

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

LAWRENCE E. JAFFE PENSION PLAN, ON
BEHALF OF ITSELF AND ALL OTHERS SIMILARLY
SITUATED,

Plaintiff,

- against -

HOUSEHOLD INTERNATIONAL, INC., ET. AL.,

Defendants.

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

CLASS ACTION

Judge Ronald A. Guzman
Magistrate Judge Nan R. Nolan

**DECLARATION OF JOSHUA M. NEWVILLE IN SUPPORT OF
DEFENDANTS' MEMORANDUM OF LAW IN OPPOSITION TO
LEAD PLAINTIFFS' MOTION TO COMPEL CERTAIN RESPONSES
TO THE THIRD SET OF INTERROGATORIES**

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

I, JOSHUA M. NEWVILLE, declare as follows:

1. I am a member of the bar of the State of New York and associated with the firm Cahill Gordon & Reindel LLP, co-counsel for defendants Household International, Inc., Household Finance Corporation, William F. Aldinger, David A. Schoenholz, Gary Gilmer, and J.A. Vozar (the "Household Defendants") in this action. I have also been admitted *pro hac vice* in this action. Unless otherwise stated, I have personal knowledge of the matters stated herein and, if called upon, could testify competently thereto.

2. I make this Declaration to place before the Court certain information and documents in support of the Household Defendants' Memorandum of Law in Opposition to Lead Plaintiffs' Motion to Compel Responses to First Set of Interrogatories from Household Defendants.

3. Defendants served complete responses to Interrogatories 22 and 23 on April 28, 2006 as part of the First Amended Responses and Objections to Lead Plaintiffs' Third Set of Interrogatories (attached as Exhibit A hereto) at pp. 25-29. Counsel for Defendants met and conferred on May 3 and May 5, 2006 to discuss Defendants' April 28, 2006 response.

4. Plaintiffs did not raise any issues with respect to Interrogatories 22 and 23 during the May 3 and May 5, 2006, meet and confers. The transcript of the May 3 meet and confer session, attached as Exhibit A to the Declaration of Luke O. Brooks in Support of Plaintiffs' Motion ("Brooks Decl. Ex. A") confirms this fact. According to the transcript, immediately after the discussion regarding Interrogatory 21, counsel for Plaintiffs skipped over Interrogatories 22 and 23, stating "[t]he next one I have a question on is number 25." (Brooks Decl. Ex. A at p.51)

5. During the May 3, 2006 meet and confer, the parties discussed Interrogatory 33 and its similarity to Interrogatory 29. Although the transcript of this discussion is ambiguous, our understanding from this discussion was that counsel for Plaintiffs were interested in obtaining a response to the following question: "State whether any analysis identified in response to Interrogatory No. 29 was provided to any of the rating agencies, including but not limited to Standard & Poor's, Moody's and Fitch, during the period January 1, 1999 through and including December 31, 2002." Defendants accordingly rephrased their response to Interrogatory 33 in this manner in the Second Amended Responses the Third Interrogatories. (Brooks Decl. Ex. K at p. 51) If Plaintiffs had re-

phrased the interrogatory in the way they now say they intended, Defendants would have objected for the same reasons discussed in Section 3 of Defendants' Memorandum of Law.

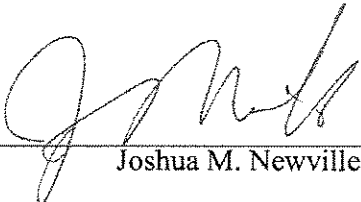
6. Defendants served their Second Amended Responses and Objections to Lead Plaintiffs' Third Set of Interrogatories on June 13, 2006. (Brooks Decl. Ex. K)

7. Counsel for the parties met and conferred in person on June 15, 2006, during which Defendants' Second Amended Responses to Plaintiffs' Third Set of Interrogatories were briefly discussed. Based on the reports of my colleagues who attended this session, this was a general discussion based around the numbering of the interrogatories during which no individual objections or responses were discussed. Counsel for Plaintiffs stated that they intended to serve yet another set of interrogatories. Counsel for Plaintiffs did not raise any issues regarding Defendants' responses to Interrogatories 22 and 23 during this June 15, 2006 meet and confer.

8. Attached hereto as Exhibit A is a true and correct copy of Defendants Household International, Inc., Household Finance Corporation and J.A. Vozar's First Amended Responses and Objections to Lead Plaintiffs' Third Set of Interrogatories, dated and served April 28, 2006.

9. Attached hereto as Exhibit B is a true and correct copy of the relevant excerpts of the Form 10-K of Household International, Inc. filed with the Securities and Exchange Commission for the fiscal year ended December 31, 1999, stating, *inter alia*, that the policy issued by federal bank regulators mandating specified charge-off timetables for consumer loan portfolios ("FFIEC Guidelines") applies to loans held in Household's credit card banks and thrift institution (called "the Bank" for purposes of the disclosure).

10. Attached hereto as Exhibit C is a true and correct copy of the relevant excerpts of the Form 10-K of Household International, Inc. filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2000, stating, *inter alia*, that the FFIEC Guidelines became effective on October 1, 2000, that the Guidelines apply to consumer loans held by Household's credit card banks and thrift institution, and that the application of the new rules did not have a material adverse impact on [Household's] financial statements or the way [Household] manage[s its] business."



Joshua M. Newville