



This reply memorandum is respectfully submitted on behalf of Defendants Household International, Inc., Household Finance Corp., William F. Aldinger, David A. Schoenholz, Gary Gilmer and J.A. Vozar (collectively, "Defendants"), in further support of their motion for partial reconsideration of the Court's September 28, 2005 Order regarding Defendants' Motion to Amend the Protective Order (the "September 28 Order").

### INTRODUCTION

Defendants' motion observed that Plaintiffs had led this Court to misapprehend the facts surrounding confidentiality designations that *predated* (by four months) the Protective Order Defendants were alleged to have violated. *Plaintiffs' opposition does not dispute this fact.*

Defendants' motion observed that during the eleven months *since* the issuance of the Protective Order, Plaintiffs only once objected to a designation under that Order, which objection was promptly resolved without any need for Court intervention. Defendants likewise observed that the procedures which permitted this expeditious resolution were set forth in the "meet and confer" provisions of the Protective Order itself. *Plaintiffs do not dispute these facts either.*

Instead, Plaintiffs now identify entirely new objections that Plaintiffs say can suffice as a substitute for the prior objections raised by Plaintiffs and relied upon by this Court. Plaintiffs' newly conceived *post-Order* "objections": (i) consist of *portions* of larger documents *removed from the context that provided the basis for the designation of confidentiality* and (ii) again disregard the "meet and confer" provisions ordered by this Court that, until now, have operated to prevent precisely the kind of motion practice now foisted upon this Court by Plaintiffs. Plaintiffs' opposition to this motion underscores the fact that Defendants' designations have been made in good faith and that the procedures set forth in the Protective Order are more than adequate to address any disagreements the parties may *actually* have.

## ARGUMENT

Plaintiffs accused Defendants of “ignoring” a Protective Order through the use of documents that Plaintiffs knew were produced months *before* the Protective Order existed and were expressly deemed confidential pursuant to the Interim Order. The plain fact is that the June 22, 2004 letter regarding these documents (attached hereto as Exhibit 1) demonstrates clearly that they were produced pursuant to that Interim Order (“defendants will begin producing documents upon the entry of the [Interim Order]”).

Plaintiffs now also claim that these documents were improperly produced in the first place because they are not “relevant to this litigation” (Lead Plaintiffs’ Opposition to Household Defendants’ Motion for Partial Reconsideration of the Court’s September 28, 2005 Order (“Pl. Opp. Mem.” or “Plaintiff’s Opposition Memorandum”), at 1). “Relevant” or not, Plaintiffs are well aware that they are responsive to Plaintiffs’ request for documents produced to the Securities and Exchange Commission (the “SEC”). Plaintiffs demanded to receive the documents Household had previously produced to the SEC and — asserting that these documents would automatically be deemed confidential under the Interim Order and had been previously produced — insisted that they receive them immediately. Indeed, Defendants produced these documents to Plaintiffs the very next day after entry of the Interim Order.<sup>1</sup> Plaintiffs cannot be heard to complain about receiving the very documents they insisted be promptly produced.<sup>2</sup>

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<sup>1</sup> See Letter of Stacey J. Rappaport, Esq. to Azra Z. Mehdi, Esq. dated June 23, 2004, attached as Exhibit 3 to Defendants’ Memorandum of Law in Support of Its Motion for Partial Reconsideration of the Court’s September 28, 2005 Order (“Def. Opening Mem.” or “Defendants’ Opening Memorandum”).

<sup>2</sup> For the same reason, Plaintiffs’ claim that Defendants have produced millions of “meaningless” pages in light of receiving “incomplete, illegible and completely unusable” spreadsheets (Pl. Opp. Mem. at 2, n2) is entirely of no moment as those documents were also produced to the SEC. The

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Additionally, Plaintiffs attached 13 “exhibits” to the Declaration of Azra Z. Mehdi in Support of Lead Plaintiffs’ Opposition to Household Defendants’ Motion for Partial Reconsideration of the Court’s September 28, 2005 Order (the “Mehdi Declaration”), which they claim were also improperly designated. The only “rationale” offered by Plaintiffs for their continuous violation of the Protective Order is a preposterous claim that the requirement that Plaintiffs first raise with Defendants any issues concerning confidentiality is simply “defendants’ proposed solution” (Pl. Opp. Mem. at 4), rather than an express provision of the Protective Order, an Order that was jointly negotiated and agreed to by the parties before being entered by this Court.

In any event, it is neither necessary nor appropriate to consider in a vacuum the “exhibits” to the Mehdi Declaration that are *part of larger documents* which clearly contain confidential information entitled to protection and which have been produced to Plaintiffs as they existed in the files from which they were collected. In other words, Defendants have made every effort to comply with Federal Rule of Civil Procedure 34 by producing documents as they are kept in the ordinary course of business.<sup>3</sup> By way of example only (and not limitation), Exhibit 6 to the Mehdi Declaration consists of several news articles. In actuality, those articles are part of a more than 250-page document that contains, *inter alia*, non-public financial information, employee compensation plans, and additional materials provided to Household’s Board of Directors. *See* Affidavit of Craig S. Kesch, Esq., sworn to on October 24, 2005, submitted herewith

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SEC did not complain, and neither can Plaintiffs, who got precisely what they asked for.

<sup>3</sup> It is instructive that Plaintiffs have never claimed, nor could claim, that any designations have prevented them from prosecuting their case. In fact, the only burden of which Plaintiffs complain — that of filing these exhibits under seal (*see* Pl. Opp. Mem. at 3) — would have been easily alleviated had Plaintiffs simply abided by the Protective Order.

(“Kesch Aff’t”), at Exhibit A. Similarly, Exhibit 13 to the Mehdi Declaration consists of a memo to Household’s Board of Directors regarding an art auction. In actuality, that memo is part of a more than 350-page document that contains, *inter alia*, non-public financial information and additional materials provided to Household’s Board of Directors. *See* Kesch Aff’t at Exhibit B.<sup>4</sup>

There simply remains no basis on which Plaintiffs have contended — nor can contend — that documents produced by Defendants did not reflect good faith compliance with both the Interim Order and the Protective Order. In the event mistakes are made in the designation process, the Protective Order provides the proper means for resolving them. Defendants should not be required to re-review and redesignate each of the millions of pages of documents produced.

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<sup>4</sup> Defendants did not wish to further burden the Court by submitting additional examples of voluminous documents from which Plaintiffs only excerpted several pages. Of course, if the Court would like to review these materials, Defendants will promptly provide them.

**CONCLUSION**

For the foregoing reasons, as well as those set forth in Defendants' Opening Memorandum, Defendants respectfully request that this Court reconsider that portion of its September 28 Order that directed Defendants to review and redesignate, if necessary, documents produced to Plaintiffs.

Dated: October 25, 2005  
Chicago, Illinois

Respectfully submitted,

EIMER STAHL KLEVORN & SOLBERG  
LLP

By: 

Nathan P. Eimer

Adam B. Deutsch

224 South Michigan Avenue  
Suite 1100  
Chicago, Illinois 60604

-and-

CAHILL GORDON & REINDEL LLP

Thomas J. Kavalier

Howard G. Sloane

Landis C. Best

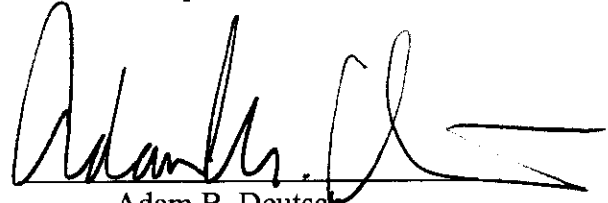
David R. Owen

80 Pine Street  
New York, NY 10005  
(212) 701-3000

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

**CERTIFICATE OF SERVICE**

Adam B. Deutsch, an attorney, certifies that on October 25, 2005, he served copies of Household Defendants' Reply Memorandum of Law in Further Support of the Household Defendants' Motion for Partial Reconsideration of the Court's September 28, 2005 Order, to the parties listed below via the manner stated.



Adam B. Deutsch

**Via E-Mail and Federal Express**

Marvin A. Miller  
Lori A. Fanning  
MILLER FAUCHER and CAFFERTY LLP  
30 North LaSalle Street, Suite 3200  
Chicago, Illinois 60602  
(312) 782-4880  
(312) 782-4485 (fax)

**Via Federal Express**

Stanley J. Parzen  
Susan Charles  
MAYER BROWN ROWE & MAW LLP  
71 S. Wacker Drive  
Chicago, Illinois 60606  
(312) 782-0600  
(312) 701-7711 (Fax)

**Via E-Mail and Federal Express**

Patrick J. Coughlin  
Azra Z. Mehdi  
Luke O. Brooks  
LERACH COUGHLIN STOIA  
& ROBBINS LLP  
100 Pine Street, Suite 2600  
San Francisco, California 94111  
(415) 288-4545  
(415) 288-4534 (fax)