


CERTIFICATE OF SERVICE

I, Marvin A. Miller, one of the attorneys for plaintiffs, hereby certify that I caused the *Plaintiff's Status Report* to be served upon all counsel on the attached service list by facsimile transmission and by placing a copy of the same in the United States Mail at 30 North LaSalle Street, Chicago, Illinois this 8th day of April, 2004.


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APR - 9 2004

MICHAEL G. LYONS
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

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

PLAINTIFFS' STATUS REPORT

A. A status hearing has been set for April 14, 2004. Plaintiffs hereby submit this Status Report, which is due by April 9, 2004, pursuant to the Order Setting Initial Status Report for Cases Assigned to Judge Nolan

B. Counsel for defendant Arthur Andersen LLP ("Andersen") has informed plaintiffs' counsel that it believes no status report is required. Counsel for Household International, Inc. ("Household") and the remaining defendants are uncertain whether a status report is required and, therefore, do not join plaintiffs' status report. Plaintiffs believe a status report is helpful and necessary to familiarize this Court with the issues in this matter.

Summary of the Claims

C. This securities class action is brought on behalf of all persons who purchased or otherwise acquired the securities of Household during the period from October 23, 1997 to October 11, 2002 (the "Class Period").

D. The [Corrected] Amended Consolidated Class Action Complaint for Violation of the Federal Securities Laws (the "Complaint") alleges that during the Class Period, Household and its officers William Aldinger, David Schoenholz and Gary Gilmer (i) engaged in the widespread abuse of their customers through a variety of illegal sales practices and improper lending techniques; (ii) improperly "reaged" or "restructured" delinquent accounts to manipulate Household's publicly reported financial statistics and give the appearance that the credit quality of Household borrowers was more favorable than it was in reality; and (iii) manipulated the manner in which Household accounted for costs associated with its co-branding, affinity and marketing agreements resulting in a restatement of Household's financial results going back to 1994. Household's reported financial results, and defendants' representations concerning these results, were materially false and misleading when made, thereby artificially inflating the price of Household's securities.

E. The Complaint also alleges that Household raised over \$75 billion during the Class Period through a series of debt offerings conducted through its wholly-owned subsidiary, Household Finance Corporation ("HFC"). Aldinger, Schoenholz, Gilmer and J.A. Vozar, as HFC Directors, participated in the preparation or review or were signatories of the Debt Registration Statements filed with the Securities and Exchange Commission ("SEC") in support of these offerings.

F. Further, the Complaint alleges that during the Class Period, Household's auditor, Andersen, actively participated in the issuance of Household's false financial statements by

reviewing Household's filings with the SEC, performing audits of the financial statements included in Household's SEC filings as well as in Registration Statements (issued in support of the various debt offerings), and providing other consulting services.

Statement of Relief

G. Plaintiffs seek the following relief: (a) declaring this action to be a class action properly maintained pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure; (b) awarding compensatory damages in favor of plaintiffs and the other class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon; (c) as to the §§11, 12(a)(2) and/or 15 claims, awarding rescission or rescissory measure of damages; (d) awarding plaintiffs and other members of the class costs and expenses of this litigation, including reasonable attorneys' fees, accountants' fees and experts' fees, and other costs and disbursements; and (e) awarding plaintiffs and other members of the class such equitable/injunctive or other and further relief as may be just and proper under the circumstances.

Description of Matter Referred to Magistrate Judge

H. A copy of the Referral Order, signed by Chief Judge Charles P. Kocoras and dated November 4, 2002, is attached hereto as Exhibit A.

Status of Any Briefing

I. Plaintiffs filed the Complaint on March 7, 2003. By August 1, 2003, briefing on all defendants' motions to dismiss and Andersen's motion to strike was complete.

J. On March 19, 2004, Judge Ronald A. Guzman denied Household, Household Officers, and Andersen's motion to dismiss Count I (§10(b) of the Securities Exchange Act of 1934 ("Exchange Act")), denied Household and Household Officers' motion to dismiss Count II

(§20(a) of the Exchange Act); granted Household, Household Officers, Household Directors, Andersen, Goldman Sachs & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith, Inc.'s motions to dismiss Count III (§§11, 12(a)(2) and 15 of the Securities Act of 1933 ("Securities Act")); granted in part and denied in part Household, Household Directors, and Andersen's motions to dismiss Count IV (§§11 and 15 of the Securities Act); and denied Andersen's motion to strike.

Description of Discovery

K. Pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA"), discovery in this action was stayed during the pendency of defendants' motions to dismiss.

L. Although no discovery has been served, plaintiffs intend to serve discovery requests within the next several weeks. Plaintiffs contemplate using all types of discovery allowed by the Federal Rules of Civil Procedure, including propounding requests for production of documents, interrogatories, and requests for admissions, and taking of depositions. Because this case involves multiple, complex issues and discovery has not yet commenced, the parties are uncertain as to the specific number of depositions required at this time.

M. Currently, no scheduling or pretrial conference date has currently been set by Judge Guzman. The Referral Order explicitly excludes the Discovery Conference under Rule 26(f) as a matter to be addressed by this Court. Accordingly, plaintiffs seek guidance with respect to this matter.

N. The parties intend to confer prior to the status hearing on April 14, 2004 and expect to submit an Agreed Scheduling Order at the hearing.

Trial Status

O. Plaintiffs have requested a jury trial. At this time, however, parties cannot anticipate a date for trial or the length of such trial.

No Consent to Trial Before a Magistrate Judge

P. The parties do not consent to trial before a Magistrate Judge.

Settlement Negotiations

Q. No settlement negotiations have been commenced.

DATED: April 8, 2004

Respectfully submitted,



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