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FILED  
MAR 02 2005

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

MICHAEL W DOBBINS  
CLERK, U.S. DISTRICT COURT

LAWRENCE E. JAFFE PENSION PLAN,  
on Behalf of Itself and All Others Similarly  
Situated,

Plaintiff,

v.

HOUSEHOLD INTERNATIONAL, INC., et al.

Defendants.

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

Judge Ronald A. Guzman  
Magistrate Judge Nan R. Nolan

**NOTICE OF FILING**

PLEASE TAKE NOTICE that, on March 2, 2005, we caused to be filed with the Clerk of the United States District Court for the Northern District of Illinois, Eastern Division, The Affidavit of David Owen in Support of the Household Defendants' Motion to Amend the Protective Order, a copy of which is served upon you.

Dated: March 2, 2005

Respectfully, submitted

By:   
Adam B. Deutsch  
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Attorneys for the Household Defendants

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

**FILED**  
MAR 02 2005  
MICHAEL W. DOBBINS  
CLERK, U.S. DISTRICT COURT

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LAWRENCE E. JAFFE PENSION PLAN, ON )  
BEHALF OF ITSELF AND ALL OTHERS SIMILARLY )  
SITUATED, )  
 )  
Plaintiff, )  
 )  
- against - )  
 )  
HOUSEHOLD INTERNATIONAL, INC., ET. AL., )  
 )  
Defendants. )  
\_\_\_\_\_

Lead Case No. 02-C-5893  
(Consolidated)  
  
CLASS ACTION  
  
Judge Ronald A. Guzman  
Magistrate Judge Nan R. Nolan

**AFFIDAVIT OF DAVID OWEN IN SUPPORT OF  
THE HOUSEHOLD DEFENDANTS' MOTION TO AMEND  
THE PROTECTIVE ORDER**

STATE OF NEW YORK )  
 ) : ss.:  
COUNTY OF NEW YORK )

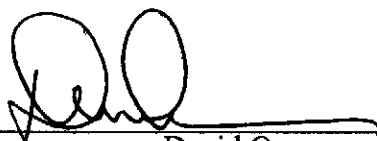
DAVID OWEN, being first duly sworn, deposes and says:

1. I am a member of the bar of the State of New York and associated with the firm Cahill Gordon & Reindel LLP, attorneys for defendants Household International, Inc., Household Finance Corporation (collectively referred to as "Household"),<sup>1</sup> William F. Aldinger, David A. Schoenholz, Gary Gilmer, and J.A. Vozar (collectively referred to as the "Household Defendants") in this action. I submit this affidavit to place before the Court certain information and documents in response to instructions of the Court in its January 28, 2005 Order ("the January 28 Order").


<sup>1</sup> In March 2003, Household merged with HSBC Holdings Plc., and Household is now known as HSBC Finance Corp. For purposes of this submission, however, the company will be referred to as Household.

2. The January 28 Order requested additional information relating to the currency and accuracy of the information reflected in organizational charts which the Household Defendants would like to afford confidential treatment. Pursuant to this Order, attached hereto as Exhibit A is the affidavit of John Cobb, Manager for HR Operations at HSBC. As set forth more fully in Mr. Cobb's affidavit and the exhibits attached thereto (which are submitted *in camera*), collectively aggregated, of the 2,101 employees identified in the various organizational charts, 1688 or 80.3% are still employed by Household. Furthermore, approximately 64.5% hold the same position identified therein.

3. The organizational charts produced in this case are thus of continuing relevance to a recruiter or competitor today. The charts reveal valuable information about the company, its employees and their areas of training, experience and/or expertise. Substantial resources are committed to the development and training of these employees, many of whom are highly specialized. Because the organizational charts at issue contain information about these employees that is still accurate, they would be valuable to professional recruiters and Household's competitors who could use them to accurately target and poach such individuals. Confidential treatment is therefore warranted.

  
\_\_\_\_\_  
David Owen

Sworn to before me this  
1st day of March, 2005.

  
\_\_\_\_\_  
USA Notary Public  
Notary Public, State of New York  
No. 011M46053274  
Qualified in New York County  
Commission Expires January 8, 2007

# Exhibit A

1 **UNITED STATES DISTRICT COURT**  
2 **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)
Plaintiff,	)	CLASS ACTION
- against -	)	Judge Ronald A. Guzman Magistrate Judge Nan R. Nolan
HOUSEHOLD INTERNATIONAL, INC., ET. AL.,	)	
Defendants.	)	
-		

3  
4 **AFFIDAVIT OF JOHN COBB IN SUPPORT OF**  
5 **THE HOUSEHOLD DEFENDANTS' MOTION TO AMEND**  
6 **THE PROTECTIVE ORDER**

7 STATE OF ILLINOIS            )  
8                                       : ss.:  
9 COUNTY OF COOK             )

10                   John Cobb, being first duly sworn, deposes and says:

11                 1. I am Manager of HR Operations for HSBC-North America. I submit this affidavit to  
12 place before the Court certain information and documents in response to instructions of the Court  
13 in its January 28, 2005 Order ("the January 28 Order"). The exhibits attached hereto are submitted  
14 *in camera*.

15                 2. In responding to the Court's request and reflecting of a strong commitment to prevent  
16 the public disclosure of this valuable and confidential information, the Household Defendants

17 dedicated two employees, who expended approximately one hundred hours over the course of ten  
18 days preparing the materials and information attached hereto.

19 3. Attached hereto as Exhibit 1 is a true and correct copy set of Household's Technology  
20 Services ("HTS") organization charts dated December 2001, as produced to Plaintiffs in the above-  
21 captioned action and previously annexed as Exhibit A to the Affidavit of Adam B. Deutsch in Sup-  
22 port of Household Defendants' Motion to Amend the Protective Order and submitted to the Court  
23 *in camera*.

24 4. To further demonstrate their currency and accuracy, the organizational charts contained  
25 in Exhibit 1 have been highlighted to visually represent the level of employee retention. The em-  
26 ployees who are currently employed by Household (now known as HSBC) are highlighted. Those  
27 who are no longer employed by Household are not. Moreover, the charts have been numbered se-  
28 quentially in the upper left-hand corner to aid in cross-referencing current employment informa-  
29 tion, as set forth below.

30 5. Attached hereto as Exhibit 2 is a true and correct copy set of a spreadsheet compiled by  
31 the Household Defendants in response to the Court's January 28, 2005 request for additional in-  
32 formation concerning the currency and accuracy of the organizational charts at issue.

33 6. The spreadsheet lists all the employees contained in the organizational charts found at  
34 Exhibit 1 along with their job title as indicated on the chart as well as their current job title. The  
35 spreadsheet also indicates whether the employee is currently employed by Household (indicated by  
36 the designation "A") or whether they have left the company (indicated by the designation "T") or

37 on a leave of absence (indicated by the designation "L"). Additional columns indicate whether the  
38 employee is in the same position (indicated by the designations "Yes", "No", "NA" when the em-  
39 ployee's status could not be determined, or "Term" where the employee is no longer employed by  
40 Household). The spreadsheets also indicate for each employee the page of the organizational  
41 chart(s) on which they can be found by reference to the number in the upper left-hand corner of the  
42 chart. The other spreadsheets attached hereto follow the same format.

43 7. The currency of the information contained in Exhibit 1 is demonstrated by the spread-  
44 sheet and captured visually by the highlighted charts. Of the 1494 employees identified from the  
45 HTS organizational charts, 1258 or 84.2% are still employed by Household today.<sup>1</sup> Approxi-  
46 mately 72% hold the same position.<sup>2</sup> It is clear that, with the HTS organizational charts, a com-  
47 petitor or recruiting firm could easily call the company and ask for an individual by name, armed  
48 with valuable information relating to that employee's background, experience and training at the  
49 company. As indicated in the Affidavit of Michael Woodward in Support of Household Defen-  
50 dants' Motion to Amend the Protection Order, it would cost Household International approxi-  
51 mately \$50,000 in recruiting and training costs to replace just one employee.

52 8. In contacting any individual listed on the HTS chart, a competitor or recruiting firm  
53 would have an 84.2% chance of being put in contact with a current Household employee and a

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<sup>1</sup> Employees who are no longer employed by Household, who are on leave of absence, or who could not be identified for the purposes of this analysis were considered as no longer employed by Household.

<sup>2</sup> The Household Defendants were unable to determine whether certain employees were performing the same job. These employees were excluded from this calculation.

54 72% probability that the Household employee would be holding the exact same position indicated  
55 therein. Furthermore, this 72% figure probably understates the currency of the information pro-  
56 vided in the charts because the number of employees who have retained the same job position is  
57 likely artificially deflated due to the reorganization that took place subsequent to Household's 2003  
58 merger with HSBC. During a merger and reorganization, job titles may change although associ-  
59 ated duties remain the same. Consequently, an indicated change in an employee's job title does not  
60 necessarily indicate a substantive change in their present responsibilities.

61 9. The current usefulness of the HTS organizational charts can also be evidenced more  
62 generally through examination of the annual turnover rate for HTS. For the years 2001, 2002,  
63 2003 and 2004 the annual turnover for HTS was 6.8%, 5.7%, 5.4% and 5.6%, respectively. It is  
64 clear from these statistics that HTS has high employee retention, making the organizational charts,  
65 which are only a few years old, still accurate and current.

66 10. Attached hereto as Exhibit 3 is a true and correct copy of Household's Consumer  
67 Lending Management organization charts dated July 2002, as produced to Plaintiffs in the above-  
68 captioned action and previously annexed as Exhibit B to the Affidavit of Adam B. Deutsch in Sup-  
69 port of Household Defendants' Motion to Amend the Protective Order and submitted to the Court  
70 in camera. As with the preceding charts, the organizational charts contained in Exhibit 3 have been  
71 highlighted to visually represent the level of employee retention.

72 11. Attached hereto as Exhibit 4 is a true and correct copy set of a spreadsheet compiled by  
73 the Household Defendants in response to the Court's January 28, 2005 request for additional in-  
74 formation concerning the currency and accuracy of the organizational charts at issue. As with the



75 preceding spreadsheet, Exhibit 4 lists all the employees contained in the organizational charts col-  
76 lected at Exhibit 3 (and at Exhibit 5, as set forth below) along with their job title as indicated on the  
77 chart as well as their current job title. The currency of the information reflected in Exhibit 3 is  
78 demonstrated by the spreadsheet and captured visually by the highlighted charts.

79 12. Of the 69 employees identified from the Consumer Lending Management organiza-  
80 tional charts, 61 or 88.4% are still employed by Household today. Approximately 53.8% hold the  
81 same position.

82 13. Attached hereto as Exhibit 5 is a true and correct copy set of Household's Real Estate  
83 Collections organization charts dated July 8, 2002, as produced to Plaintiffs in the above-captioned  
84 action and previously annexed as Exhibit C to the Affidavit of Adam B. Deutsch in Support of  
85 Household Defendants' Motion to Amend the Protective Order and submitted to the Court in cam-  
86 era. As with the preceding charts, the organizational charts contained in Exhibit 5 have been high-  
87 lighted to visually represent the level of employee retention.

88 14. As mentioned above, Exhibit 4 is a spreadsheet that lists all the employees contained in  
89 the organizational charts collected at Exhibit 5 (and at Exhibit 3, as set forth above) along with  
90 their job title as indicated on the chart as well as their current job title. The currency of the infor-  
91 mation reflected in Exhibit 5 is demonstrated by the spreadsheet and captured visually by the high-  
92 lighted charts. Of the 209 employees identified from the Real Estate Collections organizational  
93 charts, 165 or 78.9% are still employed by Household today. Approximately 51.9% hold the same  
94 position.

95           15. Attached hereto as Exhibit 6 is a true and correct copy set of Household's Corporate  
96 Accounting, Treasury and other Household organizational charts dated November and December  
97 2001, and produced by Arthur Andersen to Plaintiffs in the above-captioned action and previously  
98 annexed as Exhibit D to the Affidavit of Adam B. Deutsch in Support of Household Defendants'  
99 Motion to Amend the Protective Order and submitted to the Court in camera. As with the preced-  
100 ing charts, the organizational charts contained in Exhibit 6 have been highlighted to visually repre-  
101 sent the level of employee retention.

102           16. Attached hereto as Exhibit 7 is a true and correct copy set of a spreadsheet compiled by  
103 the Household Defendants in response to the Court's January 28, 2005 request for additional in-  
104 formation concerning the currency and accuracy of the organizational charts at issue. As with the  
105 preceding spreadsheets, Exhibit 7 lists all the employees contained in the organizational charts  
106 collected at Exhibit 6 along with their job title as indicated on the chart as well as their current job  
107 title.

108           17. The currency of the information reflected in Exhibit 6 is demonstrated by the spread-  
109 sheet and captured visually by the highlighted charts. Of the 19 employees identified from the  
110 Corporate Accounting, Treasury and other Household organizational charts, 12 or 63.2% are still  
111 employed by Household today. Approximately 47.1% hold the same position.

112           18. Attached hereto as Exhibit 8 is a true and correct copy set of certain Household Collec-  
113 tions Department organizational charts dated May 1, 2001 and produced by Arthur Andersen to  
114 Plaintiffs in the above-captioned action and previously annexed as Exhibit E to the Affidavit of  
115 Adam B. Deutsch in Support of Household Defendants' Motion to Amend the Protective Order

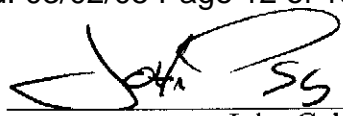
116 and submitted to the Court in camera. As with the preceding charts, the organizational charts con-  
117 tained in Exhibit 8 have been highlighted to visually represent the level of employee retention.

118 19. Attached hereto as Exhibit 9 is a true and correct copy set of a spreadsheet compiled by  
119 the Household Defendants in response to the Court's January 28, 2005 request for additional in-  
120 formation concerning the currency and accuracy of the organizational charts at issue. As with the  
121 preceding spreadsheets, Exhibit 9 lists all the employees contained in the organizational charts  
122 collected at Exhibit 8 along with their job title as indicated on the chart as well as their current job  
123 title.

124 20. The currency of the information reflected in Exhibit 8 is demonstrated by the spread-  
125 sheet and captured visually by the highlighted charts. Of the 310 employees identified from the  
126 Household Collections Department organizational charts, 192 or 61.9% are still employed by  
127 Household today. Approximately 47.4% hold the same position.

128 21. As illustrated by the attached charts and spreadsheets, employee retention is high at  
129 Household. As collectively aggregated, of the 2,101 employees identified in the various organiza-  
130 tional charts at issue, 1688 or 80.3% are still employed by Household. Furthermore, approxi-  
131 mately 64.5% hold the same position identified therein. As a result, Household's non-public or-  
132 ganizational charts are deserving of protection under the protective order in this case.

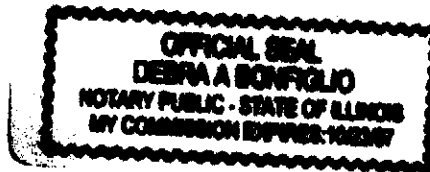
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\_\_\_\_\_  
John Cobb

135 Sworn to before me this  
136 1st day of March, 2005.

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\_\_\_\_\_  
Notary Public



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**CERTIFICATE OF SERVICE**

I, Adam B. Deutsch, an attorney, hereby certify that I caused a copy of the Affidavit of David Owen in Support of The Household Defendants' Motion to Amend the Protective Order to be served on the following Service List via Federal Express overnight delivery and facsimile on March 2, 2005.

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Adam B. Deutsch