

**Household International
Statement Regarding Senate Banking Committee Hearings
July 26 –27, 2001**

Household's position on predatory lending is perfectly clear: unethical lending practices of any type are abhorrent to our company, our employees, and most importantly, our customers. These practices undermine the integrity of the marketplace in which we compete and limit our ability to provide the financial service needs of this country's diverse consumer market.

Household's position against unethical lending practices is made up of more than just words. We have always supported our stance with strong and effective action. Household has strict policies and procedures in place, supported by industry-leading technology, to ensure that there is no room for the disgraceful exploitation of working Americans that we have been hearing about in recent press reports. These standards apply to Household's branches and customers without exception.

As the oldest and most respected consumer lender in the country, Household embraces our responsibility to set the tone in the marketplace for fair and ethical lending. Building upon our 123-year history of responsibly lending to middle market America, Household recently introduced several additional measures that extend the company's already comprehensive responsible lending practices. These initiatives include:

- Cutting the prepayment fee duration by 40 percent
- Establishing a program to rescue victims of predatory lending from foreclosure
- Introducing better rates for higher credit quality customers
- Strengthening our rigorous "tangible benefits" measures test
- Improving the flexibility and features of our insurance products

In addition to our internal standards, the company complies with all federal, state and local laws and regulations that govern this highly regulated industry. In fact, our company has taken an active role in developing a number of these industry regulations. For example, Household was one of only a few companies to actively support the passage of the 1993-94 Home Ownership Equity Protection Act (HOEPA) into law. Today, the company continues to be an active proponent of responsible and effective actions to rid our industry of so-called predatory lending practices, and we applaud the Senate Banking Committee's desire to eradicate these unethical practices as well.

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