

Pursuant to the Court's instructions at the jury instruction conference on April 27, 2009, filed herewith are Defendants' Revised Final Requested Jury Instructions No. 26, "First [10b-5] Element — False or Misleading Statement," and No.28, "Third [10b-5] Element — Sci- enter." Defendants submitted these revised instructions to the Court and during the April 27 conference and requested that the jury be so charged. Also filed herewith is Defendants' alternate requested Verdict Form. Without waiving or withdrawing Defendants' Requested Verdict Form (Final Pretrial Order Exhibit J-3), Defendants submitted the alternate Verdict Form to the Court during the April 27 conference with the request that it be submitted to the jury in the event the Court declines to submit Defendants' Requested Verdict Form to the jury.

Dated: April 28, 2009

Respectfully submitted,

CAHILL GORDON & REINDEL LLP

By: /s/ Thomas J. Kavaler

Thomas J. Kavaler

Bar No. 1269927

Howard G. Sloane

Bar No. 1197391

Patricia Farren

Bar No. 1198498

Susan Buckley

Bar No. 1198696

Landis C. Best

David R. Owen

80 Pine Street

New York, New York 10005

(212) 701-3000

- and-

EIMER STAHL KLEVORN & SOLBERG LLP

224 South Michigan Avenue

Chicago, Illinois 60604

(312) 660-7600

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

DEFENDANTS' REQUESTED JURY INSTRUCTION NO. 26
[Court's Instruction #23 (modified)]

First Element — False or Misleading Statement

To meet the first element of their 10b-5 claim against any defendant, plaintiffs must prove that, during the relevant time period, the defendant made a false or misleading statement of fact or omitted a fact that was necessary, in light of the circumstances, to prevent a statement that was made during the relevant time period from being misleading.

Together with the Verdict Form, you will be given a table that lists the specific statements that plaintiffs claim were false or misleading.

In determining whether a statement of fact is false or misleading, you must consider the statement in light of the circumstances that existed at the time it was made.

An omission does not give rise to a 10b-5 violation unless the defendant had a duty to disclose the information. Under 10b-5, a defendant has a duty to disclose a fact only if omitting that fact would cause a statement that is made to be misleading. The defendants do not have a duty to disclose every fact they possess about Household or any fact that is in the public domain. If a defendant does not have a duty to disclose a fact but chooses to make a statement about it, the statement must be truthful and not misleading.

Household is required to file with the SEC an annual report, called a 10-K, and quarterly reports, called 10-Qs, for the first three quarters of each year. These reports include financial statements and other disclosures. Financial statements present a company's financial position at one moment in time, or its operating results and cash flows for a specified period. Household has no duty to update its 10-Q reports on any cycle other than quarterly.

Household is required to prepare its financial statements regarding the delinquency status of its loans in accordance with generally accepted accounting principles or GAAP. GAAP are the accepted rules and procedures used by accountants in preparing financial statements. If you find that the information in Household's financial statements regarding the delinquency status of its loans or the accounting for credit card expenses was not prepared in accordance with GAAP, you may presume that that portion of the financial statement is false or misleading.

Even if statements about a company's sources of revenue are misleading, that does not make the revenue figures in the company's financial statements misleading. If a company is accused of having violated the law and there is a good faith dispute about the facts, the company may be required to disclose the existence of the dispute, but it has no general duty under 10b-5 to admit contested charges or

accuse itself of illegal conduct unless the omission would cause statements that are made to be misleading.

Recall that I previously instructed you to disregard the opinion of Mr. Devor, the expert witness for the plaintiffs, that Household had a duty to disclose predatory lending practices in certain 10-Q and 10-K filings. It is for you to decide whether a duty to disclose existed as to any particular statement in a 10-Q or 10-K that Household filed with the SEC. To determine whether any defendant had a duty to disclose additional information relating to a statement in a 10-K or 10-Q, you must decide if there is a connection between the statement that was made and the information that was omitted such that the statement was misleading because the omitted information was not included.

DEFENDANTS' REQUESTED JURY INSTRUCTION NO. 28
[Modification of Court's Instruction for Discussion #25]

Third Element — Scierter

To prove the third element of their 10b-5 claim against any defendant, plaintiffs must demonstrate that the defendant acted with an intent to deceive, manipulate or defraud.

Plaintiffs must establish this wrongful state of mind separately as to each defendant. If one of the individual defendants made a material false statement knowing that it was false or with reckless disregard for a substantial risk that it was false, he acted with the required state of mind. If an individual defendant made a statement that was misleading because he omitted a material fact knowing that the omission would cause his statement to be misleading or with reckless disregard for a substantial risk that the omission would cause his statement to be misleading, he acted with the required state of mind.

In order to find the required state of mind on the basis of "recklessness," it is not enough to find that a defendant acted with simple negligence or even inexcusable neglect. Recklessness closely approaches conscious deception. A defendant's conduct is reckless only if it is an extreme departure from the standards of ordinary care and if it presents a danger of misleading investors that is either known to the defendant or so obvious that he had to have been aware of it.

Plaintiffs must establish the required state of mind separately for each statement they contend is false or misleading. A finding that any defendant acted with the required wrongful state of mind depends on what he knew at the time the particular statement or omission was made.

Remember that a corporation can only act through its employees. To prove that Household acted with a wrongful state of mind, plaintiffs must show that an individual defendant or other Household officer acted with the required state of mind in making a false statement or omission of material fact. If so, and if that individual was acting within the scope of his or her employment and in attempt to further the company's goals, then Household also acted with the required state of mind with respect to that statement or omission. If plaintiffs fail to prove that any Household officer acted with a wrongful state of mind, they have also failed to show a wrongful state of mind as to Household.

An agent is acting within the scope of his authority if he is engaged in the transaction of business, which has been assigned to him by his principal; or, if he is doing anything which may reasonably be said to have been contemplated as a part of his employment. It is not necessary that an act or failure to act must have been expressly authorized by his principal.

An honest mistake in judgment, an honest error in management or even negligence or carelessness does not demonstrate an intent to deceive. Good faith

on the part of a defendant is inconsistent with fraudulent intent. Plaintiffs bear the burden of proving that a defendant did *not* act in good faith.

Verdict Form

(1) Have plaintiffs proved that any of the statements set forth in Table A was false or misleading? Indicate your answer for each statement below.

Statement 1: yes ___ no ___ Statement 40: yes ___ no ___

If you answered “no” for all of the statements, proceed to item 15. If you answered “yes” for any statement, proceed to question 2 below.

(2) With respect to any statement for which you answered “yes” in question 1, indicate whether plaintiffs have proved that the statement was material. If you answered “no” in question 1 with respect to a certain statement, check “not applicable” for that statement.

Statement 1: yes___ . . . no____ . . . not applicable____
* * *

Statement 40: yes___ . . . no____ . . . not applicable____

If you answered “no” or “not applicable” for all of the statements, proceed to item 15. If you answered “yes” for any statement, proceed to questions 3-8.

(3) With regard to any statement that you found was (1) false or misleading and (2) material, if plaintiffs have proved that **Defendant William Aldinger** made that statement, indicate whether plaintiffs have proved that Mr. Aldinger acted with knowledge that the statement was false or with reckless disregard for its truth or falsity. If you select “knowingly” or “recklessly,” you are finding that William Aldinger violated section 10(b)/Rule 10b-5. Select “not applicable” if you find that he did not make the statement, or that he made the statement but not knowingly or recklessly.

Statement 1: knowingly ___ recklessly ___ not applicable ___
* * *

Statement 40: knowingly ___ recklessly ___ not applicable ___

(4) With regard to any statement that you found was (1) false or misleading and (2) material, if plaintiffs have proved that **Defendant David Schoenholz** made that statement, indicate whether plaintiffs have proved that Mr. Schoenholz acted with knowledge that the statement was false or with reckless disregard for its truth or falsity. If you select “knowingly” or “recklessly,” you are finding that David Schoenholz violated section 10(b)/Rule 10b-5. Select “not applicable” if you find that he did not make the statement, or that he made the statement but not knowingly or recklessly.

Statement 1: knowingly ___ recklessly ___ not applicable ___
* * *

Statement 40: knowingly ___ recklessly ___ not applicable ___

(5) With regard to any statement that you found was (1) false or misleading and (2) material, if plaintiffs have proved that **Defendant Gary Gilmer** made that statement, indicate whether plaintiffs have proved that Mr. Gilmer acted with knowledge that the statement was false or with reckless disregard for its truth or falsity. If you select “knowingly” or “recklessly,” you are finding that Gary Gilmer violated section 10(b)/Rule 10b-5. Select “not applicable” if you find that he did not make the statement, or that he made the statement but not knowingly or recklessly.

Statement 1: knowingly ___ recklessly ___ not applicable ___

* * *

Statement 40: knowingly ___ recklessly ___ not applicable ___

(6) With regard to any statement that you found was (1) false or misleading and (2) material, if plaintiffs have proved that **Defendant Household** made that statement, indicate whether plaintiffs have proved that Household acted with knowledge that the statement was false or with reckless disregard for its truth or falsity. If you select “knowingly” or “recklessly,” you are finding that Household violated section 10(b)/Rule 10b-5. Select “not applicable” if you find that Household did not make the statement, or that it made the statement but not knowingly or recklessly.

Statement 1: knowingly ___ recklessly ___ not applicable ___

* * *

Statement 40: knowingly ___ recklessly ___ not applicable ___

(7) Have defendants proved that **Former Defendant Arthur Andersen** violated section 10b/Rule 10b-5?

Yes ___ . . . No ___ . . .

(8) If you answered “yes” to question 7, did **Former Defendant Arthur Andersen** act knowingly with regard to the violation you found?

Yes ___ . . . No ___ . . .

If you answered “no” or “not applicable” for all of the statements in questions 3–8, you are finished with the verdict form. Proceed to item 15. Otherwise, proceed to question 9.

(9) With regard to each statement for which you answered “yes” in response to questions 3–7, have plaintiffs proved both (a) that during the Relevant Period the statement caused Household’s stock price to be higher than it would have been without the misrepresentation or omission; and (b) that when the market learned the truth about that statement, the revelation caused the stock price to go down? If you answered “no” in questions 3–7 with respect to a certain statement, check “not applicable” for that statement.

Statement 1: yes___ . . . no___ . . . not applicable___

* * *

Statement 40: yes___ . . . no___ . . . not applicable___

(10) If you answered “yes” as to any statement in question 9, which of the following inflation models do you find is the most appropriate to use for calculating damages in this case?

“Specific disclosure” model __ “Leakage” model __

Go to Table B and locate the section for the model you have selected. Write in the amount of inflation per share that plaintiffs have proved was caused by that statement on each day shown. If plaintiffs have not proved either that the statement caused inflation on a particular date or the amount of inflation on a particular date, write “none” on the line for that date. Then proceed to question 11.

(11) You must determine what percentage of responsibility, if any, for any loss plaintiffs suffered is due to the conduct of **Defendants Household, William Aldinger, David Schoenholz, Gary Gilmer** and **Former Defendant Arthur Andersen**. In making this determination, you should consider the nature of the conduct of each person found to have caused or contributed to plaintiffs’ loss and the nature and extent of the causal relationship between each such person’s conduct and plaintiffs’ loss.

Household	_____	%
Aldinger	_____	%
Schoenholz	_____	%
Gilmer	_____	%
Arthur Andersen	_____	%

(The total of all lines must be 100%)

(12) With respect to the Section 20(a) claims, have plaintiffs proved that Defendant William Aldinger is a controlling person as to:

	<u>Statements Denying Predatory Lending</u>		<u>Statement Concerning Re-aging / Delinquency</u>		<u>Financial Statements That Were Restated</u>	
Household	Yes ___	No ___	Yes ___	No ___	Yes ___	No ___
David Schoenholz	Yes ___	No ___	Yes ___	No ___	Yes ___	No ___
Gary Gilmer	Yes ___	No ___	Yes ___	No ___	Yes ___	No ___

(13) With respect to the Section 20(a) claim, have plaintiffs proved that Defendant David Schoenholz is a controlling person as to:

	<u>Statements Denying Predatory Lending</u>		<u>Statement Concerning Re-aging / Delinquency</u>		<u>Financial Statements That Were Restated</u>	
Household	Yes ___	No ___	Yes ___	No ___	Yes ___	No ___
David Schoenholz	Yes ___	No ___	Yes ___	No ___	Yes ___	No ___
Gary Gilmer	Yes ___	No ___	Yes ___	No ___	Yes ___	No ___

(14) With respect to the Section 20(a) claim, have plaintiffs proved that Defendant Gary Gilmer is a controlling person as to:

	<u>Statements Denying Predatory Lending</u>		<u>Statement Concerning Re-aging / Delinquency</u>		<u>Financial Statements That Were Restated</u>	
Household	Yes ___	No ___	Yes ___	No ___	Yes ___	No ___
David Schoenholz	Yes ___	No ___	Yes ___	No ___	Yes ___	No ___
Gary Gilmer	Yes ___	No ___	Yes ___	No ___	Yes ___	No ___

(15) You have now completed the verdict form. Each juror should sign the form in the spaces provided below.

Jury Foreperson
