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

LAWRENCE E. JAFFE PENSION PLAN, ON )
BEHALF OF ITSELF AND ALL OTHERS SIMILARLY
SITUATED,

Plaintiffs,
Plaintiffs,
CLASS ACTION

- against 
HOUSEHOLD INTERNATIONAL, INC., ET AL.,
Defendants.

### AGREED MOTION CORRECTING EXHIBIT J-3 OF THE FINAL PRETRIAL ORDER

Defendants Household International, Inc., William F. Aldinger, David A. Schoenholz and Gary Gilmer (collectively, "Defendants"), by and through their attorneys, hereby move this Court for an order correcting the Final Pretrial Order, Docket Nos. 1545-1546. In support of this agreed motion, Defendants state as follows:

- 1. On January 30, 2009, counsel for the parties submitted to the Court the [Proposed] Final Pretrial Order in two volumes, including, *inter alia*, Exhibit J-3, Defendants' Proposed Verdict Form.
- 2. On March 12, 2009, the Final Pretrial Order was entered by this Court, see Docket Nos. 1545-1546.
- 3. As a result of an apparent copying error, the filed version of the Final Pretrial Order omits three pages of Defendants Proposed Verdict Table originally contained in Exhibit J-3, see Docket No. 1546-7.

4. Thus, the parties have agreed, subject to the Court's approval, to submit a corrected copy of Defendants' Proposed Verdict Form (Exhibit J-3 to the Final Pretrial Order), attached as Exhibit 1 to the [Proposed] Order submitted herewith.

WHEREFORE, Defendants respectfully request that the [Proposed] Order submitted herewith be entered. Plaintiffs' counsel has consented to this relief and does not oppose this motion.

Dated: May 6, 2009

Respectfully submitted,

CAHILL GORDON & REINDEL LLP

By: \_\_\_\_/s/ Thomas J. Kavaler

Thomas J. Kavaler

Bar No. 1269927

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- and-

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Attorneys for Defendants Household International, Inc., William F. Aldinger, David A. Schoenholz and Gary Gilmer Case: 1:02-cv-05893 Document #: 1607 Filed: 05/06/09 Page 3 of 74 PageID #:44491

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

LAWRENCE E. JAFFE PENSION PLAN, ON )	
BEHALF OF ITSELF AND ALL OTHERS SIMILARLY ) SITUATED,	Lead Case No. 02-C-5893 (Consolidated)
Plaintiffs,	CLASS ACTION
- against -	Judge Ronald A. Guzmán
HOUSEHOLD INTERNATIONAL, INC., ET AL.,	
Defendants.	) ) )
	)

#### [PROPOSED] ORDER

On consent of the parties, the Final Pretrial Order (Docket Nos. 1545-1546) is amended *nunc pro tunc* to include a complete copy of Exhibit J-3, Defendants' Proposed Verdict Form, a copy of which is attached as Exhibit 1 hereto.

, 2009		
	Hon. Ronald A. Guzmán	
	United States District Judge	
	, 2009	Hon. Ronald A. Guzmán

Case: 1:02-cv-05893 Document #: 1607 Filed: 05/06/09 Page 4 of 74 PageID #:44492

### Exhibit 1

Case: 1:02-cv-05893 Document #: 1607 Filed: 05/06/09 Page 5 of 74 PageID #:44493

EXHIBIT J-3

),

#### UNITED STATES DISTRICT COURT

#### NORTHERN DISTRICT OF ILLINOIS

#### **EASTERN DIVISION**

LAWRENCE E. JAFFE PENSION PLAN, ON BEHALF OF ITSELF AND ALL OTHERS SIMILARLY SITUATED,

Plaintiff,

- against -

HOUSEHOLD INTERNATIONAL, INC., ET AL.,

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3)

Defendants.

Lead Case No. 02-C-5893 (Consolidated)

**CLASS ACTION** 

Judge Ronald A. Guzman

#### DEFENDANTS' PROPOSED VERDICT FORM

CAHILL GORDON & REINDEL LLP 80 Pine Street New York, New York 10005 (212) 701-3000

EIMER STAHL KLEVORN & SOLBERG LLP 224 South Michigan Avenue Chicago, Illinois 60604 (312) 660-7600

Attorneys for Defendants Household International, Inc., Household Finance Corporation, William F. Aldinger, David A. Schoenholz, Gary Gilmer and J. A. Vozar Pursuant to Federal Rule of Civil Procedure 51 and the Court's Standing Order Establishing Pretrial Procedure (the "Standing Order"), Defendants Household International, Inc. ("Household"), William F. Aldinger ("Aldinger"), David A. Schoenholz ("Schoenholz"), and Gary Gilmer ("Gilmer") (collectively, "Defendants") respectfully request the Court to charge and instruct the jury to record the results of their deliberations in the attached proposed Verdict Form.

Table and Inflation Table, *infra*, are those statements identified by plaintiffs in their January 15, 2009 exchange of materials to be included in the joint Pretrial Order, as further amended by plaintiffs in a January 20, 2009 email from Spence Burkholz to Joshua Newville. In certain statements, *e.g.*, Nos. 2 and 3, Defendants have restored text that was present in the source documents, but omitted by plaintiffs, which identifies the particular speaker to whom the statements are attributed. In statements Nos. 45 and 84, both of which are newspaper articles, Defendants included only those portions of the statements that are attributed to Household. Certain passages that were denominated as one statement by plaintiffs have been divided into two or more discrete statements here, where the statements were taken from widely separated portions of the source document, attributed to different speakers and/or pertained to distinct subject matter.

The statements are included herein without prejudice to defendants' pending motions in limine and without waiving or intending to waive, but on the contrary, reserving and intending to preserve all applicable objections to the relevance, materiality and admissibility of the documents and/or information identified, whether asserted heretofore or hereafter.

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Defendants have incorporated into the Verdict Table and Inflation Table each of the statements identified in plaintiffs' January 15, 2000 proffer, as further amended by plaintiffs in a January 20, 2009 email from Spence Burkholz to Joshua Newville, without prejudice, despite the fact that plaintiffs' list vastly exceeds the amount of testimony and documentary evidence plaintiffs could conceivably present during their one-half of the four-week period the Court has allotted for this trial, and notwithstanding that plaintiffs' list deviates substantially from plaintiffs' definitive representation to the Court and the defendants just one month earlier. Plaintiffs expressly represented to defendants and to this Court that they would attempt to prove at trial all of the statements, and only the statements, contained in bulleted paragraphs in plaintiffs' answers to three interrogatories promulgated by defendants (see, Pls.' Third Resp. to Defs.' [Seventh] Interrogs., dated Feb. 1, 2008, at 39-67 (Nos. 41-43). See, Transcript of [Presentment] Proceedings before the Hon. Ronald A. Guzman at 16-17, Jaffe v. Household Int'l, Inc., No. 02 Civ. 5893 (Dec. 16, 2008) ("THE COURT: So you tell me. When can we have a more particularized listing of the allegedly false and misleading statements and/or omissions that you're going to actually use at trial? MS. MEHDI: The particularized listing will at least be all of the statements listed in our interrogatory responses. No more than that. We're not going to do any more than that. THE COURT: So your assertion is that you are going to present evidence as to each of the statements alleged in your interrogatory answers? MS. MEHDI: Yes. THE COURT: There you have it, counsel. The interrogatory answers is the blueprint of misleading statements. MS. MEHDI: And it's listed in bullet form.").

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#### [DEFENDANTS' PROPOSED] VERDICT FORM

#### Introduction

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This Verdict Form includes all of the questions you will answer and the instructions you are to follow. The questions in the Verdict Form are numbered, and you are to answer the questions in the order they are presented. You have also been provided with two tables: the Verdict Table and the Inflation Table. Some of the questions require that you record your answers on the tables.

- Part A: The questions and the instructions begin on page 1 of
  this Verdict Form. You will record your answers on the Verdict Table. If a box on the Verdict Table is blacked out or already filled in, that means that the question does not apply to
  the corresponding statement or that the parties have agreed to an
  answer. Please skip any question that is blacked out or already
  answered.
- Part B: The question and the instructions are on page 3 of this Verdict Form. You will record your answers on the Inflation Table.
- Part C: The questions and the instructions begin on page 4 of this Verdict Form. You will record your answers on this Verdict Form.

Most of the questions call for a "Yes" or "No" answer. A "Yes" answer favors Plaintiffs; a "No" answer favors Defendants. Follow the instructions carefully. Depending on your answers, you may not be required to answer every question. Do not record an answer on the Verdict Form or on either of the tables until you are unanimous.

You have been given extra copies of the Verdict Form, marked "Copy," to refer to as you are deliberating. You should not write on the forms that are marked "Copy." Your presiding juror will record your unanimous answers on the original Verdict Form and the original tables.

#### Part A - Elements of Section 10(b) / Rule 10b-5 and Section 20(a) Claims

Please use the Verdict Table to record your answers to Questions 1 through 6.

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For each of the Challenged Statements listed on the left side of the Verdici Table, please answer Questions 1 through 6, following the instructions below, and record your unanimous answers on the Verdict Table.

Do you find that Plaintiffs have proved by a preponderance of the evidence that this
 Challenged Statement contains a false statement of fact, or omits information necessary,
 in light of the circumstances, to prevent the statement that was made from being mislead ing? Answer "Yes" or "No."

If you answered "Yes," please proceed to Question 2 for this Challenged Statement.

If you answered "No," please return to Question I for the next Challenged Statement.

2. Do you find that Plaintiffs have proved by a preponderance of the evidence that the misstatement or omitted information was material? Answer "Yes" or "No."

If you answered "Yes," please proceed to Question 3 for this Challenged Statement.

If you answered "No," please return to Question 1 for the next Challenged Statement.

3. Do you find that Plaintiffs have proved by a preponderance of the evidence that Household made the Challenged Statement or that any Individual Defendant was substantially involved in the preparation of the Challenged Statement? Answer "Yes" or "No" in the appropriate box or boxes.

If you answered "Yes" for any Defendant, please proceed to Question 4a for this Challenged Statement.

Otherwise, please return to Question 1 for the next Challenged Statement.

4a. With respect to any Defendant who you found in Question 3 made or was responsible for the Challenged Statement, do you find that Plaintiffs have proved by a preponderance of the evidence that that Defendant did so with actual knowledge that the statement was materially false or misleading? Answer "Yes" or "No" in the appropriate box or boxes.

If you answered "No" for one or more of the Defendants, please answer Question 4b for each of those Defendants for this Challenged Statement.

Otherwise, please proceed to Question 5.

4b. With respect to any Defendant who you found in Question 3 made or was responsible for the Challenged Statement, do you find that Plaintiffs have proved by a preponderance of the evidence that that Defendant did so with reckless disregard of a substantial risk that the statement was false? Answer "Yes" or "No" in the appropriate box or boxes.

If you answered "Yes" to Question 4a or 4b for any Defendant, please proceed to Question 5 for this Challenged Statement.

Otherwise, please return to Question 1 for the next statement.

5. Do you find that Plaintiffs have proved by a preponderance of the evidence that they have suffered an economic loss, and that this false statement of material fact, or this omitted material fact, caused the loss for which Plaintiffs seek to recover? Answer "Yes" or "No."

If you answered "Yes" to Question 5, please proceed to Question 6 for this Challenged Statement.

Otherwise, please return to Question 1 for the next Challenged Statement.

6. Do you find that Plaintiffs have proved by a preponderance of the evidence that any Defendant directly or indirectly controlled the person who made the Challenged Statement, directly or indirectly induced the person to make the statement, AND did not act in good faith? Answer "Yes" or "No" in the appropriate box or boxes.

Please return to Question I for the next Challenged Statement.

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If there are no more statements remaining on the Verdict Table, please proceed to Part B.

#### Part B - Stock Price Inflation / Economic Loss

Please use the Inflation Table to record your answers to Question 7. Follow the instructions below, and record your unanimous answers on the Inflation Table.

7. Some of the columns on the Inflation Table have been filled in: Column 1 lists the same Challenged Statements that you considered when you completed the Verdict Table. Column 2 lists the Disclosures that Plaintiffs say revealed to the market that the Challenged Statements were false or misleading. Column 3 indicates the first trading date on which each Challenged Statement in Column 1 or Disclosure in Column 2 became public. Column 4 shows the closing price per share of Household's common stock on the date in Column 3.

You will complete the Inflation Table, following the instructions below to record your unanimous answers in Columns 5 and 6. Plaintiffs and Defendants have both presented evidence on stock price inflation, including the testimony of their expert witnesses and the exhibits that the experts explained to you. In answering this question, you must decide what evidence you will rely on and how much weight to give to that evidence.

- (a) Refer to the Verdict Table. For any Challenged Statement for which you did NOT reach Question 5 when you filled in the Verdict Table, please black out Column 5 in that row on the Inflation Table.
- (b) For any Challenged Statement for which you answered "No" to Question 5 on the Verdict Table, please black out Column 5 in that row on the Inflation Table.
- (c) You may set aside the Verdict Table now. Beginning with the first row on the Inflation Table in which Column 5 is not blacked out, please enter in Column 5 the dollar amount, if any, by which you find that the false or misleading statement or omission made on that date inflated the price of Household's common stock. If none, write \$0.
- (d) Proceed to the next row.

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If the row contains a Challenged Statement in Column 1, go across the row to Column 5 and enter the dollar amount, if any, by which you find that the false or misleading statement or omission made on that date inflated the price of Household's common stock. If none, write \$0.

If the row contains a Disclosure in Column 2, go across the row to Column 6 and enter the dollar amount, if any, by which the artificial inflation created by untrue or misleading statements has been reduced by the disclosure made on that date. If none, write \$0.

(e) Please repeat the step (d) for each remaining row on the Inflation Table.

When you have completed the Inflation Table, please proceed to Part C.

	Part 6	C — Allocation of Liab	ility				
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	Please space	e answer "Yes" or "No" s provided on this Verdi	to Questions 8 and ict Form.	d 9, and rec	ord your una	animous answe	rs in the
ĵv.	8.	Do you find that Arth	ur Andersen violate	ed the secu	rities laws?	Answer "Yes"	or "No."
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Dated:		(Presiding Juror)
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When you have completed all the questions above, please sign and date this Verdict Form. All

jurors must sign this Verdict Form.

## VERDICT TABLE

# Use this table with Part A of the Verdict Form.

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Case: 1:02-cv-05	usehold International, Inc. 2099 Report on Form 10-Q. filing date August 16, 1999)	quency ("delinquency") as a percent of managed consumer receivables was 4.72 percent, compared with 4.81 percent at March 31, 1999 and 4.65 percent at June 30, 1998. The ampualized total consumer managed chargeoff ratio in the second quarter of 1999 was 4.10 percent, compared with 4.37 percent in the prior quarter and 4.26 percent in the year-ago quarter.	aumer receivables was 4,9% percent, compared with 50,99 percent at March 31, 1999; and 4,89 percent at June 30, 1998. The ammalized total consumer owned chargeoff ratio in the second quarter of 1999 was 3.54 percent, compared with 3.99 percent in the prior quarter and 3.69 percent. On the prior quarter and 3.69 percent in the prior quarter and 3.69 percent and 3.69 p	(Household International, Inc. 2099 Report on Form 10-Q, filing date August 16, 1999)  Owned consumer two-month-sand-over control Alliana	[Household International, Inc. News Release, July 22, 1999) Household reported net income of \$326.9 million for the quarter ended June 30, 1999 and EPS of \$0.67.	the third consecutive quarter is 4.72 percent at June 20, compared with 4.81 percent at March 31 and 4.65 percent a year ago. The annualized managed net charge off ratio for the second quarter improved to 4.10 percent, lower than 4.37 percent in the first quarter and 4.26 percent in the year-ago quarter."	(Household International, Inc. News Release, July 22, 1999)  "Credit quality continued to improve The property delicenses with Conduct A. I. J. C.	[Household Intensitional, Inc. News Release, July 22, 1999)  "Aldinger continued, 'Business fundamentals are strong and reflect the positive trends we have seen since late last year. Our net interest margin percentage expanded substantially, credit quality improved and costs remained well under control. Receivable growth was strong in the consumer finance business."	(Household International, Inc. News Release, July 22, 1999)  "William F. Aldinger, Household's chairman and chief executive officer, said, 'Our results, a second quarter record, highlight the growth and improved profitability of our consumer finance businesses."	"Household International today reported that second quarter act income rose 31 percent to a record \$336.9 million, compared with operating ret income of \$249.4 million a year ago. Earnings per share increased 37 percent to a record \$.67, compared with operating EPS of \$.49 a year ago. Cash basis EPS for the quarter rose 28 percent to \$.74"	Challenged Statement	
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2	C (Household International, Inc. 3099 Report on Form 10-0, filing date Nover	or 12, 1999)			<del></del>											l
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(110 districted annual control of the control of th	Credit quality and Loss Reserves Credit quality improved from both the third quarter and a year ago. The annualized managed and chargeoff ratio for the fourth quarter fell 13 basis points to 3.96 percent, the lowest level since 1997. The chargeoff ratio was 4.09 percent in the third quarter and 4.39 percent in the year-ago quarter. The enanged delinquency ratio (60+days) improved 23 basis points to 4.66 percent at December 31, compared with 4.89 percent at September 30 and 4.90 percent a year ago."	(Household International, Inc. News Release, January 19, 2000)	"Commenting on the full year results, Aldinger continued, 'Our record earnings reflect an outstanding year in our consumer finance business, a dramatic turnaround in our Master-Card/Vigs tustiness, and strong results in all of our other businesses. We are particularly pleased with excellent receivable growth in 1999, particularly in our branches, while fully realizing all of the acquisition synergies of the Beneficial merger."	(Household International, Inc. News Release, January 19, 2000)	"William F. Aldinger, Household's chairman and chief occentive officer, said, 'We are very pleased to report another record quarter, the culmination of an absolutely outstanding year for Household. Growth and profitability in the quarter were excellent and exceeded our expectations. Revenues were particularly strong."	(Household International Inc. News Release, January 19, 2000)	"Household international today reported that fourth quarter annings per share increased 30 "Household fine-mational today reported that fourth quarter annings per share increased 30 percent to a record \$.92, from \$.71 a year ago. Fourth quarter net income rose 25 percent to a record \$4.38.8 million, compared with \$3.49.9 million a year ago. For the full year, Household reported record earniags per share of \$3.07, which was 33 percent over 1998 operating earnings per share. Net income totaled \$1.5 billion, or 29 percent above the prior year's operating net income."	(University International Inc. 3099 Report on Form 10-0, filing date November 12, 1999)	"Credit quality runained relatively stable in the quarter and improved from a year ago. The modest increase in managed delinquency as a percent of managed consumer receivables from the prior quarter was due to the seasoning of our Beneficial home equity and other unsecured products."	(Household International, Inc. 3099 Report on Form 10-0, filing date November 12, 1999)	Total 4.89% 4.72% 4.81% 4.90% 4.96%	Private label 0.00 0.02 0.37 0.20 0.37 0.20 0.33 0.30 0.00 0.00 0.00 0.00 0.00	/isa 3.10 3.11 3.61 3.75	2.26 1.87 1.74 2.29	3.29 3.54 3.67	First mortgage 12.56% 12.72% 10.91% 14.90% 11.80%	sumer receivables):	Two-Monits-and-Over Contractual Managed Delinquency (as a percent of managed con-	Palianterov	Challenged Statement .		
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Revenue and receivable growth were strong, and credit quality continued to improve."	the state of the s	William F. Aldinget, Household's chairman and chief executive officer, said, "This was the consect first quarter in our company's history, with all of our businesses performing well	(Household International, Inc. News Release, April 19, 2000)	A puestion of international violar proposed the continue pro-state viole 20 process as a time space for record of \$7.72, from \$5.00 py year 250. Net income increased to \$372.9 million, up 16 percent from \$320.8 million in the first quarter of 1999."	(Household International, Inc. FY99 Report on Form 10-K, filing date March 28, 2000)	Total 4.09% 4.24% 3.80% 2.92% 2.49%	93 52 1.66 92	oan products 4.13 4.29 3.84 2.96	red 6.52 6.97 5.48 4.29	5.65 5.65 4.62 3.42	3666 595	Home equity .58% .61% .64% .60% .64%		Ratio of Net Chargeoffs to Aver- 1999 1998 1997 1996 1995 are Managed Receivables for the	(Household International, Inc. FY99 Report on Form 10-K, filing date March 28, 2000)	Total consumer   4.66%   4.90%   4.64%   3.92%   3.36%	7.94 7.81 6.21	Private label 5.97 6.20 5.81 4.60 3.93	3.75	2.43 2.29 2.09 -	Horne equity 3.27% 3.67% 3.69% 3.04% 2.76%	Contractual Delinquency Ratios	7001 X001 1000 1000 1007 1000 1000	(Household International, Inc. FY99 Report on Form 10-K, filing date March 28, 2000)	losses."	our frequent and early contact with delinquent customers is helpful in managing net credit	sonable basis for predicting the asset quality of new accounts. This process is based on our	effective collection efforts for each loan. We have a process which we believe gives us a rea-	to both our owned and off-balance sheet portfolios. Our focus is to use risk-based pricing and	efforts and general economic conditions We track delinquency and chargeott levels on an encountry and a management procedures	factors, the quality of receivables, the average age of our loans, the success of our collection	(Household International, Inc. FY99 Report on Form 10-K, filing date March 28, 2000)		Household reported net income of \$1,486.4 million and EPS of \$3.10.	Challenged Statement		
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	(Household International Inc. News Release July 19, 2000)	s.so, up 12 percent from 3.07 a year ago. Net income increased 17 percent to 308.5 million, from \$326.9 million in the second quarter of 1999."	"Household International today reported that carnings per share rose to a second quarter record	(Household International, Inc. 1000 Report on Form 10-0, filing date May 10, 2000)	d 4.58% 4.81% 5.24% 4.96%	4.43% 4.66% 4.89% 4.72%	8.81 8.57 8.17	594 597 666 662	106 2.78 3.10 3.11	1.52 2.43 2.26 1.87	Real estate secured 2.99% 3.27% 3.46% 3.29% 3.54%		3/31/06 12/31/99 9/30/99 6/30/99 3/31/99	Two-Months and Over Contractual Delinquency (as a percent of consumer receivables):	Delinquency	(AAAA (mer same Quier () AT mins a Cabor of the contractions and the contractions	Howeshold International Inc. 1900 Report on Form 19-9. Filing date May 19, 2000)	and portfolio management procedures as on our owned portfolio."	We track delinquency and chargeoff levels on a managed basis and we apply the same credit	"CREDIT QUALITY	(Household International, Inc. 1000 Report on Form 10-Q, filing date May 10, 2000)	prior quarter and 4.37 percent in the year-ago quarter."	chargeoff ratio was 4.00 percent in the first quarter of 2000, compared with 3.96 percent in the	cember 31, 1999 and 4.81 percent at Merch 31, 1999. The annualized total consumer managed	consumer receivables was 4.43 percent at March 31, 2000, compared with 4.66 percent at De-	"Managed consumer two-months-and-over contractual delinquency as a percent of managed	(Household International, Inc. 1000 Report on Form 10-Q, filing date May 10, 2000)	quarter and 5.92 percent in the year-ago quarter.	ratio was 3.55 percent in the first quarter of 2000, compared with 3.62 percent in the prior	ber 31, 1999 and 5.04 percent at March 31, 1999. The annualized consumer owned chargeoff	sumer receivables was 4.58 percent at March 31, 2000, compared with 4.81 percent at Decem-	"Owned consumer two-months-and-over contractual delinquency as a percent of owned con-	(Household International, Inc. 1000 Report on Form 10-Q, filing date May 10, 2000)	EPS of \$0.79 per share.	Household reported net income of \$372.9 million for the quarter ended March 30, 2000 and	(Household International, Inc. News Release, April 19, 2000)	ago quarter."	cent compared to 3.96 percent in the prior quarter and improved 37 basis points from the year-	year-end 1999. The annualized managed net chargeoff ratio for the first quarter was 4.00 per-	At March 31, the managed delinquency ratio (60+days) declined to 4.43 percent, from 4.56	"Credit Quality and Loss Reserves	Challenged Statement		
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	CACCH I (CINCAL) I We track delinquency and chargeoff levels on a managed basis and we apply the same credit and portfolio management procedures as on our owned portfolio."  (Household International, Inc. 2000 Report on Form 10-Q, filing date August 11, 2000)	(Household International, Inc. 2000 Report on Form 10-Q, filing date August 11, 2000)	"Managed consumer two-months-and-over contractual delinquency as a percent of managed consumer receivables was 4.16 percent, compared with 4.43 percent at March 51; 2000 and 4.72 percent at June 30, 1999. The annualized tools consumer managed delargeoff ratio in the second quarter of 2000 was 3.74 percent, compared with 4.00 percent in the prior quarter and 4.10 percent in the year-ago quarter."	(Household International, Inc. 2000 Report on Form 10-Q, filing date August 11, 2000)	'Owned consumer two-months-and-over contractual delinquency as a percent of owned consumer receivables was 4.25 percent, compared with 4.36 percent at March 31, 2000 and 4.96 percent at Lune 30, 1999. The annualized total consumer owned chargeoff ratio in the second quarter of 2000 was 3.27 percent, compared with 3.53 percent in the prior quarter and 3.54 percent in the year-ago quarter."	(Household International, Inc. 2000 Report on Form 10-Q, filing date August 11, 2000)	(Household International, Inc. News Release, July 19, 2000)  Household reported net income of \$383.9 million for the quarter ended June 30, 2000 and EPS of \$0.80.	"'Credit Quality and Loss Reserves. Credit quality improved dramatically during the quarter, as dollars of chargeoff and delinquency decilined from first quarter levels. At June 30, the managed delinquency ratio (601-days) improved for the third consecutive quarter, to 4.16 percent. This represented a 7 basis-point improvement from the first quarter and a 56 basis-point improvement from a year ago. The annualized managed and chargeoff ratio for the second quarter fell 26 basis points sequentially, to 3.74 percent. The chargeoff ratio was 4.10 percent a year ago."	(Household International, Inc. News Release, July 19, 2000)	(Household International, Inc. News Release, Inly 19, 2000)  "Aldinger continued, 'Our record performance reflects strong sales and marketing results in all of our businesses coupled with our continued focus on risk management and operational efficiency."	"The company's managed receivables portfolio grew 22 percent from a year ago, reaching almost \$80 billion. The company added \$4.5 billion of receivables in the quarter, an increase of 6 percent. Revenues rose 20 percent compared to the year-ago quarter."	(Household International, Inc. News Release, July 19, 2000)	"Our superb second quarter results were highlighted by outstanding receivables and revenue growth and a significant improvement in credit quality," said William F. Aldinger, Household's chairman and chief executive officer."	Challenged Statement	
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	(Household International, Inc. 2000 Report on Form 10-Q; filing date August 11, 2000)															<del> </del>		_		
0	"Household international today reported [t]hird quarter carnings per share rose 13 percent													Ī						
	million, a 13 percent increase from \$399.9 million a year ago."																			
	(Household International, Inc. News Release, October 18, 2000)				-						_									
0₹	"Our strong third quarter results reflect a confinuation of outstanding receivables and revenue			_																
	William F. Aldinger, Household's chairman and chief executive officer."																			
	(Household International, Inc. News Release, October 18, 2000)				,	_										-				
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	secutive quarter, to 3.47 percent from 3.74 percent in the second quarter. Dollars of net char-		_																	
07	geoff also fell for the second consecutive quarter. The third quarter chargeoff ratio dropped 62																			
	30, the managed delinquency ratio (60+days) was 4.21 percent, compared with 4.16 percent in		_									_								
	the second quarter and significantly below the year-ago level of 4.59 percent.																			
	(Household International, Inc. News Release, October 18, 2000)			ļ_																
<u>nt</u>	"HFC spokesman Craig Streem said that the loan was 'not a predatory loan by any definition  Streem says HFC never pressures people to buy credit life insurance."				_									, ,						
	(St. Louis Dispatch, November 1, 2000)				_							Ĺ						1		
	"Household International supports Citigroup's announcement today of its efforts to boost con-																			
	with the stringent policies and procedures that have long been in place at Household Interna-																	_		
	tional. Household's long-standing view has been that unethical lending practices of any type		_											٠						
	are abhorrent to our company, employees, and most importantly our customers. So-called 'predatory lending' practices undermine the integrity of the industry in which we compete."		-								,									
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	(Household International, Inc. News Release, November 7, 2000)		-		-	-												щ.	İ	
	Household reported net income of \$451.2 million for the quarter ended September 30, 2000 and EPS of \$0.95.																			<del></del>
<u>-C</u>	(Household International Inc. 2010 Report on Form 10.0 Siling days November 14, 2000)													· ···						
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	(Household International, Inc. News Release, January 17, 2001)	"These strong fourth quarter results cap off a tentific year in which we delivered on all of our carnings and growth goals,' said William F. Aldinger, Household's chairman and chief excentive officer. (Townsh and profitability in the quarter were excellent, while credit quality and our balance sheet remained strong."	(Household International, Inc. News Release, January 17, 2001)	1979. Insuscentia is town in quality examings for some rose 12 percent to a rocons a rose, non- \$.92 a year ago. Fourth quarter act income rose 12 percent to an all-time high of \$492.7 mil- lion, compared with \$438.8 million a year ago."	revenues for the full year increased 18 percent to \$8.9 billion, compared to \$7.5 billion in	history. Net income totaled \$1.7 billion, or 14 percent above the prior year. Net managed	"Household International today reported full year earnings per share of \$3.55, a 16 percent increase of \$1.07 a season and the highest earnings are share in the commanu's 122-year	(Household International, Inc. 3000 Report on Form 10-Q, filing date November 14, 2000)	Owned 4.29% 4.25% 4.58% 4.81% 5.24%	Total Managed 4.21% 4.16% 4.43% 4.66% 4.89%	red 7.72 7.92 8.56 8.81	5.67 5.77 5.94 5.97	/isa 3.48 3.14 3.06 2.78	Auto finance 2.19 1.99 1.52 2.43 2.26	Managed: 777% 777% 2.99% 3.27% 3.46%	30, 2000 2000 31, 2000 31, 1999 30, 1999	September June 30, March December September	and-Over Contractual Delinquency (as a percent of consumer re-	Delinquency		(Household International, Inc. 3000 Report on Form 10-Q, filing date November 14, 2000)	and partfolio management procedures as on our owned portfolio."	"CREDIT QUALITY We track delinquency and chargeoff levels on a managed basis and we apply the same credit	(Household International, Inc. 3Q00 Report on Form 10-Q, filing date November 14, 2000)	prior quarter and 4.09 percent in the year-ago quarter."	time 30, 2000 and 4.69 percent at appearing 50, 1979. The automatical consumer minutes chargeoff ratio in the third quarter of 2000 was 3.47 percent, compared with 3.74 percent in the	consumer receivables was 4.21 percent at September 30, 2000, compared with 4.16 percent at	"Managed consumer two-months-and-over contractual delinquency as a percent of managed	(Household International, Inc. 3000 Report on Form 10-Q, filing date November 14, 2000)	prior quarter and 3.63 percent in the year-ago quarter."	June 30, 2000 and 5.24 percent at september 30, 1999. The annuanced consumer owner ower peoff ratio in the third quarter of 2000 was 3.01 percent, compared with 3.27 percent in the	ounter receivables was 4.29 percent at September 30, 2000, compared with 4.25 percent at		Challenged Statement		
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	of our collection efforts and general economic conditions We track delinquency and chargerfilevels on both an owned and a managed basis. We apply the same credit and portfolio management procedures to both our owned and off-balance sheet porfolios. Our focus is to use risk-based pricing and effective collection efforts for each loan. We have a process which we believe gives us a reasonable basis for predicting the credit quality of new accounts. This process is based on our experience with numerous marketing, credit and risk management less. We also believe that our frequent and early contact with delinquent outcomers is helpful in managing net credit losses."	"Delinquency and Chargeoffs Out delinquency and net chargeoff ratios reflect, among other factors, changes in the mix of loans in our portfolio, the quality of our receivables, the average age of our loans, the success	Household reported net income of 1,700.7 million and EPS of \$3.59.  (Household International, Inc. FY00 Report on Form 10-K, filing data March 28, 2001)	(Origination News, March 23, 2001)	"Gary Glimer, president and chief executive of Household's subsidiaries HPC and Beneficial, said the company's 'position on predatory lending its prefectly clear. Unethical lending practices of any type are abhorent to our company, our employees and most importantly our customers."	regulations."  (Household International, Inc. News Release, March 12, 2001)	(Household International, Inc. News Release, March 12, 2001) "The company reaffirmed that it fully complies with all applicable federal and state laws and	"Household's position on predatory lending is perfectly clear,' said Gary Gilmer, president and CEO of HFC and Beneficial. "Unethical londing practices of any type are abhorrent to our company, our employees, and most importantly, our customers."	ago."  (Household International, Inc. News Release, January 17, 2001)	ratio was 55 basis points lower than a year ago and reached its lowest level since the foorth quarter of 1996. The managed delinquency ratio (600+days) at December 31, 2000 was 420 percent, stable with 4.21 percent in the third quarter and 48 basis points better than a year	"Credit Quality and Loss Reserves.  The fourth quarter annualized managed net chargeoff ratio improved for the third consecutive quarter to 3.41 percent from 3.47 percent in the third quarter. The fourth quarter chargeoff	(Household International, Inc. News Release, January 17, 2001)	"Commenting on the full year results, Aldinger continued, 'Our record earnings per share re- fleet strong top-line growth and improved credit quality,"	Challenged Statement	
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quarter and 3.53 percent in the year-ego quarter."  (Household International Inc. 1010 Report on Form 10.0) Gling data May 0, 2001)	"Uwadd consumer two-montus-and-over contractual detinquency as a percent of owned con- sumer receivable, was 4.36 percent at March 31, 2001, compared with 4.26 percent at Decem- ber 31, 2000 and 4.56 percent at March 31, 2000. The annualized consumer owned chargeoff ratio in the first quarter of 2001 was 3.12 percent, compared with 2.98 percent in the prior	Household reported net income of \$431.8 million for the quarter ended March 31, 2001 and EPS of \$0.92.  (Household International, Inc. 1000 Report on Form 10-Q, filing date May 9, 2001)	"Credit Cuality and Loss Reserves At March 31, the managed delinquency ratio (60+days) was 4.25 percent, compared to 4.43 percent a year ago, and 4.20 percent at December 31, 2000. The annualized managed set chargeoff ratio for the first quarter was 3.56 percent, a 44 basis points improvement from the year- ago quarter and up modestly from 3.41 percent in the prior quarter."  [Household International, Inc. News Release, April 18, 2001)	"William F. Aldringer, Kousehold's chairman and chief executive officer, said, 'Our out-standing results reflect the sustainability and earnings power of our franchise. Receivables and revenues grew nicely in the quarter. At the same time, credit quality remained stable and we strengthened our balance sheet."  (Household International, Inc. News Release, April 18, 2001)	"Household International today reported that earnings per shater ose it is percent to a little quarter record of \$.91, from \$.78 a year ago. Net income increased to \$431.8 million, up 16 percent from \$377.9 million in the first quarter of 2000. This quarter marked the 11 <sup>th</sup> consecutive quarter of record results."  (Household International, Inc. News Release, April 18, 2001).	Total Owned 4.20% 4.21% 4.15% 4.43% 4.66% 4.81% 4.72% 4.81% Total Owned 4.26% 4.29% 4.25% 4.25% 4.81% 5.24% 4.96% 5.04%	Autofanance 2.55 2.19 1.99 1.52 2.43 2.26 1.87 1.74  Autofanance 2.55 2.19 1.99 1.52 2.43 2.26 1.87 1.74  MasterCard 3.49 3.48 3.14 3.06 2.78 3.10 3.11 3.61  Visa 1.74  Private label 5.48 5.67 5.77 5.94 5.97 6.66 6.62 6.37  Other 7.97 7.72 7.92 8.56 8.81 8.57 8.17 7.84	2000 Quarter End   1999 Quarter End   1999 Quarter End   3 2 1 1   4 3 3 2 1   4 3 3 3 2 1   4 3 3 3 2 1   4 3 3 3 2 1   4 3 3 3 2 1   4 3 3 3 2 1   4 3 3 3 2 1   4 3 3 3 2 1   4 3 3 3 2   4 3 3 3 2   4 3 3 3 2   4 3 3 3 2   4 3 3 3 2   4 3 3 3 2   4 3 3 3 2   4 3 3 3 2   4 3 3 3 2   4 3 3 3   4 3 3 3   4 3 3 3   4 3 3 3   4 3 3 3   4 3 3 3   4 3 3   4 3 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3   4 3 3	CONSUMER TWO-MONTH-AND-OVER CONTRACTUAL DELINQUENCY RATIOS	Challenged Statement
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comburate receivables was 4.25 percent at March 31, 2001, orinpaired with 4.20 percent at December 31, 2000 and 4.43 percent at March 31, 2000. The annualized consumer managed chargeoff ratio in the first quarter of 2001 was 3.56 percent, compared with 3.41 percent in the prior quarter and 4.00 percent in the year-ago quarter.  [Household International, Inc. 1000 Report on Form 10-Q, filing date May 9, 2001]  CCREDIT QUALITY  We track delinquency and chargeoff levels on a managed basis and we apply the same credit and portfolio management procedures as on our owned portfolio."  [Household International, Inc. 1000 Report on Form 10-Q, filing date May 9, 2001]  [Household International, Inc. 1000 Report on Form 10-Q, filing date May 9, 2001]  [Delinquency  [Inc. 1000 Report on Form 10-Q, filing date May 9, 2001]  [Inc.
(Flousehold International, Inc. 1Q00 Report on Form 10-Q, filing date May 9, 2001)  We track definquency and chargeoff levels on a managed basis and we apply the same credit and portfolio management procedures as on our owned portfolio."  Household International, Inc. 1Q00 Report on Form 10-Q, filing date May 9, 2001)  Delinquency  Two-Months-and-Over Contractual Delinquency (as a percent of consumer receivables):  March  Docramber  September  June 30, March  June 30, March  June 30, March  June 30, March  June 30, March  June 30, 2000  31, 2000  Managed:  Real estate  2.61%  2.65%  2.19  June 30, March  June 30, March  June 30, March  June 30, March  June 30, 2000  31, 2000  March  Anto finance  1.79  2.55  2.19  June 30, 2000  31, 2000  March  Real estate  2.61%  2.63%  2.77%  2.72%  2.29%  Real estate  3.63  3.63  3.63  3.79  3.48  3.14  3.05  MasterCard/  Anto finance  1.79  3.63  3.49  3.48  3.14  3.05  MasterCard/  Other  MasterCard/  3.68  3.79  3.48  3.14  3.05  MasterCard/  Other  4.20%  4.20%  4.21%  4.16%  4.25%  4.20%  4.21%  4.16%  4.25%  4.20%  4.21%  4.16%  4.25%  4.25%  4.20%  Auto finance of \$2.93, up 16 percent for one form 10-Q, filing date May 9, 2001)  "Household International, Inc. 1Q00 Report on Form 10-Q, filing date May 9, 2001)  "Household International, Inc. News Release, July 18, 2001)  "Results for the quarter were excellent, 'Aldinger added. 'We onloyed strong receivable and revenue growth compared to a year ago, with all of our businesses performing well. In addition, delinquency was stable in the quarter"
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74	annualized managed net chargeoff ratio for the second quarter was 3.71 percent, essentially unchanged from the year-ago quarter and up modestly from 3.56 percent in the first quarter."		, <u> </u>								<del></del>				•					
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9	ensity by taking antenings on your customers, one saw, not tease encoping to any change terization that we engage in predatory leading practices."		١						•						-					
<b>3/C</b>	(Star Tribune (Minneapolis, MN), July 27, 2001)			_																
5/0€	Household reported net income of \$439 million for the quarter ended June 30, 2001 and EPS of \$0.94.				•															
05	(Household International, Inc. 2001 Report on Form 10-Q, filing date August 10, 2001)				_															
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File	2001 and 4.25 percent at time 30, 2000. The annualized constiner owned chargeoff ratio unthe second quarter of 2001 was 3.26 percent, compared with 3.12 percent in the prior quarter and 3.27 percent in the year-ago quarter."				··					·										
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	take on this is that it is not a significant issue, not indicative of any widespread problem and certainly not a concern that it will apread elsewhere."  (National Mortgage News, February 18, 2002)	"Household International's vice chairman and chief financial officer, David A. Schoenholz, commented on the [ACORN] complaint in a investors' conference call saying, 'Our first	(Copley News Service, February 6, 2002)	"You simply cannot stay in business for 125 years by misleading your borrowers, said Household's Megan Haydan. "We do the right thing for our borrowers. We make good loans that not only are legal loans, but are beneficial for our customers."	(Household luternational, Inc. News Release, January 16, 2002)	ratio in the year-ago quarter was 3.41 percent."	a year ago. The annualized managed net chargeoff ratio for the fourth quarter was 3.90 per- cent, up 16 basis points from 3.74 percent in the third quarter. The managed net chargeoff	points from 4.43 percent in the third quarter. The managed delinquency ratio was 4.20 percent	"Credit Quality and Loss Reserves  At December 31st, the managed delinquency ratio (60+days) was 4.46 percent, up 3 basis	(Household International, Inc. News Refease, January 16, 2002)	HIMACONO DI CERAN ENSONO MILITIRE MIN J. CAR.	periods of previous years. Exceptional revenue growth of 18 percent more than offset the	business model generates superior results in a weak economy as well as in the strong economic	"Commenting on the full-year results, Aldinger added, 'In 2001, we demonstrated that our	(Exemple) I I to New Paleon forward (2 2002)	while credit indicators weakened only modestly in a tough economic environment."	chairman and chief executive officer, "demonstrating the tremendous strength and earnings mouser of the Household franchise. Receivable and revenue grounds exceeded our expectations.	"Household's fourth quarter results were simply outstanding," said William F. Aldinger,	(Household International, Inc. News Release, January 16, 2002)	\$1.9 billion, also an art-time right to between above \$1.7 billion carrier in 2000.	\$4.08, representing a 15 percent increase from \$3.55 in 2000. Net income for 2001 totaled	quarterly record of \$549 million. For the full year, Household reported earnings per share of	leanth consecutive record quarter. Incurry quarter increased 11 percent, to an all-time.	"Household International today reported fourth quarter earnings per share of \$1.17, its four-	(Business Week, December 10, 2001)	L	Cutting on balance sheet reserves, Total reserves are at the highest level in con-	Moving loans from its bank subsidiary Applying bank regulatory rules would barely	Delaying recognition of charge-offs to charge out pourty rollows inclusing stationards closely		payments to ends of loans, thus masking tion rates improve after toans are "re-aged"	-}-		Challenged Statement		
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(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)	Total consumer	Personal non-credit card	Private label	MasterCard/ Visa	Auto finance	Real estate secured	Owned Two-Month-and-Over Contractual Delinquency Ratios	otherwise indicated	At December 31, unless	in millions	All dollar amounts are stated	Household International, Inc. and Subsidiaries CREDIT QUALITY STATISTICS - OWNED BASIS		(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)	ships and maximize collections."	cured. Such reaging policies vary by product and are designed to manage customer relation-	ments has been received and there is evidence that the reason for the delinquency has been	account to current, subject to certain limits, if a predetermined number of consecutive pay-	(Household International, Inc. FYUI Report on Form IU-K, filing date March 13, 2002)		recognition."	charge-off lives. We believe our charge-off policies are appropriate and result in proper loss	consider our charge-off policies to ensure appropriate reserves exist for products with longer	changes to any of our policies during any of the periods reported. Our loss reserve estimates	serve Our policies have been consistently applied and there have been no significant	"We believe our policies are removed to the specific needs of the systems are removed to	71	2001 charge-off and delinquency performance has been well within our expectations."	(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)	in maximizing customer consections.	relationships, such as reaging delinquent accounts to current in specific situations, are helpful	and early contact with definquent customers, as well as policies designed to manage customer	with numerous marketing, credit and risk management tests. We also believe that our frequent	collection efforts for each loan. We have a process which we believe gives us a reasonable	"Our credit and portfolio management procedures focus on risk-based pricing and effective	(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)	Household reported Net Income of \$1,923.5 million in 2001, and EPS of \$4.13			
701 Report	4.53%	9.04	5.99	5.67	2.92	2.63%	Contractual				2001	ICS - OWI		Y01 Report	:	ry by produ	re is eviden	rtain limits,	YUI Report			r charge-of	to casure a	uring any of	pousive io i	YOU Kepon	40.5	ency perform	Y01 Repor	JOHS.	elinquent ac	nt customen	it and risk m	We have a	gement proc	Y01 Repor	e of \$1,923	Challe	2	
on Form 10	4.26%	7.99	5.60	4.90	2.46	2.58%	Delinquenc			100	2000	nics NED BASIS		on Form 10		ct and are de	ce that the n	if a predeter	on Form 10	1		policies are	ppropriate re	the periods	thy applied a	on Form 10	7	nance has b	on Form 16		counts to cu	s, as well as	lanagement	process whi	edures focu	ton Form l	5 million in	Challenged Statement	•	
≯, £lling da	4.82%	9.06	6.09	3.59	2.02	3.10%	y Ratios			;	1000	<del></del>		-K, filing da	(	signed to m	eason for the	mined auand	K, filing d			appropriate	SCIVES exist	reported. C	and there has	-1, ming o	V 65	on well wit	) K, filing d		ment in spec	policies des	tests. We al	ich we belie	on risk-bas	۰K, filing d	2001, and E	ient		
te March 13		8.24	6.03	5.09	2.90	3.95%				- ;	2002			ite March I		anage custo	delinqueno	per of conso	atc March I			and result i	for product	ur loss rese	ve been no s	BCC March 1		hin our expo	ac March I		ific situatio	igned to ma	so believe t	ve gives us a	ed pricing a	ate March 1	PS of \$4.13			
, 2002)		4	-	-	1.48	3.66%		-			1087			3, 2002)		mer relation	y has been	cutive pay-	5, 2002)			n proper los	s with longe	rve estimate	ienificant	2, 2002)	1000	ctations."	3, 2002)		ns, are helpfi	nage custom	nat our frequ	reasonable	nd effective	3, 2002)				
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(Household International Einstein Palations Conference April 2000)	If an account is ever 90+, lifetime limit of 4 restructures allowed"	"Credit Policies - Personal Non-Credit Card Restructures	(Household International Financial Relations Conference, April 9, 2002)	<ul> <li>Ivol incurred to order circuit loss recognition of to oversite net income</li> <li>Policies have been consistently applied and are appropriate for each product</li> </ul>	Not intended to defer could have recomition on to promote the second	- Reage policies are an inherent part of value proposition for our customers for which they pay	Overview	"Reage Policies	(Household International Financial Relations Conference, April 9, 2002)	in some cases, charge-off policy is longer than bank policy to optimize customer management"	Overview	"Credit Policies	(Household International Financial Relations Conference, April 9, 2002)	[clian on this of 600000]	Manageable, Modest Increases"	"Credit Quality Trend	(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)		agents of the company are expected and uncome to manage the obtaines of the company man complete honesty, candor and integrity."	agents of the company are expected and directed to manage the husiness of the company with	provides that the company win tony company with laws, intestant and arguments of every continue-	general. This responsibility is included in the statement of policy on current standards which	manner which is responsive to the interest of employees, shareholders, investors and society in	"Management has long recognized its responsibility for conducting the company's affairs in a	(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)	Total consumer 4.46% 4.20% 4.66% 4.90% 4.64%	-credit card 8.87	5.48 5.48 5.97 6.20	fisa 4.10 3.49 2.78 3.75	3.16 2.55 2.43 2.29	Real estate secured 2.68% 2.63% 3.27% 3.67% 3.69%	Managed Two-Month-and-Over Contractual Delinquency Ratios	otherwise indicated.	in millions.	All dollar amounts are stated 2001 2000 1999 1998 1997	CREDIT QUALITY STATISTICS - MANAGED BASIS	11	Challenged Statement		
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	requisence reported net moome or 5311 multion, and the or 3110.  (Household International, Inc. 1 Q02 Report on Form 10-Q, filing date May 10, 2002)	(Chicago Tribune, May 3, 2002)	(I he Bettingstom Heratid, April 122, 2002) "Household quickly denied that it misheads customers In response to the latest suit, Household denied that it misheads outsomers. 'A sorm continues to hanch baseless accusations and lawavits rather than work to enact read solutions to help eliminate predatory lending from the marketplace,' the lender's statement said."	"It is absolutely against our policy to in any way quote a rate that is different than what the true rate is," Hayden said. 'I can't underscore that enough.""	The owned busined interleavable to 4.53 percent a percent compared to 4.53 percent at Docember 31 <sup>st</sup> and 4.56 percent a year ago. The annualized owned basis charge-off ratio for the first quarter was 3.61 percent compared to 3.43 percent in the previous quarter and 3.12 percent a year ago."  (Household International Inc. Name Release April 17, 2003)	"Circhit Quality and Loss Reserves At March 31", the managed basis delinquency ratio (60+days) was 4.63 percent, up 17 basis points from 4.46 percent at year-end 2001 and up 38 basis points from 4.25 percent a year ago. The annualized managed basis net charge off ratio for the first quarter of 4.09 percent in- creased 19 basis points from 3.90 percent in the fourth quarter of 2001."  (Household International Inc. News Release April 17, 2002)	"Our credit quality performance was well within our expectations in light of the continued weathness in the economy, Aldinger continued. 'We anticipate a very manageable credit environment for the remainder of the year.'"  (Household International, Inc. News Release, April 17, 2002)	"Household harned in a very strong first quarter,' said William F. Aldinger, Household's chairman and chief executive officer, ' In addition to delivering record results this quarter, we strongly added to our capital and reserve levels and further enhanced liquidity. We remain committed to maintaining a strong balance sheet and maximum financial flexibility."  (Household Integrational, Inc. News Release, April 17, 2007).	(Household International Financial Relations Conference, April 9, 2002)  "Household International today reported first quarter earnings per share of \$1.09, its fifteenth consensitive second quarter. First quarter earnings per share rose 20 percent from \$.91 the prior year. Net income in the first quarter increased 18 percent, to a record \$511 million."  Household International. Inc. News Release, April 17, 2002)	Defendants issued false or misteading information regarding Household's reaged portfolio in a number of charts included in Exhibit	Challenged Statement	
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an appropriate resolution for the borrower."

## (American Banker, May 31, 2022)

## "Some environers' in Bellingham 'may indeed have been justified in their confusion about the organization of their loan,' she said. Ms. Hayden said Household 'took full and prompt responsibility.'

## (American Banker, May 31, 2002)

## (American Banker, May 31, 2002)

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## (American Banker, May 31, 2002) (The Record (Bergen County, NJ), May 10, 2002)

"All of our leading policies are in accord with federal and state regulations and requirements,"

"All of our leading policies are in accord with federal and state regulations and requirements,"

(Associated Press Online, May 14, 2002)

"It is our regulations" and the attempty general's job to investigate any complaints brought forth by consumers in their state, and we don't find anything unique or suprising that they are doing their job, [Hayden] said. "As part of that they, of course, bring forth those issues to us and we take proper steps to work with the department to uncover the facts and if necessary formulate an appropriate resolution for the borrower." 05/06/09 Page 33 of 74 PageID #:44521 benefits test. "Our position is that the accusations are baseless," Hayden said. "The loans are legal, they are compiliant with state and federal laws and our own policites, and in each instance they have benefits for each customer.' . . . Hayden says the loan conforms to the company's 'tangible (Household International, Inc. 1Q02 Report on Form 10-Q, filing date May 10, 2002) Real estate secured
Auto finance
MasterCard/Visa
Private label Personal non-credit card
Total Owned CREDIT QUALITY

Delinquency - Owned Basis

Two-Months-and-Over Contractual Delinquency (as a percent of consumer receiv-March 31, 2002 2.88% 2.04 6.54 6.33 9.60 4.77% Challenged Statement December 31, 2.63% 2.92 5.67 5.99 9.04 4.53% 2.55% 1.74 5.02 5.62 8.79 4.36% March, 31 2001 False or Mistrading: Material? Person(s) Making Statement?
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	(Household International, Inc. 2002 Report on Form 10-0 filing date America 14, 2002)	reviews we over received and unce is evidence that the reason for the delinquency has been cured. Such reaging policies vary by product and are designed to manage customer relationships and ensure maximum collections."	of an account to current, subject to certain limits, if a predetermined number of consecutive navments has been received and there is needed to be predetermined number of consecutive	(Household International, Inc. 2002 Report on Form 10-Q, filing date August 14, 2002)	4.61% 4.77%	credit card 9.12 9.60	6.19 6.33	Visa 6.13 6.54	2.99 2.04	2.78% 2.88% 2.59	March 31, 2002		abire)	Deminately - Owner basis	Delinouency - Owned Baris	ריין אוואריין איין איין איין איין איין איין איין	(Howsehold International, Inc. 2002 Report on Form 10-Q, filing date August 14, 2002)		Household reported net income of \$507.4 million and EPS of \$1.08.	(Household International, Inc. News Release, August 14, 2002)	more more than the extreme constitution to success together and column texts.	nesses. Our loan underwriting approach continues to be conservative in these times of eco-	year-to-date have been fueled by strong demand for our loan products throughout our busi-	"Commenting on the company's recent results, Aldinger said, 'Household's results for the	(Household International, Inc. News Release, July 17, 2002)	- J **Bu	the second quarter was 3.76 percent compared to 3.61 percent in the previous quarter and 3.26 a vest sen."	March 31" and 4.48 percent a year ago. The annualized owned basis net charge-off ratio for	"The owned basis delinquency ratio at June 30th was 4.61 percent, compared to 4.77 percent at	(Household International Inc. News Release Info 17 7002)	higher than the first quarter and 55 basis points higher than a year ago."	managed basis net charge-off ratio for the second quarter of 4.25 percent was 17 basis points	portfolio. The managed basis delinquency ratio was 4.27 percent a year ago. The annualized	At June 30", the managed basis delinquency ratio (60+days) was 4.53 percent down 10 basis onints from 4.63 necrets at the end of March led by improvement in the Machine and Olivon	"Circlit Quality and Loss Reserves	(Household International, Inc. News Release, July 17, 2002)	was strong, while we have maintained our conservative underwriting criteria.""	William F. Aldinger, Household's chairman and chief executive officer. 'Growth this quarter	"Our results this guarder were findled by anguing attong demand for our long and unit." and	Challenged Statement	
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Charles I A. Company of the Company	tlement talks."	"A Household spokeswoman said she is not aware of any pending enforcement actions or set-	(Origination News, September 2002)	•	Megan Hayden said."	"We clearly follow all state and federal laws and regulations," Household spokeswoman	!	Custoffed Statement	Of Heart Statement	_		
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INFLATION TABLE

# Use this table with Part B of the Verdict Form.

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"Aldinger continued, 'Business fundamentals are strong and reflect the positive trends we have seen since late last year. Our net interest margin per centage expanded substantially, credit quality improved and costs remained well under control. Receivable growth was strong in the consumer finance business."	"William F. Aldinger, Household's chairman and chief executive officer, said, 'Our results, a second quarter record, highlight the growth and improved profitability of our consumer finance businesses."  (Household International, Inc. News Release, July 22, 1999)		"Household International today reported that second quarter net income rose 31 percent to a record \$326.9 million, compared with operating net income of \$249.4 million a year ago. Earnings per share increased 37 percent to a record \$.67, compared with operating EPS of \$.49 a year ago. Cash hasis EPS for the quarter rose 28 percent to \$.74"  (Household International, Inc. News Release, July 22, 1999)	Challenged Statement	COLUMN I
		[example / to be completed when disclosures have been identified]		Disclosure	COLUMN2
7/22/1999	7/22/1999	[date]	7/22/1999	Date	COLUMN 3
<b>∽</b>	8	59	ω	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
<del>60</del>	<b>⇔</b>	2		New inflation created by the false or misleading statement or omission	COLUMN 5
		<b>\$</b>		Reduction in inflation due to disclosure	COLUMN 3 COLUMN 4 COLUMN 5 COLUMN 6

The numbers in this column correspond to the numbers assigned to the Challenged Statements on the Verdict Table.

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"Owned consumer two-months-and-over contractual delinquency as a percent of owned consumer receivables was 4.96 percent, compared with 5.04 percent at March 31, 1999 and 4.89 percent at June 30, 1998. The annualized total consumer owned chargeoff ratio in the second quarter of 1999 was 3.54 percent, compared with 3.92 percent in the prior quarter and 3.69 percent in the year-ago quarter. Managed consumer two-months-and-over contractual delinquency ("delinquency") as a percent of managed consumer receivables was 4.72 percent, compared with 4.81 percent at March 31, 1999 and 4.65 percent at June 30, 1998. The annualized total consumer managed chargeoff ratio in the second quarter of 1999 was 4.10 percent, compared with 4.37 percent in the prior quarter and 4.26 percent in the year-ago quarter."  (Household International, Inc. 2Q99 Report on Form 10-Q, filing date Aurust 16, 1999)	Household reported net income of \$326.9 million for the quarter ended June 30, 1999 and EPS of \$0.67.  (Household International, Inc. 2Q99 Report on Form 10-Q, filing date August 16, 1999)	"Credit quality continued to improve. The managed delinquency ratio (60+days) declined for the third consecutive quarter to 4.72 percent at June 30, compared with 4.81 percent at March 31 and 4.65 percent a year ago. The annualized managed net chargeoff ratio for the second quarter improved to 4.10 percent, lower than 4.37 percent in the first quarter and 4.26 percent in the year-ago quarter."		Challenged Statement	COLUMN I
		•	[example / to be completed when disclosures have been identified]	Disclosure	COLUMN 2
8/16/1999	8/16/1999	7/22/1999	[date]	Date	COLUMN 3
69	4	<b>9</b>	69	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
↔	€9	59		New inflation created by the false or misleading statement or omission	COLUMN 5
			₩	Reduction in inflation due to disclosure	COLUMN

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(Household International, Inc. News Release, October 19, 1999)	"William F. Aldinger, Household's chairman and chief executive officer, said, 'Our quarter reflects excellent performance in all of our businesses, with the key drivers being accelerating internal receivable and revenue growth."	(Household International, Inc. News Release, October 19, 1999)	26 percent to a record \$399.9 million, compared with \$318.0 million a year ago. Barnings per share increased 32 percent to a record \$.83, from \$.63 a year ago."	Household International	(Household International, Inc. 2Q99 Report on Form 10-Q, filing date August 16, 1999)	Total	Other unsecured	Private label	MasterCard/Visa	Auto finance	Home equity	First mortgage		consumer receivables):	Two-Months-and-Over Contractual Managed Delinquency (as a percent of managed	Delinquercy -		
Inc. News F	usehold's ch excellent pe gaccelerating	Inc. News I	199.9 million, 199.9 million, 199.8 mcreased 32	today repor	, Inc. 2Q99 I	4.72%	8.17	6.62	3.11	1.87	3.29	12.72%	6/30/99		ractual Manag		Challenged Statement	COI
Release, O	hairman ar erformanc g internal	Release, C	compare percent to	ted that th	Report on	4.81%	7.84	6.37	3.61	1.74	3.54	10.91%	3/31/99		ed Delinque		ed Statem	COLUMN 1
ctober 19	nd chief e e in all of receivable	ctober 19	d with \$31	A Property of	Form 10-	4.90%	7.94	6.20	3.75	2.29	3.67	Н	12/31/98		ncy (as a po		ent .	
, 1999)	xecutive o our busin e and reve	, 1999)	1. Itel moon 18.0 million 18.0		Q, filing o	4.96%	8.03	Н		2.05	3.73	_	9/30/98 6		ercent of ma			
	officer, esses, nue		on a year on \$.63 a	1000	late Au-	4.65%	7.82	6.10	3.30	1.67	3.55	1.07%	6/30/98		naged		:	
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	10/19/1999		10/19/1999						0/10/1777	8/16/1000							Date	COLUMN 3
<u> </u>	<b>₩</b>		69						÷	•							share of Household stock on the date of statement or disclo- sure	
	↔		<del>69</del>						64	•							inflation created by the false or misleading statement or omission	Price per New York
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"Managed consumer two-months-and-over contractual delinquency as a percent of managed consumer receivables was 4.89 percent at September 30, 1999, compared with 4.72 percent at June 30, 1999 and 4.96 percent at September 30, 1998. The annualized total consumer managed chargeoff ratio was 4.09 percent in the third quarter of 1999, compared with 4.10 percent in the prior quarter and 4.33 percent in the year-ago quarter."  (Household International, Inc. 3Q99 Report on Form 10-Q, filing date November 12, 1999)	"Owned consumer two-months-and-over contractual delinquency as a percent of owned consumer receivables was 5.24 percent at September 30, 1999, compared with 4.96 percent at June 30, 1999 and 5.23 percent at September 30, 1998. The annualized total consumer owned chargeoff ratio was 3.63 percent in the third quarter of 1999, compared with 3.54 percent in the prior quarter and 3.79 percent in the year-ago quarter."  (Household International, Inc. 3Q99 Report on Form 10-Q, filing date November 12, 1999)	Household reported net income of \$399.9 million for the quarter ended September 30, 1999 and EPS of \$0.84.  (Household International, Inc. 3Q99 Report on Form 10-Q, filing date November 12, 1999)	"Credit Quality and Loss Reserves Credit quality remained stable in the quarter and improved from a year ago. The annualized managed net chargeoff ratio for the third quarter was 4.09 percent, compared with 4.10 percent in the second quarter and 4.33 percent in the year-ago quarter. The managed delinquency ratio (60+ days) was 4.89 percent at September 30, compared with 4.72 percent at June 30 and 4.96 percent a year ago."  (Household International, Inc. News Rèlease, October 19, 1999)	Challenged Statement	COLUMINI
				Disclosure	COLUMN 2
11/12/1999	11/12/1999	11/12/1999	10/19/1999	Date	COLUMN 3
<del>( )</del>	₩	· 6	69	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
₩	S.	S	59	New inflation created by the false or misleading statement or omission	COLUMN 5
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(Household International,	"Household International tode share increased 30 percent to quarter net income rose 25 percent with \$349.9 million a year agreamings per share of \$3.07, wings per share. Net income to year's operating net income."	(Household International vember 12, 1999)	"Credit quality remained year ago. The modest in aged consumer receivable of our Beneficial home e	(Household International vember 12, 1999)	Total	Other unsecured	Private label	MasterCard/Visa	Auto Grance	First mortgage		aged consumer receivables):	Two-Months-and-Over Con						•	
(Household International, Inc. News Release, January 19, 2000)	"Household International today reported that fourth quarter earnings per share increased 30 percent to a record \$.92, from \$.71 a year ago. Fourth quarter net income rose 25 percent to a record \$438.8 million, compared with \$349.9 million a year ago. For the full year, Household reported record earnings per share of \$3.07, which was 33 percent over 1998 operating earnings per share. Net income totaled \$1.5 billion, or 29 percent above the prior year's operating net income."	(Household International, Inc. 3Q99 Report on Form 10-Q, filing date November 12, 1999)	"Credit quality remained relatively stable in the quarter and improved from a year ago. The modest increase in managed delinquency as a percent of managed consumer receivables from the prior quarter was due to the seasoning of our Beneficial home equity and other unsecured products."	(Household International, Inc. 3Q99 Report on Form 10-Q, filing date November 12, 1999)	4.89%   4.72%   4.81%	8.17	6.62	3.10 3.11 3.61	2.29	6 12.72% 1	9/30/99		Two-Months-and-Over Contractual Managed Delinquency (as a percent of man-			,	Challenged Statement			COLUMN
y 19, 2000)	quarter earnings per 1 a year ago. Fourth 8 million, compared suschold reported record wer 1998 operating earn- 9 percent above the prior	10-Q, filing date No-	rter and improved from a ency as a percent of man- as due to the seasoning oroducts."	n 10-Q, filing date No-	4.90%	$\dashv$	620 655	3.75 3.73	3.0/	14.90% 1	6/30/99 3/31/99 12/31/98 9/30/98	, i	as a percent of man-					f		
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	1/19/2000		11/12/1999					11/12/1999	•				····				Date			COLUMN 3
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Household reported net income of \$1,486.4 million and EPS of \$3.10.  (Household International, Inc. FY99 Report on Form 10-K, filing date March 28, 2000)	"Credit Quality and Loss Reserves Credit quality improved from both the third quarter and a year ago. The annualized managed net chargeoff ratio for the fourth quarter fell 13 basis points to 3.96 percent, the lowest level since 1997. The chargeoff ratio was 4.09 percent in the third quarter and 4.39 percent in the year-ago quarter. The managed delinquency ratio (60+days) improved 23 basis points to 4.66 percent at December 31, compared with 4.89 percent at September 30 and 4.90 percent a year ago."  (Household International, Inc. News Release, January 19, 2000)	"Commenting on the full year results, Aldinger continued, 'Our record earnings reflect an outstanding year in our consumer finance business, a dramatic turnaround in our MasterCard/Visa business, and strong results in all of our other businesses. We are particularly pleased with excellent receivable growth in 1999, particularly in our braiches, while fully realizing all of the acquisition synergies of the Beneficial merger."  (Household International, Inc. News Release, January 19, 2000)	"William F. Aldinger, Household's chairman and chief executive officer, said, 'We are very pleased to report another record quarter, the culmination of an absolutely outstanding year for Household. Growth and profitability in the quarter were excellent and exceeded our expectations. Revenues were particularly strong."  (Household International, Inc. News Release, January 19, 2000)	Challenged Statement	COLUMN 1
				Disclosure	COLUMN 2
3/28/2000	1/19/2000	1/19/2000	1/19/2000	Date	COLUMN 3
₩	\$	<del>69</del>	ø	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
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				Reduction in inflation due to disclosure	COLUMN 6

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Total consumer	Other unsecured	Filvate landi	Master-ard visa	Auto mance/I/	Home equity	quency Kanos	Over Contractual Delin-	Managed Two-Month-and-	The same of the sa	(Household International, Inc. FY99 Report on Form 10-K, filing date March 28, 2000)	aging net credit losses."	quanty or new accounts. This process is eased on our experience with in- merous marketing, credit and risk management tests. We also believe that our frequent and early contact with delignment customers is helpful in man-	ess which we believe gives us a reasonable basis for predicting the asset	based pricing and effective collection efforts for each loan. We have a proc-	basis. We apply the same credit and portfolio management procedures to	We track delinquency and chargeoff levels on an owned and a managed	loans, the success of our collection efforts and general economic conditions	"Delinquency and Chargeoffs. Our delinquency and net chargeoff ratios re- flect among other factors, the quality of receivables, the average age of our						
4.66%	.	0.97	507	2.43	3.27%			1999		(nc. FY99		nd risk m	us a reas	iance sne collectio	credit and	and charg	ollection o	offs. Our the qualit			Challenged Statement	) :		
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3.36%	0.02	100	101	100	2.76%			1995		ing date	1	believe that	g the asset	e have a proc-	ocedures to	and a managed	nic conditions.	geoff ratios re- age age of our						
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(Household International, Inc. News Release, April 19, 2000)	"William F. Aldinger, Household's chairman and chief executive officer, said, 'This was the strongest first quarter in our company's history, with all of our businesses performing well. Revenue and receivable growth were strong, and credit quality continued to improve."	(Household International, Inc. News Release, April 19, 2000)	"Household International today reported that earnings per share rose 20 percent to a first quarter record of \$.78, from \$.65 a year ago. Net income increased to \$372.9 million, up 16 percent from \$320.8 million in the first quarter of 1999."	(Household International, Inc. FY99 Report on Form 10-K, filing date March 28, 2000)	Total	Commercial	oan products	red			/1/	Home equity	ables for the Year	Ratio of Net Chargeoffs to Average Managed Receiv-				
c. News	chold's chrst quag well. I	c News	day repo of \$.78, p 16 per	к. FY99	4.09%	93	4.13	6.52	5.65	6.66	4.96	.58%		9999		Challeng	·	CO
Release	chairma arter in a arter in a Revenue to impro	Release	from \$ cent from	Report	4 /4%		4.29	6.97	5.65	5.95	5.39	.63%		1998		Challenged Statement		COLUMN 1
, April I	n and ch our comp and rec	, April	t earning 65 a yea n \$320.1	од Ғогп	3.60%	1.66	3.84	5.48	4.62	5.55	4.60	.64%		1997		ement		1
19, 2000	ief execu pany's hi civable g	19, 2000	gs per sharago. N 8 million	1 10-K, f	1.91%	92	2.96	4.29	3.42	4.54	-	.60%		1996				
	nive offi istory, w growth w	)	are rose; fet incom in the fi	ĭling dat	1.49%	2.10	2.51	3.60	3.75	4.12	ŀ	.64%		1995				
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	29		28	27		26	Z	
(Household International, Inc. 1000 Report on Form 10-Q, filing date May 10, 2000)	"Managed consumer two-months and over contractual delinquency as a percent of managed consumer receivables was 4.43 percent at March 31, 2000, compared with 4.66 percent at December 31, 1999 and 4.81 percent at March 31, 1999. The annualized total consumer managed chargeoff ratio was 4.00 percent in the annualized total consumer managed chargeoff ratio was 4.00 percent in the annual and a 1.77 report in the annual annu	March 31, 1999. The annualized consumer owned chargeoff ratio was 3.53 percent in the first quarter of 2000, compared with 3.62 percent in the prior quarter and 3.92 percent in the year-ago quarter."  (Household International, Inc. 1Q00 Report on Form 10-Q, filing date May 10, 2000)	10, 2000)  "Owned consumer two-months-and-over contractual delinquency as a percent of owned consumer receivables was 4.58 percent at March 31, 2000, compared with 4.81 percent at December 31, 1999 and 5.04 percent at	Household reported net income of \$372.9 million for the quarter ended March 30, 2000 and EPS of \$0.79 per share.  (Household International, Inc. 1Q00 Report on Form 10-Q, filing date May	cent, from 4,00 percent at December 31 and 4,01 percent at year ago. Dollars of delinquency were flat with year-end 1999. The numblized managed net chargeoff ratio for the first quarter was 4,00 percent compared to 3,96 percent in the prior quarter and improved 37 basis points from the year-ago quarter."  (Household International, Inc. News Release, April 19, 2000)	"Credit Quality and Loss Reserves At March 31, the managed delinquency ratio (60+days) declined to 4.43 per-	Challenged Statement	COMBINA
							Disclosure	
	5/10/2000	5/10/2000		5/10/2000	4/19/2000		Date	
	<b>4</b>	<del>(ya</del>		<b>6</b> 43		Sure	Household stock on the date of statement	
	ts.	<i>.</i>		55	<del>69</del>	or omission	inflation created by the false or misleading statement	New
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"Household International today reported that earnings per share rose to a second quarter record \$.80, up 19 percent from \$.67 a year ago. Net income increased 17 percent to \$383.9 million, from \$326.9 million in the second quarter of 1999."  (Household International, Inc. News Release, July 19, 2000)	Total         4.43%         4.66%         4.89%         4.72%         4.81%           Owned         4.58%         4.81%         5.24%         4.96%         5.04%           (Household International, Inc. 1Q00 Report on Form 10-Q, filing date May 10, 2000)         10, 2000)         10, 2000	Managed: Real estate secured Auto finance MasterCard/Visa Private label Other unsecured	Delinquency Two-Months-and-Over Contractual Delinquency (as a percent of consumer receivables):	"CREDIT QUALITY We track delinquency and chargeoff levels on a managed basis and we apply the same credit and portfolio management procedures as on our owned port- folio." (Household International, Inc. 1Q00 Report on Form 10-Q, filing date May 10, 2000)		
I today reporte 80, up 19 perce 383.9 million, Inc. News R.	4.43% 4.58%	2.99% 1.52 3.06 3.94 8.56	tractual Delingue	nd chargeoff le folio managen f, Inc. 1 Q00 R	Challenged Statement	COL
d that ear ent from \$32 from \$32	4.66% 4.81% eport on F	3.27% 3.27% 2.43 2.78 5.97 8.81	ency (as a p	vels on a sent proce	d Stateme	COLUMN 1
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share rosur ago. Ne on in the s	4.72% 4.96% 2, filing da	3.29% 1.87 3.11 3.11 6.62 8.17	onsumer reco	basis and on our ow Q, filing d		
e to a t income econd	4.81% 5.04% ate May	3.54% 1.74 3.61 6.37 7.84	ejv	we apply ned port- ate May	:	
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7/19/2000		5/10/2000		5/10/2000	Date	COLUMN 3
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		COLUMN I	COLUMN 2	COLUMN 3	COLUMN 4
"Our superb second quarter results were highlighted by outstanding receivables and revenue growth and a significant improvement in credit quality," said William F. Aldinger, Household; chairman and chief executive officer."  (Household International, Inc. News Release, July 19, 2000)  "The company's managed receivables portfolio grew 22 percent from a year ago, reaching almost \$80 billion. The company added \$4.5 billion of receivables in the quarter, an increase of 6 percent. Revenues rose 20 percent compared to the year-ago quarter."  (Household International, Inc. News Release, July 19, 2000)  "Aldinger continued, 'Our record performance reflects strong sales and marketing results in all of our businesses applied with our continued focus on risk management and operational efficiency."  (Household International, Inc. News Release, July 19, 2000)  "Credit Quality and Loss Reserves  (Household International, Inc. News Release, July 19, 2000)  "Credit Quality and Loss Reserves  (Household International, Inc. News Release, July 19, 2000)  "Credit Quality improved dramatically during the quarter, as dollars of chargeoff raid delinquency ratio (60-days) improved for the third consecutive quarter, to 4.16 percent. This represented a 27 basis-point improvement from a year ago.  The annualized managed and chargeoff ratio for the second quarter fell 26 basis points sequentially, to 3.74 percent. The chargeoff ratio was 4.10 percent a year ago."		Challenged Statement	Disclosure	Date	Price per share of Household stock on the date of
"Our superb second quarter results were highlighted by outstanding roccivables and revenue growth and a significant improvement in credit quality, said William F. Aldinger, Household; chairman and chief executive officer."  (Household International, Inc. News Release, July 19, 2000)  "The company's managed receivables portfolio grew 22 percent from a year ago, reaching almost \$80 billion. The company added \$4.5 billion of receivables in the quarter, an increase of 6 percent. Revenues rose 20 percent compared to the year-ago quarter."  (Household International, Inc. News Release, July 19, 2000)  "Aldinger continued, 'Our record performance reflects strong sales and marketing results in all of our businesses doupled with our continued focus on risk management and operational efficiency."  (Household International, Inc. News Release, July 19, 2000)  "Credit Quality and Loss Reserves Credit quality improved dramatically during the quarter, as dollars of chargooff and delinquency tatio (604-days) improved for the third consecutive quarter, to 4.16 percent. This represented a 27 basis-point improvement from the first quarter and a 5 fo basis-point improvement from a year ago.  The annualized managed neet chargeoff ratio for the second quarter fell 26 basis points sequentially, to 3.74 percent. The chargeoff ratio was 4.10 percent a year ago."  7/19/2000 \$	No.1	Challenged Statement	Disclosure	Date	date of statement or disclosure
(Household International, Inc. News Release, July 19, 2000)  "The company's managed receivables portfolio grew 22 percent from a year ago, reaching almost \$80 billion. The company added \$4.5 billion of receivables in the quarter, an increase of 6 percent. Revenues rose 20 percent compared to the year-ago quarter."  [Household International, Inc. News Release, July 19, 2000)  "Addinger continued, 'Our record performance reflects strong sales and marketing results in all of our businesses coupled with our continued focus on risk management and operational efficiency."  [Household International, Inc. News Release, July 19, 2000)  "Credit Quality and Loss Reserves  Credit quality improved dramatically during the quarter, as dollars of chargeoff and delinquency declined from first quarter levels. At June 30, the managed delinquency ratio (60+days) improved for the third consecutive quarter, to 4.16 percent. This represented a 77 basis-point improvement from a year ago.  The annualized managed net chargeoff ratio for the second quarter fell 26 basis points sequentially, to 3.74 percent. The chargeoff ratio was 4.10 percent a year ago."		"Our superb second quarter results were highlighted by outstanding receivables and revenue growth and a significant improvement in credit quality," said William F. Aldinger, Household's chairman and chief executive officer."		7/19/2000	
"The company's managed receivables portfolio grew 22 percent from a year ago, reaching almost \$80 billion. The company added \$4.5 billion of receivables in the quarter, an increase of 6 percent. Revenues rose 20 percent compared to the year-ago quarter."  (Household International, Inc. News Release, July 19, 2000)  "Aldinger continued, 'Our record performance reflects strong sales and marketing results in all of our businesses coupled with our continued focus on risk management and operational efficiency.""  (Household International, Inc. News Release, July 19, 2000)  "Credit Quality and Loss Reserves Credit quality improved dramatically during the quarter, as dollars of chargeoff and delinquency ratio (60+days) improved for the third consecutive quarter, to 4.16 percent. This represented a 27 basis-point improvement from the first quarter and a 56 basis-point improvement from a year ago.  The annualized managed net chargeoff ratio for the second quarter fell 26 basis points sequentially, to 3.74 percent. The chargeoff ratio was 4.10 percent a year ago."  7/19/2000	_	(Household International, Inc. News Release, July 19, 2000)			
(Household International, Inc. News Release, July 19, 2000)  "Aldringer continued, 'Our record performance reflects strong sales and marketing results in all of our businesses coupled with our continued focus on risk management and operational efficiency."  (Household International, Inc. News Release, July 19, 2000)  "Credit Quality and Loss Reserves  Credit quality improved dramatically during the quarter, as dollars of chargeoff and delinquency declined from first quarter levels. At June 30, the managed delinquency ratio (60+days) improved for the third consecutive quarter, to 4.16 percent. This represented a 27 basis-point improvement from the first quarter and a 56 basis-point improvement from a year ago.  The annualized managed net chargeoff ratio for the second quarter fell 26 basis points sequentially, to 3.74 percent. The chargeoff ratio was 4.10 percent a year ago."	<del></del>	"The company's managed receivables portfolio grew 22 percent from a year ago, reaching almost \$80 billion. The company added \$4.5 billion of receivables in the quarter, an increase of 6 percent. Revenues rose 20 percent compared to the year-ago quarter."		7/19/2000	<del>64</del>
(Household International, Inc. News Release, July 19, 2000)  "Credit Quality and Loss Reserves Credit quality improved dramatically during the quarter, as dollars of chargeoff and delinquency declined from first quarter levels. At June 30, the managed delinquency ratio (60+days) improved for the third consecutive quarter, to 4.16 percent. This represented a 27 basis-point improvement from the first quarter and a 56 basis-point improvement from a year ago.  The annualized managed net chargeoff ratio for the second quarter fell 26 basis points sequentially, to 3.74 percent. The chargeoff ratio was 4.10 percent a year ago."		"Addinger continued, 'Our record performance reflects strong sales and marketing results in all of our businesses coupled with our continued focus on risk management and operational efficiency."		7/19/2000	<b>↔</b>
Credit quality improved dramatically during the quarter, as dollars of chargeoff and delinquency declined from first quarter levels. At June 30, the managed delinquency ratio (60+days) improved for the third consecutive quarter, to 4.16 percent. This represented a 27 basis-point improvement from the first quarter and a 56 basis-point improvement from a year ago.  The annualized managed net chargeoff ratio for the second quarter fell 26 basis points sequentially, to 3.74 percent. The chargeoff ratio was 4.10 percent a year ago."	_	(Household International, Inc. News Release, July 19, 2000)			
7/19/2000		"Credit Quality and Loss Reserves Credit quality improved dramatically during the quarter, as dollars of chargeoff and delinquency declined from first quarter levels. At June 30, the managed delinquency ratio (60+days) improved for the third consecutive			
	0 5 1 5 9	quarter, to 4.16 percent. This represented a 27 basis-point improvement from the first quarter and a 56 basis-point improvement from a year ago. The annualized managed net chargeoff ratio for the second quarter fell 26 basis points sequentially, to 3.74 percent. The chargeoff ratio was 4.10 percent a year ago."		7/19/2000	<del>69</del>

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8			3/	No.	
"CREDIT QUALITY We track delinquency and chargeoff levels on a managed basis and we apply the same credit and portfolio management procedures as on our owned portfolio."  (Household International, Inc. 2000 Report on Form 10-Q, filing date August 11, 2000)	"Managed consumer two-months-and-over contractual delinquency as a percent of managed consumer receivables was 4.16 percent, compared with 4.43 percent at March 31, 2000 and 4.72 percent at June 30, 1999. The annualized total consumer managed chargeoff ratio in the second quarter of 2000 was 3.74 percent, compared with 4.00 percent in the prior quarter and 4.10 percent in the year-ago quarter."  (Household International, Inc. 2Q00 Report on Form 10-Q, filing date August 11, 2000)	"Owned consumer two-months-and-over contractual delinquency as a percent of owned consumer receivables was 4.25 percent, compared with 4.58 percent at March 31, 2000 and 4.96 percent at June 30, 1999. The annualized total consumer owned chargeoff ratio in the second quarter of 2000 was 3.27 percent, compared with 3.53 percent in the prior quarter and 3.54 percent in the year-ago quarter."  (Household International, Inc. 2Q00 Report on Form 10-Q, filing date August 11, 2000)	Household reported net income of \$383.9 million for the quarter ended June 30, 2000 and EPS of \$0.80.  (Household International, Inc. 2Q00 Report on Form 10-Q, filing date August 11, 2000)	Challenged Statement	COLUMN I
·				Disclosure	COLUMN 2
8/11/2000	8/11/2000	8/11/2000	8/11/2000	Date	COLUMN 3
↔	₩	69	€9 .	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
64	<del>(A</del>	69	€3	New inflation created by the false or misleading statement or omission	COLUMN 5
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COLUMN 1  Challenged Statement  Challenged Statement  Challenged Statement  Challenged Statement  Challenged Statement	COLUMN 1  Challenged Statement  Challenged Statement  Disclosure  and-Over Contractual Delinquency (as a percent of consumer receiv-	Disclosure	COLUMN 2 COLUMN 3  Disclosure Date
nt  Treat of consumer receiv-  11/99 9/30/99 6/30/99	99	Disclosure	COLUMN 2 COLUMN 3  Disclosure Date
	COLUMN 2  Disclosure		COLUMN 3  Date
	Price per share of Household stock on the date of statement or disclosure		

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47	46	45	4	No. 1	
Household reported net income of \$451.2 million for the quarter ended September 30, 2000 and EPS of \$0.95.  (Household International, Inc. 3Q00 Report on Form 10-Q, filing date November 14, 2000)	"Household International supports Citigroup's announcement today of its efforts to boost consumer protections at Associates First Capital. Their proposed changes are generally consistent with the stringent policies and procedures that have long been in place at Household International. Household's long-standing view has been that unefhical lending practices of any type are abhorrent to our company, employees, and most importantly our customers. So-called 'predatory lending' practices undermine the integrity of the industry in which we compete."  (Household International, Inc. News Release, November 7, 2000)	"HFC spokesman Craig Streem said that the loan was 'not a predatory loan by any definition Streem says HFC never pressures people to buy credit life insurance."  (St. Louis Dispatch, November 1, 2000)	"Credit Quality and Loss Reserves"  The annualized managed net chargeoff ratio for the third quarter improved for a second consecutive quarter, to 3.47 percent from 3.74 percent in the second quarter. Dollars of net chargeoff also fell for the second consecutive quarter. The third quarter chargeoff ratio dropped 62 basis points from the level of a year ago, with improvement across all products. At September 30, the managed delinquency ratio (60+days) was 4.21 percent, compared with 4.16 percent in the second quarter and significantly below the year-ago level of 4.89 percent."	Challenged Statement	COLUMN I
				Disclosure	COLUMN 2
11/14/2000	11/7/2000	11/1/2000	10/18/2000	Date	COLUMN 3
<b>↔</b>	<b>⇔</b>	69	<del>57</del>	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
<b>⇔</b>	<b>⇔</b>	₩	₩	New inflation created by the false or misleading statement or omission	COLUMN 5
				Reduction in inflation due to disclosure	COLUMN 6

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	50			49			48	8. <u>-</u>			
(Household International, Inc. 3Q00 Report on Form 10-Q, filing date November 14, 2000)	"CREDIT QUALITY  We track delinquency and chargeoff levels on a managed basis and we apply the same credit and portfolio management procedures as on our owned port- folio."	(Household International, Inc. 3Q00 Report on Form 10-Q, filing date November 14, 2000)	tember 30, 1999. The annualized consumer managed chargeoff ratio in the third quarter of 2000 was 3.47 percent, compared with 3.74 percent in the prior quarter and 4.00 necessal in the very accounter with 3.75 percent in the prior quarter and 4.00 necessal in the very accounter with 3.75 percent in the prior quarter with 3.75 percent with 3.75 pe	"Managed consumer two-months-and-over contractual delinquency as a percent of managed consumer receivables was 4.21 percent at September 30, 2000 compared with 4 is negregat at lune 30, 2000 and 4.80 percent at September 30, 2000 compared with 4 is negregat at lune 30, 2000 and 4.80 percent at September 30, 2000 compared with 4 is negregat at lune 30, 2000 and 4.80 percent at September 30, 2000 compared with 4 is negregat at lune 30, 2000 and 4.80 percent at September 30, 2000 compared with 4 is negregat at lune 30, 2000 and 4.80 percent at lune 30, 2000 compared with 4 is negregated at lune 30, 2000 and 4.80 percent at lune 30, 2000 compared with 4 is negregated at lune 30, 2000 and 4.80 percent at lune 30, 2000 compared with 4 is negregated at lune 30, 2000 and 4.80 percent at lune 30, 2000 compared with 4 is negregated at lune 30, 2000 and 4.80 percent at lune 30, 2000 compared with 4 is negregated at lune 30, 2000 and 4.80 percent at lune 30, 2000 compared with 4 is negregated at lune 30, 2000	(Household International, Inc. 3Q00 Report on Form 10-Q, filing date November 14, 2000)	tember 30, 1999. The annualized consumer owned chargeoff ratio in the third quarter of 2000 was 3.01 percent, compared with 3.27 percent in the prior quarter and 3.63 percent in the year-ago quarter."	"Owned consumer two-months-and-over contractual delinquency as a percent of owned consumer receivables was 4.29 percent at September 30, 2000, compared with 4.25 percent at June 30, 2000 and 5.24 percent at Sep-		Challenged Statement		COLUMN 1
									Disclosure		COLUMN 2
	11/14/2000	·	11/14/2000			11/14/2000			Date		COLUMN 3
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No. of	69		<del>64)</del>			↔		statement or omission	created by the false or	New inflation	COLUMN 5 COLUMN 6
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	53		52												-	_	51	5	<u> </u>				
(Household International, Inc. News Release, January 17, 2001)	"These strong fourth quarter results cap off a terrific year in which we delivered on all of our earnings and growth goals,' said William F. Aldinger, Household's chairman and chief executive officer. 'Growth and profitability in the quarter were excellent, while credit quality and our balance sheet remained strong."	(Household International, Inc. News Release, January 17, 2001)	"Household International today reported full year earnings per share of \$3.55, a 16 percent increase over \$3.07 a year ago and the highest earnings per share in the company's 122-year history. Net income totaled \$1.7 billion, or 14 percent above the prior year. Net managed revenues for the full year increased 18 percent to \$8.9 billion, compared to \$7.5 billion in 1999. Household's fourth quarter earnings per share rose 12 percent to a record \$1.03, from \$.92 a year ago. Fourth quarter net income rose 12 percent to an all-time high of \$492.7 million, compared with \$438.8 million a year ago."		(Household International, Inc. 3Q00 Report on Form 10-Q, filing date November 14, 2000)	Owned	Total Managed	Other unsecured	Private label	MasterCard/Visa	Auto finance	Managed:			ables):	Delinquency .			•	-			
ational, Inc. 1	arth quarter re ur earnings ar man and chie excellent, w	ational, Inc. 1	national today nt increase ov mpany's 122 mpany's 122 t above the pr percent to \$8 th quarter ean a year ago. Fi 192.7 million,		national, Inc.	4.29%	4.21%	7.72	5.67	3.48	2.19	7707		September	Over Contractua	; 				Ch			
lews Re	sults cap nd growth f execute hile cred	Vews Re	reporte er \$3.07 er \$3.07 er \$3.07 er \$3.07 er year his for year of year of hillion ings per uings per compar		3Q00 Re	4.25%	4.16%.	7.92	5.77	3.14	06 1	310	2000	,0£ anuŧ	Delinque	•				allenged			COLU
lease, Jan	o off a ter h goals, ' we office it quality	lease, Jan	a year ag story. Ne Net mar , compar , compar -share ro: arter net i		port on F	4.58%	4.43%	8.56	5.94	3 8	157	7000	31, 2000	March	всу (аз а р	Ì				Challenged Statement			COLUMN
цагу <b>17,</b> 200	rific year in v said William r. 'Growth a and our bala	mary 17, 200	r earnings pe so and the hig d income tota raged revenu red to \$7.5 bi se 12 percent ncome rose 1		orm 10-Q, fi	4.81%	4.66%	8.81	5.97	2.78	241	1 170/	31, 1999		ercent or consu					int			
I)	which we de- F. Aldinger, and profitability nce sheet re-	ت	r share of thest earnings thed \$1.7 billes for the full litton in 1999. It is a record to a power ago."		ling date No-	5.24%	4.89%	8.57	6,66	3 10	2.40%	7 /69/	30, 1999	September	mer receiv-								
		-																		Disclosure			COLUMN 2
	1/17/2001		1/17/2001		·					11/14/2000					<del></del>					Date	•		COLUMN 3
	↔		64)							₩		-						or disclo- sure	statement	date of	stock on the	Share of	COLUMN 4
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"Gary Gilmer, president and chief executive of Household's subsidiaries HFC and Beneficial, said the company's 'position on predatory lending is perfectly clear. Unethical lending practices of any type are abhorrent to our company, our employees and most importantly our customers."  (Origination News, March 23, 2001)	"The company reaffirmed that it fully complies with all applicable federal and state laws and regulations."  (Household International, Inc. News Release, March 12, 2001)	"Household's position on prodatory lending is perfectly clear,' said Gary Gilmer, president and CEO of HFC and Beneficial. 'Unethical lending practices of any type are abhorrent to our company, our employees, and most importantly, our customers."  (Household International, Inc. News Release, March 12, 2001)	"Credit Quality and Loss Reserves The fourth quarter annualized managed net chargeoff ratio improved for the third consecutive quarter to 3.41 percent from 3.47 percent in the third quarter. The fourth quarter chargeoff ratio was 55 basis points lower than a year ago and reached its lowest level since the fourth quarter of 1996. The managed delinquency ratio (60+days) at December 31, 2000 was 4.20 percent, stable with 4.21 percent in the third quarter and 46 basis points better than a year ago."  (Household International, Inc. News Release, January 17, 2001)	"Commenting on the full year results, Aldinger continued, 'Our record earnings per share reflect strong top-line growth and improved credit quality."  (Household International, Inc. News Release, January 17, 2001)	Challenged Statement	COLUMN I
					Disclosure	COLUMN 2
3/23/2001	3/12/2001	3/12/2001	1/17/2001	1/17/2001	Date	COLUMN 3
65	<b>€</b> 4	€9	69	€9	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
€9	6-5	₩.	tr)	<b>⇔</b>	New inflation created by the false or misleading statement or omission	COLUMN 5
			e in a server el lager la	The state	Reduction in inflation due to disclosure	COLUMN 6

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			59	o. 1	
(Household International, Inc. FY00 Report on Form 10-K, filing date March 28, 2001)	"Delinquency and Chargeoffs Our delinquency and net chargeoff ratios reflect, among other factors, Our delinquency and net chargeoff ratios reflect, among other factors, changes in the mix of loans in our portfolio, the quality of our receivables, the average age of our loans, the success of our collection efforts and general economic conditions We track delinquency and chargeoff levels on both an owned and a managed basis. We apply the same credit and portfolio management procedures to both our owned and off-balance sheet portfolios. Our focus is to use risk-based pricing and effective collection efforts for each loan. We have a process which we believe gives us a reasonable basis for predicting the credit quality of new accounts. This process is based on our experience with numerous marketing, credit and risk management tests. We also believe that our frequent and early contact with delinquent customers is helpful in managing net credit losses."	(Household International, Inc. FY00 Report on Form 10-K, filing date March 28, 2001)	Household reported net income of 1,700.7 million and EPS of \$3.59.	Challenged Statement	COLUMN 1
				Disclosure	COLUMN 2
	3/28/2001	3/28/2001		Date	COLUMN 3
	<b>⇔</b>	69		Price per share of Household stock on the date of statement or disclo- sure	-
	<b>⇔</b>	<b>4</b> 5 ·		New inflation created by the false or misleading statement or omission	COLUMN 4 COLUMN 5
	to the state of th	an mer alternação		Reduction in inflation due to disclosure	COLUMN 6

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"Household International today reported that earnings per share rose 17 percent to a first quarter record of \$.91, from \$.78 a year ago. Net income increased to \$431.8 million, up 16 percent from \$372.9 million in the first quarter of 2000. This quarter marked the 11 <sup>th</sup> consecutive quarter of record results."  (Household International, Inc. News Release, April 18, 2001)	CONSUMER TWO-MONTH-AND-OVER CONTRACTUAL DELINQUENCY RATIOS    CONSUMER TWO-MONTH-AND-OVER CONTRACTUAL DELINQUENCY RATIOS		
Internat it quarter 431.8 mi 000. Thi	2.63% 2.63% 2.55 3.49 3.49 5.48 7.97 4.20% 4.20%		
ional too record illion, up is quarte	4.21% 4.21% 4.21%		
lay repoi of \$.91, 16 perc r marked	2000 Quarter End 2 1 1 2.72% 2.99% 1.52 3.14 3.06 5.77 5.94 7.92 8.56 4.16% 4.43% 4.25% 4.58%	halleng	CO
ted that from \$.7 cat from 11 <sup>th</sup> lthe 11 <sup>th</sup>	2.99% 1.52 3.06 5.94 4.38% 4.43% 4.58%	Challenged Statement	COLUMN 1
earnings 8 a year 8 a year 1,\$372.9 Consect	13.27% 3.27% 2.43 2.78 5.97 8.81 4.66% 4 4.81% 5	ement	_
ago. Ne ago. Ne million i ative qua	AL DELING  198  3.46% 3  2.26  3.10  6.66  8.57		
re rose I	INQUENCY  1999 Quarter End 2 1  3.29% 3.54%  1.87 1.74  3.11 3.61  6.62 6.37  8.17 7.84  4.72% 4.81%  4.96% 5.04%		
7 per-	CY 11er End 1 3.54% 1.74 3.61 6.37 7.84 4.81% 5.04%	,	
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4/18/2001	3/28/2001	Date	COLUMN 3
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		Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
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(Household International, Inc. News Release, April 18, 2001)
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4/18/2001
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"CREDIT QUALITY  We track delinquency and chargeoff levels on a managed basis and we apply the same credit and portfolio management procedures as on our owned portfolio."  [Household International, Inc. 1 Q00 Report on Form 10-Q, filing date May 9, 2001)	(Household International, Inc. 1Q00 Report on Form 10-Q, filing date May 9, 2001)	March 31, 2000. The annualized consumer managed chargeoff ratio in the first quarter of 2001 was 3.56 percent; compared with 3.41 percent in the prior quarter and 4.00 percent in the year-ago quarter."	cent of managed consumer receivables was 4.25 percent at March 31, 2001, compared with 4.20 percent at December 31, 2000 and 4.43 percent at		Challenged Statement		COLUMN I
					Disclosure		COLUMN 2
5/9/2001		5/9/2001			Date		COLUMN 3
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william F. Adonger, Household's chairman and chief executive officer, said, 'We had a terrific quarter — our 12th consecutive quarter of record results. Given the softening economic environment, I am particularly pleased with our ability to consistently deliver strong, quality earnings."  (Household International, Inc. News Release, July 18, 2001)	"Household International today reported record earnings per share of \$.93, up 16 percent from a year ago. Net informe rose 14 percent, to \$439.0 million, from \$383.9 million for the second quarter of 2000."  (Household International, Inc. News Release, July 18, 2001)	(Household International, Inc. 1Q00 Report on Form 10-Q, filing date May 9, 2001)	Owned	Total	Other	Private label	MasterCard/ Visa	Auto finance	Real estate secured	Managed:		receivables):	Two-Months-and-Over Contractual Delinquency (as a percent of consumer						
idinger, Ho a terrific que softening to consist produced to consis	ternational from a year 3.9 million ternational	ternational	4.36%	4.25%	8.37	5.50	3.68	1.79	2.61%		March 31, 2001		nd-Over Con						
usehold's outerter — outerter — outerter — outerter deliverently deliv	r ago. Net for the sec	, Inc. 1Q00	4.26%	4.20%	7.97	5.48	3.49	2.55	2.63%		31, 2000		tractual Delin			Challen		•	CO
in 12th conse environme er strong, qu Release, Ju	ond quarter Release, Ju	Report on	4.29%	4.21%	7.72	5.67	3.48	2.19	2.77%	·	30, 2000		quency (as a			Challenged Statement			COLUMN 1
nd chief executive quant, I am par uality earni	carnings p e 14 percen r of 2000." uly 18, 200	Form 10-Q	4.25%	4.16%	7.92	5.77	3.14	1.99	2.72%		June 30, 2000	3	percent of co			lent		ı	
ecutive of the cuter of reconticularly properties."	or share of it, to \$439.0	, filing dat	4.58%	4.43%	8.56	5.94	3.06	1.52	2.99%		31, 2000		nsurger						
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\$	49						S			-				<u>-</u>	statement or disclo- sure	date of	Household	Price per share of	COLUMN 4
<b>S</b>	69						649								statement or omission	the false or	created by	New	COLUMN 5
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76	75	74	73	72	No. 1	•
Household reported net income of \$439 million for the quarter ended June 30, 2001 and EPS of \$0.94.  (Household International, Inc. 2Q01 Report on Form 10-Q, filing date August 10, 2001)	"Megan Hayden, a Household spokeswoman, said that terms of toans are disclosed to all customers, as required by state and federal laws. 'Frankly, you don't stay in business in this industry by taking advantage of your customers,' she said. 'So I take exception to any characterization that we engage in predatory lending practices."  (Star Tribune (Minneapolis, MN), July 27, 2001)	"It's not tied to hearings or activism or anything else in particular," said Craig Streem, a spokesman for Household, which is based in Prospect Heights, Ill. 'We've been working on these for quite some time. So, it really is a coincidence.'"  (The New York Times, July 24, 2001):	"Credit Quality and Loss Reserves At June 30", the managed delinquency ratio (60+days) was 4.27 percent, stable with 4.25 percent in the first quarter. The managed delinquency ratio a year ago was 4.16 percent. The annualized managed net chargeoff ratio for the second quarter was 3.71 percent, essentially unchanged from the year-ago quarter and up modestly from 3.56 percent in the first quarter."  (Household International, Inc. News Release, July 18, 2001)	"Results for the quarter were excellent,' Aldinger added. 'We enjoyed strong receivable and revenue growth compared to a year ago, with all of our businesses performing well. In addition, delinquency was stable in the quarter"  (Household International, Inc. News Release, July 18, 2001)	Challenged Statement	COLUMN 1
					Disclosure	COLUMN 2
8/10/2001	7/27/2001	7/24/2001	7/18/2001	7/18/2001	Date	COLUMN 3
\$	<b>•</b>	₩.	₩	₩.	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
↔	ω	ь	so.	55	New inflation created by the false or misleading statement or omission	COLUMN 5
		and the second and the second area.			Reduction in inflation due to disclosure	COLUMN 6

	39	78		77	No.	
(Household International, Inc. 2001 Report on Form 10-Q, filing date August 10, 2001)	"CREDIT QUALITY  We track delinquency and chargeoff levels on a managed basis and we apply the same credit and portfolio management procedures as on our owned port- folio."	"Managed consumer two-months-and-over contractual delinquency as a percent of managed consumer receivables was 4.27 percent at June 30, 2001, compared with 4.25 percent at March 31, 2001 and 4.16 percent at June 30, 2000. The annualized consumer managed chargeoff ratio in the second quarter of 2001 was 3.71 percent, compared with 3.56 percent in the prior quarter and 3.74 percent in the year-ago quarter."  (Household International, Inc. 2Q01 Report on Form 10-Q, filing date August 10, 2001)	cent of owned consumer receivables was 4.48 percent at June 30, 2001, compared with 4.36 percent at March 31, 2001 and 4.25 percent at June 30, 2000. The annualized consumer owned chargeoff ratio in the second quarter of 2001 was 3.26 percent, compared with 3.12 percent in the prior quarter and 3.27 percent in the year-ago quarter."  (Household International, Inc. 2Q01 Report on Form 10-Q, filing date August 10, 2001)	"Owned consumer two-months-and-over contractual delinquency as a per-	Challenged Statement	COLUMN 1
					Disclosure	COLUMN 2
	8/10/2001	8/10/2001	8/10/2001		Date	COLUMN 3
	<b>ω</b>	co	. &	Surc	Price per share of Household stock on the date of statement or disclo-	COLUMN 4
	<del>ы</del>	\$	<b>6</b>		New inflation created by the false or misleading statement or omission	
			e La Company (1997)		Reduction in inflation due to disclosure	COLUMN 5 COLUMN 6

	82			18			-										80	No.	
(Household International, Inc. News Release, October 17, 2001)	"Household's performance this year has been outstanding, even as the economy has continued to weaken, said William F. Aldinger, chairman and chief executive officer. The third quarter was no exception. Receivable and revenue growth were strong, and credit performance was within our expectations."	(Household International, Inc. News Release, October 17, 2001)	rose 14 percent from \$.94 the prior year. Net income increased 12 percent, to \$504 million, from \$451 million in the third quarter of 2000."	"Household International today reported [c]arnings per share of \$1.07	(Household International, Inc. 2Q01 Report on Form 10-Q, filing date August 10, 2001)	Owned	Total	Other	Private label	MasterCard/ Visa	Auto finance	Real estate secured	Managed.		receivables):	Two-Months-and-Over Contractual Delinquency (as a percent of consumer	Delinguency -		
nternationa	s performa continued conflicer. /e officer. th were str	nternationa	nt from \$.9 9n, from \$4	nternation	nternationa )	4.48%	4.27%	8.43	5.66	3_60	2.09	2.63%		June 30, 2001		and Over Co			
l. Inc. New	nce this yes to weaken, 'The third o	l, Inc. New	4 the prior 51 million	ป today rep	I, Inc. 2Q0	4.36%	4.25%	8.37	5.50	3.68	1.79	2.61%		March 31, 2001		ntractual Deli	-	Challen	CC
s Release. C	said Willia said Willia juarter was edit perform	s Release, (	year Net in	orted[c	l Report on	4.26%	4.20%	7.97	5.48	3.49	2.55	2.63%		December 31, 2000	1	nquency (as a		Challenged Statement	COLUMNI
ctober 17	outstanding im F. Alding no exceptio lance was w	ctober 17,	ncome incre quarter of 2	arnings per	Form 10-Q	4.29%	4.21%	7.72	5.67	3.48	2.19	2.77%		30, 2000		percent of cor		rent ·	
2001)	, even as the ger, chairman. Receival	2001)	ased 12 per 1000."	sharc of \$1	, filing date	4.25%	4.16%	7.92	5.77	3.14	1.99	2.72%		June 30, 2000		nsumer	,		
	in and ble and pecta-		cent,	.07	Au-			<u></u>										,	
								÷										Disclosure	COLUMNZ
	10/17/2001		10/17/2001						•	8/10/2001				_				Date	COLUMINO
	₩		69							<del>5.9</del>								share of Household stock on the date of statement or disclo- sure	Price per
	69		<del>\$9</del>					•		5A								inflation created by the false or misleading statement or omission	New
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88	85	4.	83	20.	
"Owned consumer two-months-and-over contractual delinquency as a percent of owned consumer receivables was 4.58 percent at September 30, 2001, compared with 4.48 percent at June 30, 2001 and 4.29 percent at September 30, 2000. The annualized consumer owned chargeoff ratio in the third quarter of 2001 was 3.43 percent; compared with 3.26 percent in the prior quarter and 3.01 percent in the year-ago quarter."  (Household International, Inc. 3Q01 Report on Form 10-Q, filing date November 14, 2001)	Household reported net income of \$593.8 million for the quarter ended June 30, 2001 and EPS of \$1.09.  (Household International, Inc. 3Q01 Report on Form 10-Q, filing date November 14, 2001)	"Household spokeswoman Megan Hayden denied the company engaged in predatory lending through its Beneficial and Household Finance subsidiaries, even as she pointed to steps the company took this year to end some of its most criticized practices. Hayden said the problem involved not her company, but 'rogue lenders."  (Associated Press, October 31, 2001)	"Credit Quality and I ass Reserves At September 30th, the managed delinquency ratio (60+ days) was 4.43 percent, compared to 4.27 percent in the second quarter and 4.21 percent a year ago. The sequential increase was across all products and was well within company expectations. The annualized managed net chargeoff ratio for the third quarter was 3.74 percent, up slightly from 3.71 percent in the second quarter. The managed net chargeoff ratio was 3.47 percent in the prior-year quarter."  (Household International, Inc. News Release, October 17, 2001)	Challenged Statement	COLUMN 1
	·			Disclosure	COLUMN 2
11/14/2001	11/14/2001	10/31/2601	10/17/2001	Date	COLUMN 3
<b>⇔</b>	↔	<b>ы</b>	<b>59</b>	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
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				Reduction in inflation due to disclosure	COLUMN 6

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"CREDIT QUALITY  We track delinquency and chargeoff levels on a managed basis and we apply the same credit and portfolio management procedures as on our owned portfolio."  (Household International, Inc. 3Q01 Report on Form 10-Q, filing date November 14, 2001)	"Managed consumer two-months-and-over contractual delinquency as a percent of managed consumer receivables was 4.43 percent at September 30, 2001, compared with 4.27 percent at June 30, 2001 and 4.21 percent at September 31, 2000. The annualized consumer managed chargeoff ratio in the third quarter of 2001 was 3.74 percent, compared with 3.71 percent in the prior quarter and 3.47 percent in the year-ago quarter."  (Household International, Inc. 3Q01 Report on Form 10-Q, filing date November 14, 2001)	Challenged Statement	COLUMN 1
		Disclosure	COLUMN 2
11/14/2001	11/14/2001	Date	COLUMN 3
8	€4	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
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(Goldman Sachs Presentation, December 4, 2001)	- All policies have been consistently applied and realistically report results"	Triy are investment a vietum rosses penter: penter vietum sanis  Chargeoff policies are appropriate for our target market and result in proper loss recommission	"Why are Hon	(Household International, Inc. 3Q01 Report on Form 10-Q, filing date November 14, 2001)	as the result of a weakening economy."	Managed delinquency as a percent of managed consumer receivables in- creased modestly over both the previous and prior-year quarters. Compared to the previous quarter, all products reported higher delinquencies principally	vember 14, 2001)	(Household International, Inc. 3Q01 Report on Form 10-Q, filing date No-	Owned	managed	Total	Other	Private label	Visa	Auto finance	secured	Real estate		receivables).	Two-Months-a	Delinquency								
hs Presentation	ave been cor	licies are app	cehold's Cre	ternational, I 01)	a weakening	inquency as a stly over both s quarter, all	(10)	ternational, I	4.58%		4.43%	8.51	5.88	J./.	2.54		2 74%	30, 2001	Sentember	Two-Months-and-Over Contractual Delinquency (as a percent of consumer received lact)									
n Decem	sistently:	mpriate fo	dit I neces	nc, 3Q01 ]	economy	the previ		nc. 3Q01	4.48%	_	4.27%	8.43	5.66	2.00	2.09		2.63%	+	Jume 30	ctual Delino					Chancing	Challena			000
Ther 4 200	applied an	our targ	1110	Report on	2 3 6	ous and properties in the properties of the prop	9	Report on	4.36%		4.25%	8.37	5.50	2.00	1.79		2.61%	31, 2001	March	quéncy (as a		·			Chancige Statement	ad States			4 4 4 4 4
€	d realistics	et market a	Reffer	Form 10-		ior-year q ior-year q		Form 10-	4.26%		4.20%	7.97	5.48	2.70	2.55		2.63%	31, 2000	December	percent of c					į.				
	ally report res	and result in	redit skills	Q, filing date	1	receivables uarters. Corr ouencies prin		Q, filing date	4.29%		4.21%	7.72	5.67		2.19	!	2.77%	30, 2000	September	onsumer		-							
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		HOUSEHOLD IS ACCUSED OF:  Rolling over late loans by adding missed payments to ends of loans, thus collection rates improve after loans are masking delinquencies "re-aged" Delaying recognition of charge-offs to boost earnings Moving loans from its bank subsidiary foundinize need for reserves to uninumize need for reserves, company history  Business Week, December 10, 2001)  HOUSEHOLD REPLIES:  The practice is an industry norm, and collection rates improve after loans are delarge-off policy follows industry standards closely  Applying bank regulatory rules would barely increase the amount of charge-offs company history	COLUMN I  Challenged Statement
			COLUMN 2  Disclosure
1/16/2002	1/16/2002	12/10/2001	COLUMN 3  Date
₩	69	69	COLUMN 4 Price per share of Household stock on the date of statement or disclo- sure
<b>60</b>	<del>63</del>	↔	New inflation created by the false or misleading statement or omission
Mary Company (Company Configuration)	erre egi enganaga egi en en Saga ana gaga gaw	akes tigger og en en en ekkeler i skoler en en e <del>g</del>	COLUMN 6 Reduction in inflation due to disclosure

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"Household International's vice chairman and chief financial officer, David A. Schoenholz, commented on the [ACORN] complaint in a investors' conference call saying, 'Our first take on this is that it is not a significant issue not indicative of any widesuread problem and certainly not a concern	"You simply carnot stay in business for 125 years by misleading your borrowers,' said Household's Megan Hayden. 'We do the right thing for our borrowers. We make good loans that not only are legal loans, but are beneficial for our customers.'"  (Copley News Service, February 6, 2002)	"Credit Quality and Loss Reserves At December 31st, the managed delinquency ratio (60+days) was 4.46 percent, up 3 basis points from 4.43 percent in the third quarter. The managed delinquency ratio was 4.20 percent a year ago. The annualized managed net chargeoff ratio for the fourth quarter was 3.90 percent, up 16 basis points from 3.74 percent in the third quarter. The managed net chargeoff ratio in the year-ago quarter was 3.41 percent."  (Household International, Inc. News Release, January 16, 2002)	"Commenting on the full-year results, Aldinger added, 'In 2001, we demonstrated that our business model generates superior results in a weak economy as well as in the strong economic periods of previous years. Exceptional revenue growth of 18 percent more than offset the increases in credit losses during the year."  (Household International, Inc. News Release, January 16, 2002)	Challenged Statement	COLUMN 1
				Disclosure	COLUMN 2
2/18/2002	2/6/2002	1/16/2002	1/16/2002	Date	COLUMN 3
	co.	v	69	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
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No. 1  99 Household international, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  100 "Our credit and portfolio management procedures focus on risk-based pricing and effective collection efforts for each loan. We have a process which we believe gives us a reasonable basis for predicting the credit quality of new accounts. This process is based on our experience with numerous marketing, credit and risk management tests. We also believe that our frequent and early contact with delinquent customers, as well as policies designed to manage customer relationships, such as reaging delinquent accounts to current in specific situations, are helpful in maximizing customer collections."  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  "March 13, 2002)  "Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  "We believe our policies are responsive to the specific needs of the customer segment we serve Our policies have been consistently applied and there have been no significant changes to any of our policies during any of the periods reported. Our loss reserve estimates consider our charge-off policies to ensure appropriate reserves exist for products with longer charge-off lives. We believe our charge-off policies are appropriate and result in proper loss recognition."  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)		COLUMN I		COLUMN 2	COLUMN 2 COLUMN 3
Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  (Household International, Inc. FY01 Report on Form 10-K, filing date we believe gives us a reasonable basis for predicting the credit quality of new accounts. This process is based on our experience with numerous mar- keing, credit and risk management tests. We also believe that our frequent and carly contact with delinquent existences, as well as policies designed to manage customer relationships, such as reaging delinquent accounts to our- rent in specific situations, are helpful in maximizing customer collections."  (Household International, Inc. FY01 Report on Form 10-K, filing date  March 13, 2002)  "We believe our policies are responsive to the specific needs of the customer segment we serve Our policies have been consistently applied and there have been no significant changes to any of our policies during any of the pe- nods reported. Our loss reserve estimates consider our charge-off policies to ensure appropriate reserves exist for products with longer charge-off policies to ensure appropriate reserves exist for products with longer charge-off lives.  We believe our charge-off policies are appropriate and result in proper loss recognition."  (Household International, Inc. FY01 Report on Form 10-K, filing date  March 13, 2002)	No.	Challenged Statement	Disclosure	Date	
(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  "Our credit and portfolio management procedures focus on risk-based pricing and effective collection efforts for each loan. We have a process which we believe gives us a reasonable basis for predicting the credit quality of new accounts. This process is based on our experience with numerous marketing, credit and risk management tests. We also believe that our frequent and early contact with delinquent customers, as well as policies designed to manage customer relationships, such as reaging delinquent accounts to current in specific situations, are helpful in maximizing customer collections."  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  "L2001 charge-off and delinquency performance has been well within our expectations."  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  "We believe our policies are responsive to the specific needs of the customer segment we serve Our policies have been consistently applied and there have been on significant changes to any of our policies during any of the periods reported. Our loss reserve estimates consider our charge-off policies to ensure appropriate reserves exist for products with longer charge-off policies to ensure appropriate reserves exist for products with longer charge-off policies. We believe our charge-off policies are appropriate and result in proper loss recognition."  (Household International, Inc. FY01 Report on Form 10-K, filing date	99	Household reported Net Income of \$1,923.5 million in 2001, and EPS of \$4.13.			
"Our credit and portfolio management procedures focus on risk-based pricing and effective collection efforts for each loan. We have a process which we believe gives us a reasonable basis for predicting the credit quality of new accounts. This process is based on our experience with numerous marketing, credit and risk management tests. We also believe that our frequent and carly contact with delinquent customers, as well as policies designed to manage customer relationships, such as reaging delinquent accounts to current in specific situations, are helpful in maximizing customer collections."  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  "We believe our policies are responsive to the specific needs of the customer segment we serve Our policies have been on significant changes to any of our policies during any of the periods reported. Our loss reserve estinates consider our charge-off policies to ensure appropriate reserves exist for picoducts with longer charge-off lives. We believe our charge-off policies are appropriate and result in proper loss recognition."  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)		(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)		3/13/2002	902
(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  "2001 charge-off and delinquency performance has been well within our expectations."  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  "We believe our policies are responsive to the specific needs of the customer segment we serve Our policies have been consistently applied and there have been no significant changes to any of our policies during any of the pe- riods reported. Our loss reserve estimates consider our charge-off policies to ensure appropriate reserves exist for products with longer charge-off policies to ensure appropriate reserves exist for products with longer charge-off policies serve our charge-off policies are appropriate and result in proper loss recognition."  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)	100	"Our credit and portfolio management procedures focus on risk-based pricing and effective collection efforts for each loan. We have a process which we believe gives us a reasonable basis for predicting the credit quality of new accounts. This process is based on our experience with numerous marketing, credit and risk management tests. We also believe that our frequent and early contact with delinquent customers, as well as policies designed to manage customer relationships, such as reaging delinquent accounts to current in specific situations, are helpful in maximizing customer collections."		3/13/2002	002
(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)  "We believe our policies are responsive to the specific needs of the customer segment we serve Our policies have been consistently applied and there have been no significant changes to any of our policies during any of the periods reported. Our loss reserve estimates consider our charge-off policies to ensure appropriate reserves exist for products with longer charge-off lives.  We believe our charge-off policies are appropriate and result in proper loss recognition."  (Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)	2	(Household International, Inc. FY01 Report on Form 10-K, filing date  March 13, 2002)		<del>  -</del>	<u> </u>
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(Household International, Inc. FY01 Report on Form 10-K, filing date  March 13, 2002)	92	"We believe our policies are responsive to the specific needs of the customer segment we serve Our policies have been consistently applied and there have been no significant changes to any of our policies during any of the periods reported. Our loss reserve estimates consider our charge-off policies to ensure appropriate reserves exist for products with longer charge-off lives. We believe our charge-off policies are appropriate and result in proper loss recognition."		3/13/20	2002 \$
		(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)			

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(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)	Total consumer	Personal non-credit card	Private label	MasterCard/ Visa	Auto finance	Real estate secured	Owned Two-Month-and-Over Contractual Delinquency Ratios	otherwise indicated.	At December 31, unless	stated in millions.	All dollar amounts are	CREDIT QUALITY STATISTICS - OWNED BASIS	Household International, Inc. and Subsidiaries		(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)	evidence that the reason for the delinquency has been cured. Such reaging policies vary by product and are designed to manage customer relationships and maximize collections."	termined number of consecutive payments has been received and there is	quency status of an account to current, subject to certain limits, if a prede-	"Our policies for consumer receivables permit reset of the contractual delin-				•			
al, Inc. FY0	4.53%	9.04	5.99	5.67	2.92	2.63%	intractual Deling				2001	FISTICS - O	nc. and Subsi		al, Inc. FY	n for the de st and are di ns."	nsecutive p	ount to cun	mer receiv			Citation	Challe		•	C
l Report	4.26%	7.99	5.60	4.90	2.46	2.58%	sency Ratios		-		2000	WNED BA	diaries		Н Кероп	linquency esigned to	ayments i	rent, subj	ables pen			Chaireaged Statement	anad Stal			COLUMN 1
on Form	4.82%	9.06	6.09	3.59	2.02	3.10%					1999	SIS			on Form	/ has been ) manage	nas been r	oct to cert	nit reset o			CHICAL	amon!			-
10-K, fili	5.31%	8.24	6.03	60.5	2.90	3.95%				•	1998				10-K, fil	customer	eceived 8	ain limits	of the con							
ng date	4.87%	7.55	5.60	3.55	1.48	3.66%					1997				ing date	relationship	und there is	, if a prede-	tractual deli							
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(Household International Financial Relations Conference, April 9, 2002)	"Credit Quality Trend Manageable, Modest Increases" [chart on HHS 01883530]	(Household International, Inc. FY01 Report on Form 10-K, filing date March 13, 2002)	"Management has long recognized its responsibility for conducting the company's affairs in a mariner which is responsive to the interest of employees, shareholders, investors and society in general. This responsibility is included in the statement of policy on ethical standards which provides that the company will fully comply with laws, rules and regulations of every community in which it operates and adhere to the highest ethical standards. Officers, employees and agents of the company are expected and directed to manage the business of the company with complete honesty, candor and integrity."	March 13, 2002)	(Household International, Inc. FY01 Report on Form 10-K, filing date	Total consumer	Private label	MasterCard/Visa		Real estate secured	Managed Two-Month-and-Over Contractual Delinquetey Ratios	At December 31, unless otherwise indicated.	stated in millions.	All deller amounts are 2001 2000 100	Household International, Inc. and Subsidiaries			
inancial R	ases"	Inc. FY01	which is a which is a which is a which is a disociety in golicy on policy on y with law s and adherate of the company		Inc. FY01		2.48	4.10	Н	2.68%	tractual Deling			7001 - MA	and Subsidi	Challen		0
elations (		Report on	ts responsive responsive n general. ethical sta ethical sta strikes an efe to the lacompany a rwith com		Report or		5.48	-	H	ł	uency Ratios	-		NAGED BY	aries	Challenged Statement		COLUMNIAT
onference		Form 10	ibility for This resp Inderds when defined and regulation in the control of the c		n Form 10	H	5.97	H	L	3.27%				1000		nent		
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2002)		date	g the com- nployees, is in- des that the ry com- ards. Of- ected to or and in-		date	4.64%	7.81	3.10	2.09	3.69%				007				
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	↔		<b>∽</b>						4	,		<del></del>	-			stock on the date of statement or disclo- sure	Price per share of Household	1
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"Household International today reported first quarter earnings per share of \$1.09, its fifteenth consecutive record quarter. First quarter earnings per share rose 20 percent from \$.91 the prior year. Net income in the first quarter increased 18 percent, to a record \$5.11 million."	Defendants issued false or misleading information regarding Household's reaged portfolio in a number of charts included in Exhibit [insert charts on HHS01883560, HHS01883561, HHS01883562, HHS01883564, HHS01883565, HHS01883566, HHS01883567]  (Household International Financial Relations Conference, April 9, 2002)	"Credit Policies – Personal Non-Credit Card Restructures If an account is ever 90+, lifetime limit of 4 restructures allowed" (Household International Financial Relations Conference, April 9, 2002)	"Reage Policies  Overview  - Reage policies are an inherent part of value proposition for our customers for which they pay above bank prices  Not intended to defer credit loss recognition or to overstate net income  - Policies have been consistently applied and are appropriate for each product"  (Household International Financial Relations Conference, April 9, 2002)	"Credit Policies Overview" In some cases, charge-off policy is longer than bank policy to optimize customer management" (Household International Financial Relations Conference, April 9, 2002)	Challenged Statement	COLUMN 1
					Disclosure	COLUMN 2
4/17/2002	4/9/2002	4/9/2002	4/9/2002	4/9/2002	Date	COLUMN 3
. ↔	<b>69</b>	<del>69</del>	₩	↔	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
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117	116	115 -	114	113	No.1	
"It is absolutely against our policy to in any way quote a rate that is different than what the true rate is," Hayden said. 'I can't underscore that enough."  (The Bellingham Herald, April 22, 2002)	"The owned basis delinquency ratio at March 31st was 4.77 percent, compared to 4.53 percent at December 31st and 4.36 percent a year ago. The annualized owned basis charge-off ratio for the first quarter was 3.61 percent compared to 3.43 percent in the previous quarter and 3.12 percent a year ago."  (Household International, Inc. News Release, April 17, 2002)	"Credit Quality and Loss Reserves At March 31st, the managed basis delinquency ratio (60+days) was 4.63 percent, up 17 basis points from 4.46 percent at year-end 2001 and up 38 basis points from 4.25 percent a year ago. The annualized managed basis net charge-off ratio for the first quarter of 4.09 percent increased 19 basis points from 3.90 percent in the fourth quarter of 2001."  (Household International, Inc. News, Release, April 17, 2002)	"Our credit quality performance was well within our expectations in light of the continued weakness in the economy, Aldinger continued. 'We anticipate a very manageable credit environment for the remainder of the year.'"  (Household International, Inc. News Release, April 17, 2002)	"Household turned in a very strong first quarter,' said William F. Aldinger, Household's chairman and chief executive officer, ' In addition to delivering record results this quarter, we strongly added to our capital and reserve levels and further enhanced liquidity. We remain committed to maintaining a strong balance sheet and maximum financial flexibility."  (Household International, Inc. News Release, April 17, 2002)	Challenged Statement	COLUMN 1
					Disclosure	COLUMN 2
4/22/2002	4/17/2002	4/17/2002	4/17/2002	4/17/2002	Date	COLUMN 3
	ы	es.	65	59	Price per share of Household stock on the date of statement or disclo- sure	COLUMN 4
↔	<i>ω</i>	S	55	69	New inflation created by the false or misleading statement or omission	COLUMN 5
					Reduction in inflation due to disclosure	COLUMN 6

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	121											120		119		118	No.			
(The Record (Bergen County, NJ), May 10, 2002)	"Our position is that the accusations are baseless,' Hayden said. 'The loans are legal, they are compliant with state and federal laws and our own policies, and in each instance they have benefits for each customer.' Hayden says the loan conforms to the company's 'tangible benefits test.'"	(Household International, Inc. 1Q02 Report on Form 10-Q, filing date May 10, 2002)	Total Owned	Personal non-credit card	MasterCard/Visa	Auto finance	Real estate secured		receivables):	Two-Months-and-Over Contractual Delinquency (as a percent of consumer	Delinguency - Owned Basis	CONTRACTOR OF THE PARTY OF THE	(Household International, Inc. 1Q02 Report on Form 10-Q, filing date May 10, 2002)	Household reported net income of \$511 million, and EPS of \$1.10	(Chicago Tribune, May 3, 2002)	"Household quickly denied that it misleads customers In response to the latest suit, Household denied that it misleads customers. 'Acorn continues to launch baseless accusations and lawsuits rather than work to enact real solutions to help eliminate predatory lending from the marketplace,' the lender's statement said."				
ounty, NJ), M	e accusations liant with sta liant when they have to the compar	u, Inc. 1Q02	4.77%	9.60	6.54	2.04	2.88%	March 31, 2002		ntractual Deline			al, Inc. 1Q02	income of \$:	3, 2002)	nied that it m lenied that it I lions and law predatory len		Challeng		00
lay 10, 2002)	are baseless, to and federal cenefits for ea ny's 'tangible	Report on Fo	4.53%	9.04	5.67	2.92	2.63%	December 31, 2001		quency (as a per			Кероп оп Ро	511 million, s		isleads custo misleads cust suits rather th ding from the		Challenged Statement		COLUMN
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Household International, Inc. News Release, July 17, 2002)
"Household International today reported second quarter earnings per share increased 16 percent to \$1.08, from \$.93 the prior year. These results mark Household's sixteenth consecutive record quarter. Second quarter net income increased 17 percent, to a record \$514 million."
rousehold international officials deny any patient of wringsoling and say the company is open to changes in its lending practices if they are harmful to consumers. 'We've made mistakes,' said Megan Hayden, spokeswoman for the Prospect Heights, Ill., company. 'Is there a companywide pattern of abuse? Absolutely not.'"  [The Oregonian, July 2, 2002]
"Some customers' in Bellingham 'may indeed have been justified in their confusion about the rate of their loan,' she said. Ms. Hayden said Household 'took full and prompt responsibility.' Household, she said, is 'satisfied that this situation was localized to the Bellingham branch."  (American Banker, May 31, 2002)
"It is our regulators' and the attorney general's job to investigate any complaints brought forth by consumers in their state, and we don't find anything unique or surprising that they are doing their job, '[Hayden] said. 'As part of that they, of course, bring forth those issues to us and we take proper steps to work with the department to uncover the facts and if necessary formulate an appropriate resolution for the borrower."
"All of our lending policies are in accord with federal and state regulations and requirements,' Streem said."  (Associated Press Ordine, May 14, 2002)
Challenged Statement
COLUMN 1

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	130	1129	128	127	N <sub>e</sub> .	_
Household reported net income of \$507.4 million and EPS of \$1.08.  (Household International, Inc. 2Q02 Report on Form 10-Q, filing date August 14, 2002)	"Commenting on the company's recent results, Aldinger said, 'Household's results for the year-to-date have been fueled by strong demand for our loan products throughout our businesses. Our loan underwriting approach continues to be conservative in these times of economic uncertainty, and we remain committed to strong reserve and capital levels."  [Household International, Inc. News Release, August 14, 2002]	"The owned basis delinquency ratio at June 30th was 4.61 percent, compared to 4.77 percent at March 31st and 4.48 percent a year ago. The annualized owned basis net charge-off ratio for the second quarter was 3.76 percent compared to 3.61 percent in the previous quarter and 3.26 a year ago."  (Household International, Inc. News Release, July 17, 2002)	"Credit Quality and Loss Reserves At June 30th, the managed basis delinquency ratio (60+days) was 4.53 percent, down 10 basis points from 4.63 percent at the end of March, led by improvement in the MasterCard/Visa portfolio. The annualized managed basis delinquency ratio was 4.27 percent a year ago. The annualized managed basis net charge-off ratio for the second quarter of 4.26 percent was 17 basis points higher than the first quarter and 55 basis points higher than a year ago."  (Household International, Inc. News Release, July 17, 2002)	"Our results this quarter were fueled by ongoing strong demand for our loan products," said William F. Aldinger, Household's chairman and chief executive officer. 'Growth this quarter was strong, while we have maintained our conservative underwriting criteria."  (Household International, Inc. News Release, July 17, 2002)	Challenged Statement	COLOMINI
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A rousenoid spokeswoman said she is not aw ment actions or settlement talks."  (National Morigage News, September 2, 2002)	"A Household spokeswoman said she is not aware of any pending enforcement actions or settlement talks."	(Origination News, September 2002)	"We clearly follow all state and federal laws and regulations,' Household spokeswoman Megan Hayden said."	(Household International, Inc. 2Q02 Report on Form 10-Q, filing date August 14, 2002)	policies vary by product and are designed to manage customer relationships and ensure maximum collections."	determined number of consecutive payments has been received and there is evidence that the reason for the deliminary has been curved. Such reasons	"Our credit policies for consumer loans permit the reset of the contractual delinquency status of an account to current, subject to certain limits, if a pre-	gust 14, 2002)	(Household International, Inc. 2002 Report on Form 10-Q, filing date Au-	Total Owned	Personal non-credit card	Private label	MasterCard/Visa	Auto finance	Dayl actula required		Two-Months-and-Over Contractual Delinquency (as a percent of consumer receivables):	Delinquency - Owned Basis	CREDIT QUALITY					
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