receivables after it was forced to change its policies.

<u>REQUEST NO. 9</u>:
An entire set of documents that track, analyze or describe prepayment penalties, whether in terms of number of loans, revenues, change in contract rate, or otherwise, for every financial quarter during the Relevant Time Period.

GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
The Class alleges that defendants concealed the existence of prepayment penalties in their loan documents. ¶¶68-70. Thus, documents that track, analyze or describe prepayment penalties and revenues generated from such activities are relevant.	Household agreed as part of the October 2002 multi-state AG settlement that it would limit prepayment penalties to the first two years of a loan and ensure that disclosures regarding the existence of such prepayment penalties were made to its customers. ¶¶97-101. The Class is entitled to discover whether Household in fact implemented these changes as well as when and how the changes were made. In addition, post-Class Period discovery regarding prepayment penalties is necessary to assess the impact of the changes required by the AG settlement, including the specific provision limiting prepayment penalties to the first two years of loans, had on Household's bottom line. The Class is entitled to establish

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<tr><td></td><td>materiality by demonstrating that Household could not achieve the loan account growth, customer retention, revenues it touted to the market, without resorting to fraudulent practices. One way to accomplish this is to compare revenues Household earned from prepayment penalties after it was forced to limit them with revenues earned from prepayment penalties during the Class Period.

Furthermore, documents, studies, and investigations assessing the impact of this change, such as how it would affect revenues, loan account growth, and customer retention and Household's ability to meet internal plans for net income and earnings per share are also directly relevant to materiality.</td></tr>
<tr><td colspan="2"><u>REQUEST NO. 10</u>:
An entire set of documents that track, analyze or describe sales of single premium credit life insurance, whether in terms of number of loans, revenues, tracking customer acceptance rates, or otherwise, for every financial quarter during the Relevant Time Period.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>The Class alleges that during the Class Period, defendants tacked single premium credit life insurance onto Household's loans by misleading borrowers into believing that it was compulsory and concealing the inclusion of this insurance product. ¶¶71-82. Documents that track, analyze or describe sales of single premium credit life insurance and the revenues generated from such sales demonstrate defendants' knowledge of tacking insurance products onto customers without their consent are thus, relevant to this case.</td><td>Household agreed as part of the October 2002 multi-state AG settlement to eliminate single premium credit life insurance. The Class is entitled to discover whether Household in fact implemented this change as well as when and how the change was made.

In addition, post-Class Period discovery regarding single premium credit life insurance is necessary to assess the impact that the AG settlement, including the specific provision eliminating single premium life insurance, had on Household's bottom line. The Class is entitled to establish materiality by demonstrating that Household could not achieve the revenues it touted to the market, without resorting to fraudulent practices. One way to accomplish this is to compare revenues Household earned from insurance after it was forced to eliminate its single premium credit life insurance product with revenues earned from the same insurance product during the Class Period.</td></tr>
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	Furthermore, post-Class Period documents, studies, and investigations assessing the impact of this change, such as how much it would affect revenues and Household's ability to meet internal plans for net income and earnings per share are also directly relevant to materiality.

REQUEST NO. 11:
An entire set of documents that track, analyze or describe discount points, whether in terms of number of loans, revenues or otherwise, for every financial quarter during the Relevant Time Period.

GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
The Class alleges that during the Class Period, defendants improperly used discount points to extract additional fees from customers and that Household charged its customers combined fee and points in excess of 7.25% of the loan amount. ¶¶61-67. Documents that track, analyze or describe Household's use of and revenues generated from discount points are thus relevant to this case.	Household agreed as part of the October 2002 multi-state AG settlement that it would cap the combined fees and points, including discount points, charged to customers to 5% of the loan amount. The Class is entitled to discover whether Household in fact implemented this change as well as when and how the change was made. In addition, post-Class Period discovery regarding discount points is necessary to assess the impact that the AG settlement, including the specific provision capping discount points, had on Household's bottom line. The Class is entitled to establish materiality by demonstrating that Household could not achieve the revenues it touted to the market, without resorting to fraudulent practices. One way to accomplish this is to compare revenues Household earned from discount points after they were forced to cap them with revenues earned from discount points during the Class Period. Furthermore, post-Class Period documents, studies, and investigations assessing the impact of this change, such as how much it would affect revenues and Household's ability to meet internal plans for net income and earnings per share, are also directly relevant to materiality.

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<tr><td colspan="2"><u>REQUEST NO. 12</u>:
An entire set of documents that track, analyze or describe EZ Pay accounts, whether in terms of number of loans, revenues or otherwise, for every financial quarter during the Relevant Time Period.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>The Class alleges that during the Class Period, defendants misrepresented the interest rates and savings associated with the EZ Pay Plan. ¶¶55-60. Documents that track, analyze or describe Household’s use of and revenues generated from EZ Pay accounts are thus relevant to this case.</td><td>Household agreed as part of the October 2002 multi-state AG settlement that it would ensure that its loans actually provide a benefit to customers, and thus was no longer able to use the EZ Pay scam to mislead borrowers. The Class is entitled to discover whether Household in fact implemented this change as well as when and how the change was made.

In addition, post-Class Period discovery regarding EZ Pay Plan is necessary to assess the impact of these changes on Household’s bottom line. The Class is entitled to establish materiality by demonstrating that Household could not achieve the revenues it touted to the market, without resorting to fraudulent practices. One way to accomplish this is to compare revenues Household earned from EZ Pay after it was forced to change the way EZ Pay was presented to borrowers with revenues earned from EZ Pay during the Class Period.

Furthermore, post-Class Period documents, studies, and investigations assessing the impact of this change, such as how much it would affect revenues and Household’s ability to meet internal plans for net income and earnings per share, are also directly relevant to materiality.</td></tr>
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REQUEST NO. 13: An entire set of documents that track, analyze or describe second loans with an interest rate in excess of 20%, whether in terms of number of loans, revenues or otherwise, for every financial quarter during the Relevant Time Period.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
The Class alleges that during the Class Period, defendants illegally up-sold second loans that carried exorbitant interest rates (20% and higher). ¶¶75-82. Documents that track, analyze or describe second loans with an interest rate in excess of 20% and revenues generated therefrom are thus relevant to this case.	Household agreed as part of the October 2002 multi-state AG settlement that it would eliminate "piggyback" mortgages. ¶¶97-101. The Class is entitled to discover whether Household in fact implemented this change as well as when and how the change was made. In addition, post-Class Period discovery regarding second loans with an interest rate in excess of 20% is necessary to assess the impact that the change had on Household's bottom line. The Class is entitled to establish materiality by demonstrating that Household could not achieve the revenues it touted to the market, without resorting to fraudulent practices. One way to accomplish this is to compare revenues Household earned after it was forced to eliminate these second loans with revenues earned from such loans during the Class Period. Furthermore, post-Class Period documents, studies, and investigations assessing the impact of this change, such as how much it would affect revenues and Household's ability to meet internal plans for net income and earnings per share, are also directly relevant to materiality.
REQUEST NO. 21: An entire set of monthly reports that track average interest rate for personal home loans, personal equity loans, first loans, and second loans during the Relevant Time Period.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
The Class alleges that during the Class Period, defendants misrepresented the interest rates and savings associated with	Household agreed as part of the October 2002 multi-state AG settlement that it would undertake steps to ensure that interest rates

<table>
<tr><td>Household's various loan products. Documents that track the average interest rates on various loan products offered by Household are thus relevant to this case.</td><td>were not being misrepresented to its customers. The Class is entitled to discover whether Household in fact took these steps as well as when and how the changes were made. Further, the Class is entitled to establish materiality by comparing Household's pre-Class Period average interest rate with the Company's post-Class Period average interest rate after Household was specifically admonished to discontinue its misleading sales practices.

Furthermore, post-Class Period documents, studies, and investigations assessing the impact of this change, such as how much it would affect revenues and Household's ability to meet internal plans for net income and EPS, are also directly relevant to materiality.</td></tr>
<tr><td colspan="2"><u>REQUEST NO. 22</u>:
An entire set of monthly reports that track or analyze revenue recognized on origination fees, and total points charged on loans during the Relevant Time Period.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>The Class alleges that during the Class Period, defendants improperly used discount points to extract additional fees from borrowers rather than to reduce the interest rate on their loans. ¶¶61-67. Documents that track revenue generated from origination fees and total points charged are relevant to plaintiffs' allegations.</td><td>Household agreed in the October 2002 multi-state AG settlement that it would cap the combined fees and points, including discount points, charged to customers to 5% of the loan amount.

Post-Class Period discovery regarding points and fees charged on loans is necessary to assess the impact that the changes, capping points and fees, had on Household's bottom line. The Class is entitled to establish materiality by demonstrating that Household could not achieve the revenues it touted to the market without resorting to fraudulent practices. One way to accomplish this is to compare revenues Household earned from origination fees and total points charged on loans after they were forced to cap points and fees with revenues earned from points and fees during the Class Period.

Furthermore, post-Class Period documents, studies, and investigations assessing the impact of this change, such as how much it would affect revenues and Household's ability to meet internal</td></tr>
</table>

	plans for net income and earnings per share, are also directly relevant to materiality.

<u>REQUEST NO. 23</u>: An entire set of monthly reports that track or analyze net interest margin during the Relevant Time Period.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
Net interest margin is the difference between finance (interest) income and interest expense. This margin measures the difference between what Household pays for borrowing money to fund its lending operation and what it earns on loans and investments and is an indication of the profitability of Household's investments. A change in margin can have a significant impact on profitability. Household's Class Period reaging and account management practices enabled the Company to inflate its reported net interest margin by allowing it to obtain funding at a lower cost. Therefore, documents that track or analyze net interest margin are relevant to the Class' allegations.	Household agreed as part of the October 2002 multi-state AG settlement that it would eliminate certain predatory lending practices. Since Household inflated its finance income by engaging in predatory lending practices, the elimination of such practices necessarily decreased Household's finance income, thus reducing the net interest margin for the Company. Additionally, because Household reduced its interest expense through its reaging and account management practices, the Class is entitled to establish materiality by comparing the Class Period net interest margin with post-Class Period figures.
<u>REQUEST NO. 24</u>: An entire set of monthly reports that track or analyze average loan to value ratio during the Relevant Time Period.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
The Class alleges that one of Household's predatory lending practices was to maximize the loan-to-value ("LTV") ratio (often above 100%) of a loan. ¶51. The Class further alleges that Household employees were required to pressure customers into taking larger loans than they wanted or could pay off. ¶78. Therefore, reports that track or analyze average loan-to-value ratio are relevant to the Class' predatory lending allegations.	Household agreed as part of the October 2002 multi-state AG settlement that it would limit loans with over 100% LTV ratio based on a net tangible benefits test. The Class is entitled to discover whether Household in fact implemented this change as well as when and how the change was made. In addition, post-Class Period discovery regarding loans with over 100% LTV ratios is necessary to assess the impact of this change on Household's bottom line. The Class is entitled to establish

<table>
<tr><td></td><td>materiality by demonstrating that Household could not achieve the revenues it touted to the market without resorting to fraudulent practices. One way to accomplish this is to compare revenues Household earned from loans with LTVs over 100% after it was forced to eliminate such loans with revenues earned from higher than 100% LTV loans during the Class Period.

Furthermore, post-Class Period documents, studies, and investigations assessing the impact of this change, such as how much it would affect revenues and Household’s ability to meet internal plans for net income and earnings per share, are also directly relevant to materiality.</td></tr>
<tr><td colspan="2"><u>REQUEST NO. 25</u>:
An entire set of documents that assess the financial impact of the multi-state Attorneys General settlement relating to discount points, single premium credit life insurance, and prepayment penalties.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>Because this request relates only to post-Class Period documents, its general relevance as well as how post-Class Period documents fit into the case are addressed together.</td><td>Household agreed as part of the October 2002 multi-state AG settlement that it would eliminate or modify certain lending practices that the Class alleges defendants used to artificially inflate their revenues during the Class Period. Post-Class Period documents that assess the financial impact of the settlement are relevant to establish the falsity and materiality of Household’s financial statements during the Class Period. The Class is entitled to establish these elements by showing that absent the Company’s predatory practices, defendants could not sustain the results reported to the market.</td></tr>
<tr><td colspan="2"><u>REQUEST NO. 27</u>:
An entire set of monthly reports concerning or related to the allocation of insurance revenue and/or profit provided by Insurance Services during the Relevant Time Period.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>The Class alleges that defendants tacked unwanted insurance products, such as single premium credit life insurance, onto</td><td>Household agreed as part of the October 2002 multi-state AG settlement that it would eliminate single premium credit life</td></tr>
</table>

Household's loans by misleading borrowers into believing that it was compulsory or concealing the inclusion of these insurance products. ¶¶71-82. Household's Insurance Services unit allocated insurance revenues and profits and provided a monthly report to other Household business units. Such monthly reports are relevant to demonstrate revenues Household generated from sales of insurance products, including sales of single premium credit life insurance.	insurance. Post-Class Period discovery regarding allocation of insurance revenue is necessary to assess the impact of Household's elimination of the single premium life insurance product.
REQUEST NO. 30: An entire set of monthly reports concerning or related to the analyses of the imposition or reversal of finance charges, including the amount of finance charges that are reversed on restructured loans, during the Relevant Time Period.	
GENERAL RELEVANCE	**RELEVANCE OF POST-CLASS PERIOD DOCUMENTS**
Finance charges, including interest charged on loans, represent the core revenue for Household. Household accrues finance charges thereby recording revenue when the interest is due. When an account becomes delinquent and is reaged or restructured, Household reverses or charges off finance charges previously accrued related to that account. The Class alleges that defendants engaged in a fraudulent scheme during the Class Period by improperly reaging or restructuring delinquent loans. ¶¶107-133. Since finance charges and reversals are directly related to reaged or restructured loans, monthly reports concerning these data are relevant to the Class' reaging allegations.	After the March 19, 2003 Consent Order, Household made attempts to decrease the total number of reaged or restructured accounts. Reaging or restructuring accounts or engaging in other account management practices delayed delinquent accounts from being charged off in a timely manner. Correspondingly, these practices reduce the revenue Household generated from finance charges. A comparison between Class Period and post-Class Period finance charge figures is therefore relevant to the element of materiality.

<table>
<tr><td colspan="2"><u>REQUEST NO. 31</u>:
An entire set of documents that track or analyze rewrites or rewritten loans separately from restructures during the Relevant Time Period.</td></tr>
<tr><td>GENERAL RELEVANCE</td><td>RELEVANCE OF POST-CLASS PERIOD DOCUMENTS</td></tr>
<tr><td>Household used rewrites as one of the loss mitigation tools to bring delinquent accounts back to current during the Class Period. Though rewrites served the same function as restructure or reage, rewritten loans were not counted as part of reaged or restructured loan stocks. Rewriting loans improved credit quality of Household’s loan portfolio and impacted Household’s reserve calculation. Therefore, documents that track or analyze rewrites or rewritten loans separately from restructures are relevant to this case.</td><td>After the March 19, 2003 Consent Order, Household made attempts to reduce its high volume of reaging and restructure activities. Since rewrites can improve credit quality of loans without increasing reaged or restructured loan stocks, the Class is entitled to discover whether Household increased the use of rewrites after the Consent Order to mitigate the impact of the changes to its reage practices.</td></tr>
</table>

DATED: May 2, 2006

Respectfully submitted,

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
PATRICK J. COUGHLIN (90785466)
AZRA Z. MEHDI (90785467)
D. CAMERON BAKER (154452)
MONIQUE C. WINKLER (90786006)
SYLVIA SUM (90785892)
LUKE O. BROOKS (90785469)
BING Z. RYAN (228641)

/s/ Azra Z. Mehdi
AZRA Z. MEHDI

100 Pine Street, Suite 2600
San Francisco, CA 94111
Telephone: 415/288-4545
415/288-4534 (fax)

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
WILLIAM S. LERACH
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 619/231-1058
619/231-7423 (fax)

Lead Counsel for Plaintiffs

MILLER FAUCHER AND CAFFERTY LLP
MARVIN A. MILLER
30 North LaSalle Street, Suite 3200
Chicago, IL 60602
Telephone: 312/782-4880
312/782-4485 (fax)

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

DECLARATION OF SERVICE BY EMAIL AND BY U.S. MAIL

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 interested party in the within action; that declarant's business address is 100 Pine Street, Suite 2600, San Francisco, California 94111.

2. That on May 2, 2006, declarant served by electronic mail and by U.S. Mail **THE CLASS' FURTHER STATEMENT REGARDING POST-CLASS PERIOD INFORMATION SUBMITTED PURSUANT TO THE COURT'S APRIL 18, 2006 DIRECTION** to the parties listed on the attached Service List. The parties' email addresses are as follows:

TKavaler@cahill.com
PSloane@cahill.com
LBest@cahill.com
NEimer@EimerStahl.com
ADeutsch@EimerStahl.com
mmiller@millerfaucher.com
lfanning@millerfaucher.com

and by U.S. Mail to:

Lawrence G. Soicher, Esq.
Law Offices of Lawrence G. Soicher
305 Madison Ave., 46th Floor
New York, New York 10165

David R. Scott, Esq.
Scott & Scott LLC
108 Norwich Avenue
Colchester, CT 06415

I declare under penalty of perjury that the foregoing is true and correct. Executed this 2nd day of March, 2006, at San Francisco, California.

/s/ Monina O. Gamboa
MONINA O. GAMBOA

HOUSEHOLD INTERNATIONAL (LEAD)
Service List - 5/2/2006 (02-0377)
Page 1 of 1

Counsel for Defendant(s)

Thomas J. Kavaler
Peter Sloane
Landis Best
Cahill Gordon & Reindel LLP
80 Pine Street
New York, NY 10005-1702
212/701-3000
212/269-5420 (Fax)

Nathan P. Eimer
Adam B. Deutsch
Eimer Stahl Klevorn & Solberg LLP
224 South Michigan Avenue, Suite 1100
Chicago, IL 60604
312/660-7600
312/692-1718 (Fax)

Counsel for Plaintiff(s)

Lawrence G. Soicher
Law Offices of Lawrence G. Soicher
305 Madison Avenue, 46th Floor
New York, NY 10165
212/883-8000
212/697-0877 (Fax)

William S. Lerach
Lerach Coughlin Stoia Geller Rudman & Robbins LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
619/231-1058
619/231-7423 (Fax)

Patrick J. Coughlin
Azra Z. Mehdi
Monique C. Winkler
Lerach Coughlin Stoia Geller Rudman & Robbins LLP
100 Pine Street, Suite 2600
San Francisco, CA 94111-5238
415/288-4545
415/288-4534 (Fax)

Marvin A. Miller
Jennifer Winter Sprengel
Lori A. Fanning
Miller Faucher and Cafferty LLP
30 N. LaSalle Street, Suite 3200
Chicago, IL 60602
312/782-4880
312/782-4485 (Fax)

David R. Scott
Scott + Scott, LLC
108 Norwich Avenue
Colchester, CT 06415
860/537-5537
860/537-4432 (Fax)