

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

LAWRENCE E. JAFFE PENSION PLAN, ON BEHALF OF ITSELF AND ALL OTHERS SIMILARLY SITUATED,  <p style="text-align: right;">Plaintiff,</p> <p style="text-align: center;">- <i>against</i> -</p> <p style="text-align: right;">Defendants.</p>	}	Lead Case No. 02-C-5893 (Consolidated)  CLASS ACTION  Judge Ronald A. Guzman Magistrate Judge Nan R. Nolan
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**DECLARATION OF THOMAS J. KAVALER IN SUPPORT OF THE  
HOUSEHOLD DEFENDANTS' MOTION FOR IMPLEMENTATION OF  
THIS COURT'S FEBRUARY 28, 2006 ORDER**

I, THOMAS J. KAVALER, declare as follows:

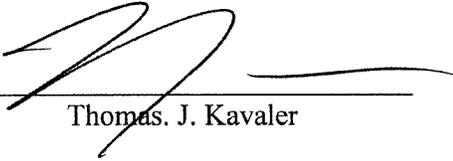
1. I am a member of the bar of the State of New York and a member of the firm Cahill Gordon & Reindel LLP, attorneys for Household International, Inc., Household Finance Corporation, William F. Aldinger, David A. Schoenholz, Gary Gilmer, and J.A. Vozar, Defendants in this action. I have been admitted to appear before this Court *pro hac vice*. I submit this declaration to place before the Court certain information and documents referenced in Defendants' Motion for Implementation of the Court's February 28, 2006 Order.

2. Attached hereto as Exhibit A are a true and correct copy of the Report of Daniel R. Fischel and a true and correct copy of Exhibit 53 to that Report, which were served upon Defendants by Plaintiffs in this action on August 15, 2007.

3. Attached hereto as Exhibit B are excerpted portions of Plaintiffs' supplemental amended responses to Defendants' Interrogatories Nos. 6, 15, 17, 27, 30, 31, 32, 33, 35, and 64, which were served upon Defendants by Plaintiffs in this action on August 15, 2007.

4. I declare under penalty of perjury under the laws of the State of New York that the foregoing is true and correct.

Executed this 30th day of August, 2007, in New York, New York.

  
Thomas. J. Kavalier

## **EXHIBIT A**



Lawrence E. Jaffe Pension Plan vs. Household International, Inc., et al.

**REPORT OF DANIEL R. FISCHEL**

**I. QUALIFICATIONS**

1. I, Daniel R. Fischel, am President of Lexecon, a consulting firm that specializes in the application of economics to a variety of legal and regulatory issues. I am also Professor of Law and Business at Northwestern University School of Law and Kellogg School of Management and the Lee and Brena Freeman Professor of Law and Business Emeritus at The University of Chicago Law School. I have served previously as Dean of The University of Chicago Law School, Director of the Law and Economics Program at The University of Chicago Law School, and as Professor of Law and Business at The University of Chicago Graduate School of Business.

2. Both my research and my teaching have concerned the economics of corporate law and financial markets. I have published approximately fifty articles in leading legal and economics journals and am coauthor, with Judge Frank Easterbrook of the Seventh Circuit Court of Appeals, of the book *The Economic Structure of Corporate Law* (Harvard University Press). Courts of all levels, including the Supreme Court of the United States, have cited my articles as authoritative. *See, e.g., Central Bank v. First Interstate Bank*, 511 U.S. 164 (1994); *Basic Inc. v. Levinson*, 485 U.S. 224, 246 n. 24 (1988); and *Edgar v. MITE Corp.*, 457 U.S. 624, 643 (1982). My curriculum vitae, which contains a list of my publications, is attached hereto as Exhibit 1.

3. I have served as a consultant or adviser on economic issues to, among others, the United States Securities and Exchange Commission, The National Association of Securities Dealers, the New York Stock Exchange, the Chicago Board of

Trade, the United States Department of Labor, the United States Department of Justice, the Federal Deposit Insurance Corporation, the Resolution Trust Corporation, and the Federal Trade Commission.

4. I am a member of the American Economic Association and the American Finance Association. I am also a member of the Board of Directors of the Center for the Study of the Economy and the State at The University of Chicago, and former Chairman of the American Association of Law Schools' Section on Law and Economics. I have testified as an expert witness in multiple proceedings in federal and state courts across the country, as detailed in Exhibit 1. My hourly billing rate is \$1,000.

## II. INTRODUCTION AND SUMMARY OF CONCLUSION

5. Household International, Inc. (“Household” or the “Company”) was principally a non-operating company with subsidiaries that primarily provided middle-market customers with several types of loan products in the United States, the United Kingdom, Canada, the Czech Republic, and Hungary.<sup>1</sup> Household Form 10-K for the fiscal year ended December 31, 2002 (“2002 10-K”) at 2. The Company’s operations were divided into three reportable segments: consumer (which included consumer lending, mortgage services, retail services, and auto finance businesses); credit card services (which included domestic MasterCard and Visa credit card businesses); and international. *Id.* at 5. Across these segments, Household generally served nonconforming and nonprime (“subprime”) customers, *i.e.*, those who have limited credit histories, modest income, high debt-to-income ratios, high loan-to-value ratios (for real estate secured portfolios) or have experienced credit problems caused by occasional

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1. Household was acquired by HSBC Holdings plc (“HSBC”) on March 28, 2003. *See* Household Form 8-K dated March 28, 2003.

delinquencies, prior chargeoffs, or credit-related actions. *Id.* Household's continued success and prospects for growth were dependent upon access to the global capital markets. *Id.* at 8. The Company funded its operations using a combination of capital market debt and equity, deposits, and securitizations. *Id.* at 9.

6. On August 14, 2002, Household announced that it had restated its consolidated financial statements, including for the years ended December 31, 1999, 2000, and 2001 and for the quarter ended March 31, 2002. *Id.* at 25 & Household Form 10-Q for the quarterly period ended June 30, 2002 at 5. The restatement related to MasterCard/Visa co-branding and affinity credit card relationships and a marketing agreement with a third party credit card marketing company; all were part of its credit card services segment. *Id.* Retained earnings at December 31, 2001 were restated to reflect a retroactive after-tax charge of \$359.9 million. *Id.*

7. On October 11, 2002, Household announced that it had reached a preliminary agreement with a multi-state working group of state attorneys general and regulatory agencies to effect a nationwide resolution of alleged violations of federal and state consumer protection, consumer financing and banking laws and regulations with respect to secured real estate lending from its retail branch consumer lending operations. 2002 10-K at 3. The Company agreed to pay up to \$484 million and adopt a series of business practices to benefit borrowers.<sup>2</sup> *See* Exhibit 2. Household management said it expected the changes in business practices to cut earnings by 10 cents a share in 2003, by 20 cents in 2004, and by 30 cents in 2005.<sup>3</sup> *Id.*

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2. In the third quarter of 2002, the Company recorded a pre-tax charge of \$525 million (\$333.2 million after-tax) to reflect the costs of the settlement agreement and related matters. 2002 10-K at 3.

3. Household management also disclosed that it thought Wall Street's 2003 forecast of

8. On March 18, 2003, Household consented to the entry by the Securities and Exchange Commission (“SEC”) of an order (the “Consent Order”) relating to the sufficiency of certain disclosures in reports the Company filed during 2002. 2002 10-K at 4-5. The SEC found that Household’s disclosures regarding its restructuring (or “re-aging”) policies failed to present an accurate description of the minimum payment requirements applicable under the various policies or to disclose its policy of automatically restructuring numerous loans and were therefore false and misleading. *Id.* The SEC also found misleading Household’s failure to disclose its policy of excluding forbearance arrangements in certain of its businesses from its 60+ days contractual delinquency statistics. *Id.* The SEC noted that the 60+ days contractual delinquency rate and restructuring statistics were key measures of the Company’s financial performance because they positively correlate to charge-off rates and loan loss reserves. *Id.* The SEC stated that the false and misleading disclosures violated Sections 10(b) and 13(a) of the Exchange Act, and Rules 10b-5, 12b-20, 13a-1 and 13a-13 under the Exchange Act. *Id.*

9. In light of the above, several institutions (“Plaintiffs”) have filed a securities class action against Household’s CEO & Chairman of the Board William F. Aldinger, President, COO & Vice-Chairman of the Board David A. Schoenholz, Vice-Chairman of Consumer Lending & Group Executive of U.S. Consumer Finance Gary Gilmer, Household Finance Corp. (“HFC”) director J.A. Vozar, and the Company (collectively, “Defendants”).<sup>4</sup> [Corrected] Amended Consolidated Class Action

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\$5.09 was too high and that it now expected 2003 earnings to fall in the range of \$4.65 to \$4.90, and that it expected to take another charge of between \$250 million and \$300 million after tax related to the sale of its thrift. *See* Exhibit 2.

4. I understand that defendant Arthur Andersen LLP has settled with Plaintiffs and that claims against the other defendants named in the Complaint have been dismissed.

Complaint for Violation of the Federal Securities Laws (“Complaint”) ¶¶ 1, 6, 36 & 47. Plaintiffs bring this action on behalf of all persons who purchased or otherwise acquired Household securities during the period from July 30, 1999 to October 11, 2002 (the “Class Period”).<sup>5</sup> *Id.* ¶ 1. I understand that a class has been certified as to the claims Plaintiffs bring under §10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder.

10. Plaintiffs allege that throughout the Class Period, Defendants engaged in a fraudulent scheme and wrongful course of business that rendered Household’s financial statements materially false and misleading and caused the market prices of its securities to trade at artificially inflated levels. *Id.* ¶¶ 24 & 50. Plaintiffs principally allege that Defendants: 1) employed improper lending practices designed to maximize amounts lent to borrowers in the subprime market (“Predatory Lending”) and denied that these practices were occurring; 2) misrepresented and manipulated defaults and delinquencies (metrics closely followed by analysts and investors) by artificially re-aging delinquent accounts (“Re-aging”); and 3) improperly accounted for expenses associated with certain of its credit card agreements, which led to a restatement going as far back as 1994 that lowered earnings throughout the Class Period (the “Restatement”). *Id.* ¶¶ 2, 50 & 83. Plaintiffs claim that the cumulative effect of the revelation of Defendants’ alleged wrongful course of business caused the prices of Household’s securities to plummet. *Id.* ¶¶ 6 & 29. Plaintiffs further claim that as a direct and proximate result of Defendants’ allegedly wrongful conduct, they and other members of

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5. The Class Period as pled began on October 23, 1997. Complaint ¶ 1. I understand that, as a matter of law, the Court dismissed claims on behalf of those who purchased or otherwise acquired Household securities prior to July 30, 1999.

the class suffered damages in connection with their purchases of Household securities during the Class Period. *Id.* ¶ 350.

11. I have been asked by counsel for Plaintiffs to analyze the economic evidence as it relates to their claims, determine whether it is consistent with these claims, and, if so, analyze the amount of alleged artificial inflation in Household's stock price during the Class Period attributable to such claims. I have been assisted by Lexecon's professional staff. The materials I relied upon in forming my opinions are included as exhibits or cited *infra*. Based on our review and analysis, I have concluded that the economic evidence is consistent with Plaintiffs' claim that the alleged wrongdoing caused investors in Household's common stock to incur losses.

### III. THE RELATIONSHIP BETWEEN PLAINTIFFS' ALLEGATIONS AND INVESTORS' LOSSES

#### A. Predatory Lending

12. Beginning at least as early as November 15, 2001, Household's stock price was negatively impacted by concerns regarding the Company's alleged predatory lending practices. After the close of trading on November 14, 2001, *Bloomberg* reported that the California Department of Corporations ("CDC") filed suit for civil penalties in the amount of at least \$8.5 million against Household's HFC and Beneficial subsidiaries as a result of their "engaging in joint, pervasive patterns of abusive lending practices consisting of routine, statewide imposition of excessive and improper fees, penalties, interest and charges" in violation of state consumer protection laws.<sup>6</sup> *See* Exhibit 3. A *Business Wire* article noted that the CDC "discovered 1,921

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6. Household's residual stock price return on the next day, November 15, 2001, was -3.1%, which is statistically significant at conventional levels of significance. *See* Exhibit 49 and *infra* ¶¶ 31-3 for an explanation of residual stock price returns and

incidents of charging excessive administrative fees, the same category of violations that Household was required to correct in 1998.” See Exhibit 4. On November 15, 2001, the Company issued a press release denying “any assertion that it has willfully violated the lending laws that regulate its business.” See Exhibit 5. Analysts at Deutsche Banc Alex. Brown Inc. commented that although the amount of the civil penalties the CDC was seeking did not appear severe, “[t]he unanswered questions are 1) how much more in refunds might Household owe? 2) will the accusations escalate (within or beyond the state)? and 3) will there be any operational constraints?” and concluded that “there could be a cloud overhanging the stock in the short term.” See Exhibit 6.

13. Household settled the CDC lawsuit in early January 2002, agreeing to pay \$12 million of fines and refunds and be subject to “an unprecedented level of oversight from its California regulator.” See Exhibit 7. The CDC stated that the settlement was “so tough” because Household was a “recidivist.” *Id.* An industry consultant noted that “[t]his case is of particular interest because it marks what could be the start of increased oversight by state regulatory agencies of consumer finance companies” and that it could spark a trend in other states. *Id.*

14. On February 18, 2002, *National Mortgage News* provided detail on a class-action lawsuit alleging that Household’s California subsidiaries “tricked” and “trap[ped]” customers into high-cost mortgages in amounts so large in relation to the value of their homes that the borrower could not refinance with a competitor. See Exhibit 8. The article quoted Defendant Schoenholz’s reaction to the lawsuit: “Our first take on

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statistical significance.

this is that it is not a significant issue, not indicative of any widespread problem and certainly not a concern that will spread elsewhere.” *Id.*

15. Defendant Schoenholz was wrong. Over the ensuing months, a number of newspaper articles appeared describing new accusations and lawsuits against Household over lending practices across the country. For example, on August 16, 2002, *The Boston Globe* reported that the Association of Community Organization for Reform Now (“ACORN”) had filed a class-action lawsuit against Household in Massachusetts, and had previously filed class-action lawsuits in Illinois, California, and New York. *See* Exhibit 9. In addition, on June 2, 2002, the *Chicago Tribune* reported that the AARP “backs lawsuits against Household in New York and West Virginia that seek class-action status.” *See* Exhibit 10.

16. Moreover, information leaked out about the contents of a report (the “WA Report”) by Washington State’s Department of Financial Institutions (“DFI”) that detailed borrower complaints against Household and alleged the Company violated federal and state consumer protection laws by failing to make key disclosures and by using “sales tactics intended to mislead, misdirect, or confuse the borrower.” *See* Exhibit 11. For example, on April 18, 2002, *The Seattle Post-Intelligencer* reported on the complaints and quoted the DFI’s investigations supervisor as saying he believed that the Company’s consumer finance subsidiaries “have the most complaints that we have on record.” *See* Exhibit 12. In addition, *American Banker* reported on August 26, 2002 that the DFI had won permission to share the WA Report with other officials in Washington and in other states. *See* Exhibit 11. After identifying that Household had intentionally misused its good-faith estimate form in several branches in Washington and receiving reports from regulators in other states concerning this practice, the WA Report stated that

the DFI “does not believe the practice is isolated.” *Id.* On August 27, 2002, *The Bellingham Herald* published an article calling the WA Report a “blistering assessment” of Household’s mortgage loan practices in the state that “found evidence of ‘a pattern of intentional deception’ of homeowners.” *See* Exhibit 13. The article also states that “in recent weeks, copies of the report have been leaked to every news organization that has been following the HFC story – including The New York Times, Forbes Magazine, American Banker magazine [sic] and The Bellingham Herald.” *Id.*

17. As information was disseminated into the market about Household’s lending practices, Defendants continued to deny the allegations of predatory lending. For example, the Company stated in its 2001 10-K filed on March 13, 2002: “Household has [] been named in purported class actions by consumer groups (such as AARP and ACORN) claiming that our loan products or our lending policies and practices are unfair or misleading to consumers. We do not believe that any of these legal actions has merit or will result in a material financial impact on Household.” *See* 2001 10-K at 12. The 10-K further stated that “we do not believe, and we are not aware of, any unaddressed systemic issue affecting our compliance with any state or federal lending laws within any of our businesses.” *Id.* Similarly, on May 3, 2002, a *Chicago Tribune* article stated that, in response to the lawsuit seeking class action status in Illinois, “Household quickly denied that it misleads customers.” *See* Exhibit 14. In addition, on June 4, 2002, the *Chicago Defender* reported that Defendant Gilmer “described as unfounded the recent rash of lawsuits, advocacy organization complaints and accusations by politicians from Boston to California that accuse the company of predatory lending.” *See* Exhibit 15. On February 27, 2002, Household announced an expansion of its “Best

Practice Initiatives” which “rais[ed] industry standards for responsibly serving middle-market borrowers.”<sup>7</sup> See Exhibit 17.

18. But, as the year progressed, Defendants’ denials became less credible.<sup>8</sup> Household fought the release of the WA Report, calling it “a draft” with “factual errors,” and won a temporary injunction on May 30, 2002. See Exhibit 18. Upon learning of Household’s temporary injunction, one market commentator indicated investors’ concern regarding the allegations in the WA Report, stating: “I don’t know what’s in that report, but I bet it isn’t complimentary to Household.” See Exhibit 19. In Household’s 2002 proxy filing, a shareholder proposal was initiated which requested that the board conduct a study on ways to link executive compensation to the prevention of predatory lending. See 2002 Company Proxy at 23-25. While Company management recommended shareholders vote “AGAINST” this proposal at the annual meeting because “the objectives of this Proposal have been implemented,” Institutional Shareholder Services recommended that shareholders vote “FOR” this proposal. Compare 2002 Company Proxy at 25 and Exhibit 20. The proposal won support from 25% to 27% of shares voted, compared to only 5% support in the prior year. See Exhibit 21. Further, on May 23, 2002, the *Chicago Sun-Times* reported that Household “has hired a former Pennsylvania banking secretary to make sure the company doesn’t take advantage of unsophisticated borrowers.” See Exhibit 22. On July 26, 2002, *The*

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7. These initiatives were expanded further as part of the settlement announced on October 11, 2002. See Exhibit 2. On August 17, 2002, *The New York Times* reported that “Household said in February that it would begin adopting a fee cap and other changes immediately, but it said this week that the fee limit would be in place by the end of the year.” See Exhibit 16.

8. The WA Report concluded that HFC’s claims that no deception or misrepresentation had occurred “began to ring hollow as more and more consumers continued to complain.” See Exhibit 11.

*Bellingham Herald* reported that “[f]or the first time, Household International has acknowledged that its employees may have misrepresented mortgage loan terms to some Whatcom County homeowners who refinanced their homes at the Bellingham office of Household Finance Co., a subsidiary.” *See* Exhibit 23. The article stated that “[u]ntil now, company spokesmen have portrayed Household as an industry leader in consumer protection, with elaborate safeguards to make sure borrowers understand the deals they are signing” but “this week, [a company spokesperson] said an internal company probe of the complaints had uncovered some serious problems.” *Id.* In addition, on August 17, 2002, *The New York Times* reported that two former Household loan officers who worked at a branch in the Northeast said that the Company’s E-Z biweekly payment plan “was used to confuse borrowers into thinking that they would get a lower rate. ‘It is the cornerstone of Household’s sales pitch,’ one said.” *See* Exhibit 16. Moreover, in an article titled “Home Wrecker,” *Forbes* reported that in July 2002, “authorities from more than a dozen states descended on Household to demand refunds and reforms.” *See* Exhibit 24. The article quoted a Minnesota Commerce Commissioner as saying: “It’s not just an occasional rogue loan officer or a rogue office. It has to do with the corporate culture.” *Id.*

19. As information regarding Defendants’ lending practices leaked out during the latter part of the Class Period, market participants reassessed the risks of investing in Household stock. For example, on May 7, 2002 *Newsday* reported that the New York State Comptroller was considering selling 2.5 million shares of Household stock held in a state pension fund due to his concerns about Household’s lending practices. *See* Exhibit 25. The Comptroller stated: “Investors should be concerned about the real possibility of a negative impact on the company’s performance in the future.”

*See* Exhibit 26. On August 27, 2002, a Keefe Bruyette & Woods analyst initiated coverage on Household with a “neutral ‘market perform’ rating” and said that “its stock is in ‘an uninvestable situation’” and that its earnings growth will likely be restrained by maturing debt and the potential cost of dealing with the lending allegations. *See* Exhibit 27.

20. In addition, analysts lowered their expectations of Household’s future prospects. For example, on July 31, 2002 Morgan Stanley analysts wrote, “[t]o reflect predatory lending risks, we’ve reduced our 5-year EPS growth rate goes [sic] from 14% to 8% and cut our 2003 estimate from \$5.26 to \$5.02.” *See* Exhibit 28. On August 12, 2002, Deutsche Bank analysts stated that “we are lowering our target price to \$53 [from \$63]” and “we are also lowering our long-term growth rate to 10%-12% from 14% ... as we believe Household’s loan growth will slow as lending restrictions gradually take hold.” *See* Exhibit 29. On September 3, 2002, Bernstein Research analysts wrote, “we believe that as sales practice reform takes hold Household will need to reset its long-run EPS growth target of 13-15% to 10-12%.” *See* Exhibit 30. On September 9, 2002, CSFB credit analysts explained that “the dollars committed to business practice control in the future will be significant.” *See* Exhibit 31. On September 10, 2002, *American Banker* reported that Defendant Aldinger conceded that the Company’s revenue growth had slowed as it instituted its Best Practices Initiatives. *See* Exhibit 32.

21. On October 4, 2002, the *Wall Street Journal* published a story that mentioned that Household was close to completing a \$350-\$500 million settlement with state attorneys general over its predatory lending practices. *See* Exhibit 33. On October 8, 2002, UBS Warburg analysts stated that “[w]e are cutting our 2003 estimate to reflect the impact of a regulatory fine on HI’s earnings and capital base. ... we estimate this fine

could exceed \$500 million.” *See* Exhibit 34. These analysts further noted that “the company would likely have difficulty paying a fine of this magnitude out of cash flow” and “[i]rrespective of the size and timing of a fine, we continue to believe HI’s business model, in terms of its marketing and pricing practices, is likely to change, resulting in a longer term earnings growth rate which we estimate of 7%.” *Id.* By no later than October 10, 2002, analysts believed the costs of a settlement had already been priced into the stock. *See, e.g.*, Exhibit 35.

B. Re-aging

22. Beginning at least as early as December 3, 2001, Household’s stock price was negatively impacted by concerns regarding its accounting and re-aging practices. On December 1, 2001, *Barron’s* published an article titled “Does It Add Up? A Look At Household’s Accounting,” which questioned these practices.<sup>9</sup> *See* Exhibit 36. Among other things, the article states that a securities analyst whose firm worked for Household “professes to be bothered by factors including the company’s loan-loss reserve coverage, which seems somewhat skimpy, especially in light of the fact that non-performing (delinquent) assets grew by some \$280 million in the last quarter.” *Id.* According to the article, the analyst said: “Household’s loss rate on subprime mortgages is close to that of the savings-and-loan industry, even though S&Ls generally have more affluent borrowers and issue fewer second mortgages which, by their nature, are shakier than first mortgages.” *Id.*

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9. Household’s residual stock price return on December 3, 2001, the first trading day after the *Barron’s* article was published, was -3.2%, which is statistically significant at conventional levels of significance. *See* Exhibit 49 and *infra* ¶¶ 31-2 for an explanation of residual stock price returns and statistical significance.

23. As reported on December 5, 2001, Defendant Aldinger rebutted and denied the criticisms in the *Barron's* article at an investor conference the day before. *See* Exhibit 37. However, market participants continued to question Household's accounting and re-aging practices. For example, on December 11, 2001, Legg Mason issued a report in which its analysts expressed their confusion regarding certain of the disclosures in the Company's reports concerning its accounting, in particular its re-aging policies. *See* Exhibit 38. After discussing these disclosures, the analysts listed numerous questions and concerns. *Id.* For instance, they found Household's "lenient reaging policy disturbing as it undermines the analytical value of the reported asset quality statistics" and asked the Company to "report asset quality problems more conventionally (a late is a late until repaid in full)." *Id.* The analysts stated that "[w]ithout this conventional disclosure, we are left with many unanswered questions." *Id.* After having suspended their investment rating on December 3, 2001, the analysts downgraded Household's stock two notches from SB (which they describe as "Strong Buy") to M (which they describe as "Market Performance") and increased their risk rating from 1 ("Low") to 2 ("Average"). *Compare id.* & Exhibit 39.

24. The Legg Mason analysts' confusion in December 2001 regarding Household's re-aging practices relates directly to the sufficiency of the Company's disclosures of its re-aging policies as of that time. So, although the SEC's Consent Order only covered reports filed by Household in 2002 (*see supra* ¶ 8), the reports available to the analysts on December 11, 2001 – *i.e.*, those reports filed by the Company prior to 2002 – also were deficient in disclosing its re-aging policies.

25. Even after Household disclosed more information regarding its re-aging practices in April 2002, market participants did not consider the disclosures to be

complete. At its annual investor conference on April 9, 2002 and in a Form 8-K filed with the SEC on the same day, Household provided more disclosure on its re-aging policies. *See* Exhibit 40 & Form 8-K filed on April 9, 2002 (the “4/9/02 8-K”). Following these disclosures, analysts at Prudential Securities commented that the “new info on account re-aging lacked historical and comparative context and could be a misleading indicator of HI’s approach to managing credit losses.” *See* Exhibit 40. An August 17, 2002 article in *The New York Times* stated that “Household has not supplied enough data on re-aged loans for a year earlier to show whether credit problems are rising sharply” and quoted a Credit Suisse First Boston analyst who said that “[i]t would be very helpful to have re-aging data disclosed on a regular basis.” *See* Exhibit 16.

26. Further, in a report dated June 7, 2002, the Center for Financial Research and Analysis, Inc. (“CFRA”) – the founder of which was described as “an important analyst for the buy-side community” – stated that Household’s “reaging may obscure its credit quality picture” because “deferral of charge-offs occurs by definition upon reaging,” therefore, “a company’s true credit quality picture is obscured by reaging accounts.” *See* Exhibit 41. After discussing the information disclosed in the 4/9/02 8-K, CFRA stated that “the Company’s reaging policies cause these figures to understate HI’s delinquency and charge-off experience.” *Id.* In a report dated August 19, 2002, CFRA observed that “[i]n the June 2002 quarter, the Company changed the format for its disclosure of reaging.” *See* Exhibit 42. CFRA noted that “whereas [Household] had previously broken out the percent of credits which had been reaged multiple times, the latest 10-Q details only whether the account has been reaged” and that the Company “refrained from disclosing the amount of recidivism, which reflect [sic] accounts that are delinquent or charged-off one year after having been reaged and (in retrospect, one could

argue) should have been charged-off at the time of re-aging.” *Id.* Again, the lack of disclosure regarding Household’s re-aging practices was the basis for the Consent Order.

C. The Restatement

27. On August 14, 2002, Household announced that it was restating its prior reported financial results downward. *See supra* ¶ 6. Market participants were surprised by the announcement. *See, e.g.*, Exhibit 43. Analysts at Morgan Stanley commented that the restatement “suggests to us that returns in the credit card business are lower than we previously thought,” which caused them to reassess the profitability of the credit card business and reduce their earnings forecasts and price target. *Id.* CIBC World Markets analysts also reduced their 2002 and 2003 earnings estimates and lowered their price target to \$57 from \$65. *See* Exhibit 44.

D. Investors’ Losses

28. Beginning November 15, 2001 (the earliest date I found that Household’s stock price was negatively affected by the alleged fraud (*see supra* ¶ 12)) through October 11, 2002, Household’s stock price fell from \$60.90 to \$28.20, a decline of \$32.70 or 53.2% adjusted for dividends. Market participants attributed the Company’s stock price decline to concerns regarding the allegedly fraudulent practices. For example, on July 18, 2002, Stephens Inc. analysts noted the “collapse” in Household’s stock price and stated that Household’s stock “has been plagued by ‘headline’ risk over predatory lending practices.” *See* Exhibit 45. Further, in a report dated September 22, 2002, CIBC analysts lowered their target price from \$57 to \$36 and commented that “building concerns regarding the company’s lending practices, which have been accused of being predatory in nature and is [sic] currently the subject of an investigation by the Washington Department of Financial Institutions, have dampened price performance.

Moreover, skepticism regarding the company's rapid portfolio growth, particularly within the auto business, and mounting credit quality concerns related to Household's loan workout and re-aging practices have also been a drag on the stock." *See* Exhibit 46. Additionally, on September 12, 2002, Deutsche Bank analysts reported that "Household's stock has been under pressure due to concern about accusations of unfair and predatory lending practices." *See* Exhibit 47. The Deutsche Bank analysts added that "[p]redatory lending has not been Household's only cloud this year. It recently restated earnings for the way it accounts for certain marketing expenses, which reduced equity by \$386 million. Household has pledged to the rating agencies to bring the capital ratio to 8.5% by year end compared to the previous target of 7.5% (it is in the market for preferred already). It will reduce asset growth, if necessary, to achieve that target. It would like to repurchase shares as soon as possible, but restoring capital in [sic] a priority." *Id.*

29. To further analyze Plaintiffs' claim that Household's stock price declined as investors learned of the Company's allegedly fraudulent practices and Defendants' denials became less credible in the latter part of the Class Period, I compared the stock's performance to an index of comparable stocks (the S&P Financials Index) and a market index (the S&P 500 Index) during the period from November 15, 2001 through October 11, 2002.<sup>10</sup> Exhibit 48 shows that the Company's stock underperformed the indexes during this period – Household's stock fell 53.2% while the comparable and market indexes declined by 20.7% and 25.8%, respectively, adjusted for dividends.

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10. In the annual Proxy Statements it filed with the Securities and Exchange Commission ("SEC") during the Class Period, Household compared its stock price performance to Standard & Poor's Composite Financial Stock Price Index ("S&P Financials Index") and the Standard & Poor's 500 Composite Stock Price Index (the "S&P 500 Index"). *See, e.g.*, Household's Proxy Statement dated April 9, 2002 at 16. According to Bloomberg, there were 81 firms in the S&P Financials Index on October 11, 2002.

Under the facts and circumstances of this case, this long-term relative underperformance is consistent with Plaintiffs' claim.

#### IV. QUANTIFICATION OF ALLEGED ARTIFICIAL INFLATION

30. To quantify the alleged artificial inflation in Household's stock price during the Class Period, I measured the price reaction to several disclosures related to the alleged fraud using a well-known and established technique in financial economics known as an "event study." This quantification likely understates the amount of inflation because it does not take into account the stock price effect of all of the information related to the alleged fraud (including the information detailed above) that leaked into the market in the latter part of the Class Period. To quantify alleged artificial inflation including the effect of leakage that is supported by the facts and circumstances of this case, I use a published method referred to as the "event study approach."

##### A. Event Study Methodology

31. In an efficient market, the market price of an actively traded stock reflects all publicly available information about the firm and its future prospects and represents the financial community's best estimate of the present value of those prospects.<sup>11</sup> As new information becomes available that changes investors' assessment of the firm's prospects, traders buy and sell the stock until its price reaches a level that reflects the new consensus view of the firm's prospects. Therefore, the change in the price of a

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11. During the Class Period: 1) Household's stock was actively traded on the New York Stock Exchange, with average weekly share turnover of 2.5%; 2) each month, between 20 and 27 analysts provided estimates of the Company's earnings to IBES, and Thomson Financial lists 483 analyst reports on the Company; 3) Household filed Forms S-3 and regular public filings with the SEC; and 4) as demonstrated *infra* ¶¶ 34-5, the Company's stock price reacted to unexpected new information. Therefore, it is reasonable to presume that the market for Household's stock was efficient.

stock when new information becomes available measures the value of the new information to investors. This type of analysis is known as an event study and is widely used in finance.<sup>12</sup>

32. It is standard practice in event studies to take into account the effect of market factors on stock price returns. This is typically done by using regression analysis to estimate the historical relationship between changes in a company's stock price and changes in the performance of a market index (and possibly an industry index), using the historical relationship and the actual performance of the index(es) on the day in question to calculate a "predicted return," and subtracting the predicted return from the actual return to derive a "residual return" (sometimes referred to as an "abnormal return" or "market-adjusted return"). In this case, we estimated the relationship between Household's return and returns on the S&P 500 and S&P Financials Indexes during the period from November 15, 2000 to November 14, 2001 (*i.e.*, the calendar year prior to the earliest date I found that Household's stock price was negatively affected by the alleged fraud (*see supra* ¶ 12)).

33. In event studies, the statistical significance of the residual returns is typically assessed by calculating a standardized measure of the size of the residual return known as a "t-statistic."<sup>13</sup> A t-statistic with an absolute value of 1.96 or greater denotes statistical significance at the 5 percent level of significance (a conventional level

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12. *See, e.g.*, A.C. MacKinlay, "Event Studies in Economics and Finance," 35 *Journal of Economic Literature* (March 1997), 13-39.

13. *See, e.g.*, A.C. MacKinlay, "Event Studies in Economics and Finance," 35 *Journal of Economic Literature* (March 1997), 13-39; G.W. Schwert, "Using Financial Data to Measure Effects of Regulation," 24 *The Journal of Law and Economics* (1981), 121-57; D.R. Fischel, "Use of Modern Finance Theory in Securities Fraud Cases Involving Actively Traded Securities," 38 *The Business Lawyer* (1982), 1-20, at 18-19.

at which such assessments are made) in a “two-tailed” test of statistical significance (*i.e.*, testing for significance regardless of whether the residual return is positive or negative).<sup>14</sup> A t-statistic with an absolute value of 1.65 or greater denotes statistical significance at the 5 percent level of significance in a “one-tailed” test of statistical significance (*i.e.*, testing for significance where the residual return has a particular sign).<sup>15</sup> The data for and results of the event study, along with headlines from *Dow Jones News Service* and *Wall Street Journal* articles that mention Household, are presented in Exhibit 49.

B. Quantification Using Specific Disclosures

34. Beginning no later than November 15, 2001, Household’s stock price declined significantly in response to disclosures related to the alleged fraud. For example, the stock price declined significantly following the November 14, 2001 disclosure of the CDC lawsuit, the December 1, 2001 *Barron’s* article questioning Household’s accounting and re-aging practices, the July 26, 2002 *Bellingham Herald* article reporting that the Company acknowledged its employees may have misrepresented mortgage loan terms to some homeowners, the announcement of the restatement, the publication of the *Forbes* “Home Wrecker” article after the market closed on August 15, 2002, and the October 4, 2002 *Wall Street Journal* article that leaked the news about Household’s settlement with the state attorneys general.<sup>16, 17, 18</sup> See *supra* ¶¶ 6, 12, 18, 21

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14. See, e.g., W. Mendenhall, J.E. Reinmuth & R.J. Beaver, *Statistics for Management and Economics* (Duxbury Press, 1993), at 345-46 & 368-69.

15. *Id.*

16. The residual return on November 15, 2001, the first trade day after the press reported on the CDC lawsuit, was -3.1% and the t-statistic was -2.21; the residual price change was -\$1.86. See Exhibit 49. The residual return on December 3, 2001, the first trade day after the *Barron’s* article was published, was -3.2% and the t-statistic was -2.33; the residual price change was -\$1.90. *Id.* The residual return on July 26, 2002, the date the *Bellingham Herald* article was published, was -5.7% and the t-statistic was -4.08; the residual price change was -\$2.20. *Id.* The residual return on August 14,

& 27 and Exhibit 49. The stock price also declined significantly as analysts reassessed the risks of investing in the Company's stock due to the alleged fraud, including following the publication of the December 11, 2001 Legg Mason report regarding Household's re-aging policies, the August 27, 2002 Keefe, Bruyette & Woods report that described Household as "uninvestable," the September 3, 2002 Bernstein Research report that discussed the analysts' belief that Household will need to lower its EPS growth target, and the September 22, 2002 CIBC report in which the analysts lowered their target price to \$36 from \$57 and reduced their earnings estimate for 2003.<sup>19</sup> See *supra* ¶¶ 19, 20, 23 & 28 and Exhibit 49.

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2002, the date the restatement was announced, was -2.5% and the t-statistic was -1.77; the residual price change was -\$0.94. *Id.* The residual return on August 16, 2002, the first trade day after the *Forbes* article was available to the market (*see infra* Note 18), was -4.7% and the t-statistic was -3.37; the residual price change was -\$1.84. *Id.* The residual return on October 4, 2002, the date the *Wall Street Journal* article was published, was -4.7% and the t-statistic was -3.41; the residual price change was -\$1.26. See Exhibit 49.

17. Although Household's stock price increased significantly on August 15, 2002, the day after the restatement was announced, there is evidence that the restatement contributed to the cloud over the Company's stock after the announcement and to the subsequent decline in Household's stock price. See, e.g., *supra* ¶ 28 and Exhibit 50 ("The company's stock has been reeling while Household fights the [predatory lending] allegations and since it restated several years' worth of earnings in August.").
18. Although the *Forbes* article is dated September 2, 2002, an internal Household e-mail states that the article appeared on [www.forbes.com](http://www.forbes.com) on the evening of August 15, 2002. See Exhibit 24.
19. The residual return on December 12, 2001 was -4.2% and the t-statistic was -3.06; the residual price change was -\$2.39. See Exhibit 49. The residual return on August 27, 2002 was -3.1% and the t-statistic was -2.21; the residual price change was -\$1.19. *Id.* August 27, 2002 was also the date the *Bellingham Herald* reported on the contents of the WA Report. See *supra* ¶¶ 16. The residual return on September 3, 2002 was -3.4% and the t-statistic was -2.39; the residual price change was -\$1.21. *Id.* The residual return on September 23, 2002 was -5.2% and the t-statistic was -3.77; the residual price change was -\$1.52. *Id.*

35. Household's stock price also increased significantly due to disclosures related to the alleged fraud. The price increased significantly in response to Defendant Aldinger's rejoinder to the December 1, 2001 *Barron's* article, the Company's February 27, 2002 announcement that it would implement new "Best Practice Initiatives," and the settlement with the state attorneys general and regulatory agencies.<sup>20</sup>

<sup>21</sup> See *supra* ¶¶ 7, 17 & 23 and Exhibit 49.

36. I quantify alleged artificial inflation related to the above disclosures based on the concomitant residual price changes reported *supra* Notes 16 & 19-21. The amount of artificial inflation on a particular day during the Class Period equals the sum of the subsequent residual price changes; therefore, as the price reacts to

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20. The residual return on December 5, 2001 was 3.2% and the t-statistic was 2.29; the residual price change was \$1.85. See Exhibit 49. The residual return on February 27, 2002 was 3.3% and the t-statistic was 2.38; the residual price change was \$1.64. *Id.*

21. As explained *supra* ¶ 7, Household's announcement on October 11, 2002 disclosed that the Company would pay hundreds of millions of dollars and change its business practices such that future earnings would be reduced. In response to the news, Standard & Poor's lowered its debt ratings, stating that "the charge, coming on the heels of the company's \$386 million accounting adjustments, calls into question the managerial controls in place at the company as well as its appetite for risk taking," and Fitch placed its ratings on negative watch, stating: "... the bigger challenge for Household will be replenishing lost revenue resulting from the implementation of 'Best Practices.' An inability to offset these revenues streams could pressure future profitability, ..." See Exhibits 2 & 51. Because this news had substantial negative implications for Household's market value, one would expect that it would have caused the Company's stock price to decline significantly. However, the stock price increased \$1.90 on October 11, 2002 after increasing \$5.30 on the previous day. Market commentators attributed the price increase on October 10, 2002 to "market talk that [Household] could reach an agreement as soon as Friday that would settle investigations by state attorneys general into its subprime consumer lending business." See, e.g., Exhibit 52. The residual return over this two-day period was 23.1% [= (1 + 0.1999) x (1 + 0.0258) - 1] with a cumulative t-statistic of 11.29 [= (14.13 + 1.83) / (the square root of 2)]; the cumulative residual price change was \$4.88. See Exhibit 49. The fact that the stock increased in value upon disclosure of such negative information is evidence that it had declined earlier by at least as much in anticipation of a larger payment and/or changes in Household's business practices that would have had a worse impact on the Company's future prospects.

each disclosure, inflation increases or decreases by the amount of the residual price change on that date. For example, on November 14, 2001 (the day before the price reacted to the earliest of the above disclosures), the artificial inflation equals \$7.97, the sum of the subsequent residual price changes. *See supra* Notes 16 & 19-21 and Exhibit 53. On November 15, 2001, the artificial inflation declines by \$1.86 (the amount of the residual price change on that day) to \$6.11. *See supra* Note 16 and Exhibit 53.

37. Exhibit 53 presents Household's stock price, the quantification of total alleged artificial inflation, and the resulting estimate of the stock's true value (*i.e.*, the price at which the stock would have traded but for the alleged fraud, calculated as the difference between the stock price and artificial inflation) on each day of the Class Period. Exhibit 54 is a graph of the stock price and estimated true value.

C. Quantification Including Leakage

38. In their article titled "Using Finance Theory to Measure Damages in Fraud on the Market Cases," Cornell and Morgan state that "[b]y the time a public announcement occurs, often the market price already reflects some of the information contained in the announcement."<sup>22</sup> They further state that in cases where a prior information leak occurs, a residual price change following a disclosure "does not properly measure the economic impact of the disclosure" and that, as a result, using

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22. B. Cornell and R.G. Morgan, "Using Finance Theory to Measure Damages in Fraud on the Market Cases," 37 *UCLA L Rev.* (1990), 905. In support of their statement, the authors reference a study which "found that the price of target companies ran up almost 30% on average, relative to the predictions of the market model, before the first announcement of a merger or tender offer." *Id.* They also reference a study finding "there were almost no large residuals for a portfolio of bank stocks on days when information about the Latin American debt crisis was publicly announced" and conclude that "[t]his may be attributable to the characterization of the crisis by a slow accumulation of bad news and not by a few unexpected announcements." *Id.*

residual price changes in these cases “only on disclosure days will understate damages.”<sup>23</sup>

The authors also cite examples of securities cases in which fraud was revealed slowly over time, including one in which “a slow flow of increasingly negative news fueled a rising tide of doubts and rumors” with the result that “only a few dramatic announcements were associated with large residual returns.”<sup>24</sup>

39. Similarly, in the Household case, a steady stream and extensive amount of incomplete information related to Defendants’ alleged fraud was disclosed beginning at least as early as November 15, 2001 (including the information detailed *supra* § III), but only some of these disclosures were associated with statistically significant residual returns. *Compare supra* § III with Exhibit 49. However, Household’s stock lost more than half of its value during this period, which market participants attributed to concerns regarding Defendants’ allegedly fraudulent practices. *See, e.g., supra* ¶ 28. Moreover, as explained *supra* ¶ 29, the stock substantially underperformed the market and comparable indexes over this period, indicating that under the facts and circumstances of this case, its decline cannot be fully explained by adverse market events. The combination of the significant stock price decline, the concurrent leakage of fraud-related information, and market participants’ attribution of the decline to this fraud-related information is strong economic evidence that in this case, the long-run relative underperformance in Household’s stock beginning November 15, 2001 was caused by leakage of artificial inflation from the price.

40. As a result of this leakage, my quantification of inflation using the specific disclosures described *supra* ¶¶ 34-5 likely significantly understates the amount of

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23. *Id.*

24. *Id.* at 905-6.

artificial inflation in the stock price during the Class Period. Cornell and Morgan explain that one way to reduce the likely understatement in a case where fraud was revealed slowly over time is to extend the “observation window” (*i.e.*, the period over which a price reaction to an event is measured) surrounding the disclosure date and measure residual returns over time.<sup>25</sup> They explain that in such a case, “[t]he window begins far enough in advance of the disclosure for the analyst to be reasonably confident that no significant information leakage has occurred ... [and] ends at a date when the analyst feels confident that most of the information is publicly available.”<sup>26</sup> The authors state that for a case in which there is a continuous leakage of information, it may be necessary to expand the observation window to cover the entire class period.<sup>27</sup>

41. Under the facts and circumstances of this case explained above, I quantified the amount of artificial inflation in Household’s stock price including the leakage of information related to the alleged fraud using the “event study approach” described by Cornell and Morgan.<sup>28</sup> The first step in this approach is to determine the observation window. Because I found that fraud-related information leaked out beginning no later than November 15, 2001, the observation window begins on this date; it ends on October 11, 2002, the last day of the Class Period. The next step is to use actual stock returns and predicted returns to construct a time series of daily stock price returns (“Constructed Returns”) during the Class Period: for each day during the

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25. *Id.* at 906. Cornell and Morgan note that “[t]he length of the window depends on the facts of each specific case.” *Id.*

26. *Id.*

27. *Id.* at 906-7.

28. *Id.* at 899-900.

observation window, the Constructed Return equals the predicted return;<sup>29, 30</sup> for all other days, the Constructed Return equals the actual return.

42. The next step is to calculate a “true value line,” *i.e.*, a daily series of the stock’s estimated true value. This line was generated by setting its value equal to Household’s stock price on October 11, 2002 (the last day of the Class Period) and working backwards in time according to the following formula:  $Value_{t-1} = (Value_t + Dividend_t) / (1 + Constructed Return_t)$ . I then computed daily artificial inflation as the difference between the Company’s stock price and the true value line. If the resulting inflation on any day was greater than the cumulative residual price decline during the observation window of \$23.94, I limited the inflation to \$23.94 and adjusted the true value line accordingly. Exhibit 56 lists Household’s stock price, the true value line, and the artificial inflation on each day during the Class Period. Exhibit 57 is a graph of the stock price and estimated true value line. This analysis represents a quantification of alleged artificial inflation taking leakage into account.

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29. As explained *supra* ¶ 32, predicted returns account for the effects of market and industry movements on Household’s stock price.

30. Because a bias can occur for long observation windows in the standard market model that underlies our event study, we used predicted returns calculated using the capital asset pricing model (“CAPM”) for the event study approach. *See, e.g.*, G.N. Pettengill & J.M. Clark, “Estimating Expected Returns in an Event Study Framework: Evidence from the Dartboard Column,” 40 *Quarterly Journal of Business & Economics* (2001), 19 and Exhibit 55.

August 15 2007

A handwritten signature in black ink, consisting of stylized, cursive letters that appear to read 'DRF'. The signature is written above a horizontal line.

Daniel R. Fischel

# **Exhibit 53**

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

<b>Date</b>	<b>Stock Price</b>	<b>Artificial Inflation</b>	<b>True Value</b>
07/30/99	\$42.94	\$7.97	\$34.97
08/02/99	\$41.88	\$7.97	\$33.91
08/03/99	\$40.00	\$7.97	\$32.03
08/04/99	\$40.31	\$7.97	\$32.35
08/05/99	\$40.56	\$7.97	\$32.60
08/06/99	\$40.25	\$7.97	\$32.28
08/09/99	\$40.88	\$7.97	\$32.91
08/10/99	\$39.50	\$7.97	\$31.53
08/11/99	\$40.25	\$7.97	\$32.28
08/12/99	\$40.19	\$7.97	\$32.22
08/13/99	\$40.75	\$7.97	\$32.78
08/16/99	\$39.75	\$7.97	\$31.78
08/17/99	\$41.50	\$7.97	\$33.53
08/18/99	\$42.00	\$7.97	\$34.03
08/19/99	\$41.69	\$7.97	\$33.72
08/20/99	\$41.88	\$7.97	\$33.91
08/23/99	\$42.94	\$7.97	\$34.97
08/24/99	\$42.44	\$7.97	\$34.47
08/25/99	\$41.19	\$7.97	\$33.22
08/26/99	\$39.81	\$7.97	\$31.85
08/27/99	\$37.81	\$7.97	\$29.85
08/30/99	\$37.44	\$7.97	\$29.47
08/31/99	\$37.75	\$7.97	\$29.78
09/01/99	\$39.56	\$7.97	\$31.60
09/02/99	\$38.50	\$7.97	\$30.53
09/03/99	\$39.94	\$7.97	\$31.97
09/07/99	\$39.94	\$7.97	\$31.97
09/08/99	\$39.56	\$7.97	\$31.60
09/09/99	\$39.88	\$7.97	\$31.91
09/10/99	\$40.63	\$7.97	\$32.66
09/13/99	\$41.50	\$7.97	\$33.53
09/14/99	\$41.13	\$7.97	\$33.16
09/15/99	\$40.44	\$7.97	\$32.47
09/16/99	\$40.25	\$7.97	\$32.28
09/17/99	\$41.13	\$7.97	\$33.16
09/20/99	\$41.75	\$7.97	\$33.78
09/21/99	\$40.50	\$7.97	\$32.53
09/22/99	\$41.44	\$7.97	\$33.47
09/23/99	\$40.00	\$7.97	\$32.03
09/24/99	\$39.44	\$7.97	\$31.47
09/27/99	\$40.38	\$7.97	\$32.41
09/28/99	\$39.69	\$7.97	\$31.72
09/29/99	\$40.63	\$7.97	\$32.66
09/30/99	\$40.13	\$7.97	\$32.16
10/01/99	\$39.38	\$7.97	\$31.41
10/04/99	\$40.44	\$7.97	\$32.47
10/05/99	\$41.06	\$7.97	\$33.10

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

<b>Date</b>	<b>Stock Price</b>	<b>Artificial Inflation</b>	<b>True Value</b>
10/06/99	\$42.88	\$7.97	\$34.91
10/07/99	\$42.38	\$7.97	\$34.41
10/08/99	\$44.31	\$7.97	\$36.35
10/11/99	\$42.69	\$7.97	\$34.72
10/12/99	\$41.69	\$7.97	\$33.72
10/13/99	\$39.75	\$7.97	\$31.78
10/14/99	\$38.94	\$7.97	\$30.97
10/15/99	\$37.00	\$7.97	\$29.03
10/18/99	\$37.88	\$7.97	\$29.91
10/19/99	\$38.94	\$7.97	\$30.97
10/20/99	\$39.56	\$7.97	\$31.60
10/21/99	\$39.00	\$7.97	\$31.03
10/22/99	\$39.75	\$7.97	\$31.78
10/25/99	\$38.88	\$7.97	\$30.91
10/26/99	\$39.06	\$7.97	\$31.10
10/27/99	\$41.56	\$7.97	\$33.60
10/28/99	\$45.69	\$7.97	\$37.72
10/29/99	\$44.63	\$7.97	\$36.66
11/01/99	\$45.00	\$7.97	\$37.03
11/02/99	\$45.31	\$7.97	\$37.35
11/03/99	\$44.56	\$7.97	\$36.60
11/04/99	\$45.63	\$7.97	\$37.66
11/05/99	\$46.06	\$7.97	\$38.10
11/08/99	\$44.63	\$7.97	\$36.66
11/09/99	\$43.06	\$7.97	\$35.10
11/10/99	\$42.56	\$7.97	\$34.60
11/11/99	\$41.31	\$7.97	\$33.35
11/12/99	\$44.13	\$7.97	\$36.16
11/15/99	\$44.13	\$7.97	\$36.16
11/16/99	\$45.13	\$7.97	\$37.16
11/17/99	\$43.25	\$7.97	\$35.28
11/18/99	\$42.50	\$7.97	\$34.53
11/19/99	\$41.88	\$7.97	\$33.91
11/22/99	\$41.25	\$7.97	\$33.28
11/23/99	\$40.94	\$7.97	\$32.97
11/24/99	\$40.38	\$7.97	\$32.41
11/26/99	\$40.25	\$7.97	\$32.28
11/29/99	\$39.38	\$7.97	\$31.41
11/30/99	\$39.56	\$7.97	\$31.60
12/01/99	\$39.56	\$7.97	\$31.60
12/02/99	\$40.31	\$7.97	\$32.35
12/03/99	\$41.00	\$7.97	\$33.03
12/06/99	\$39.50	\$7.97	\$31.53
12/07/99	\$38.25	\$7.97	\$30.28
12/08/99	\$38.69	\$7.97	\$30.72
12/09/99	\$39.50	\$7.97	\$31.53
12/10/99	\$39.06	\$7.97	\$31.10

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

Date	Stock Price	Artificial Inflation	True Value
12/13/99	\$38.25	\$7.97	\$30.28
12/14/99	\$37.94	\$7.97	\$29.97
12/15/99	\$37.63	\$7.97	\$29.66
12/16/99	\$38.31	\$7.97	\$30.35
12/17/99	\$38.13	\$7.97	\$30.16
12/20/99	\$37.94	\$7.97	\$29.97
12/21/99	\$37.25	\$7.97	\$29.28
12/22/99	\$36.63	\$7.97	\$28.66
12/23/99	\$37.50	\$7.97	\$29.53
12/27/99	\$36.88	\$7.97	\$28.91
12/28/99	\$36.19	\$7.97	\$28.22
12/29/99	\$35.94	\$7.97	\$27.97
12/30/99	\$36.56	\$7.97	\$28.60
12/31/99	\$37.25	\$7.97	\$29.28
01/03/00	\$34.69	\$7.97	\$26.72
01/04/00	\$35.00	\$7.97	\$27.03
01/05/00	\$34.38	\$7.97	\$26.41
01/06/00	\$36.00	\$7.97	\$28.03
01/07/00	\$36.38	\$7.97	\$28.41
01/10/00	\$36.50	\$7.97	\$28.53
01/11/00	\$36.00	\$7.97	\$28.03
01/12/00	\$36.75	\$7.97	\$28.78
01/13/00	\$37.69	\$7.97	\$29.72
01/14/00	\$37.31	\$7.97	\$29.35
01/18/00	\$36.50	\$7.97	\$28.53
01/19/00	\$36.81	\$7.97	\$28.85
01/20/00	\$36.00	\$7.97	\$28.03
01/21/00	\$35.63	\$7.97	\$27.66
01/24/00	\$34.50	\$7.97	\$26.53
01/25/00	\$33.94	\$7.97	\$25.97
01/26/00	\$35.63	\$7.97	\$27.66
01/27/00	\$35.69	\$7.97	\$27.72
01/28/00	\$34.19	\$7.97	\$26.22
01/31/00	\$35.25	\$7.97	\$27.28
02/01/00	\$35.25	\$7.97	\$27.28
02/02/00	\$36.13	\$7.97	\$28.16
02/03/00	\$35.63	\$7.97	\$27.66
02/04/00	\$35.38	\$7.97	\$27.41
02/07/00	\$35.06	\$7.97	\$27.10
02/08/00	\$35.75	\$7.97	\$27.78
02/09/00	\$33.88	\$7.97	\$25.91
02/10/00	\$33.88	\$7.97	\$25.91
02/11/00	\$31.88	\$7.97	\$23.91
02/14/00	\$31.31	\$7.97	\$23.35
02/15/00	\$32.94	\$7.97	\$24.97
02/16/00	\$30.88	\$7.97	\$22.91
02/17/00	\$31.69	\$7.97	\$23.72

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

Date	Stock Price	Artificial Inflation	True Value
02/18/00	\$30.88	\$7.97	\$22.91
02/22/00	\$31.06	\$7.97	\$23.10
02/23/00	\$30.69	\$7.97	\$22.72
02/24/00	\$30.63	\$7.97	\$22.66
02/25/00	\$30.88	\$7.97	\$22.91
02/28/00	\$31.88	\$7.97	\$23.91
02/29/00	\$31.94	\$7.97	\$23.97
03/01/00	\$33.25	\$7.97	\$25.28
03/02/00	\$35.13	\$7.97	\$27.16
03/03/00	\$36.63	\$7.97	\$28.66
03/06/00	\$34.81	\$7.97	\$26.85
03/07/00	\$32.88	\$7.97	\$24.91
03/08/00	\$31.81	\$7.97	\$23.85
03/09/00	\$32.44	\$7.97	\$24.47
03/10/00	\$32.75	\$7.97	\$24.78
03/13/00	\$32.44	\$7.97	\$24.47
03/14/00	\$32.13	\$7.97	\$24.16
03/15/00	\$34.25	\$7.97	\$26.28
03/16/00	\$36.81	\$7.97	\$28.85
03/17/00	\$36.88	\$7.97	\$28.91
03/20/00	\$35.56	\$7.97	\$27.60
03/21/00	\$37.88	\$7.97	\$29.91
03/22/00	\$37.75	\$7.97	\$29.78
03/23/00	\$38.88	\$7.97	\$30.91
03/24/00	\$37.94	\$7.97	\$29.97
03/27/00	\$36.13	\$7.97	\$28.16
03/28/00	\$36.69	\$7.97	\$28.72
03/29/00	\$36.50	\$7.97	\$28.53
03/30/00	\$36.38	\$7.97	\$28.41
03/31/00	\$37.31	\$7.97	\$29.35
04/03/00	\$39.13	\$7.97	\$31.16
04/04/00	\$38.13	\$7.97	\$30.16
04/05/00	\$39.06	\$7.97	\$31.10
04/06/00	\$40.38	\$7.97	\$32.41
04/07/00	\$38.88	\$7.97	\$30.91
04/10/00	\$40.00	\$7.97	\$32.03
04/11/00	\$40.63	\$7.97	\$32.66
04/12/00	\$44.00	\$7.97	\$36.03
04/13/00	\$42.06	\$7.97	\$34.10
04/14/00	\$38.06	\$7.97	\$30.10
04/17/00	\$39.63	\$7.97	\$31.66
04/18/00	\$39.69	\$7.97	\$31.72
04/19/00	\$39.94	\$7.97	\$31.97
04/20/00	\$41.81	\$7.97	\$33.85
04/24/00	\$43.38	\$7.97	\$35.41
04/25/00	\$44.69	\$7.97	\$36.72
04/26/00	\$43.63	\$7.97	\$35.66

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

Date	Stock Price	Artificial Inflation	True Value
04/27/00	\$42.00	\$7.97	\$34.03
04/28/00	\$41.75	\$7.97	\$33.78
05/01/00	\$42.00	\$7.97	\$34.03
05/02/00	\$42.06	\$7.97	\$34.10
05/03/00	\$40.75	\$7.97	\$32.78
05/04/00	\$39.13	\$7.97	\$31.16
05/05/00	\$39.75	\$7.97	\$31.78
05/08/00	\$41.13	\$7.97	\$33.16
05/09/00	\$40.25	\$7.97	\$32.28
05/10/00	\$39.38	\$7.97	\$31.41
05/11/00	\$39.94	\$7.97	\$31.97
05/12/00	\$40.38	\$7.97	\$32.41
05/15/00	\$41.94	\$7.97	\$33.97
05/16/00	\$42.81	\$7.97	\$34.85
05/17/00	\$41.69	\$7.97	\$33.72
05/18/00	\$42.81	\$7.97	\$34.85
05/19/00	\$41.44	\$7.97	\$33.47
05/22/00	\$41.88	\$7.97	\$33.91
05/23/00	\$43.00	\$7.97	\$35.03
05/24/00	\$45.75	\$7.97	\$37.78
05/25/00	\$45.38	\$7.97	\$37.41
05/26/00	\$45.38	\$7.97	\$37.41
05/30/00	\$46.56	\$7.97	\$38.60
05/31/00	\$47.00	\$7.97	\$39.03
06/01/00	\$47.13	\$7.97	\$39.16
06/02/00	\$47.00	\$7.97	\$39.03
06/05/00	\$47.13	\$7.97	\$39.16
06/06/00	\$46.38	\$7.97	\$38.41
06/07/00	\$47.25	\$7.97	\$39.28
06/08/00	\$46.19	\$7.97	\$38.22
06/09/00	\$44.44	\$7.97	\$36.47
06/12/00	\$43.56	\$7.97	\$35.60
06/13/00	\$44.69	\$7.97	\$36.72
06/14/00	\$45.38	\$7.97	\$37.41
06/15/00	\$43.06	\$7.97	\$35.10
06/16/00	\$42.44	\$7.97	\$34.47
06/19/00	\$42.75	\$7.97	\$34.78
06/20/00	\$43.94	\$7.97	\$35.97
06/21/00	\$44.06	\$7.97	\$36.10
06/22/00	\$43.19	\$7.97	\$35.22
06/23/00	\$42.13	\$7.97	\$34.16
06/26/00	\$42.13	\$7.97	\$34.16
06/27/00	\$41.81	\$7.97	\$33.85
06/28/00	\$42.81	\$7.97	\$34.85
06/29/00	\$43.00	\$7.97	\$35.03
06/30/00	\$41.56	\$7.97	\$33.60
07/03/00	\$41.88	\$7.97	\$33.91

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

Date	Stock Price	Artificial Inflation	True Value
07/05/00	\$42.00	\$7.97	\$34.03
07/06/00	\$41.63	\$7.97	\$33.66
07/07/00	\$42.75	\$7.97	\$34.78
07/10/00	\$42.69	\$7.97	\$34.72
07/11/00	\$43.50	\$7.97	\$35.53
07/12/00	\$43.94	\$7.97	\$35.97
07/13/00	\$44.00	\$7.97	\$36.03
07/14/00	\$44.88	\$7.97	\$36.91
07/17/00	\$42.81	\$7.97	\$34.85
07/18/00	\$43.44	\$7.97	\$35.47
07/19/00	\$45.25	\$7.97	\$37.28
07/20/00	\$46.38	\$7.97	\$38.41
07/21/00	\$45.81	\$7.97	\$37.85
07/24/00	\$45.94	\$7.97	\$37.97
07/25/00	\$45.50	\$7.97	\$37.53
07/26/00	\$44.25	\$7.97	\$36.28
07/27/00	\$44.69	\$7.97	\$36.72
07/28/00	\$43.75	\$7.97	\$35.78
07/31/00	\$44.56	\$7.97	\$36.60
08/01/00	\$44.56	\$7.97	\$36.60
08/02/00	\$44.44	\$7.97	\$36.47
08/03/00	\$46.63	\$7.97	\$38.66
08/04/00	\$49.63	\$7.97	\$41.66
08/07/00	\$49.88	\$7.97	\$41.91
08/08/00	\$50.00	\$7.97	\$42.03
08/09/00	\$48.88	\$7.97	\$40.91
08/10/00	\$48.19	\$7.97	\$40.22
08/11/00	\$49.06	\$7.97	\$41.10
08/14/00	\$49.19	\$7.97	\$41.22
08/15/00	\$47.88	\$7.97	\$39.91
08/16/00	\$46.75	\$7.97	\$38.78
08/17/00	\$46.38	\$7.97	\$38.41
08/18/00	\$46.94	\$7.97	\$38.97
08/21/00	\$46.63	\$7.97	\$38.66
08/22/00	\$47.31	\$7.97	\$39.35
08/23/00	\$47.25	\$7.97	\$39.28
08/24/00	\$47.44	\$7.97	\$39.47
08/25/00	\$47.75	\$7.97	\$39.78
08/28/00	\$48.25	\$7.97	\$40.28
08/29/00	\$48.00	\$7.97	\$40.03
08/30/00	\$48.00	\$7.97	\$40.03
08/31/00	\$48.00	\$7.97	\$40.03
09/01/00	\$47.38	\$7.97	\$39.41
09/05/00	\$47.63	\$7.97	\$39.66
09/06/00	\$50.19	\$7.97	\$42.22
09/07/00	\$50.56	\$7.97	\$42.60
09/08/00	\$52.44	\$7.97	\$44.47

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

Date	Stock Price	Artificial Inflation	True Value
09/11/00	\$51.63	\$7.97	\$43.66
09/12/00	\$51.13	\$7.97	\$43.16
09/13/00	\$51.25	\$7.97	\$43.28
09/14/00	\$51.00	\$7.97	\$43.03
09/15/00	\$50.50	\$7.97	\$42.53
09/18/00	\$50.75	\$7.97	\$42.78
09/19/00	\$51.56	\$7.97	\$43.60
09/20/00	\$52.31	\$7.97	\$44.35
09/21/00	\$52.88	\$7.97	\$44.91
09/22/00	\$52.00	\$7.97	\$44.03
09/25/00	\$53.38	\$7.97	\$45.41
09/26/00	\$54.13	\$7.97	\$46.16
09/27/00	\$54.69	\$7.97	\$46.72
09/28/00	\$56.44	\$7.97	\$48.47
09/29/00	\$56.63	\$7.97	\$48.66
10/02/00	\$55.19	\$7.97	\$47.22
10/03/00	\$55.63	\$7.97	\$47.66
10/04/00	\$54.88	\$7.97	\$46.91
10/05/00	\$55.69	\$7.97	\$47.72
10/06/00	\$52.63	\$7.97	\$44.66
10/09/00	\$52.19	\$7.97	\$44.22
10/10/00	\$49.50	\$7.97	\$41.53
10/11/00	\$47.94	\$7.97	\$39.97
10/12/00	\$46.25	\$7.97	\$38.28
10/13/00	\$47.56	\$7.97	\$39.60
10/16/00	\$49.13	\$7.97	\$41.16
10/17/00	\$47.50	\$7.97	\$39.53
10/18/00	\$48.75	\$7.97	\$40.78
10/19/00	\$50.63	\$7.97	\$42.66
10/20/00	\$50.44	\$7.97	\$42.47
10/23/00	\$49.19	\$7.97	\$41.22
10/24/00	\$50.25	\$7.97	\$42.28
10/25/00	\$49.50	\$7.97	\$41.53
10/26/00	\$47.44	\$7.97	\$39.47
10/27/00	\$47.50	\$7.97	\$39.53
10/30/00	\$49.38	\$7.97	\$41.41
10/31/00	\$50.31	\$7.97	\$42.35
11/01/00	\$49.63	\$7.97	\$41.66
11/02/00	\$51.50	\$7.97	\$43.53
11/03/00	\$51.50	\$7.97	\$43.53
11/06/00	\$52.50	\$7.97	\$44.53
11/07/00	\$51.88	\$7.97	\$43.91
11/08/00	\$51.63	\$7.97	\$43.66
11/09/00	\$50.50	\$7.97	\$42.53
11/10/00	\$50.75	\$7.97	\$42.78
11/13/00	\$49.13	\$7.97	\$41.16
11/14/00	\$49.00	\$7.97	\$41.03

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

Date	Stock Price	Artificial Inflation	True Value
11/15/00	\$49.31	\$7.97	\$41.35
11/16/00	\$49.13	\$7.97	\$41.16
11/17/00	\$48.19	\$7.97	\$40.22
11/20/00	\$45.75	\$7.97	\$37.78
11/21/00	\$46.25	\$7.97	\$38.28
11/22/00	\$44.06	\$7.97	\$36.10
11/24/00	\$45.31	\$7.97	\$37.35
11/27/00	\$46.50	\$7.97	\$38.53
11/28/00	\$48.38	\$7.97	\$40.41
11/29/00	\$50.13	\$7.97	\$42.16
11/30/00	\$49.88	\$7.97	\$41.91
12/01/00	\$49.56	\$7.97	\$41.60
12/04/00	\$48.38	\$7.97	\$40.41
12/05/00	\$50.19	\$7.97	\$42.22
12/06/00	\$50.75	\$7.97	\$42.78
12/07/00	\$51.81	\$7.97	\$43.85
12/08/00	\$53.06	\$7.97	\$45.10
12/11/00	\$52.63	\$7.97	\$44.66
12/12/00	\$51.94	\$7.97	\$43.97
12/13/00	\$50.94	\$7.97	\$42.97
12/14/00	\$50.94	\$7.97	\$42.97
12/15/00	\$50.25	\$7.97	\$42.28
12/18/00	\$52.00	\$7.97	\$44.03
12/19/00	\$53.63	\$7.97	\$45.66
12/20/00	\$51.94	\$7.97	\$43.97
12/21/00	\$52.44	\$7.97	\$44.47
12/22/00	\$52.44	\$7.97	\$44.47
12/26/00	\$53.25	\$7.97	\$45.28
12/27/00	\$54.31	\$7.97	\$46.35
12/28/00	\$55.94	\$7.97	\$47.97
12/29/00	\$55.00	\$7.97	\$47.03
01/02/01	\$53.69	\$7.97	\$45.72
01/03/01	\$58.00	\$7.97	\$50.03
01/04/01	\$57.13	\$7.97	\$49.16
01/05/01	\$54.88	\$7.97	\$46.91
01/08/01	\$54.06	\$7.97	\$46.10
01/09/01	\$52.88	\$7.97	\$44.91
01/10/01	\$52.81	\$7.97	\$44.85
01/11/01	\$53.44	\$7.97	\$45.47
01/12/01	\$53.69	\$7.97	\$45.72
01/16/01	\$55.19	\$7.97	\$47.22
01/17/01	\$56.31	\$7.97	\$48.35
01/18/01	\$54.88	\$7.97	\$46.91
01/19/01	\$54.50	\$7.97	\$46.53
01/22/01	\$53.75	\$7.97	\$45.78
01/23/01	\$55.50	\$7.97	\$47.53
01/24/01	\$56.63	\$7.97	\$48.66

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

Date	Stock Price	Artificial Inflation	True Value
01/25/01	\$56.69	\$7.97	\$48.72
01/26/01	\$57.50	\$7.97	\$49.53
01/29/01	\$59.10	\$7.97	\$51.13
01/30/01	\$58.59	\$7.97	\$50.62
01/31/01	\$57.48	\$7.97	\$49.51
02/01/01	\$58.92	\$7.97	\$50.95
02/02/01	\$58.80	\$7.97	\$50.83
02/05/01	\$58.98	\$7.97	\$51.01
02/06/01	\$58.11	\$7.97	\$50.14
02/07/01	\$59.20	\$7.97	\$51.23
02/08/01	\$58.78	\$7.97	\$50.81
02/09/01	\$59.20	\$7.97	\$51.23
02/12/01	\$60.33	\$7.97	\$52.36
02/13/01	\$60.25	\$7.97	\$52.28
02/14/01	\$59.45	\$7.97	\$51.48
02/15/01	\$58.26	\$7.97	\$50.29
02/16/01	\$59.09	\$7.97	\$51.12
02/20/01	\$57.53	\$7.97	\$49.56
02/21/01	\$55.65	\$7.97	\$47.68
02/22/01	\$55.76	\$7.97	\$47.79
02/23/01	\$56.58	\$7.97	\$48.61
02/26/01	\$58.00	\$7.97	\$50.03
02/27/01	\$59.11	\$7.97	\$51.14
02/28/01	\$57.92	\$7.97	\$49.95
03/01/01	\$58.40	\$7.97	\$50.43
03/02/01	\$59.41	\$7.97	\$51.44
03/05/01	\$59.08	\$7.97	\$51.11
03/06/01	\$59.87	\$7.97	\$51.90
03/07/01	\$61.50	\$7.97	\$53.53
03/08/01	\$61.11	\$7.97	\$53.14
03/09/01	\$60.27	\$7.97	\$52.30
03/12/01	\$58.43	\$7.97	\$50.46
03/13/01	\$60.45	\$7.97	\$52.48
03/14/01	\$59.69	\$7.97	\$51.72
03/15/01	\$60.36	\$7.97	\$52.39
03/16/01	\$60.01	\$7.97	\$52.04
03/19/01	\$59.90	\$7.97	\$51.93
03/20/01	\$57.88	\$7.97	\$49.91
03/21/01	\$55.85	\$7.97	\$47.88
03/22/01	\$54.72	\$7.97	\$46.75
03/23/01	\$58.12	\$7.97	\$50.15
03/26/01	\$57.94	\$7.97	\$49.97
03/27/01	\$59.85	\$7.97	\$51.88
03/28/01	\$59.35	\$7.97	\$51.38
03/29/01	\$58.15	\$7.97	\$50.18
03/30/01	\$59.24	\$7.97	\$51.27
04/02/01	\$59.50	\$7.97	\$51.53

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

<b>Date</b>	<b>Stock Price</b>	<b>Artificial Inflation</b>	<b>True Value</b>
04/03/01	\$58.92	\$7.97	\$50.95
04/04/01	\$58.45	\$7.97	\$50.48
04/05/01	\$59.73	\$7.97	\$51.76
04/06/01	\$58.54	\$7.97	\$50.57
04/09/01	\$59.45	\$7.97	\$51.48
04/10/01	\$61.12	\$7.97	\$53.15
04/11/01	\$60.54	\$7.97	\$52.57
04/12/01	\$61.40	\$7.97	\$53.43
04/16/01	\$60.33	\$7.97	\$52.36
04/17/01	\$60.91	\$7.97	\$52.94
04/18/01	\$63.38	\$7.97	\$55.41
04/19/01	\$63.05	\$7.97	\$55.08
04/20/01	\$62.45	\$7.97	\$54.48
04/23/01	\$62.23	\$7.97	\$54.26
04/24/01	\$63.10	\$7.97	\$55.13
04/25/01	\$64.75	\$7.97	\$56.78
04/26/01	\$63.40	\$7.97	\$55.43
04/27/01	\$64.38	\$7.97	\$56.41
04/30/01	\$64.02	\$7.97	\$56.05
05/01/01	\$64.46	\$7.97	\$56.49
05/02/01	\$65.46	\$7.97	\$57.49
05/03/01	\$65.29	\$7.97	\$57.32
05/04/01	\$65.70	\$7.97	\$57.73
05/07/01	\$65.50	\$7.97	\$57.53
05/08/01	\$65.42	\$7.97	\$57.45
05/09/01	\$66.05	\$7.97	\$58.08
05/10/01	\$65.08	\$7.97	\$57.11
05/11/01	\$64.91	\$7.97	\$56.94
05/14/01	\$65.22	\$7.97	\$57.25
05/15/01	\$66.94	\$7.97	\$58.97
05/16/01	\$68.64	\$7.97	\$60.67
05/17/01	\$68.20	\$7.97	\$60.23
05/18/01	\$67.57	\$7.97	\$59.60
05/21/01	\$67.67	\$7.97	\$59.70
05/22/01	\$67.71	\$7.97	\$59.74
05/23/01	\$66.48	\$7.97	\$58.51
05/24/01	\$66.44	\$7.97	\$58.47
05/25/01	\$66.27	\$7.97	\$58.30
05/29/01	\$66.00	\$7.97	\$58.03
05/30/01	\$65.80	\$7.97	\$57.83
05/31/01	\$65.66	\$7.97	\$57.69
06/01/01	\$65.74	\$7.97	\$57.77
06/04/01	\$66.43	\$7.97	\$58.46
06/05/01	\$66.98	\$7.97	\$59.01
06/06/01	\$65.96	\$7.97	\$57.99
06/07/01	\$65.82	\$7.97	\$57.85
06/08/01	\$65.80	\$7.97	\$57.83

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

Date	Stock Price	Artificial Inflation	True Value
06/11/01	\$65.78	\$7.97	\$57.81
06/12/01	\$65.30	\$7.97	\$57.33
06/13/01	\$65.25	\$7.97	\$57.28
06/14/01	\$64.71	\$7.97	\$56.74
06/15/01	\$63.80	\$7.97	\$55.83
06/18/01	\$63.65	\$7.97	\$55.68
06/19/01	\$63.82	\$7.97	\$55.85
06/20/01	\$64.61	\$7.97	\$56.64
06/21/01	\$66.71	\$7.97	\$58.74
06/22/01	\$67.01	\$7.97	\$59.04
06/25/01	\$65.95	\$7.97	\$57.98
06/26/01	\$65.14	\$7.97	\$57.17
06/27/01	\$65.70	\$7.97	\$57.73
06/28/01	\$65.98	\$7.97	\$58.01
06/29/01	\$66.70	\$7.97	\$58.73
07/02/01	\$66.60	\$7.97	\$58.63
07/03/01	\$66.23	\$7.97	\$58.26
07/05/01	\$66.95	\$7.97	\$58.98
07/06/01	\$66.54	\$7.97	\$58.57
07/09/01	\$66.48	\$7.97	\$58.51
07/10/01	\$65.55	\$7.97	\$57.58
07/11/01	\$65.24	\$7.97	\$57.27
07/12/01	\$66.40	\$7.97	\$58.43
07/13/01	\$67.16	\$7.97	\$59.19
07/16/01	\$68.11	\$7.97	\$60.14
07/17/01	\$68.95	\$7.97	\$60.98
07/18/01	\$69.48	\$7.97	\$61.51
07/19/01	\$66.50	\$7.97	\$58.53
07/20/01	\$67.28	\$7.97	\$59.31
07/23/01	\$67.50	\$7.97	\$59.53
07/24/01	\$67.01	\$7.97	\$59.04
07/25/01	\$66.76	\$7.97	\$58.79
07/26/01	\$65.38	\$7.97	\$57.41
07/27/01	\$66.18	\$7.97	\$58.21
07/30/01	\$66.09	\$7.97	\$58.12
07/31/01	\$66.29	\$7.97	\$58.32
08/01/01	\$65.75	\$7.97	\$57.78
08/02/01	\$66.00	\$7.97	\$58.03
08/03/01	\$65.99	\$7.97	\$58.02
08/06/01	\$65.71	\$7.97	\$57.74
08/07/01	\$66.44	\$7.97	\$58.47
08/08/01	\$65.86	\$7.97	\$57.89
08/09/01	\$66.24	\$7.97	\$58.27
08/10/01	\$67.13	\$7.97	\$59.16
08/13/01	\$68.01	\$7.97	\$60.04
08/14/01	\$68.00	\$7.97	\$60.03
08/15/01	\$67.95	\$7.97	\$59.98

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

<b>Date</b>	<b>Stock Price</b>	<b>Artificial Inflation</b>	<b>True Value</b>
08/16/01	\$66.87	\$7.97	\$58.90
08/17/01	\$65.99	\$7.97	\$58.02
08/20/01	\$65.50	\$7.97	\$57.53
08/21/01	\$64.86	\$7.97	\$56.89
08/22/01	\$65.48	\$7.97	\$57.51
08/23/01	\$64.72	\$7.97	\$56.75
08/24/01	\$62.35	\$7.97	\$54.38
08/27/01	\$61.96	\$7.97	\$53.99
08/28/01	\$61.34	\$7.97	\$53.37
08/29/01	\$60.70	\$7.97	\$52.73
08/30/01	\$59.31	\$7.97	\$51.34
08/31/01	\$59.10	\$7.97	\$51.13
09/04/01	\$57.06	\$7.97	\$49.09
09/05/01	\$57.22	\$7.97	\$49.25
09/06/01	\$57.00	\$7.97	\$49.03
09/07/01	\$55.04	\$7.97	\$47.07
09/10/01	\$56.31	\$7.97	\$48.34
09/17/01	\$52.83	\$7.97	\$44.86
09/18/01	\$52.64	\$7.97	\$44.67
09/19/01	\$52.30	\$7.97	\$44.33
09/20/01	\$51.46	\$7.97	\$43.49
09/21/01	\$50.34	\$7.97	\$42.37
09/24/01	\$52.85	\$7.97	\$44.88
09/25/01	\$52.08	\$7.97	\$44.11
09/26/01	\$53.60	\$7.97	\$45.63
09/27/01	\$54.49	\$7.97	\$46.52
09/28/01	\$56.38	\$7.97	\$48.41
10/01/01	\$57.50	\$7.97	\$49.53
10/02/01	\$57.83	\$7.97	\$49.86
10/03/01	\$58.20	\$7.97	\$50.23
10/04/01	\$59.63	\$7.97	\$51.66
10/05/01	\$58.35	\$7.97	\$50.38
10/08/01	\$56.50	\$7.97	\$48.53
10/09/01	\$56.59	\$7.97	\$48.62
10/10/01	\$58.22	\$7.97	\$50.25
10/11/01	\$56.95	\$7.97	\$48.98
10/12/01	\$54.89	\$7.97	\$46.92
10/15/01	\$55.91	\$7.97	\$47.94
10/16/01	\$56.00	\$7.97	\$48.03
10/17/01	\$57.16	\$7.97	\$49.19
10/18/01	\$57.53	\$7.97	\$49.56
10/19/01	\$56.91	\$7.97	\$48.94
10/22/01	\$56.92	\$7.97	\$48.95
10/23/01	\$57.25	\$7.97	\$49.28
10/24/01	\$55.44	\$7.97	\$47.47
10/25/01	\$57.19	\$7.97	\$49.22
10/26/01	\$57.48	\$7.97	\$49.51

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

<b>Date</b>	<b>Stock Price</b>	<b>Artificial Inflation</b>	<b>True Value</b>
10/29/01	\$54.49	\$7.97	\$46.52
10/30/01	\$53.52	\$7.97	\$45.55
10/31/01	\$52.30	\$7.97	\$44.33
11/01/01	\$52.90	\$7.97	\$44.93
11/02/01	\$52.76	\$7.97	\$44.79
11/05/01	\$53.75	\$7.97	\$45.78
11/06/01	\$56.53	\$7.97	\$48.56
11/07/01	\$58.72	\$7.97	\$50.75
11/08/01	\$57.79	\$7.97	\$49.82
11/09/01	\$57.98	\$7.97	\$50.01
11/12/01	\$58.21	\$7.97	\$50.24
11/13/01	\$60.00	\$7.97	\$52.03
11/14/01	\$60.90	\$7.97	\$52.93
11/15/01	\$58.90	\$6.11	\$52.79
11/16/01	\$57.80	\$6.11	\$51.69
11/19/01	\$58.75	\$6.11	\$52.64
11/20/01	\$58.37	\$6.11	\$52.26
11/21/01	\$58.56	\$6.11	\$52.45
11/23/01	\$59.62	\$6.11	\$53.51
11/26/01	\$60.18	\$6.11	\$54.07
11/27/01	\$60.76	\$6.11	\$54.65
11/28/01	\$60.34	\$6.11	\$54.23
11/29/01	\$59.80	\$6.11	\$53.69
11/30/01	\$58.99	\$6.11	\$52.88
12/03/01	\$56.29	\$4.20	\$52.09
12/04/01	\$58.23	\$4.20	\$54.03
12/05/01	\$61.00	\$6.05	\$54.95
12/06/01	\$60.66	\$6.05	\$54.61
12/07/01	\$59.66	\$6.05	\$53.61
12/10/01	\$57.60	\$6.05	\$51.55
12/11/01	\$56.66	\$6.05	\$50.61
12/12/01	\$54.15	\$3.66	\$50.49
12/13/01	\$54.23	\$3.66	\$50.57
12/14/01	\$53.35	\$3.66	\$49.69
12/17/01	\$54.57	\$3.66	\$50.91
12/18/01	\$56.12	\$3.66	\$52.46
12/19/01	\$56.87	\$3.66	\$53.21
12/20/01	\$56.50	\$3.66	\$52.84
12/21/01	\$55.90	\$3.66	\$52.24
12/24/01	\$56.09	\$3.66	\$52.43
12/26/01	\$56.38	\$3.66	\$52.72
12/27/01	\$57.83	\$3.66	\$54.17
12/28/01	\$58.88	\$3.66	\$55.22
12/31/01	\$57.94	\$3.66	\$54.28
01/02/02	\$57.09	\$3.66	\$53.43
01/03/02	\$57.05	\$3.66	\$53.39
01/04/02	\$59.19	\$3.66	\$55.53

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

Date	Stock Price	Artificial Inflation	True Value
01/07/02	\$58.10	\$3.66	\$54.44
01/08/02	\$56.74	\$3.66	\$53.08
01/09/02	\$57.10	\$3.66	\$53.44
01/10/02	\$56.54	\$3.66	\$52.88
01/11/02	\$54.38	\$3.66	\$50.72
01/14/02	\$52.78	\$3.66	\$49.12
01/15/02	\$55.20	\$3.66	\$51.54
01/16/02	\$54.45	\$3.66	\$50.79
01/17/02	\$53.76	\$3.66	\$50.10
01/18/02	\$54.85	\$3.66	\$51.19
01/22/02	\$54.05	\$3.66	\$50.39
01/23/02	\$53.35	\$3.66	\$49.69
01/24/02	\$53.75	\$3.66	\$50.09
01/25/02	\$54.71	\$3.66	\$51.05
01/28/02	\$52.85	\$3.66	\$49.19
01/29/02	\$49.85	\$3.66	\$46.19
01/30/02	\$49.35	\$3.66	\$45.69
01/31/02	\$51.24	\$3.66	\$47.58
02/01/02	\$51.10	\$3.66	\$47.44
02/04/02	\$48.80	\$3.66	\$45.14
02/05/02	\$47.53	\$3.66	\$43.87
02/06/02	\$44.71	\$3.66	\$41.05
02/07/02	\$48.01	\$3.66	\$44.35
02/08/02	\$52.00	\$3.66	\$48.34
02/11/02	\$51.45	\$3.66	\$47.79
02/12/02	\$50.80	\$3.66	\$47.14
02/13/02	\$52.15	\$3.66	\$48.49
02/14/02	\$51.92	\$3.66	\$48.26
02/15/02	\$50.89	\$3.66	\$47.23
02/19/02	\$50.35	\$3.66	\$46.69
02/20/02	\$50.65	\$3.66	\$46.99
02/21/02	\$48.50	\$3.66	\$44.84
02/22/02	\$48.65	\$3.66	\$44.99
02/25/02	\$49.58	\$3.66	\$45.92
02/26/02	\$49.98	\$3.66	\$46.32
02/27/02	\$52.08	\$5.30	\$46.78
02/28/02	\$51.50	\$5.30	\$46.20
03/01/02	\$53.00	\$5.30	\$47.70
03/04/02	\$57.25	\$5.30	\$51.95
03/05/02	\$56.28	\$5.30	\$50.98
03/06/02	\$57.77	\$5.30	\$52.47
03/07/02	\$58.36	\$5.30	\$53.06
03/08/02	\$59.90	\$5.30	\$54.60
03/11/02	\$59.73	\$5.30	\$54.43
03/12/02	\$59.16	\$5.30	\$53.86
03/13/02	\$58.40	\$5.30	\$53.10
03/14/02	\$57.48	\$5.30	\$52.18

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

<b>Date</b>	<b>Stock Price</b>	<b>Artificial Inflation</b>	<b>True Value</b>
03/15/02	\$58.95	\$5.30	\$53.65
03/18/02	\$58.98	\$5.30	\$53.68
03/19/02	\$58.98	\$5.30	\$53.68
03/20/02	\$57.61	\$5.30	\$52.31
03/21/02	\$57.90	\$5.30	\$52.60
03/22/02	\$58.14	\$5.30	\$52.84
03/25/02	\$56.30	\$5.30	\$51.00
03/26/02	\$57.00	\$5.30	\$51.70
03/27/02	\$57.50	\$5.30	\$52.20
03/28/02	\$56.80	\$5.30	\$51.50
04/01/02	\$57.03	\$5.30	\$51.73
04/02/02	\$57.05	\$5.30	\$51.75
04/03/02	\$55.75	\$5.30	\$50.45
04/04/02	\$56.83	\$5.30	\$51.53
04/05/02	\$57.98	\$5.30	\$52.68
04/08/02	\$59.06	\$5.30	\$53.76
04/09/02	\$59.25	\$5.30	\$53.95
04/10/02	\$59.35	\$5.30	\$54.05
04/11/02	\$57.05	\$5.30	\$51.75
04/12/02	\$58.10	\$5.30	\$52.80
04/15/02	\$57.48	\$5.30	\$52.18
04/16/02	\$59.52	\$5.30	\$54.22
04/17/02	\$60.70	\$5.30	\$55.40
04/18/02	\$61.20	\$5.30	\$55.90
04/19/02	\$62.44	\$5.30	\$57.14
04/22/02	\$60.90	\$5.30	\$55.60
04/23/02	\$61.80	\$5.30	\$56.50
04/24/02	\$61.36	\$5.30	\$56.06
04/25/02	\$59.18	\$5.30	\$53.88
04/26/02	\$59.60	\$5.30	\$54.30
04/29/02	\$57.25	\$5.30	\$51.95
04/30/02	\$58.29	\$5.30	\$52.99
05/01/02	\$57.70	\$5.30	\$52.40
05/02/02	\$57.43	\$5.30	\$52.13
05/03/02	\$57.00	\$5.30	\$51.70
05/06/02	\$55.68	\$5.30	\$50.38
05/07/02	\$54.75	\$5.30	\$49.45
05/08/02	\$57.11	\$5.30	\$51.81
05/09/02	\$56.29	\$5.30	\$50.99
05/10/02	\$54.25	\$5.30	\$48.95
05/13/02	\$55.82	\$5.30	\$50.52
05/14/02	\$56.85	\$5.30	\$51.55
05/15/02	\$55.47	\$5.30	\$50.17
05/16/02	\$55.00	\$5.30	\$49.70
05/17/02	\$54.31	\$5.30	\$49.01
05/20/02	\$53.51	\$5.30	\$48.21
05/21/02	\$52.69	\$5.30	\$47.39

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

<b>Date</b>	<b>Stock Price</b>	<b>Artificial Inflation</b>	<b>True Value</b>
05/22/02	\$52.85	\$5.30	\$47.55
05/23/02	\$53.27	\$5.30	\$47.97
05/24/02	\$53.07	\$5.30	\$47.77
05/28/02	\$52.85	\$5.30	\$47.55
05/29/02	\$52.80	\$5.30	\$47.50
05/30/02	\$51.65	\$5.30	\$46.35
05/31/02	\$51.15	\$5.30	\$45.85
06/03/02	\$50.94	\$5.30	\$45.64
06/04/02	\$50.69	\$5.30	\$45.39
06/05/02	\$52.19	\$5.30	\$46.89
06/06/02	\$53.60	\$5.30	\$48.30
06/07/02	\$52.87	\$5.30	\$47.57
06/10/02	\$52.59	\$5.30	\$47.29
06/11/02	\$52.99	\$5.30	\$47.69
06/12/02	\$52.48	\$5.30	\$47.18
06/13/02	\$50.30	\$5.30	\$45.00
06/14/02	\$50.80	\$5.30	\$45.50
06/17/02	\$52.74	\$5.30	\$47.44
06/18/02	\$52.75	\$5.30	\$47.45
06/19/02	\$51.55	\$5.30	\$46.25
06/20/02	\$49.80	\$5.30	\$44.50
06/21/02	\$49.68	\$5.30	\$44.38
06/24/02	\$50.00	\$5.30	\$44.70
06/25/02	\$49.00	\$5.30	\$43.70
06/26/02	\$48.65	\$5.30	\$43.35
06/27/02	\$49.90	\$5.30	\$44.60
06/28/02	\$49.70	\$5.30	\$44.40
07/01/02	\$47.93	\$5.30	\$42.63
07/02/02	\$47.60	\$5.30	\$42.30
07/03/02	\$48.05	\$5.30	\$42.75
07/05/02	\$50.00	\$5.30	\$44.70
07/08/02	\$49.54	\$5.30	\$44.24
07/09/02	\$47.05	\$5.30	\$41.75
07/10/02	\$44.07	\$5.30	\$38.77
07/11/02	\$45.00	\$5.30	\$39.70
07/12/02	\$46.30	\$5.30	\$41.00
07/15/02	\$45.67	\$5.30	\$40.37
07/16/02	\$46.10	\$5.30	\$40.80
07/17/02	\$42.37	\$5.30	\$37.07
07/18/02	\$42.41	\$5.30	\$37.11
07/19/02	\$40.72	\$5.30	\$35.42
07/22/02	\$38.84	\$5.30	\$33.54
07/23/02	\$36.29	\$5.30	\$30.99
07/24/02	\$39.97	\$5.30	\$34.67
07/25/02	\$38.80	\$5.30	\$33.50
07/26/02	\$37.66	\$3.10	\$34.56
07/29/02	\$39.85	\$3.10	\$36.75

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

Date	Stock Price	Artificial Inflation	True Value
07/30/02	\$40.30	\$3.10	\$37.20
07/31/02	\$42.67	\$3.10	\$39.57
08/01/02	\$41.26	\$3.10	\$38.16
08/02/02	\$39.45	\$3.10	\$36.35
08/05/02	\$36.98	\$3.10	\$33.88
08/06/02	\$39.72	\$3.10	\$36.62
08/07/02	\$38.28	\$3.10	\$35.18
08/08/02	\$40.96	\$3.10	\$37.86
08/09/02	\$40.45	\$3.10	\$37.35
08/12/02	\$39.70	\$3.10	\$36.60
08/13/02	\$37.80	\$3.10	\$34.70
08/14/02	\$38.09	\$2.16	\$35.93
08/15/02	\$39.60	\$2.16	\$37.44
08/16/02	\$37.54	\$0.32	\$37.22
08/19/02	\$37.75	\$0.32	\$37.43
08/20/02	\$36.75	\$0.32	\$36.43
08/21/02	\$37.15	\$0.32	\$36.83
08/22/02	\$40.65	\$0.32	\$40.33
08/23/02	\$37.80	\$0.32	\$37.48
08/26/02	\$39.08	\$0.32	\$38.76
08/27/02	\$37.70	-\$0.88	\$38.58
08/28/02	\$36.80	-\$0.88	\$37.68
08/29/02	\$36.38	-\$0.88	\$37.26
08/30/02	\$36.11	-\$0.88	\$36.99
09/03/02	\$33.36	-\$2.09	\$35.45
09/04/02	\$34.40	-\$2.09	\$36.49
09/05/02	\$33.36	-\$2.09	\$35.45
09/06/02	\$33.95	-\$2.09	\$36.04
09/09/02	\$36.33	-\$2.09	\$38.42
09/10/02	\$35.15	-\$2.09	\$37.24
09/11/02	\$35.43	-\$2.09	\$37.52
09/12/02	\$33.85	-\$2.09	\$35.94
09/13/02	\$34.67	-\$2.09	\$36.76
09/16/02	\$33.59	-\$2.09	\$35.68
09/17/02	\$29.52	-\$2.09	\$31.61
09/18/02	\$29.85	-\$2.09	\$31.94
09/19/02	\$29.25	-\$2.09	\$31.34
09/20/02	\$29.05	-\$2.09	\$31.14
09/23/02	\$27.61	-\$3.62	\$31.23
09/24/02	\$27.55	-\$3.62	\$31.17
09/25/02	\$28.15	-\$3.62	\$31.77
09/26/02	\$29.28	-\$3.62	\$32.90
09/27/02	\$27.64	-\$3.62	\$31.26
09/30/02	\$28.31	-\$3.62	\$31.93
10/01/02	\$28.40	-\$3.62	\$32.02
10/02/02	\$27.32	-\$3.62	\$30.94
10/03/02	\$26.60	-\$3.62	\$30.22

**Household International, Inc. Common Stock  
Estimate of Alleged Artificial Inflation  
For Quantification Using Specific Disclosures**

<b>Date</b>	<b>Stock Price</b>	<b>Artificial Inflation</b>	<b>True Value</b>
10/04/02	\$24.66	-\$4.88	\$29.54
10/07/02	\$23.25	-\$4.88	\$28.13
10/08/02	\$23.58	-\$4.88	\$28.46
10/09/02	\$21.00	-\$4.88	\$25.88
10/10/02	\$26.30	-\$0.68	\$26.98
10/11/02	\$28.20	\$0.00	\$28.20

## **EXHIBIT B**

**Defendants' Interrogatory No. 6:**

“Identify all documents or other facts that Plaintiffs contend support, refute, or otherwise concern the allegation set forth in ¶21 of the Complaint that ‘the Officer Defendants worked tirelessly to conceal their wrongful course of business.’”

**Plaintiffs' Amended Response to Interrogatory No. 6, in relevant part:**

*“Lead Plaintiffs incorporate by reference and identify the Expert Reports of Catherine A. Ghiglieri, Harris L. Devor and Daniel R. Fischel served concurrently herewith, and all documents referenced therein.* Ms. Ghiglieri’s report describes at Section VII.A, *inter alia*, Household’s operational weaknesses that contributed to an environment in which Household’s predatory lending practices occurred, including but not limited to Household’s public relations campaign to deny and distract attention from, rather than correct, the Company’s predatory lending practices. Mr. Devor’s report discusses the financial impacts of the Company’s multicomponent fraud scheme, including the financial impacts of the Company’s alleged predatory lending practices; reaging and restructuring practices; and materially inaccurate credit card accounting practices. *Mr. Fischel’s report explains, inter alia, the economic impact of such fraud.*” (emphasis added)

**Defendants' Interrogatory No. 15:**

“Identify any loss Plaintiffs contend they suffered as a result of any alleged “illegal predatory lending” practice, procedure, or other activity identified in response to Interrogatory 9.”

**Plaintiffs' Amended Response to Interrogatory No. 15, in relevant part:**

*“Lead Plaintiffs incorporate by reference and identify the Expert Report of Daniel R. Fischel, served concurrently herewith, and all documents referenced therein. Mr. Fischel’s report discusses, inter alia, partial disclosures concerning Household’s predatory lending practices in the Introduction at Section II; at Section III.A and quantifies the effects of such partial disclosures at Section III.D and Section IV.”* (emphasis added)

**Defendants' Interrogatory No. 17:**

“Identify all documents or other facts that Plaintiffs contend support, refute, or otherwise concern the allegation set forth in ¶63 of the Complaint that ‘[t]he abuse of points and fees by Household pervaded its lending operations.’”

**Plaintiffs' Amended Response to Interrogatory No. 17, in relevant part:**

*“Lead Plaintiffs incorporate by reference and identify the Expert Reports of Catherine A. Ghiglieri, Harris L. Devor and Daniel R. Fischel served concurrently herewith, and all documents referenced therein.* Ms. Ghiglieri’s report describes at Section VII defendants’ improper use of points and fees, including but not limited to the use of “points on points”; improper disclosure of points and fees; and their financial impact on the Company, *inter alia*. Mr. Devor’s report discusses the financial impacts of the Company’s multi-component fraud scheme, including the financial impacts of the Company’s alleged predatory lending practices; reaging and restructuring practices; and materially inaccurate credit card accounting practices. *Mr. Fischel’s report explains, inter alia, the economic impact of such fraud.*” (emphasis added)

**Defendants' Interrogatory No. 27:**

“Identify all documents or other facts that Plaintiffs contend support, refute, or otherwise concern the allegation set forth in ¶5 of the Complaint that “[i]t was not until mid-2002 that investors began to learn about the actual financial and operating condition of the Company.”

**Plaintiffs' Amended Response to Interrogatory No. 27, in relevant part:**

*“Lead Plaintiffs incorporate by reference and identify the Expert Report of Daniel R. Fischel, served concurrently herewith, and all documents referenced therein. Mr. Fischel’s report discusses, inter alia, partial disclosures during 2002 concerning Household’s fraud throughout the report.”* (emphasis added)

**Defendants' Interrogatory No. 30:**

“Identify all documents and alleged facts that Plaintiffs contend demonstrate that the market or any member of the class became aware of the alleged fraud on any day prior to August 14, 2002.”

**Plaintiffs' Amended Response to Interrogatory No. 30, in relevant part:**

*“Lead Plaintiffs incorporate by reference and identify the Expert Report of Daniel R. Fischel, served concurrently herewith, and all documents referenced therein. Mr. Fischel’s report discusses throughout, inter alia, partial disclosures regarding the alleged fraud occurring before August 14, 2002.”* (emphasis added)

**Defendants' Interrogatory No. 31:**

“Identify the Disclosure(s) that Plaintiffs contend revealed to the market or any member of the class that Household was allegedly engaged in a ‘Fraudulent Scheme’ involving ‘Illegal Predatory Lending Practices’ as set forth in Part VI.A of the Complaint.” (AC ¶¶ 50-106).”

**Plaintiffs' Amended Response to Interrogatory No. 31, in relevant part:**

*“Lead Plaintiffs incorporate by reference and identify the Expert Report of Daniel R. Fischel, served concurrently herewith, and all documents referenced therein. Mr. Fischel’s report discusses, inter alia, partial disclosures concerning Household’s predatory lending practices in the Introduction at Section II; at Section III.A; and quantifies the effects of such partial disclosures at Section III.D and Section IV.”* (emphasis added)

**Defendants' Interrogatory No. 32:**

“Identify the Disclosure(s) that Plaintiffs contend revealed to the market or any member of the class that Household was allegedly engaged in a ‘Fraudulent Scheme’ involving ‘Improperly ‘Reaging’ Delinquent Accounts,’ as set forth in Part VI.B of the Complaint.” (AC ¶¶ 50, 107-133).”

**Plaintiffs' Amended Response to Interrogatory No. 32, in relevant part:**

*“Lead Plaintiffs incorporate by reference and identify the Expert Report of Daniel R. Fischel, served concurrently herewith, and all documents referenced therein. Mr. Fischel’s report discusses, inter alia, partial disclosures concerning Household’s reaging activity in the Introduction at Section II; at Section III.B; and quantifies the effects of the such partial disclosures at Section III.D and Section IV.”* (emphasis added)

**Defendants' Interrogatory No. 33:**

“Identify the Disclosure(s) that Plaintiffs contend revealed to the market or any member of the class that Household was allegedly engaged in a ‘Fraudulent Scheme’ involving ‘Improper Accounting of Costs Associated With Various Credit Card Co-Branding, Affinity and Marketing Agreements’ as set forth in Part VI.C of the Complaint.” (AC ¶¶ 50, 134-155).”

**Plaintiffs' Amended Response to Interrogatory No. 33, in relevant part:**

*“Lead Plaintiffs incorporate by reference and identify the Expert Report of Daniel R. Fischel, served concurrently herewith, and all documents referenced therein. Mr. Fischel’s report discusses, inter alia, partial disclosures concerning Household’s improper accounting associated with Household’s August 14, 2002 restatement of earnings in the Introduction at Section II; at Section III.C; and quantifies the effects of such partial disclosures at Section III.D and Section IV.”* (emphasis added)

**Defendants' Interrogatory No. 35:**

“Identify all documents and alleged facts that Plaintiffs contend support their statement in Plaintiffs’ *Dura* Brief that ‘August 14, 2002’ was the date that ‘investors began to learn of the true facts about Household’s financial and operating condition concealed by the multi-component fraud scheme.’ *Dura* Brief at 10.”

**Plaintiffs' Amended Response to Interrogatory No. 35, in relevant part:**

*“Lead Plaintiffs incorporate by reference and identify the Expert Report of Daniel R. Fischel, served concurrently herewith, and all documents referenced therein. Mr. Fischel’s report discusses throughout, inter alia, partial disclosures occurring before August 14, 2002, concerning Household’s fraud.”* (emphasis added)

**Defendants' Interrogatory No. 64:**

“For each Disclosure identified in response to Interrogatory Nos. 31-33, set forth the ‘truth’ that you contend was revealed to the market by the Disclosure.”

**Plaintiffs' Amended Response to Interrogatory No. 64, in relevant part:**

*“Lead Plaintiffs incorporate by reference and identify the Expert Report of Daniel R. Fischel, served concurrently herewith, and all documents referenced therein. Mr. Fischel’s report discusses, inter alia, the “truth” that was revealed to the market by the partial disclosures referenced throughout the report, and quantifies the economic impact of such partial disclosures at Sections III.D and IV.”* (emphasis added)