

EXHIBIT 2

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

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

**THE VANGUARD GROUP, INC.'S RESPONSES AND OBJECTIONS
TO DEFENDANTS' REVISED INTERROGATORIES**

Pursuant to Federal Rules of Civil Procedure 26 and 33, The Vanguard Group, Inc. (“Vanguard”), by its undersigned counsel, hereby responds and objects to Defendants’ Household International, Inc., William F. Aldinger, David A. Schoenholz and Gary Gilmer (collectively, “Defendants”) Revised Interrogatories (“Interrogatories”).

I. GENERAL OBJECTIONS

1. Vanguard objects to the Interrogatories to the extent that they seek or require the disclosure of information that is protected from discovery by the attorney-client privilege, the attorney work-product doctrine, the joint prosecution or common interest privilege, the right to privacy, or any other applicable privilege or immunity.

2. Vanguard objects to the Interrogatories to the extent that they seek information which is not within Vanguard’s possession, custody or control.

3. Vanguard objects to the Interrogatories insofar as they are vague, ambiguous, harassing, overly broad or burdensome, and to the extent that the discovery sought is unreasonably cumulative, duplicative or disproportionate.

4. Vanguard objects to the Interrogatories insofar as they seek information that is irrelevant to any claim, defense or subject matter of the litigation, or is not reasonably calculated to lead to the discovery of admissible evidence.

5. Vanguard objects to each “Definition” in the Interrogatories, including, but not limited to, “You” or “Your,” to the extent that each imposes on Vanguard any obligation beyond what is required by the Federal Rules of Civil Procedure.

6. Vanguard objects to the “Definitions” section of the Interrogatories to the extent that the definitions are overly broad or call for information which is protected from discovery by the attorney-client privilege, the attorney work-product doctrine, the joint prosecution or common interest privilege and any other applicable privilege or immunity.

7. Vanguard objects to the definition of "Household Securities" as overly broad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence because it includes securities other than Household common stock. Only information regarding Household common stock is relevant and discoverable.

8. Vanguard objects to the Relevant Period for the Interrogatories, July 30, 1999 to October 11, 2002, as overly broad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. Based on the jury's finding of no liability for statements made prior to March 23, 2001, only information regarding transactions in Household common stock during the period March 22, 2001 through October 11, 2002 is relevant.

9. In providing information in response to the Interrogatories, Vanguard does not in any way waive, or intend to waive, but rather intends to preserve and is preserving:

(a) all objections as to competency, relevancy, materiality or admissibility of any interrogatory, the responses, and their subject matter;

(b) all objections as to vagueness, ambiguity or other infirmity in the form of the Interrogatories, any objections based on the undue burden imposed by the Interrogatories and each individual interrogatory contained therein;

(c) all rights to object on any ground to the use of any of the responses herein or their subject matter in any subsequent proceedings, including the trial of this or any other action;

(d) all rights to object on any ground to any further interrogatories or other discovery requests involving or relating to the subject matter of any interrogatory;

(e) the right to amend, modify and supplement these responses should additional discovery warrant such amendment, modification or supplementation; and

(f) any and all privileges and rights under the applicable Federal Rules of Civil Procedure, the Local Rules of this Court, other statutes, guidelines or common law.

10. No incidental or implied admissions are intended in these Responses. Vanguard's Responses to all or any part of an interrogatory should not be taken as an admission that: (a) Vanguard accepts or admits the existence of any facts set forth or assumed by the Interrogatories; or (b) Vanguard's Responses constitute admissible evidence. Vanguard's Response to all or any part of an interrogatory also is not intended to be, and shall not be, a waiver by Vanguard of all or any part of its objections to that interrogatory.

11. The following specific objections and responses are subject to and limited by the General Objections. By setting forth specific objections, Vanguard does not intend to limit or restrict the General Objections. Vanguard incorporates the foregoing General Objections into its Responses to each of the Interrogatories.

II. DISCOVERY RESPONSES

INTERROGATORY NO. 1:

Identify any Trading Strategy employed by You or Your behalf with respect to Your Transactions in Household Securities during the Relevant Period.

RESPONSE TO INTERROGATORY NO. 1:

Vanguard incorporates each of the foregoing General Objections above as if set forth herein. Vanguard objects to this Interrogatory to the extent it seeks information that is not within Vanguard's possession, custody or control. Vanguard also objects to this Interrogatory because it seeks information that is irrelevant to the claims, defenses or subject matter of the litigation, and is not reasonably calculated to lead to the discovery of admissible evidence. Vanguard objects to this Interrogatory as overly broad and unduly burdensome because it seeks information regarding transactions in securities other than Household common stock. Vanguard further objects to this Interrogatory to the extent that it seeks information that is protected from disclosure by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or immunity.

Subject to the foregoing objections, Vanguard did not employ a Trading Strategy unique to transactions in Household common stock during the period March 22, 2001 through October 11, 2002. During the period March 22, 2001 through October 11, 2002, Household common stock was generally held by two types of Vanguard funds: Vanguard index funds (the "Index Funds") and other funds managed by Vanguard's Quantitative Equity Group (the "Quantitative Equity Funds"). In general, the aim of the Quantitative Equity Funds was to identify individual stocks that outperformed over the long run. To select these stocks, Vanguard used a model with three components during the period March 22, 2001 through October 11, 2002: (1) valuation; (2) market sentiment; and (3) quality. Each component is itself a model, with several underlying parts. The valuation model assesses the price Vanguard pays for earnings and cash flows relative to other stocks of the same size in an industry. The market sentiment model is used to capture investors' opinions of a company as reflected in market activity. Finally, the quality model measures a firm's ability to sustain earnings growth, by analyzing balance sheet strength and returns on invested capital.

With respect to its Index Funds, if the fund was a fully replicated index fund, Vanguard aimed to match the weight of every security in the index such that it had the exact same characteristics as the index. For its optimized, or sampling index fund, Vanguard aimed to match the characteristics of the index, but in some instances did not purchase the full weight of the security in the index. For example, Vanguard may have optimized or sampled around the bottom 5% of the securities in the index.

INTERROGATORY NO. 2:

Identify the Person(s) who were primarily responsible for any Trading Strategies employed by You or on Your behalf with respect to Your Transactions in Household Securities during the Relevant Period

RESPONSE TO INTERROGATORY NO. 2:

Vanguard incorporates each of the foregoing General Objections above as if set forth herein. Vanguard objects to this Interrogatory to the extent it seeks information that is not within Vanguard's possession, custody or control. Vanguard objects to the term "primarily responsible" as vague and ambiguous. Vanguard also objects to this Interrogatory because it seeks information that is irrelevant to the claims, defenses or subject matter of the litigation, and is not reasonably calculated to lead to the discovery of admissible evidence. Vanguard objects to this Interrogatory as overly broad and unduly burdensome because it seeks information regarding transactions in securities other than Household common stock. Vanguard further objects to this Interrogatory to the extent that it seeks information that is protected from disclosure by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or immunity.

Subject to the foregoing objections, Vanguard states that the following persons had overall responsibility for managing the Index Funds during the period March 22, 2001 through October 11, 2002: Mike Buek and Duane Kelly and the following person had responsibility for managing certain of the Quantitative Equity Funds during the period March 22, 2001 through October 11, 2002: James Troyer.

INTERROGATORY NO. 3:

Identify Communications between You and Household or You and HFC during the Relevant Period, to the extent such Communications were not made public, relating to Your Transactions in Household Securities.

RESPONSE TO INTERROGATORY NO. 3:

Vanguard incorporates each of the foregoing General Objections above as if set forth herein. Vanguard objects to this Interrogatory to the extent it seeks information that is not within Vanguard's possession, custody or control. Vanguard also objects to this Interrogatory because it

seeks information that is irrelevant to the claims, defenses or subject matter of the litigation, and is not reasonably calculated to lead to the discovery of admissible evidence. Vanguard objects to this Interrogatory as overly broad and unduly burdensome because it seeks information regarding transactions in securities other than Household common stock. Vanguard further objects to this Interrogatory to the extent that it seeks information that is protected from disclosure by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or immunity. Vanguard objects to the phrase "to the extent such Communications were not made public" as vague, ambiguous and overly broad. Vanguard further objects to this Interrogatory as overly broad, unduly burdensome and in contravention of the Court's January 31, 2011 Order because it seeks all Communications between Vanguard and Household or HFC, including Communications regarding publicly available information, which are not discoverable. Pursuant to the Court's January 31, 2011 Order, only Communications regarding non-public information are relevant to rebutting the presumption of reliance and discoverable. *See* January 31, 2011 Order at 3.

Subject to the foregoing objections, Vanguard did not receive any non-public information in communications with Household or HFC relating to its transactions in Household common stock.

INTERROGATORY NO. 4:

Identify any non-public reports or analyses in Your possession during the Relevant Period regarding Household or HFC.

RESPONSE TO INTERROGATORY NO. 4:

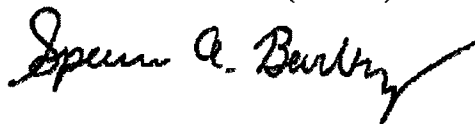
Vanguard incorporates each of the foregoing General Objections above as if set forth herein. Vanguard objects to this Interrogatory to the extent it seeks information that is not within Vanguard's possession, custody or control. Vanguard also objects to this Interrogatory because it seeks information that is irrelevant to the claims, defenses or subject matter of the litigation, and is not reasonably calculated to lead to the discovery of admissible evidence. Vanguard further objects

to this Interrogatory to the extent that it seeks information that is protected from disclosure by the attorney-client privilege, the work-product doctrine and/or any other applicable privilege or immunity. Vanguard objects to the phrase "non-public reports or analyses" as vague, ambiguous and overly broad. Vanguard further objects to this Interrogatory as overly broad, unduly burdensome and in contravention of Judge Guzman's statements at the January 27, 2011 hearing and the Court's January 31, 2011 Order because it seeks "any non-public reports or analyses," including private or internal (*i.e.*, non-public) reports or analyses based on publicly available information, which are not discoverable. Pursuant to the Court's January 31, 2011 Order, only reports or analysis based on non-public information are relevant to rebutting the presumption of reliance and discoverable. *See* January 31, 2011 Order at 3; January 27, 2011 Hrg. Tr. at 25-26.

Subject to the foregoing objections, Vanguard does not possess any reports or analyses that contain non-public information regarding Household or HFC. Vanguard will not identify any reports or analyses that contain Vanguard's private reports or analysis of publicly available information.

DATED: March 21, 2011

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