

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

LAWRENCE E. JAFFE PENSION PLAN, )  
on behalf of itself and all others similarly )  
situated, )

Plaintiff, )

v. )

HOUSEHOLD INTERNATIONAL, INC., )  
et al., )

Defendants. )

No. 02 C 5893

Judge Ronald A. Guzman  
Magistrate Judge Nan R. Nolan

FILED  
MAR 11 2005

**NOTICE OF FILING**

To: Counsel on the Attached Service List

PLEASE TAKE NOTICE that on Friday, March 11, 2005, we filed with the Clerk of the United States District Court for the Northern District of Illinois, Eastern Division, 219 South Dearborn Street, Chicago, Illinois, the following documents:

***Lead Plaintiffs' Response to Household Defendants'  
Supplemental Submission in Support of Their Motion to Amend Protective Order  
(Redacted Pursuant to Direction of the Court)***

***Declaration of Azra Z. Mehdi in Support of  
Lead Plaintiffs' Response to Household Defendants'  
Supplemental Submission in Support of Their Motion to Amend Protective Order  
(Redacted Pursuant to Direction of the Court)***

copies of which are hereby served upon you.

Dated: March 11, 2005

Respectfully submitted,

By:

Marvin A. Miller

Jennifer W. Sprengel

Lori A. Fanning

**MILLER FAUCHER and CAFFERTY LLP**

30 North LaSalle Street, Suite 3200

Chicago, Illinois 60602

(312) 782-4880

**CERTIFICATE OF SERVICE**

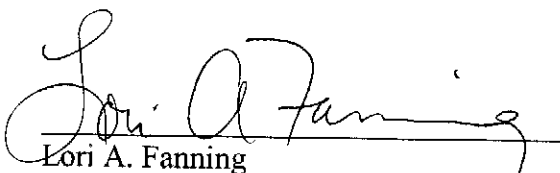
I, Lori A. Fanning, one of the attorneys for plaintiffs, hereby certify that I caused the following documents:

***Lead Plaintiffs' Response to Household Defendants'  
Supplemental Submission in Support of Their Motion to Amend Protective Order  
(Redacted Pursuant to Direction of the Court)***

***Declaration of Azra Z. Mehdi in Support of  
Lead Plaintiffs' Response to Household Defendants'  
Supplemental Submission in Support of Their Motion to Amend Protective Order  
(Redacted Pursuant to Direction of the Court)***

to be served upon all counsel on the attached service list by sending a copy in pdf format (without exhibits) by electronic mail and by overnight delivery (with exhibits) this 11<sup>th</sup> day of March, 2005, except the following which was served by placing a copy in the United States Mail at 30 North LaSalle Street, Chicago, Illinois:

Lawrence G. Soicher  
**LAW OFFICES OF LAWRENCE G. SOICHER**  
305 Madison Avenue  
46<sup>th</sup> Floor  
New York, New York 10165

  
Lori A. Fanning

**SERVICE LIST**

Nathan P. Eimer  
Adam Deutsch  
**EIMER STAHL KLEVORN & SOLBERG LLP**  
224 S. Michigan Ave., Suite 110  
Chicago, IL 60605

Lucia Nale  
Stanley Parzen  
Debra L. Bogo-Ernst  
**MAYER, BROWN, ROWE & MAW**  
190 South LaSalle Street  
Chicago, Illinois 60603

Thomas J. Kavalier  
Peter Sloane  
Landis Best  
**CAHILL GORDON & REINDEL LLP**  
Eighty Pine Street  
New York, New York 10005

William S. Lerach  
**LERACH COUGHLIN STOIA**  
**GELLER RUDMAN & ROBBINS LLP**  
401 B Street  
Suite 1700  
San Diego, California 92101  
(619) 231-1058

Patrick J. Coughlin  
Azra Z. Mehdi  
Monique C. Winkler  
**LERACH COUGHLIN STOIA**  
**GELLER RUDMAN & ROBBINS LLP**  
100 Pine Street, Suite 2600  
San Francisco, California 94111  
(415) 288-4545

Lawrence G. Soicher  
**LAW OFFICES OF LAWRENCE G.**  
**SOICHER**  
305 Madison Avenue  
46<sup>th</sup> Floor  
New York, New York 10165

David R. Scott  
**SCOTT & SCOTT, LLC**  
108 Norwich Avenue  
Colchester, Connecticut 06415

**FILED**

MAR 11 2005

MICHAEL W. DOBBINS  
CLERK, U.S. DISTRICT COURT

**FILED**  
MAR 11 2005

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

LAWRENCE E. JAFFE PENSION PLAN, On )  
Behalf of Itself and All Others Similarly )  
Situating, )

Plaintiff, )

vs. )

HOUSEHOLD INTERNATIONAL, INC., et )  
al., )

Defendants. )

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

CLASS ACTION

Judge Ronald A. Guzman  
Magistrate Judge Nan R. Nolan

**DECLARATION OF AZRA Z. MEHDI IN SUPPORT OF LEAD PLAINTIFFS'  
RESPONSE TO HOUSEHOLD DEFENDANTS' SUPPLEMENTAL SUBMISSION IN  
SUPPORT OF THEIR MOTION TO AMEND PROTECTIVE ORDER**

**REDACTED VERSION**

I, AZRA Z. MEHDI, declare as follows:

1. I am an attorney duly licensed to practice before all of the courts of the States of California, New York and in the Northern District of Illinois. I am a member of the law firm of Lerach Coughlin Stoia Geller Rudman & Robbins LLP, counsel of record for lead plaintiffs in the above-entitled action. I have personal knowledge of the matters stated herein and, if called upon, I could and would competently testify thereto.

1. Attached are true and correct copies of the following exhibits:

- Exhibit 1: Household International, Inc. ("Household") list of subsidiaries (HHS 02127176-81);
- Exhibit 2: January 7, 2005 letter from Luke O. Brooks to Craig Kesch, Esq.;
- Exhibit 3: February 1, 2005 letter from Sylvia Sum to Landis Best, Esq.;
- Exhibit 4: Excerpts of Household's Report on Form 10-K/A for the fiscal year ended December 31, 2001;
- Exhibit 5: Excerpts of Household's Report on Form 10-K for the fiscal year ended December 31, 2002;
- Exhibit 6: Excerpt of Household's October 2001 Consumer Lending Due Diligence Report (HHS 02149468, HHS 02149477);
- Exhibit 7: Excerpt of Household's August 27, 2002 Review of Consumer Lending Real Estate Program (HHS 02152196, HHS 02152212);
- Exhibit 8: Excerpt of July 8, 1999 Beneficial Personal Loan Performance presentation by David B. Little, Tampa Collection Center (HHS 01988625, HHS 01988629);
- Exhibit 9: Excerpt of December 10, 2001 memo from George Wilson to Gary Gilmer (HHS 01587486, HHS 01587492);
- Exhibit 10: Excerpt of February 11, 2001 memo from George Wilson to Gary Gilmer (HHS 01590765, HHS 01590771);
- Exhibit 11: Excerpt of October 28, 2002 Retail Services presentation (HHS 00030494, HHS 0030539);
- Exhibit 12: Excerpt of January/February 2003 Household Affinity Credit Card Master Note Trust 1 Series 2003-1 presentation (HHS 02149853, HHS 02149950);

- Exhibit 13: Excerpt of April 2001 Rating Agency Presentation Book 1 of 2, Private Label Credit Card Master Note Trust 1 Series 2001-1 (HHS 02152467, HHS 02152510);
- Exhibit 14: July 8, 2002 memo from Terri Horn to Pat Boney and Walter Menezes (HHS 01829639);
- Exhibit 15: November 6, 2002 memo from Terri Horn to Pat Boney and Walter Menezes (HHS 01821131);
- Exhibit 16: January 15, 2003 memo from Pat Boney to Bobby Mehta (HHS 01287138);
- Exhibit 17: February 10, 2003 memo from Pat Boney to Bobby Mehta (HHS 01288234);
- Exhibit 18: Excerpt of May 30, 2002 Mortgage Services report (HHS 02147952, HHS 02147959);
- Exhibit 19: Excerpt of Household's April 2002 Business Overview (HHS 02147960);
- Exhibit 20: Excerpt of December 2002 Household Mortgage Services Review (HHS 01306280, HHS 01306358);
- Exhibit 21: Excerpt of March 31, 2003 Household Mortgage Services Overview Presentation to HSBC Mortgage Services (HHS 00695722, HHS 00695827);
- Exhibit 22: Excerpt of January 11, 2001 memo from Marie Burris to Sandy Derickson and Pat Boney (HHS 00090889-90);
- Exhibit 23: November 7, 2001 memo from Marie S. Burris to Sandy Derickson and Pat Boney (HHS 00130403-404);
- Exhibit 24: August 8, 2002 memo from Mari-Esther Norman to Michelle Matug and Sandra Smith (HHS 00032185);
- Exhibit 25: January 27, 2003 Fitch Ratings report (HHS 00647267-69);
- Exhibit 26: Sampling of blank pages from the Household Defendants' production (HHS 00109796-99, HHS 00120130);
- Exhibit 27: Household's assorted press releases (HHS 01311153-64, HHS 01311117-27, HHS 0127769393-94, HHS 00121399-401, HHS 00119735-37, HHS 01243050-52, HHS 01311128-38);
- Exhibit 28: Assorted emails regarding airline programs (HHS 01263696-701, HHS 01340675-76, HHS 01517383-90);
- Exhibit 29: Assorted birthday and anniversary celebration invitations (HHS 01785946-47, HHS 01789238-39, HHS 00679729-31);

Exhibit 30: February 12, 2003 email from Patricia A. Caputo to multiple recipients re Krispy Kreme Doughnuts, Inc. order form (HHS 01767257-60);

Exhibit 31: May 13, 2002 Warren-Newport Public Library pickup notice (HHS 00416691); and

Exhibit 32: April 2002 Experian marketing materials (HHS 00097324-29).

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 10th day of March, 2005, at San Francisco, California.

  
AZRA Z. MEHDI

T:\casesSF\household Intl\DEC00019128\_AZM.doc

# **EXHIBIT 1**



Last Update 4/17/2003

1 of 6

**Household International, Inc.**

| Names of Subsidiaries                                | Organized     | % Stock |
|--|---------------|---------|
| 1 Household Investment Funding, Inc.                 | Delaware      | 100%    |
| 2 Household Aviation, LLC                            | Delaware      | N/A     |
| 3 Hamilton Investments, Inc.                         | Delaware      | 100%    |
| >Craig-Hallum Corporation                            | Delaware      | 100%    |
| >Renaissance Bankcard Services                       | Oregon        | 100%    |
| >Renaissance Bankcard Services of Kentucky           | Kentucky      | 100%    |
| 4 Beneficial Service Corporation                     | Delaware      | 100%    |
| 5 Beneficial Service Corporation of Delaware         | Delaware      | 100%    |
| 6 Household Capital Corporation                      | Delaware      | 100%    |
| 7 Household Finance Corporation                      | Delaware      | 100%    |
| >Household Bank (SB), N.A.                           | Delaware      | 100%    |
| >>Household Card Funding Corporation                 | United States | 100%    |
| >>Household Receivables Funding Corporation          | Delaware      | 100%    |
| >>Household Receivables Funding Corporation II       | Nevada        | 100%    |
| >>Household Receivables Funding, Inc.                | Delaware      | 100%    |
| >Household Mortgage Funding Corporation              | Delaware      | 100%    |
| >Household Mortgage Funding Corporation II           | Delaware      | 100%    |
| >Household Mortgage Funding Corporation III          | Delaware      | 100%    |
| >HRSI Funding, Inc. II                               | Delaware      | 100%    |
| >HRSI Funding, Inc. III                              | Delaware      | 100%    |
| >Household Affinity Funding Corporation II           | Delaware      | 100%    |
| >Household Affinity Funding Corporation III          | Delaware      | 100%    |
| >Household Receivables Funding, Inc. III             | Delaware      | 100%    |
| >Household Receivables Acquisition Company II        | Delaware      | 100%    |
| >>HRSI Funding, Inc. IV                              | Delaware      | 100%    |
| >HGF Leasing, Inc.                                   | Delaware      | 100%    |
| >Beneficial Corporation                              | Delaware      | 100%    |
| >>Beneficial Finance Co.                             | Delaware      | 100%    |
| >>Beneficial Credit Corporation+D111                 | Delaware      | 100%    |
| >>Guaranty and Indemnity Insurance Company           | Delaware      | 100%    |
| >>Bencharge Credit Service Holding Company           | Delaware      | 100%    |
| >>>Beneficial Credit Services Northeast, Inc.        | Delaware      | 100%    |
| >>>Household Payroll Services, Inc.                  | Delaware      | 100%    |
| >>>Beneficial Credit Services of Connecticut Inc.    | Delaware      | 100%    |
| >>>Beneficial Credit Services of Mississippi Inc.    | Delaware      | 100%    |
| >>>Beneficial Credit Services of South Carolina Inc. | Delaware      | 100%    |
| >>>Beneficial Credit Services Inc.                   | Delaware      | 100%    |
| >>Beneficial Alabama Inc.                            | Alabama       | 100%    |
| >>Beneficial Arizona Inc.                            | Delaware      | 100%    |
| >>Beneficial California Inc.                         | Delaware      | 100%    |
| >>Beneficial Colorado Inc.                           | Delaware      | 100%    |
| >>Beneficial Commercial Holding Corporation          | Delaware      | 100%    |
| >>>Beneficial Commercial Corporation                 | Delaware      | 100%    |
| >>>>Beneficial Finance Leasing Corporation           | Delaware      | 100%    |
| >>>>Beneficial Leasing Group, Inc.                   | Delaware      | 100%    |
| >>>>>Neil Corporation                                | Delaware      | 100%    |
| >>>>>Silliman Corporation                            | Delaware      | 100%    |
| >>Beneficial Connecticut Inc.                        | Delaware      | 100%    |
| >>Beneficial Consumer Discount Company               | Pennsylvania  | 100%    |
| >>Beneficial Delaware Inc.                           | Delaware      | 100%    |
| >>Beneficial Discount Co. of Virginia                | Delaware      | 100%    |
| >>Beneficial Finance Co. of West Virginia            | Delaware      | 100%    |
| >>Beneficial Finance Services, Inc.                  | Kansas        | 100%    |
| >>Beneficial Florida Inc.                            | Delaware      | 100%    |
| >>>Beneficial Mortgage Co. of Florida                | Delaware      | 100%    |

HHS 02127176

**Household International, Inc.****Names of Subsidiaries****Household Finance Corporation (cont'd)****>Beneficial Corporation (cont'd)**

|   | Organized      | % Stock |
|---|----------------|---------|
| >>Beneficial Georgia Inc.                         | Delaware       | 100%    |
| >>Beneficial Hawaii Inc.                          | Delaware       | 100%    |
| >>Beneficial Idaho Inc.                           | Delaware       | 100%    |
| >>Beneficial Illinois Inc.                        | Delaware       | 100%    |
| >>Beneficial Income Tax Service Holding Co., Inc. | Delaware       | 100%    |
| >>>Household Tax Masters Inc.                     | Delaware       | 100%    |
| >>>>Household Tax Masters Acquisition Corporation | Delaware       | 100%    |
| >>Beneficial Indiana Inc.                         | Delaware       | 100%    |
| >>Beneficial Investment Co.                       | Delaware       | 100%    |
| >>>Beneficial Credit Services of New York, Inc.   | Delaware       | 100%    |
| >>>Beneficial New York Inc.                       | New York       | 100%    |
| >>>Beneficial Homeowner Service Corporation       | Delaware       | 100%    |
| >>Beneficial Iowa Inc.                            | Iowa           | 100%    |
| >>Beneficial Kansas Inc.                          | Kansas         | 100%    |
| >>Beneficial Kentucky Inc.                        | Delaware       | 100%    |
| >>Beneficial Land Company, Inc.                   | New Jersey     | 100%    |
| >>Beneficial Loan & Thrift Co.                    | Minnesota      | 100%    |
| >>Beneficial Louisiana Inc.                       | Delaware       | 100%    |
| >>Beneficial Maine Inc.                           | Delaware       | 100%    |
| >>Beneficial Management Corporation               | Delaware       | 100%    |
| >>>Beneficial Management Institute, Inc.          | New York       | 100%    |
| >>Beneficial Management Corporation of America    | Delaware       | 100%    |
| >>>Beneficial Franchise Company Inc.              | Delaware       | 100%    |
| >>>>Beneficial Business Credit Corp.              | Delaware       | 100%    |
| >>>>Beneficial Mark Holding Inc.                  | Delaware       | 100%    |
| >>>Beneficial Trademark Co.                       | Delaware       | 100%    |
| >>Beneficial Management Headquarters, Inc.        | New Jersey     | 100%    |
| >>>Beneficial Facilities Corporation              | New Jersey     | 100%    |
| >>Beneficial Maryland Inc.                        | Delaware       | 100%    |
| >>Beneficial Massachusetts Inc.                   | Delaware       | 100%    |
| >>Beneficial Michigan Inc.                        | Delaware       | 100%    |
| >>Beneficial Mississippi Inc.                     | Delaware       | 100%    |
| >>Beneficial Missouri, Inc.                       | Delaware       | 100%    |
| >>Beneficial Montana Inc.                         | Delaware       | 100%    |
| >>Beneficial Mortgage Holding Company             | Delaware       | 100%    |
| >>>>Beneficial Excess Servicing Inc.              | Delaware       | 100%    |
| >>>>Beneficial Home Mortgage Loan Corp.           | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Arizona            | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Colorado           | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Connecticut        | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Georgia            | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Idaho              | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Indiana            | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Kansas, Inc.       | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Louisiana          | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Maryland           | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Massachusetts      | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Mississippi        | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Missouri, Inc.     | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Nevada             | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of New Hampshire      | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Oklahoma           | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Rhode Island       | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of South Carolina     | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Texas              | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Utah               | Delaware       | 100%    |
| >>>>Beneficial Mortgage Co. of Virginia           | Delaware       | 100%    |
| >>>>>Beneficial Mortgage Co. of North Carolina    | Delaware       | 100%    |
| >>>>>>Decision One Mortgage Company, LLC          | North Carolina | 100%    |
| >>>>>>>Decision One Loan                          |                |         |
| Company of Minnesota                              | Minnesota      | 100%    |

HHS 02127177

**Household International, Inc.****Names of Subsidiaries****Household Finance Corporation (cont'd)**

## &gt;Beneficial Corporation (cont'd)

|  | Organized     | % Stock |
|--|---------------|---------|
| >>Beneficial Nebraska Inc.                     | Nebraska      | 100%    |
| >>Beneficial Nevada Inc.                       | Delaware      | 100%    |
| >>Beneficial New Hampshire Inc.                | Delaware      | 100%    |
| >>Beneficial New Jersey Inc.                   | Delaware      | 100%    |
| >>Beneficial New Mexico Inc.                   | Delaware      | 100%    |
| >>Beneficial North Carolina Inc.               | Delaware      | 100%    |
| >>Beneficial Oklahoma Inc.                     | Delaware      | 100%    |
| >>Beneficial Oregon Inc.                       | Delaware      | 100%    |
| >>Beneficial Real Estate Company, Inc.         | New Jersey    | 100%    |
| >>Beneficial Rhode Island Inc.                 | Delaware      | 100%    |
| >>Beneficial South Carolina Inc.               | Delaware      | 100%    |
| >>Beneficial South Dakota Inc.                 | Delaware      | 100%    |
| >>Beneficial Systems Development Corporation   | Delaware      | 100%    |
| >>Beneficial Technology Corporation            | Delaware      | 100%    |
| >>Beneficial Tennessee Inc.                    | Tennessee     | 100%    |
| >>Beneficial Texas Inc.                        | Texas         | 100%    |
| >>Beneficial Utah Inc.                         | Delaware      | 100%    |
| >>Beneficial Vermont Inc.                      | Delaware      | 100%    |
| >>Beneficial Virginia Inc.                     | Delaware      | 100%    |
| >>Beneficial Washington Inc.                   | Delaware      | 100%    |
| >>Beneficial West Virginia, Inc.               | West Virginia | 100%    |
| >>Beneficial Wisconsin Inc.                    | Delaware      | 100%    |
| >>Beneficial Wyoming Inc.                      | Wyoming       | 100%    |
| >>Benevest Group Inc.                          | Delaware      | 100%    |
| >>>Benevest Service Company                    | Delaware      | 100%    |
| >>>Benevest Services, Inc.                     | Washington    | 100%    |
| >>>Benevest Escrow Company                     | Delaware      | 100%    |
| >>BMC Holding Company                          | Delaware      | 100%    |
| >>>Beneficial Mortgage Corporation             | Delaware      | 100%    |
| >>>>Beneficial Mortgage Services, Inc.         | Delaware      | 100%    |
| >>Bon Secour Properties Inc.                   | Alabama       | 100%    |
| >>Capital Financial Services Inc.              | Nevada        | 100%    |
| >>Harbour Island Inc.                          | Florida       | 100%    |
| >>>>Harbour Island Venture One, Inc.           | Florida       | 100%    |
| >>>>Harbour Island Venture Three, Inc.         | Florida       | 100%    |
| >>>>Harbour Island Venture Four, Inc.          | Florida       | 100%    |
| >>>>Tampa Island Transit Company, Inc.         | Florida       | 100%    |
| >>Personal Mortgage Holding Company            | Delaware      | 100%    |
| >>>>Personal Mortgage Corporation              | Delaware      | 100%    |
| >>Southern Trust Company                       | Delaware      | 100%    |
| >>Southwest Beneficial Finance, Inc.           | Illinois      | 100%    |
| >>Wasco Properties, Inc.                       | Delaware      | 100%    |
| >>>>Beneficial Real Estate Joint Venture, Inc. | Delaware      | 100%    |
| >>Alabama Properties                           | Delaware      | 100%    |
| >HFC Card Funding Corporation                  | Delaware      | 100%    |
| >HFC Funding Corporation                       | Delaware      | 100%    |
| >HFC Revolving Corporation                     | Delaware      | 100%    |
| >HFS Funding Corporation                       | Delaware      | 100%    |
| >Household Acquisition Corporation             | Delaware      | 100%    |
| >>HFTA Corporation                             | Delaware      | 100%    |
| >>>>Pacific Agency, Inc.                       | Nevada        | 100%    |
| >>>>HFTA Consumer Discount Company             | Pennsylvania  | 100%    |
| >>>>HFTA First Financial Corporation           | California    | 100%    |
| >>>>HFTA Second Corporation                    | Alabama       | 100%    |
| >>>>HFTA Third Corporation                     | Delaware      | 100%    |
| >>>>HFTA Fourth Corporation                    | Minnesota     | 100%    |
| >>>>HFTA Fifth Corporation                     | Nevada        | 100%    |
| >>>>HFTA Sixth Corporation                     | Nevada        | 100%    |
| >>>>HFTA Seventh Corporation                   | New Jersey    | 100%    |
| >>>>HFTA Eighth Corporation                    | Ohio          | 100%    |
| >>>>HFTA Ninth Corporation                     | West Virginia | 100%    |
| >>>>HFTA Tenth Corporation                     | Washington    | 100%    |
| >>>>Household Finance Corporation of Hawaii    | Hawaii        | 100%    |
| >>>>Pacific Finance Loans                      | California    | 100%    |

HHS 02127178

**Household International, Inc.****Names of Subsidiaries****Household Finance Corporation (cont'd)**

Organized % Stock

|   |              |        |
|---|--------------|--------|
| >Household Automotive Finance Corporation                     | Delaware     | 100%   |
| >>Household Automotive Credit Corporation                     | Delaware     | 100%   |
| >>OFL-A Receivables Corp.                                     | Delaware     | 100%   |
| >Household Auto Receivables Corporation                       | Nevada       | 100%   |
| >Household Capital Markets, Inc.                              | Delaware     | 100%   |
| >Household Card Services, Inc.                                | Nevada       | 100%   |
| >Household Consumer Loan Corporation                          | Nevada       | 100%   |
| >Household Consumer Loan Corporation II                       | Delaware     | 100%   |
| >Household Corporation  | Delaware     | 100%   |
| >Household Credit Services, Inc.                              | Delaware     | 100%   |
| >>Household Credit Services Overseas, Inc.                    | Delaware     | 100%   |
| >>Household Superhighway, Inc.                                | Delaware     | 100%   |
| >>Renaissance Recovery Services, Inc.                         | Delaware     | 100%   |
| >Household Credit Services of Mexico, Inc.                    | Delaware     | 100%   |
| >Household Financial Services, Inc.                           | Delaware     | 100%   |
| >Household Group, Inc.  | Delaware     | 100%   |
| >>Housekey Financial Services, Inc.                           | Illinois     | 100%   |
| >>Household N Q Pension Company                               | Delaware     | 100%   |
| >>Beneficial Loan Corporation of Kentucky                     | Kentucky     | 100%   |
| >>Household Company of Maine                                  | Maine        | 100%   |
| >>Household Life Insurance Co. of Arizona                     | Arizona      | 100%   |
| >>Household Insurance Group Holding Company                   | Delaware     | 100%   |
| >>>Household Life Insurance Company of Delaware               | Delaware     | 100%   |
| >>>Household Insurance Agency, Inc.                           | Michigan     | 100%   |
| >>>Household Insurance Agency, Inc.                           | Nevada       | 100%   |
| >>>Wesco Insurance Company                                    | Delaware     | 100%   |
| >>>>Southwest Texas General Agency, Inc.                      | Texas        | 100%   |
| >>>Service General Insurance Company                          | Ohio         | 100%   |
| >>>>Beneficial Ohio Inc.                                      | Delaware     | 100%   |
| >>>>Service Management Corporation                            | Ohio         | 100%   |
| >>>>>B.I.G. Insurance Agency, Inc.                            | Ohio         | 100%   |
| >>>BFC Agency, Inc.   | Delaware     | 100%   |
| >>>BFC Insurance Agency of Nevada                             | Nevada       | 100%   |
| >>>Beneficial Direct, Inc.                                    | New Jersey   | 100%   |
| >>>Household Insurance Group, Inc.                            | Delaware     | 100%   |
| >>>Service Administrators, Inc. (USA)                         | Colorado     | 100%   |
| >>>Household Life Insurance Company                           | Michigan     | 100%   |
| >>>>First Central National Life Insurance Company of New York | New York     | 100%   |
| >>>Arcadia Insurance Administrators, Inc.                     | Delaware     | 100%   |
| >>AHLIC Investment Holdings Corporation                       | Delaware     | 100%   |
| >>Cal-Pacific Services, Inc.                                  | California   | 100%   |
| >>HFS Investments, Inc.                                       | Nevada       | 100%   |
| >>>JV Mortgage Capital, Inc.                                  | Delaware     | 50%    |
| >>>>JV Mortgage Capital, L.P.                                 | Delaware     | 50.50% |
| >>>>>JV Mortgage Capital Consumer Discount Company            | Pennsylvania | 100%   |
| >>Household Business Services, Inc.                           | Delaware     | 100%   |
| >>>Financial Network Alliance, LLP.                           | Illinois     | 50%    |
| >>>>FNA Consumer Discount Company                             | Pennsylvania | 100%   |
| >>Household Commercial Financial Services, Inc.               | Delaware     | 100%   |
| >>>The Generra Company  | Delaware     | 100%   |
| >>>Business Realty Inc.                                       | Delaware     | 100%   |
| >>>>Business Lakeview, Inc.                                   | Delaware     | 100%   |
| >>>Capital Graphics, Inc.                                     | Delaware     | 100%   |
| >>>HCFS Business Equipment Corporation                        | Delaware     | 100%   |
| >>>HFC Commercial Realty, Inc.                                | Delaware     | 100%   |
| >>>>PPSG Corporation  | Delaware     | 100%   |
| >>>>G.C. Center, Inc.   | Delaware     | 100%   |
| >>>>Com Realty, Inc.  | Delaware     | 100%   |
| >>>>>Lighthouse Property Corporation                          | Delaware     | 100%   |
| >>>>Household OPEB I, Inc.                                    | Illinois     | 100%   |

HHS 02127179

**Household International, Inc.**

| Names of Subsidiaries                                     | Organized     | % Stock |
|---|---------------|---------|
| <b>Household Finance Corporation (cont'd)</b>             |               |         |
| >>>Household Commercial Financial Services, Inc. (cont'd) |               |         |
| >>>>HFC Leasing, Inc.                                     | Delaware      | 100%    |
| >>>>>First HFC Leasing Corporation                        | Delaware      | 100%    |
| >>>>>Second HFC Leasing Corporation                       | Delaware      | 100%    |
| >>>>>Valley Properties Corporation                        | Tennessee     | 100%    |
| >>>>>Fifth HFC Leasing Corporation                        | Delaware      | 100%    |
| >>>>>Sixth HFC Leasing Corporation                        | Delaware      | 100%    |
| >>>>>Seventh HFC Leasing Corporation                      | Delaware      | 100%    |
| >>>>>Eighth HFC Leasing Corporation                       | Delaware      | 100%    |
| >>>>>Tenth HFC Leasing Corporation                        | Delaware      | 100%    |
| >>>>>Eleventh HFC Leasing Corporation                     | Delaware      | 100%    |
| >>>>>Thirteenth HFC Leasing Corporation                   | Delaware      | 100%    |
| >>>>>Fourteenth HFC Leasing Corporation                   | Delaware      | 100%    |
| >>>>>Seventeenth HFC Leasing Corporation                  | Delaware      | 100%    |
| >>>>>Nineteenth HFC Leasing Corporation                   | Delaware      | 100%    |
| >>>>>Twenty-second HFC Leasing Corporation                | Delaware      | 100%    |
| >>>>>Twenty-sixth HFC Leasing Corporation                 | Delaware      | 100%    |
| >>>>>Sixty-first HFC Leasing Corporation                  | Delaware      | 100%    |
| >>>>>Beaver Valley, Inc.                                  | Delaware      | 100%    |
| >>>>>Hull 752 Corporation                                 | Delaware      | 100%    |
| >>>>>Hull 753 Corporation                                 | Delaware      | 100%    |
| >>>>>Third HFC Leasing Corporation                        | Delaware      | 100%    |
| >>>>>>Macray Corporation                                  | California    | 100%    |
| >>>>>Fourth HFC Leasing Corporation                       | Delaware      | 100%    |
| >>>>>>Pargen Corporation                                  | California    | 100%    |
| >>>>>Fifteenth HFC Leasing Corporation                    | Delaware      | 100%    |
| >>>>>>Hull Fifty Corporation                              | Delaware      | 100%    |
| >>>>>Chattanooga Valley Associates                        | Tennessee     | N/A     |
| >>>HFC Retail Credit Services, Inc.                       | Delaware      | 100%    |
| >>>Household Capital Investment Corporation               | Delaware      | 100%    |
| >>>>>Old K & B Corporation                                | Michigan      | 94.40%  |
| >>>Household Commercial of California, Inc.               | California    | 100%    |
| >>>>>Overseas Leasing Two FSC, Ltd.                       | Bermuda       | 100%    |
| >>>>>Overseas Leasing Four FSC, Ltd.                      | Bermuda       | 100%    |
| >>>>>Overseas Leasing Five FSC, Ltd.                      | Bermuda       | 100%    |
| >>>>>Amstelveen FSC, Ltd.                                 | Bermuda       | 100%    |
| >>>>>Night Watch FSC, Ltd.                                | Bermuda       | 100%    |
| >>>>>Real Estate Collateral Management Company            | Delaware      | 100%    |
| >>>OLC, Inc.  | Rhode Island  | 100%    |
| >>>>>OPI, Inc.  | Virginia      | 100%    |
| >>Household Finance Consumer Discount Company             | Pennsylvania  | 100%    |
| >>Household Finance Corporation II                        | Delaware      | 100%    |
| >>Household Finance Corporation of Alabama                | Alabama       | 100%    |
| >>Household Finance Corporation of California             | Delaware      | 100%    |
| >>Household Finance Corporation of Nevada                 | Delaware      | 100%    |
| >>>>>Household Finance Realty Corporation of New York     | Delaware      | 100%    |
| >>Household Finance Corporation of West Virginia          | West Virginia | 100%    |
| >>Household Finance Industrial Loan Company               | Washington    | 100%    |
| >>Household Finance Industrial Loan Company of Iowa       | Iowa          | 100%    |
| >>Household Finance Realty Corporation of Nevada          | Delaware      | 100%    |
| >>>>>Household Finance Corporation III                    | Delaware      | 100%    |
| >>>>>>HFC Agency of Connecticut, Inc.                     | Connecticut   | 100%    |
| >>>>>>HFC Agency of Michigan, Inc.                        | Michigan      | 100%    |
| >>>>>>HFC Agency of Missouri, Inc.                        | Missouri      | 100%    |
| >>>>>>Household Realty Corporation                        | Delaware      | 100%    |
| >>>>>>>Overseas Leasing One FSC, Ltd.                     | Bermuda       | 100%    |
| >>>Household Retail Services, Inc.                        | Delaware      | 100%    |
| >>>>>HRSI Funding, Inc.                                   | Nevada        | 100%    |
| >>Household Financial Center Inc.                         | Tennessee     | 100%    |
| >>Household Industrial Finance Company                    | Minnesota     | 100%    |
| >>Household Industrial Loan Co. of Kentucky               | Kentucky      | 100%    |
| >>Household Recovery Services Corporation                 | Delaware      | 100%    |

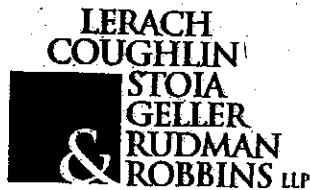
HHS 02127180

**Household International, Inc.**

| Names of Subsidiaries                               | Organized         | % Stock |
|---|-------------------|---------|
| <b>Household Finance Corporation cont'd</b>         |                   |         |
| >Household Group, Inc. (cont'd)                     |                   |         |
| >>Household Relocation Management, Inc.             | Illinois          | 100%    |
| >>Household Servicing, Inc.                         | Delaware          | 100%    |
| >>Mortgage One Corporation                          | Delaware          | 100%    |
| >>Mortgage Two Corporation                          | Delaware          | 100%    |
| >>Sixty-First HFC Leasing Corporation               | Delaware          | 100%    |
| >Household Pooling Corporation                      | Nevada            | 100%    |
| >Household Receivables Acquisition Company          | Delaware          | 100%    |
| >Household REIT Corporation                         | Nevada            | 100%    |
| <b>8 Household Financial Group, Ltd.</b>            | Delaware          | 100%    |
| <b>9 Household Global Funding, Inc.</b>             | Delaware          | 100%    |
| >Household Overseas Limited                         | England           | 100%    |
| >>Household International Netherlands B.V.          | Netherlands       | 100%    |
| >Beneficial Premium Services Limited                | England           | 100%    |
| >Beneficial Limited                                 | England           | 99.90%  |
| >Extracard Corp.                                    | Delaware          | 100%    |
| >Household Ireland (Holdings), Inc.                 | Delaware          | 100%    |
| >>BFC Ireland (Holdings) Limited                    | Ireland           | 100%    |
| >>>BFC Insurance (Life) Limited                     | Ireland           | 100%    |
| >>>BFC Insurance Limited                            | Ireland           | 100%    |
| >>>BFC Reinsurance Limited                          | Ireland           | 100%    |
| >>>BFC Pension Plan (Ireland) Limited               | Ireland           | 100%    |
| >Household International Europe Limited             | England           | 100%    |
| >>Beneficial Finance a.s.                           | Czech Republic    | 100%    |
| >>Household (Jersey) Limited                        | Jersey            | 100%    |
| >>Beneficial (Hungary) Financial Services Limited   | Hungary           | 100%    |
| >>HFC Financial Services Holdings (Ireland) Limited | Ireland           | 100%    |
| >>D.L.R.S. Limited                                  | England           | 100%    |
| >>HFC Bank plc                                      | England           | 100%    |
| >>>Beneficial Financial Services Limited            | England           | 100%    |
| >>>Beneficial Leasing Limited                       | England           | 100%    |
| >>>Beneficial Trust Investments Limited             | England           | 100%    |
| >>>Beneficial Trust Nominees Limited                | England           | 100%    |
| >>>Endeavour Personal Finance Limited               | England           | 100%    |
| >>>Security Trust Limited                           | England           | 100%    |
| >>>Sterling Credit Limited                          | England           | 100%    |
| >>>Sterling Credit Management Limited               | England           | 100%    |
| >>>The Loan Corporation Limited                     | England           | 100%    |
| >>>HFC Pension Plan (Ireland) Limited               | Ireland           | 100%    |
| >>>Hamilton Financial Planning Services Ltd.        | England           | 100%    |
| >>>Hamilton Insurance Company Limited               | England           | 100%    |
| >>>Hamilton Life Assurance Company Limited          | England           | 100%    |
| >>>HFC Pension Plan Limited                         | England           | 100%    |
| >>>Household Funding plc                            | England           | 100%    |
| >>>Household Investments Limited                    | England           | 100%    |
| >>>Household Leasing Limited                        | England           | 100%    |
| >>>Household Management Corporation Limited         | England and Wales | 100%    |
| >>>Household Computer Services Limited              | England           | 100%    |
| >>>Household Finance Limited                        | England           | 100%    |
| >>>First Finance Brokers Limited                    | England           | 100%    |
| >>>The Beneficial Building Company Limited          | England           | 100%    |
| <b>Household Global Funding, Inc. (cont'd)</b>      |                   |         |
| >Household International Europe Limited             |                   |         |
| >>>Beneficial Data Systems Limited                  | England           | 100%    |
| >>>Beneficial Financing Limited                     | England           | 100%    |
| >>>Sterling Mortgages Limited                       | England           | 100%    |
| >Household Financial Corporation Limited            | Ontario           | 100%    |
| >>Household Realty Corporation (1997) Limited       | British Columbia  | 100%    |
| >>Household Finance Corporation of Canada           | Canada            | 100%    |
| >>Household Realty Corporation Limited              | Ontario           | 100%    |
| >>Household Trust Company                           | Canada            | 100%    |
| >>Household Financial Corporation Inc.              | Ontario           | 100%    |
| <b>10 Household Reinsurance Ltd.</b>                | Bermuda           | 100%    |
| <b>11 Household Commercial Canada, Inc.</b>         | Ontario           | 100%    |
| <b>12 Household Global Holdings, BV</b>             | Netherlands       | 100%    |

HHS 02127181

## **EXHIBIT 2**



SAN DIEGO • SAN FRANCISCO  
LOS ANGELES • NEW YORK • BOCA RATON  
WASHINGTON, DC • HOUSTON  
PHILADELPHIA • SEATTLE

Luke O. Brooks  
lukeb@lerachlaw.com

January 7, 2005

VIA FACSIMILE

Craig Kesch, Esq.  
CAHILL GORDON & REINDEL LLP  
Eighty Pine Street  
New York, NY 10005-1702

Re: *Lawrence E. Jaffe Pension Plan v. Household International, Inc., et al.*  
Case No. 02-CIV-5893 (N.D. Ill.)

Dear Craig:

I write in response to your letter dated December 23, 2004 regarding documents responsive to plaintiffs' requests concerning organizational charts. We are extremely disappointed that your response continues to be woefully inadequate.

Pursuant to Request No. 8 of Plaintiffs' First Request for the Production of Documents to Household Defendants served May 17, 2004 ("Document Request No. 8"), we requested organizational charts and employee directories describing or reflecting the hierarchy and management structure of Household and each of its divisions and operating segments from 1997 through 2002. The three previous productions in response to this request have provided the following:

- 1) Two pages consisting of an executive management chart for Consumer Lending dated November 2001, and an executive management chart for Household International dated March 2002;
- 2) Organizational charts for Household Technology & Services dated December 2000, December 2001 and select pages from September 2004; and
- 3) Organizational charts for certain segments of Consumer Lending for 2002 only.

Your most recent production dated December 23, 2004, provided 44 pages of charts for 2001 and 2002, many of which are nearly identical to charts already produced in the previous productions. Most glaringly, the bulk of your recent production consists of 20 pages of charts for Direct Lending, a business unit not listed on any of the previously produced organizational charts thereby making it impossible for plaintiffs to determine where or how this unit fits within the Household corporate structure.







Craig Kesch, Esq.  
January 7, 2005  
Page 2

Aside from duplicating previously produced charts and containing charts for anomalous business units, the productions to date are inadequate and fail to satisfy plaintiffs' Document Request No. 8 for the following additional reasons:

- 1) The productions fail to provide organizational charts beyond the years 2000 - 2002, and to a large extent only cover 2002;
- 2) The productions fail to provide organizational charts for Mortgage Services or Credit Card Services;
- 3) The productions fail to adequately provide organizational charts for the accounting, credit risk, finance, and strategy and development groups headed by defendants David Schoenholz and/or Joe Vozar;
- 4) The productions fail to provide organizational charts for Household's Servicing Organization;
- 5) The productions fail to adequately provide organizational charts for business units supporting Consumer Lending, Mortgage Services, and Credit Card Services;
- 6) The productions do not contain a single employee directory; and
- 7) The production fail to provide a single document demonstrating how the various subsidiaries and divisions fit within the Household International organization.

The example of Dave Stockdale illustrates how Household's inadequate response to Document Request No. 8 has impeded plaintiffs' ability to properly review Household's production. From a review of the documents produced thus far, we have determined that Stockdale was the manager of a Household collections unit in 2002 and has knowledge of Household's collection, incentive, and re-aging practices during the class period. Yet Stockdale does not appear on any of the organizational charts produced so far. Plaintiffs have no way of knowing such basic information as who Stockdale reported to or what business units he worked with without engaging in costly and lengthy depositions of Household employees.

We have repeatedly informed you of our immediate desire to obtain a firm understanding of the corporate structure under which Household operates and have delayed taking depositions on this subject based on Household's numerous assurances that a complete production of organizational charts was forthcoming. As we have mentioned to you on numerous occasions, without documents demonstrating the corporate structure and interrelationship of Household subsidiaries, plaintiffs are unable to focus discovery and narrow the scope of current and future requests. Indeed, it has been well over six months since plaintiffs first requested Household's organizational charts. Yet, to date



Craig Kesch, Esq.  
January 7, 2005  
Page 3

we have received organizational charts for only a handful of business units, and nothing covering 1997-1999.

We fail to see how a sophisticated financial company such as Household International would not have ready and available access to not only current but also previous organizational charts. Indeed, providing outsiders with an understanding of corporate and business structure is a requirement for finance companies such as Household when they interact with lenders or credit rating agencies. In fact, in the Affidavit of Michael Woodward in Support of Household Defendants' Motion to Amend the Protective Order, Household has asserted that its human resources department "creates for its own internal use detailed organizational charts that contain employee names, areas of responsibility, and reporting structures."

In light of what is expected to be a massive rolling production of documents throughout 2005, this issue must be immediately resolved. Please take immediate steps to provide plaintiffs with a complete production of organizational charts and employee directories which satisfies Document Request No. 8.

Very truly yours,

A handwritten signature in dark ink, appearing to read "L.O. Brooks", written over a horizontal line.

Luke O. Brooks

LOB:mog

cc: Marvin A. Miller, Esq.  
Adam Deutsch, Esq.

T:\casesSF\household Int\corres\Kesch\_010705.doc

## **EXHIBIT 3**



SAN DIEGO • SAN FRANCISCO  
LOS ANGELES • NEW YORK • BOCA RATON  
WASHINGTON, DC • HOUSTON  
PHILADELPHIA • SEATTLE

Sylvia Sum  
sylvias@lerachlaw.com

February 1, 2005

VIA FACSIMILE

Landis Best, Esq.  
CAHILL GORDON & REINDEL LLP  
Eighty Pine Street  
New York, NY 10005-1702

Re: *Lawrence E. Jaffe Pension Plan v. Household International, Inc., et al.*  
Case No. 02-CIV-5893 (N.D. Ill.)

Dear Landis:

During our December 7 and 9, 2004 meet and confers, you represented to plaintiffs that, aside from the electronic discovery, the Household Defendants intended to complete production by March 2005. Given the current pace at which documents are being produced, plaintiffs are concerned that production in this first round of discovery will not be completed by the end of the year, let alone by March 2005, even though the requests have been outstanding since May 17, 2004. Despite the Household Defendants' repeated assertion that over 2.4 million pages have already been produced, the fact is that the vast majority of these documents had already been previously produced in other proceedings. There is no good reason why these documents should not have been produced to plaintiffs months ago.

In the interest of establishing a schedule for the production of documents responsive to Plaintiffs' First Request for Production of Documents from the Household Defendants, I write to summarize the status of document production thus far.

**1. No Production in Response to Request Nos. 4-5, 10, 13-14, 16-29**

The Household Defendants agreed to produce responsive documents with respect to the following requests, but, to date, no documents have been produced: Request Nos. 4-5, 10, 13 (as limited to incentive programs or promotions for management ranks, sales ranks and collection ranks), 14 (as limited to summaries and policies regarding discipline), 16-18 (those parts agreed by the parties, see below), 19-24 (as limited to compensation of the Individual Defendants), and 25-29. With only a couple of months remaining to meet the March 2005 deadline, plaintiffs ask that the Household Defendants begin production of documents responsive to these requests immediately.



Landis Best, Esq.

February 1, 2005

Page 2

## 2. Partial Production of Documents or Where Status of Production Is Unknown

Request No. 1 (investigations by federal or state agencies into lending practices)<sup>1</sup>: During the January 21, 2005 meet and confer, you represented that production relating to this request is complete. However, on January 28, 2005, plaintiffs received seven boxes "responsive to plaintiffs' requests concerning, *inter alia*, Household's lending policies and practices as well as investigations by state or federal agencies." Please advise if production relating to this request is complete or ongoing. If ongoing, plaintiffs request that you complete production by February 15, 2005. Since these documents were previously produced and the request has been outstanding for over eight months, there should be no further delay in producing these documents.

Request No. 2 (investigations by federal or state agencies into reaging): There is an unexplained gap between Bates HHS 02111554 and HHS 02115346. Please explain whether these documents are being withheld for privilege. If so, were they also withheld from the SEC? Also, please advise whether production relating to this request is complete. If incomplete, plaintiffs ask that you complete production by February 15, 2005 for the reasons outlined above.

Request No. 6 (sample loan documents): The Household Defendants have produced sample loan documents for each state. Plaintiffs are in the process of reviewing this production and will follow up with defendants regarding sufficiency upon completion of their review.

Request No. 7 (lending practices and policies): With respect to the recent production on January 28, 2005, the Household Defendants informed plaintiffs that the production was "responsive to plaintiffs' requests concerning, *inter alia*, Household's lending policies and practices as well as investigations by state or federal agencies." Please advise if this recent production was previously produced to a state or federal agency in connection with an investigation. Further, please advise if production relating to this request is complete.

Request No. 8 (organizational charts/employee directories): As discussed in numerous letters and telephone calls, including a January 7, 2005 letter detailing specific defects, production of organizational charts has been woefully inadequate, by failing to adequately demonstrate the corporate structure and interrelationship of the hundreds of Household subsidiaries. Household's two subsequent productions following the January 7 letter fail to correct these inadequacies and continue to be deficient.

The January 27, 2005 production consisting of 28 pages of organizational charts are incomplete sections of random business units lacking many years during the Class Period. In addition, the production included seven pages of organizational charts for Tax Masters and BTMI,

---

<sup>1</sup> The short-forms of the requests used in the headings are for convenience only. Plaintiffs do not intend to limit the requests by the use of abbreviations.



Landis Best, Esq.

February 1, 2005

Page 3

business units not listed on any of the previously produced organizational charts thereby making it impossible for plaintiffs to determine where or how these units fit within the Household structure.

Your one-page production of the September 2002 Mortgage Services organizational chart is insulting.

Finally, no employee directories have been produced to date. Plaintiffs will be moving to compel production of organizational charts and employee directories.

Request No. 9 (training materials): Per letter of December 15, 2004, plaintiffs requested that the approximately 50 videotapes and 25 audiotapes be copied and sent to us. Plaintiffs have not received these video and audiotapes. Please produce these tapes by February 15, 2005. Further, please advise plaintiffs if production relating to this request is otherwise complete.

Request Nos. 11 and 12 (structure/operational abilities of Vision and Vision system): As you are aware, it is plaintiffs' position that documents relating to any Vision enhancements resulting from the Consumer Protection Plan and/or any settlement with the Attorneys General or another federal or state agency are responsive to this request, as well as Requests 1-3 and 12, and must be produced. Please advise plaintiffs whether and, if so, when you intend to produce documents relating to Vision enhancements.

Request No. 15 (other lawsuits): In a December 15, 2004 letter, you stated that you have received legal pleadings and transcripts related to the *Luna* litigation on a rolling basis and would produce them shortly. See December 15, 2004 Greenblatt letter. We have not received any subsequent production relating to the *Luna* litigation. As discussed above, since the Household Defendants have had these documents for a significant period of time, please produce them promptly, along with any privilege logs produced in other litigations.

Request No. 30 (document destruction, retention and alteration policies): Please advise plaintiffs if production relating to this request is complete.

### **3. Requests Where Further Actions by Plaintiffs or Defendants Is Necessary**

Request No. 3 (communications with federal or state agencies): The Household Defendants agreed to produce communications between Household and the Individual Defendants and the SEC or other state or federal agencies, as limited to the topics of reaging, predatory lending and the restatement. Upon a review of the non-public SEC request provided to plaintiffs on January 28, 2005, plaintiffs do not object to treating SEC requests as confidential. Notwithstanding the resolution of the SEC requests, plaintiffs expect production of communications with various Attorneys General and other state and federal agencies. To date, no documents have been produced. Please produce these documents.

Request No. 14 (management and employee discipline): In addition to agreeing to production of summaries and policies regarding discipline (which have not been produced yet), the



Landis Best, Esq.

February 1, 2005

Page 4

parties agreed to discuss searches of individual personnel files at a later date. However, due to the deficiencies in the production of organizational charts and employee directories, plaintiffs have been unable to limit the search of individual personnel files to specific persons. Thus, please produce promptly all summaries and policies. Plaintiffs will defer further action pursuant to this request until such production.

Request No. 17 (KPMG work performed for Household): The Household Defendants agreed to produce documents regarding work performed by KPMG related to predatory lending, reaging and the restatement and any work performed by KPMG on financials that were reported during the Class Period. To date, no documents have been produced. Please advise when you expect to produce these documents.

In addition, the Household Defendants informed plaintiffs that KPMG performed other services for numerous subsidiaries and that documents relating to such services will be voluminous. Plaintiffs informed the Household Defendants that due to the deficient production of organizational charts, plaintiffs did not have an understanding regarding Household's structure and interrelationships of its various subsidiaries. Thus, plaintiffs cannot limit this request, and ask for a complete production of responsive documents.

Request No. 18 (Andersen work performed for Household): The Household Defendants agreed to produce documents regarding: i) work performed by Andersen related to allegation of predatory lending, improper reaging and the restatement, ii) any work performed by Andersen on financials that were reported during the Class Period, and iii) consulting work performed by Andersen. To date, no documents have been produced. Please produce these documents promptly.

As with Request No. 17, plaintiffs cannot limit this request with respect to other services performed due to the deficient production of organizational charts.

Request No. 31 (preservation and retention of documents for this litigation): Defendants objected on the basis of privilege. Please provide a privilege log for documents withheld.

Very truly yours,

Sylvia Sum

SS:jc

cc: Marvin A. Miller, Esq.  
Adam Deutsch, Esq.

## **EXHIBIT 4**



## HOUSEHOLD INTERNATIONAL INC

Filing Type: 10-K  
Description: A00  
Filing Date: 12/31/01

Ticker:  
Cusip: 441815  
State: IL  
Country: US  
Primary SIC: 6141  
Primary Exchange: OTH  
Billing Cross Reference:  
Date Printed: 03/10/05

# Table of Contents

*To jump to section, click on hypertexted page number*

## Filing Sections

|                        |                          |
|------------------------|--------------------------|
| Document.....          | <u><a href="#">1</a></u> |
| Base .....             | <u><a href="#">1</a></u> |
| Cover Page.....        | <u><a href="#">1</a></u> |
| Table of Contents..... | <u><a href="#">2</a></u> |
| Part I .....           | <u><a href="#">3</a></u> |
| Business .....         | <u><a href="#">3</a></u> |
| Income Statement ..... | <u><a href="#">5</a></u> |

## Exhibits

|   |                            |
|---|----------------------------|
| Exhibits .....                            | <u><a href="#">117</a></u> |
| Computation of Earning Per Share 11 ..... | <u><a href="#">117</a></u> |
| Computation of Ratios 12 .....            | <u><a href="#">118</a></u> |
| Consents : Experts/Counsel 23 .....       | <u><a href="#">119</a></u> |
| Additional Exhibits 99.2 .....            | <u><a href="#">120</a></u> |
| Additional Exhibits 99.3 .....            | <u><a href="#">121</a></u> |
| Additional Exhibits 99.4 .....            | <u><a href="#">122</a></u> |

UNITED STATES SECURITIES AND  
 EXCHANGE COMMISSION  
 Washington, D.C. 20549

FORM 10-K/A

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934  
 For the fiscal year ended December 31, 2001

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-8198

Household International, Inc.  
 (Exact name of registrant as specified in its charter)

Delaware 36-3121988  
 (State of incorporation) (I.R.S. Employer  
 Identification No.)

2700 Sanders Road  
 Prospect Heights, Illinois 60070  
 (Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (847) 564-5000

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class  | Name of each exchange<br>on which registered       |
|--|--|
| Common Stock, \$1 par value  | New York Stock Exchange and Chicago Stock Exchange |
| Series A Junior Participating Preferred Stock  |  |
| Purchase Rights (attached to and transferable only with the Common<br>Stock)   |  |
| 5% Cumulative Preferred Stock  | New York Stock Exchange                            |
| \$4.50 Cumulative Preferred Stock  | New York Stock Exchange                            |
| \$4.30 Cumulative Preferred Stock  | New York Stock Exchange                            |
| Depository Shares (each representing one-fortieth<br>share of 8 1/4% Cumulative Preferred Stock, Series<br>1992-A, no par, \$1,000 stated value) | New York Stock Exchange                            |
| Depository Shares (each representing one-fortieth share of 7.50%<br>Cumulative Preferred Stock, Series 2001-A, no par, \$1,000 stated value)     | New York Stock Exchange                            |
| Guarantee of 8.25% Preferred Securities of Household Capital Trust I   | New York Stock Exchange                            |
| Guarantee of 7.25% Preferred Securities of Household Capital Trust IV  | New York Stock Exchange                            |
| Guarantee of 10.00% Preferred Securities of Household Capital Trust V  | New York Stock Exchange                            |
| Guarantee of 8.25% Preferred Securities of Household Capital Trust VI  | New York Stock Exchange                            |
| Guarantee of 7.50% Preferred Securities of Household Capital Trust VII   | New York Stock Exchange                            |

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports  
 required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
 1934 during the preceding 12 months (or for such shorter period that the  
 registrant was required to file such reports), and (2) has been subject to such  
 filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item  
 405 of Regulation S-K is not contained herein, and will not be contained, to  
 the best of registrant's knowledge, in definitive proxy or information  
 statements incorporated by reference in Part III of this Form 10-K or any  
 amendment to this Form 10-K/A. ☒

The aggregate market value of the voting common stock held by nonaffiliates  
 of the registrant at March 8, 2002 was approximately \$27.347 billion. The  
 number of shares of the registrant's common stock outstanding at March 8, 2002  
 was 456,539,863.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's 2001 Annual Report to Shareholders for  
 the fiscal year ended December 31, 2001: Parts I, II and IV.

Certain portions of the registrant's definitive Proxy Statement for its 2002  
 Annual Meeting of Stockholders: Part III.

TABLE OF CONTENTS

| PART/Item No.  |   | Page |
|--|---|------|
| <b>PART I</b>  |   |      |
| Item 1.  | Business.....   | 1    |
|  | General.....  | 1    |
|  | Restatement.....  | 2    |
|  | Operations.....   | 3    |
|  | Funding.....  | 6    |
|  | Regulation and Competition.....   | 7    |
|  | Cautionary Statement on Forward-Looking Statements.....                               | 9    |
| Item 2.  | Properties.....   | 10   |
| Item 3.  | Legal Proceedings.....  | 10   |
| Item 4.  | Submission of Matters to a Vote of Security Holders.....                              | 11   |
| <b>PART II</b>   |   |      |
| Item 5.  | Market for Registrant's Common Equity and Related Stockholder Matters.....            | 12   |
| Item 6.  | Selected Financial Data and Statistics.....   | 14   |
| Item 7.  | Management's Discussion and Analysis of Financial Condition and Results of Operations | 17   |
| Item 7A.   | Quantitative and Qualitative Disclosures About Market Risk.....                       | 44   |
| Item 8.  | Restated Financial Statements and Supplementary Data.....                             | 44   |
| Item 9.  | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. | 97   |
| <b>PART III</b>  |   |      |
| Item 10.   | Directors and Executive Officers of the Registrant.....                               | 97   |
|  | Executive Officers of the Registrant.....   | 97   |
| Item 11.   | Executive Compensation.....   | 98   |
| Item 12.   | Security Ownership of Certain Beneficial Owners and Management.....                   | 98   |
| Item 13.   | Certain Relationships and Related Transactions.....                                   | 99   |
| <b>PART IV</b>   |   |      |
| Item 14.   | Exhibits, Financial Statement Schedules, and Reports on Form 8-K.....                 | 99   |
|  | Restated Financial Statements.....  | 99   |
|  | Reports on Form 8-K.....  | 99   |
|  | Exhibits.....   | 99   |
|  | Schedules.....  | 101  |
| Signatures.....  |   | 102  |
| Independent Auditors' Report on Supplementary Information..... |   | F-1  |
| Schedule I.....  |   | F-2  |

PART I

Item 1. Business.

General

Household International, Inc. ("Household") is principally a non-operating holding company. Household's subsidiaries primarily provide middle-market consumers with several types of loan products in the United States, the United Kingdom and Canada. Household and its subsidiaries (including the operations of Beneficial Corporation ("Beneficial") which we acquired in 1998) may also be referred to in this Form 10-K/A as "we," "us" or "our." We offer real estate secured loans, auto finance loans, MasterCard\* and Visa\* credit cards, private label credit cards, tax refund anticipation loans, retail installment sales finance loans and other types of unsecured loans, as well as credit and specialty insurance products. At December 31, 2001, we had approximately 32,000 employees and over 50 million active customer accounts.

Household was created as a holding company in 1981 as a result of a shareholder approved restructuring of Household Finance Corporation ("HFC"), which was established in 1878. Our operational focus is on those areas of consumer financial services that we believe offer us the best opportunity to achieve appropriate risk-adjusted returns on our capital. From late 1994 through 1997 we exited from several businesses that were providing insufficient returns on our investment, such as our first mortgage origination and servicing business in the United States and Canada, our individual life and annuity business, our consumer branch banking business, and our student loan business. Since 1997 we have:

- strengthened our branch-based consumer lending operation and private label credit card businesses with selected acquisitions, including Transamerica Financial Services Holding Company in 1997 and Beneficial in 1998;
- expanded into the United States nonprime auto lending industry, principally with the acquisition of ACC Consumer Finance Corporation in 1997;
- repositioned our United States MasterCard and Visa credit card business to de-emphasize undifferentiated credit card programs and focus on co-branded and affinity relationships. In addition, we initiated secured and unsecured credit card programs to target nonprime consumers through the acquisition of Renaissance Holdings, Inc. in 2000;
- developed additional distribution channels for our products, such as through the Internet and co-branding opportunities with retail merchants and service providers, and;
- created a business to acquire nonconforming mortgage loans originated by unaffiliated third party lenders and to originate loans through third party brokers. This business allows us to access new customers and leverage our origination and servicing capabilities in the United States.

2001 Developments. The following business developments occurred during 2001:

- As a result of the adverse economic environment experienced in the United States, we emphasized credit management to mitigate credit losses in the consumer loan products we offer. To accomplish this goal we:
  - focused on growth in real estate secured loans, which historically have had a lower loss rate as compared to our other loan products;
  - increased the number of collectors within our business units to 5,000;
  - reduced "open-to-buy" credit lines of selected customers in our United States MasterCard and Visa credit card business;

\* MasterCard is a registered trademark of MasterCard International, Incorporated and VISA is a registered trademark of VISA USA, Inc.

Exhibit 99.3

CERTIFICATION PURSUANT TO  
18 U.S.C SECTION 1350,  
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Household International, Inc. (the "Company") on Form 10-K/A for the year ending December 31, 2001 as filed with the Securities and Exchange Commission on the date hereof (the "Report"). I, William F. Aldinger, Chairman and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ WILLIAM F. ALDINGER

-----  
William F. Aldinger  
Chairman and Chief Executive  
Officer  
August 27, 2002

Exhibit 99.4

CERTIFICATION PURSUANT TO  
18 U.S.C SECTION 1350,  
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Household International, Inc. (the "Company") on Form 10-K/A for the year ending December 31, 2001 as filed with the Securities and Exchange Commission on the date hereof (the "Report") I, David A. Schoenholz, President and Chief Operating Officer (as Principal Financial Officer) of the Company, certify pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID A. SCHOENHOLZ

-----  
David A. Schoenholz  
President and Chief Operating  
Officer  
August 27, 2002

## **EXHIBIT 5**



## HOUSEHOLD INTERNATIONAL INC

Filing Type: 10-K  
Description: N/A  
Filing Date: 12/31/02

Ticker:  
Cusip: 441815  
State: IL  
Country: US  
Primary SIC: 6141  
Primary Exchange: OTH  
Billing Cross Reference:  
Date Printed: 03/10/05

# Table of Contents

*To jump to section, click on hypertexted page number*

## Filing Sections

|                                       |            |
|---------------------------------------|------------|
| Document.....                         | <u>1</u>   |
| Base .....                            | <u>1</u>   |
| Cover Page.....                       | <u>1</u>   |
| Table of Contents.....                | <u>2</u>   |
| Business .....                        | <u>3</u>   |
| Properties.....                       | <u>14</u>  |
| Legal Proceedings.....                | <u>14</u>  |
| Submission to a Vote.....             | <u>18</u>  |
| Market for Common Equity.....         | <u>18</u>  |
| Selected Financial Data .....         | <u>19</u>  |
| Management Discussion.....            | <u>21</u>  |
| Financial Stmtnts/Suppl Data .....    | <u>66</u>  |
| Financial Statements.....             | <u>66</u>  |
| Income Statement .....                | <u>67</u>  |
| Balance Sheet.....                    | <u>68</u>  |
| Cashflow Statement .....              | <u>69</u>  |
| Shareholders Equity.....              | <u>70</u>  |
| Financial Footnotes.....              | <u>72</u>  |
| Report of Auditors .....              | <u>117</u> |
| Changes in Accounting.....            | <u>119</u> |
| Directors and Executive Officers..... | <u>119</u> |
| Executive Compensation .....          | <u>122</u> |
| Security Ownership .....              | <u>136</u> |
| Related Transactions.....             | <u>138</u> |
| Exhibits and Reports.....             | <u>139</u> |
| List of Exhibits .....                | <u>140</u> |
| Signatures .....                      | <u>142</u> |

## Exhibits

|                                |            |
|--------------------------------|------------|
| Exhibits.....                  | <u>145</u> |
| Exhibit Index .....            | <u>145</u> |
| Articles/By-Laws 3.(I) .....   | <u>153</u> |
| Articles/By-Laws 3.(II) .....  | <u>222</u> |
| Material Contracts 10.3 .....  | <u>234</u> |
| Material Contracts 10.5 .....  | <u>246</u> |
| Material Contracts 10.6 .....  | <u>264</u> |
| Material Contracts 10.11 ..... | <u>278</u> |

|   |            |
|---|------------|
| Material Contracts 10.12(A) .....         | <u>287</u> |
| Material Contracts 10.12(B) .....         | <u>304</u> |
| Material Contracts 10.13(A) .....         | <u>317</u> |
| Material Contracts 10.13(B) .....         | <u>334</u> |
| Material Contracts 10.14(A) .....         | <u>343</u> |
| Material Contracts 10.14(B) .....         | <u>359</u> |
| Material Contracts 10.15(A) .....         | <u>367</u> |
| Material Contracts 10.15(B) .....         | <u>383</u> |
| Material Contracts 10.16(A) .....         | <u>391</u> |
| Material Contracts 10.16(B) .....         | <u>405</u> |
| Computation of Earning Per Share 11 ..... | <u>414</u> |
| Computation of Ratios 12 .....            | <u>415</u> |
| Subsidiaries 21 .....                     | <u>416</u> |
| Consents : Experts/Counsel 23 .....       | <u>423</u> |
| Additional Exhibits 99.1 .....            | <u>424</u> |
| Additional Exhibits 99.2 .....            | <u>425</u> |
| Additional Exhibits 99.3 .....            | <u>426</u> |

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549  
 FORM 10-K

<Table>  
 <Caption>  
 (Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002  
 OR  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934  
 FOR THE TRANSITION PERIOD FROM TO  
 COMMISSION FILE NUMBER 1-8198

</Table>

HOUSEHOLD INTERNATIONAL, INC.  
 (Exact name of registrant as specified in its charter)

<Table>

|   |  |
|---|--|
| DELAWARE<br>(State of incorporation)            | 36-3121988<br>(I.R.S. Employer Identification No.) |
| 2700 SANDERS ROAD<br>PROSPECT HEIGHTS, ILLINOIS | 60070<br>(Zip Code)                                |
| (Address of principal executive offices)        |  |

</Table>

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (847) 564-5000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

<Table>  
 <Caption>

| TITLE OF EACH CLASS   | NAME OF EACH EXCHANGE ON WHICH REGISTERED          |
|---|--|
| Common Stock, \$1 par value   | New York Stock Exchange and Chicago Stock Exchange |
| Series A Junior Participating Preferred Stock Purchase Rights (attached to and transferable only with the Common Stock)                     |  |
| 5% Cumulative Preferred Stock   | New York Stock Exchange                            |
| \$4.50 Cumulative Preferred Stock   | New York Stock Exchange                            |
| \$4.30 Cumulative Preferred Stock   | New York Stock Exchange                            |
| Depository Shares (each representing one-fortieth share of \$ 1/4% Cumulative Preferred Stock, Series 1992-A, no par, \$1,000 stated value) | New York Stock Exchange                            |
| Depository Shares (each representing one-fortieth share of 7.50% Cumulative Preferred Stock, Series 2001-A, no par, \$1,000 stated value)   | New York Stock Exchange                            |
| Depository Shares (each representing one-fortieth share of 7.60% Cumulative Preferred Stock, Series 2002-A, no par, \$1,000 stated value)   | New York Stock Exchange                            |
| Depository Shares (each representing one-fortieth share of 7 5/8% Cumulative Preferred Stock, Series 2002-B, no par, \$1,000 stated value)  | New York Stock Exchange                            |
| 8.875% Adjustable Conversion-Rate Equity Security Units   | New York Stock Exchange                            |
| Guarantee of 8.25% Preferred Securities of Household Capital Trust I  | New York Stock Exchange                            |
| Guarantee of 7.25% Preferred Securities of Household Capital Trust IV   | New York Stock Exchange                            |
| Guarantee of 10.00% Preferred Securities of Household Capital Trust V   | New York Stock Exchange                            |
| Guarantee of 8.25% Preferred Securities of Household Capital Trust VI   | New York Stock Exchange                            |
| Guarantee of 7.50% Preferred Securities of Household Capital Trust VII  | New York Stock Exchange                            |

</Table>

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:  
 NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

The aggregate market value of the voting common stock held by nonaffiliates of the registrant at March 19, 2003 was approximately \$13.503 billion. The number of shares of the registrant's common stock outstanding at March 19, 2003 was 474,631,342.

DOCUMENTS INCORPORATED BY REFERENCE

None.

TABLE OF CONTENTS

<Table>  
<Caption>

|  | PART/ITEM NO.   | PAGE |
|--|---|------|
|  | -----   | ---- |
| PART I   |   |      |
| Item 1.  | Business.....   | 2    |
|  | Introduction.....   | 2    |
|  | General.....  | 2    |
|  | Operations.....   | 5    |
|  | Funding.....  | 8    |
|  | Regulation and Competition.....   | 10   |
|  | Cautionary Statement on Forward-Looking Statements.....                                       | 12   |
|  | Available Information.....  | 13   |
| Item 2.  | Properties.....   | 13   |
| Item 3.  | Legal Proceedings.....  | 13   |
| Item 4.  | Submission of Matters to a Vote of Security Holders.....                                      | 17   |
| PART II  |   |      |
| Item 5.  | Market for Registrant's Common Equity and Related<br>Stockholder Matters.....                 | 17   |
| Item 6.  | Selected Financial Data.....  | 17   |
| Item 7.  | Management's Discussion and Analysis of Financial Condition<br>and Results of Operations..... | 20   |
| Item 7A.   | Quantitative and Qualitative Disclosures About Market<br>Risk.....                            | 64   |
| Item 8.  | Financial Statements and Supplementary Data.....  | 64   |
| Item 9.  | Changes in and Disagreements with Accountants on Accounting<br>and Financial Disclosure.....  | 116  |
| PART III   |   |      |
| Item 10.   | Directors and Executive Officers of the Registrant.....                                       | 116  |
| Item 11.   | Executive Compensation.....   | 119  |
| Item 12.   | Security Ownership of Certain Beneficial Owners and<br>Management and Related Matters.....    | 133  |
| Item 13.   | Certain Relationships and Related Transactions.....   | 135  |
| Item 14.   | Controls and Procedures.....  | 136  |
| PART IV  |   |      |
| Item 15.   | Exhibits, Financial Statement Schedules, and Reports on Form<br>8-K.....                      | 136  |
|  | Financial Statements.....   | 136  |
|  | Reports on Form 8-K.....  | 137  |
|  | Exhibits.....   | 137  |
|  | Schedules.....  | 138  |
| Signatures.....  |   | 139  |
| Certifications.....  |   | 141  |
| Independent Auditors' Report on Supplementary Information..... |   | 145  |
| Schedule I.....  |   | 146  |

</Table>

## PART I

## ITEM 1. BUSINESS.

## INTRODUCTION

Household International, Inc. ("Household") has entered into a merger agreement with HSBC Holdings plc ("HSBC") pursuant to which HSBC will acquire Household in 2003, subject to the terms and conditions of the merger agreement. As a result of this merger, Household will no longer be a public company. However, Household and Household Finance Corporation ("HFC"), Household's wholly owned subsidiary, will continue to file periodic reports with the United States Securities and Exchange Commission (the "SEC") in a reduced disclosure format as permitted by SEC rules following the merger as wholly owned subsidiaries of HSBC. This Form 10-K does not reflect or assume any changes to Household's business as a result of the merger and does not discuss the impact of the merger on Household's compensation policies, employment arrangements, liquidity, capital or reportable segments. For material information regarding the merger, including its impact on Household, please see Household's definitive proxy statement for the special meeting of its shareholders to be held on March 28, 2003, which was filed with the SEC on February 26, 2003, and the supplemental proxy materials, which were filed with the SEC on March 19, 2003.

## GENERAL

Household is principally a non-operating holding company. Household's subsidiaries primarily provide middle-market consumers with several types of loan products in the United States, the United Kingdom, Canada, the Czech Republic and Hungary. Household and its subsidiaries (including the operations of Beneficial Corporation ("Beneficial") which we acquired in 1998) may also be referred to in this Form 10-K as "we," "us" or "our." We offer real estate secured loans, auto finance loans, MasterCard\* and Visa\* credit cards, private label credit cards, tax refund anticipation loans, retail installment sales finance loans and other types of unsecured loans, as well as credit and specialty insurance products. At December 31, 2002, we had approximately 31,000 employees and over 50 million active customer accounts.

At December 31, 2002, consumers residing in the state of California accounted for 14% of our managed domestic consumer receivables. We also have significant concentrations of managed domestic consumer receivables in Florida (6%), New York (6%), Texas (5%), Illinois (5%), Ohio (5%) and Pennsylvania (5%). No other state accounts for more than 5% of our receivables.

Our summary financial information is set forth in Item 6. "Selected Financial Data."

Household was created as a holding company in 1981 as a result of a shareholder approved restructuring of HFC, which was established in 1878. Our operational focus is on those areas of consumer financial services that we believe offer us the best opportunity to achieve appropriate risk-adjusted returns on our capital. From late 1994 through 1997 we exited from several businesses that were providing insufficient returns on our investment, such as our conforming first mortgage origination and servicing business in the United States and Canada, our individual life and annuity business, our consumer branch banking business, and our student loan business. Since 1997 we have:

- strengthened our branch-based consumer lending operation and private label credit card businesses with selected acquisitions, including Transamerica Financial Services Holding Company in 1997, Beneficial in 1998 and a \$2.2 billion portfolio acquisition in 2000;
- expanded into the United States nonprime auto lending industry, principally with the acquisition of ACC Consumer Finance Corporation in 1997;
- repositioned our United States MasterCard\* and Visa\* credit card business to de-emphasize undifferentiated credit card programs and focus on co-branded and affinity relationships. In addition, we

\* MasterCard is a registered trademark of MasterCard International, Incorporated and Visa is a registered trademark of Visa USA, Inc.

EXHIBIT 99.2

CERTIFICATION PURSUANT TO  
18 U.S.C SECTION 1350,  
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Household International, Inc. (the "Company") on Form 10-K for the year ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report") I, William F. Aldinger, Chairman and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ W. F. ALDINGER

-----  
William F. Aldinger  
Chairman and Chief Executive Officer

March 24, 2003

EXHIBIT 99.3

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Household International, Inc. (the "Company") on Form 10-K for the year ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report") I, David A. Schoenholz, President and Chief Operating Officer (as Principal Financial Officer) of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ D. A. SCHOENHOLZ

-----  
David A. Schoenholz  
President and Chief Operating Officer  
(As principal financial officer)

March 24, 2003



**EXHIBITS 6-32**  
**FILED UNDER SEAL**