

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

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

**THE CLASS' CROSS-MOTION TO COMPEL PRODUCTION OF CERTAIN
DOCUMENTS PROVIDED TO OUTSIDE AUDITORS BY HOUSEHOLD
DEFENDANTS**

1. At the May 11, 2006 status hearing, Class counsel requested leave of Court to file a cross-motion to compel the Household Defendants to produce certain documents that were provided to Household International, Inc.'s ("Household" or the "Company") outside auditors by the Household Defendants in the ordinary course of the annual audit. Exhibit E to the Declaration of D. Cameron Baker Certifying Compliance with the Court's April 28, 2006 Order and Local Rule 37.2, filed concurrently herewith ("Baker Decl."). At different times during the period at issue here, both Arthur Andersen LLP ("Andersen") and KPMG LLP ("KPMG") were outside auditors for Household.

2. The Court granted the Class' request and set a briefing schedule for the cross-motion. Baker Decl., Ex. E.

3. Later that same day, on May 11, 2006, Class counsel communicated to the Household Defendants the categories of documents that would be the subject of the Class' cross-motion, including: (1) documents on Household's privilege logs comprising primarily communications between Household counsel and the Company's auditors; and (2) documents responsive to document request nos. 17 & 18 relating to (a) litigation databases that were shared with Household's auditors; and (b) the establishment of and amounts of litigation reserves ("Household Documents"). Baker Decl., Ex. D.

4. The Household Documents are not entitled to the protection of the attorney work-product doctrine or attorney-client privilege. Documents are protected as work product only when prepared or obtained primarily for litigation; the documents at issue were not. These documents were prepared in the ordinary course of business, in that they are a standard part of the audit process conducted every year at Household. Moreover, Household, Andersen and KPMG were obligated to prepare these documents in the ordinary course of the annual audit of Household to comply with federal securities regulations.

5. Nor are the Household Documents entitled to attorney-client privilege protection, because they were created by and for accountants to assist in accounting services, not to assist in legal services. Moreover, once documents are shared with a third-party auditor, they are no longer confidential.

6. Finally the documents are indeed relevant to numerous issues in the case, including the adequacy of disclosures, accuracy of the figures reported in Household's financial statements and thus the accuracy of the audit opinion released to the investing public.

7. As detailed in the accompanying Class' Response to the Household Defendants' Memorandum of Law in Support of the Return of Certain Arthur Andersen Documents and Cross-Motion to Compel Production of Certain Documents Provided to Outside Auditors by Household Defendants, the Household Documents are not protected by either the work-product doctrine or attorney-client privilege. Therefore, the Household Defendants should be ordered to produce these documents.

DATED: May 26, 2006

Respectfully submitted,

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
PATRICK J. COUGHLIN (90785466)
AZRA Z. MEHDI (90785467)
D. CAMERON BAKER (154452)
MONIQUE C. WINKLER (90786006)
LUKE O. BROOKS (90785469)
BING Z. RYAN (228641)

s/ Azra Z. Mehdi

AZRA Z. MEHDI

100 Pine Street, Suite 2600
San Francisco, CA 94111
Telephone: 415/288-4545
415/288-4534 (fax)

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
WILLIAM S. LERACH
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 619/231-1058
619/231-7423 (fax)

Lead Counsel for Plaintiffs

MILLER FAUCHER AND CAFFERTY LLP
MARVIN A. MILLER
30 North LaSalle Street, Suite 3200
Chicago, IL 60602
Telephone: 312/782-4880
312/782-4485 (fax)

Liaison Counsel

LAW OFFICES OF LAWRENCE G.
SOICHER
LAWRENCE G. SOICHER
305 Madison Avenue, 46th Floor
New York, NY 10165
Telephone: 212/883-8000
212/697-0877 (fax)

Attorneys for Plaintiff

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DECLARATION OF SERVICE BY EMAIL AND BY U.S. MAIL

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and employed in the City and County of San Francisco, over the age of 18 years, and not a party to or interested party in the within action; that declarant's business address is 100 Pine Street, Suite 2600, San Francisco, California 94111.

2. That on May 26, 2006, declarant served by electronic mail and by U.S. Mail the **THE CLASS' CROSS-MOTION TO COMPEL PRODUCTION OF CERTAIN DOCUMENTS PROVIDED TO OUTSIDE AUDITORS BY HOUSEHOLD DEFENDANTS** to the parties listed on the attached Service List. The parties' email addresses are as follows:

TKavaler@cahill.com
PSloane@cahill.com
PFarren@cahill.com
DOwen@cahill.com
NEimer@EimerStahl.com
ADeutsch@EimerStahl.com
mmiller@millerfaucher.com
lfanning@millerfaucher.com

and by U.S. Mail to:

Lawrence G. Soicher, Esq.
Law Offices of Lawrence G. Soicher
305 Madison Ave., 46th Floor
New York, New York 10165

David R. Scott, Esq.
Scott & Scott LLC
108 Norwich Avenue
Colchester, CT 06415

I declare under penalty of perjury that the foregoing is true and correct. Executed this 26th day of May, 2006, at San Francisco, California.

/s/ Monina O. Gamboa

MONINA O. GAMBOA

HOUSEHOLD INTERNATIONAL (LEAD)

Service List - 5/25/2006 (02-0377)

Page 1 of 1

Counsel for Defendant(s)

Thomas J. Kavalier
Peter Sloane
Patricia Farren
Cahill Gordon & Reindel LLP
80 Pine Street
New York, NY 10005-1702
212/701-3000
212/269-5420(Fax)

Nathan P. Eimer
Adam B. Deutsch
Eimer Stahl Klevorn & Solberg LLP
224 South Michigan Avenue, Suite 1100
Chicago, IL 60604
312/660-7600
312/692-1718(Fax)

Counsel for Plaintiff(s)

Lawrence G. Soicher
Law Offices of Lawrence G. Soicher
110 East 59th Street, 25th Floor
New York, NY 10022
212/883-8000
212/355-6900(Fax)

William S. Lerach
Lerach Coughlin Stoia Geller Rudman &
Robbins LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
619/231-1058
619/231-7423(Fax)

Patrick J. Coughlin
Azra Z. Mehdi
Monique C. Winkler
Lerach Coughlin Stoia Geller Rudman &
Robbins LLP
100 Pine Street, Suite 2600
San Francisco, CA 94111-5238
415/288-4545
415/288-4534(Fax)

Marvin A. Miller
Jennifer Winter Sprengel
Lori A. Fanning
Miller Faucher and Cafferty LLP
30 N. LaSalle Street, Suite 3200
Chicago, IL 60602
312/782-4880
312/782-4485(Fax)

David R. Scott
Scott + Scott, LLC
108 Norwich Avenue
Colchester, CT 06415
860/537-5537
860/537-4432(Fax)