

Quarterly Financial Supplement



December 31, 2001 - Quarterly Highlights

| Summary Managed Income Statement (\$ millions) | Three Months Ended | | | % Change from Prior | |
|--|--------------------|------------|------------|---------------------|--------|
| | 12/31/01 | 09/30/01 | 12/31/00 | Qtr. | Year |
| Managed-basis net interest margin and other revenues (1) | \$ 2,940.4 | \$ 2,635.7 | \$ 2,434.7 | 11.6 % | 20.8 % |
| Managed-basis provision for credit losses (1) | 1,184.0 | 966.8 | 917.0 | 22.5 | 29.1 |
| Operating expenses | 916.8 | 905.3 | 748.9 | 1.3 | 22.4 |
| Income before income taxes | 839.6 | 763.6 | 768.8 | 10.0 | 9.2 |
| Income taxes | 290.7 | 259.8 | 276.1 | 11.9 | 5.3 |
| Net income | \$ 548.9 | \$ 503.8 | \$ 492.7 | 9.0 | 11.4 |

Common Stock Data

| | | | | | |
|---|----------|----------|----------|--------|--------|
| Basic earnings per common share | \$ 1.18 | \$ 1.09 | \$ 1.05 | 8.3 % | 12.4 % |
| Diluted earnings per common share | 1.17 | 1.07 | 1.03 | 9.3 | 13.6 |
| Average common shares (millions) | 457.7 | 461.3 | 471.1 | (0.8) | (2.8) |
| Average common and equivalent shares (millions) | 463.2 | 467.7 | 476.1 | (1.0) | (2.7) |
| Common stock price: | | | | | |
| High | \$ 61.40 | \$ 69.49 | \$ 56.94 | (11.6) | 7.8 |
| Low | 51.29 | 48.00 | 43.88 | 6.9 | 16.9 |
| Period end | 57.94 | 56.38 | 55.00 | 2.8 | 5.3 |
| Dividends declared per common share | \$.22 | \$.22 | \$.19 | - | 15.8 |
| Book value per common share | 19.47 | 18.59 | 16.88 | 4.7 | 15.3 |

Key Ratios

| | | | | | |
|---|--------|--------|--------|-------|---------|
| Return on average common shareholders' equity | 24.8 % | 23.6 % | 25.4 % | 5.1 % | (2.4) % |
| Return on average owned assets | 2.51 | 2.42 | 2.61 | 3.7 | (3.8) |
| Return on average managed assets | 2.04 | 1.96 | 2.09 | 4.1 | (2.4) |
| Managed efficiency ratio | 31.2 | 34.3 | 30.8 | (9.0) | 1.3 |
| Managed net interest margin | 8.85 | 8.57 | 8.01 | 3.3 | 10.5 |
| Risk adjusted revenue | 7.37 | 7.82 | 7.31 | (5.8) | 0.8 |
| Total shareholders' equity as a percent of managed assets | 9.37 | 9.39 | 9.07 | (0.2) | 3.3 |
| Tangible equity to tangible managed assets | 7.87 | 7.82 | 7.41 | 0.6 | 6.2 |

Full Year Highlights

| Summary Managed Income Statement (\$ millions) | Twelve Months Ended | | % Change |
|--|---------------------|------------|----------|
| | 12/31/01 | 12/31/00 | |
| Managed-basis net interest margin and other revenues (1) | \$ 10,544.8 | \$ 8,905.8 | 18.4 % |
| Managed-basis provision for credit losses (1) | 4,018.4 | 3,252.4 | 23.6 |
| Operating expenses | 3,587.9 | 3,042.9 | 17.9 |
| Income before income taxes | 2,938.5 | 2,610.5 | 12.6 |
| Income taxes | 1,015.0 | 909.8 | 11.6 |
| Net income | \$ 1,923.5 | \$ 1,700.7 | 13.1 |

Common Stock Data

| | | | |
|---|----------|----------|--------|
| Basic earnings per common share | \$ 4.13 | \$ 3.59 | 15.0 % |
| Diluted earnings per common share | 4.08 | 3.55 | 14.9 |
| Average common shares (millions) | 462.0 | 471.8 | (2.1) |
| Average common and equivalent shares (millions) | 468.1 | 476.2 | (1.7) |
| Common stock price: | | | |
| High | \$ 69.98 | \$ 57.44 | 21.8 |
| Low | 48.00 | 29.50 | 62.7 |
| Period end | 57.94 | 55.00 | 5.3 |
| Dividends declared per common share | \$.85 | \$.74 | 14.9 |

Key Ratios

| | | | |
|---|--------|--------|---------|
| Return on average common shareholders' equity | 22.9 % | 23.4 % | (2.1) % |
| Return on average owned assets | 2.34 | 2.44 | (4.1) |
| Return on average managed assets | 1.89 | 1.93 | (2.1) |
| Managed efficiency ratio | 34.0 | 34.2 | (0.6) |
| Managed net interest margin | 8.50 | 8.10 | 4.9 |
| Risk adjusted revenue | 7.59 | 7.23 | 5.0 |

(1) To aid analysis, net interest margin, other revenues, and provision for credit losses are presented on a pro forma managed basis as if receivables securitized and sold with limited recourse were held in the portfolio. Policyholders' benefits have been netted against other revenues.

Consolidated Statements of Income - Owned Basis

Three Months

| (\$ millions) | Three Months Ended | | | % Change from Prior | |
|---|--------------------|------------|------------|---------------------|---------|
| | 12/31/01 | 09/30/01 | 12/31/00 | Qtr. | Year |
| Finance and other interest income | \$ 2,602.5 | \$ 2,536.6 | \$ 2,415.6 | 2.6 % | 7.7 % |
| Interest expense | 983.4 | 1,035.2 | 1,117.0 | (5.0) | (12.0) |
| Net interest margin | 1,619.1 | 1,501.4 | 1,298.6 | 7.8 | 24.7 |
| Provision for credit losses on owned receivables | 829.3 | 722.9 | 574.8 | 14.7 | 44.3 |
| Net interest margin after provision for credit losses | 789.8 | 778.5 | 723.8 | 1.5 | 9.1 |
| Securitization revenue - net | 514.4 | 454.3 | 394.7 | 13.2 | 30.3 |
| Insurance revenue | 175.3 | 169.2 | 147.7 | 3.6 | 18.7 |
| Investment income | 45.8 | 42.3 | 47.0 | 8.3 | (2.6) |
| Fee income | 245.7 | 250.6 | 234.4 | (2.0) | 4.8 |
| Other income | 59.9 | 51.5 | 33.5 | 16.3 | 78.8 |
| Total other revenues | 1,041.1 | 967.9 | 857.3 | 7.6 | 21.4 |
| Salaries and fringe benefits | 424.1 | 408.3 | 355.5 | 3.9 | 19.3 |
| Sales incentives | 71.0 | 74.1 | 50.3 | (4.2) | 41.2 |
| Occupancy and equipment expense | 84.1 | 86.1 | 77.1 | (2.3) | 9.1 |
| Other marketing expenses | 128.0 | 127.1 | 104.3 | 0.7 | 22.7 |
| Other servicing and administrative expenses | 172.2 | 172.3 | 122.8 | (0.1) | 40.2 |
| Amortization of acquired intangibles and goodwill | 37.4 | 37.4 | 38.9 | - | (3.9) |
| Policyholders' benefits | 74.5 | 77.5 | 63.4 | (3.9) | 17.5 |
| Total costs and expenses | 991.3 | 982.8 | 812.3 | 0.9 | 22.0 |
| Income before income taxes | 839.6 | 763.6 | 768.8 | 10.0 | 9.2 |
| Income taxes | 290.7 | 259.8 | 276.1 | 11.9 | 5.3 |
| Net income | 548.9 | 503.8 | 492.7 | 9.0 | 11.4 |
| Preferred dividends | (8.0) | (2.9) | (2.3) | 100+ | 100+ |
| Earnings available to common shareholders | \$ 540.9 | \$ 500.9 | \$ 490.4 | 8.0 % | 10.3 % |
| Effective tax rate | 34.6 % | 34.0 % | 35.9 % | 1.8 % | (3.6) % |

Twelve Months

| (\$ millions) | Twelve Months Ended | | | % Change |
|---|---------------------|------------|--|----------|
| | 12/31/01 | 12/31/00 | | |
| Finance and other interest income | \$ 10,020.6 | \$ 8,694.3 | | 15.3 % |
| Interest expense | 4,173.8 | 3,928.9 | | 6.2 |
| Net interest margin | 5,846.8 | 4,765.4 | | 22.7 |
| Provision for credit losses on owned receivables | 2,912.9 | 2,116.9 | | 37.6 |
| Net interest margin after provision for credit losses | 2,933.9 | 2,648.5 | | 10.8 |
| Securitization revenue - net | 1,775.6 | 1,476.6 | | 20.2 |
| Insurance revenue | 662.4 | 561.2 | | 18.0 |
| Investment income | 167.7 | 174.2 | | (3.7) |
| Fee income | 966.9 | 825.8 | | 17.1 |
| Other income | 322.5 | 228.8 | | 41.0 |
| Total other revenues | 3,895.1 | 3,266.6 | | 19.2 |
| Salaries and fringe benefits | 1,597.2 | 1,312.1 | | 21.7 |
| Sales incentives | 273.2 | 203.6 | | 34.2 |
| Occupancy and equipment expense | 337.4 | 306.6 | | 10.0 |
| Other marketing expenses | 519.3 | 470.9 | | 10.3 |
| Other servicing and administrative expenses | 709.6 | 589.7 | | 20.3 |
| Amortization of acquired intangibles and goodwill | 151.2 | 160.0 | | (5.5) |
| Policyholders' benefits | 302.6 | 261.7 | | 15.6 |
| Total costs and expenses | 3,890.5 | 3,304.6 | | 17.7 |
| Income before income taxes | 2,938.5 | 2,610.5 | | 12.6 |
| Income taxes | 1,015.0 | 909.8 | | 11.6 |
| Net income | 1,923.5 | 1,700.7 | | 13.1 |
| Preferred dividends | (15.5) | (9.2) | | 68.5 |
| Earnings available to common shareholders | \$ 1,908.0 | \$ 1,691.5 | | 12.8 % |
| Effective tax rate | 34.5 % | 34.9 % | | (1.1) % |

Balance Sheet Data

| (\$ millions) | 12/31/01 | 09/30/01 | 12/31/00 |
|--|-------------|-------------|-------------|
| Owned assets | \$ 89,416.0 | \$ 85,177.8 | \$ 76,706.3 |
| Managed assets | 110,364.0 | 105,244.2 | 96,955.8 |
| Managed receivables | 100,822.7 | 95,655.1 | 87,607.4 |
| Debt | 75,410.2 | 71,676.5 | 64,517.8 |
| Trust originated preferred securities | 975.0 | 875.0 | 675.0 |
| Preferred stock | 455.8 | 455.8 | 164.4 |
| Common shareholders' equity | 8,202.8 | 7,922.8 | 7,951.2 |
| Total shareholders' equity as a percent of managed assets | 9.37 % | 9.39 % | 9.07 % |
| Tangible equity to tangible managed assets | 7.87 | 7.82 | 7.41 |

Consolidated Statements of Income - Managed Basis

Securitizations and sales of consumer receivables are a source of liquidity for us. We continue to service the securitized receivables after such receivables are sold and we retain a limited recourse obligation. Securitizations impact the classification of revenues and expenses in the statement of operations. When reporting on a managed basis, net interest margin, provision for credit losses, fee income, and securitization related revenue related to receivables sold are reclassified from securitization revenue into the appropriate caption.

Three Months

| (\$ millions) | Three Months Ended | | | | % Change from Prior | |
|---|--------------------|---------|-------------|---------|---------------------|---------|
| | 12/31/01 | (1) | 09/30/01 | (1) | 12/31/00 | (1) |
| Finance and other interest income | \$ 3,385.0 | 13.66 % | \$ 3,304.8 | 13.99 % | \$ 3,183.5 | 14.78 % |
| Interest expense | 1,192.6 | 4.81 | 1,280.7 | 5.42 | 1,457.1 | 6.77 |
| Net interest margin | 2,192.4 | 8.85 % | 2,024.1 | 8.57 % | 1,726.4 | 8.01 % |
| Provision for credit losses | 1,184.0 | | 966.8 | | 917.0 | |
| Net interest margin after provision for credit losses | 1,008.4 | | 1,057.3 | | 809.4 | |
| Insurance revenue | 175.3 | | 169.2 | | 147.7 | |
| Investment income | 45.8 | | 42.3 | | 47.0 | |
| Fee income | 421.1 | | 407.9 | | 404.0 | |
| Securitization related revenue | 120.4 | | 18.2 | | 139.5 | |
| Other income | 59.9 | | 51.5 | | 33.5 | |
| Total other revenues | 822.5 | | 689.1 | | 771.7 | |
| Operating expenses and policyholders' benefits | 991.3 | | 982.8 | | 812.3 | |
| Income before income taxes | 839.6 | | 763.6 | | 768.8 | |
| Income taxes | 290.7 | | 259.8 | | 276.1 | |
| Net income | \$ 548.9 | | \$ 503.8 | | \$ 492.7 | |
| Average managed receivables: | | | | | | |
| Real estate secured | \$ 43,300.4 | | \$ 40,779.9 | | \$ 35,934.4 | |
| Auto finance | 6,155.5 | | 5,507.6 | | 4,455.4 | |
| MasterCard/Visa (2) | 17,680.3 | | 17,361.4 | | 16,833.7 | |
| Private label | 12,880.0 | | 12,178.2 | | 11,552.4 | |
| Other unsecured | 17,735.4 | | 17,261.5 | | 15,880.1 | |
| Commercial and other | 525.7 | | 545.4 | | 620.0 | |
| Total | 98,277.3 | | 93,634.0 | | 85,276.0 | |
| Average noninsurance investments | 402.4 | | 395.1 | | 464.9 | |
| Other interest-earning assets | 466.5 | | 460.7 | | 442.5 | |
| Average managed interest-earning assets | \$ 99,146.2 | | \$ 94,489.8 | | \$ 86,183.4 | |

(1) % Columns: comparison to average managed interest-earning assets, annualized.

(2) MasterCard and Visa are registered trademarks of MasterCard International, Incorporated and VISA USA Inc., respectively.

Summary of Securitization Related Revenue

| (\$ millions) | Three Months Ended | | |
|---|--------------------|------------|------------|
| | 12/31/01 | 09/30/01 | 12/31/00 |
| Gross gains (1) | \$ 244.5 | \$ 152.4 | \$ 279.4 |
| Amortization | (124.1) | (134.2) | (139.9) |
| Securitization related revenue | 120.4 | 18.2 | 139.5 |
| Over-the-life provision on new transactions (2) | 183.5 | 113.9 | 217.3 |
| Net effect of securitization activity - managed basis | \$ (63.1) | \$ (95.7) | \$ (77.8) |
| Net gain on receivables securitized (1) - (2) | \$ 61.0 | \$ 38.5 | \$ 62.1 |
| Receivables securitized: | | | |
| Auto finance | 868.1 | 732.0 | 545.0 |
| MasterCard/Visa | - | 109.9 | 650.0 |
| Private label | 500.0 | - | 500.0 |
| Other unsecured | 625.0 | 350.0 | 1,098.4 |
| Total | \$ 1,993.1 | \$ 1,191.9 | \$ 2,793.4 |

Twelve Months

| (\$ millions) | Twelve Months Ended | | | | % Change |
|---|---------------------|---------|-------------|---------|----------|
| | 12/31/01 | (1) | 12/31/00 | (1) | |
| Finance and other interest income | \$ 13,153.4 | 14.08 % | \$ 11,702.7 | 14.61 % | 12.4 % |
| Interest expense | 5,212.8 | 5.58 | 5,212.7 | 6.51 | - |
| Net interest margin | 7,940.6 | 8.50 % | 6,490.0 | 8.10 % | 22.4 |
| Provision for credit losses | 4,018.4 | | 3,252.4 | | 23.6 |
| Net interest margin after provision for credit losses | 3,922.2 | | 3,237.6 | | 21.1 |
| Insurance revenue | 662.4 | | 561.2 | | 18.0 |
| Investment income | 167.7 | | 174.2 | | (3.7) |
| Fee income | 1,618.5 | | 1,470.4 | | 10.1 |
| Securitization related revenue | 135.7 | | 242.9 | | (44.1) |
| Other income | 322.5 | | 228.8 | | 41.0 |
| Total other revenues | 2,906.8 | | 2,677.5 | | 8.6 |
| Operating expenses and policyholders' benefits | 3,890.5 | | 3,304.6 | | 17.7 |
| Income before income taxes | 2,938.5 | | 2,610.5 | | 12.6 |
| Income taxes | 1,015.0 | | 909.8 | | 11.6 |
| Net income | \$ 1,923.5 | | \$ 1,700.7 | | 13.1 |
| Average managed receivables: | | | | | |
| Real estate secured | \$ 40,049.6 | | \$ 32,530.2 | | 23.1 % |
| Auto finance | 5,323.5 | | 3,842.3 | | 38.5 |
| MasterCard/Visa (2) | 17,282.8 | | 16,111.2 | | 7.3 |
| Private label | 12,260.6 | | 11,194.2 | | 9.5 |
| Other unsecured | 17,013.8 | | 14,760.8 | | 15.3 |
| Commercial and other | 554.9 | | 693.5 | | (20.0) |
| Total | 92,485.2 | | 79,132.2 | | 16.9 |
| Average noninsurance investments | 436.5 | | 539.3 | | (19.1) |
| Other interest-earning assets | 457.6 | | 434.1 | | 5.4 |
| Average managed interest-earning assets | \$ 93,379.3 | | \$ 80,105.6 | | 16.6 % |

| (\$ millions) | Twelve Months Ended | |
|---|---------------------|------------|
| | 12/31/01 | 12/31/00 |
| Gross gains (1) | \$ 663.2 | \$ 683.1 |
| Amortization | (527.5) | (440.2) |
| Securitization related revenue | 135.7 | 242.9 |
| Over-the-life provision on new transactions (2) | 497.5 | 513.0 |
| Net effect of securitization activity - managed basis | \$ (361.8) | \$ (270.1) |
| Net gain on receivables securitized (1) - (2) | \$ 165.7 | \$ 170.1 |
| Receivables securitized: | | |
| Auto finance | 2,573.9 | 1,912.6 |
| MasterCard/Visa | 261.1 | 1,925.0 |
| Private label | 500.0 | 500.0 |
| Other unsecured | 2,123.6 | 2,637.4 |
| Total | \$ 5,458.6 | \$ 6,975.0 |

Receivables Analysis

End of Period Managed Receivables

| (\$ millions) | 12/31/01 | 09/30/01 | 12/31/00 | % Change from Prior | |
|----------------------|--------------|-------------|-------------|---------------------|--------|
| | | | | Qtr. | Year |
| Real estate secured | \$ 44,718.6 | \$ 41,930.9 | \$ 36,637.5 | 6.6 % | 22.1 % |
| Auto finance | 6,395.5 | 5,869.2 | 4,563.3 | 9.0 | 40.2 |
| MasterCard/Visa | 17,395.2 | 17,303.7 | 17,583.4 | 0.5 | (1.1) |
| Private label | 13,813.9 | 12,386.4 | 11,997.3 | 11.5 | 15.1 |
| Other unsecured | 17,992.6 | 17,631.5 | 16,227.3 | 2.0 | 10.9 |
| Commercial and other | 506.9 | 533.4 | 598.6 | (5.0) | (15.3) |
| Managed portfolio | \$ 100,822.7 | \$ 95,655.1 | \$ 87,607.4 | 5.4 % | 15.1 % |

Receivables (% of Managed Portfolio)

| | | | |
|----------------------|---------|---------|---------|
| Real estate secured | 44.4 % | 43.8 % | 41.8 % |
| Auto finance | 6.3 | 6.1 | 5.2 |
| MasterCard/Visa | 17.3 | 18.1 | 20.1 |
| Private label | 13.7 | 13.0 | 13.7 |
| Other unsecured (1) | 17.8 | 18.4 | 18.5 |
| Commercial and other | .5 | .6 | .7 |
| Total | 100.0 % | 100.0 % | 100.0 % |

End of Period Receivables (\$ millions)

| | | | | | |
|--|--------------|-------------|-------------|--------|--------|
| Owned receivables: | | | | | |
| Real estate secured | \$ 43,856.8 | \$ 40,822.3 | \$ 35,179.7 | 7.4 % | 24.7 % |
| Auto finance | 2,368.9 | 2,340.1 | 1,850.6 | 1.2 | 28.0 |
| MasterCard/Visa | 8,141.2 | 8,066.9 | 8,053.6 | 0.9 | 1.1 |
| Private label | 11,663.9 | 10,736.4 | 10,347.3 | 8.6 | 12.7 |
| Other unsecured | 13,337.0 | 13,089.6 | 11,328.1 | 1.9 | 17.7 |
| Commercial and other | 506.9 | 533.4 | 598.6 | (5.0) | (15.3) |
| Total owned receivables | 79,874.7 | 75,588.7 | 67,357.9 | 5.7 | 18.6 |
| Accrued finance charges | 1,559.8 | 1,512.4 | 1,302.6 | 3.1 | 19.7 |
| Credit loss reserve for owned receivables | (2,663.1) | (2,476.6) | (2,111.9) | 7.5 | 26.1 |
| Unearned credit insurance premiums and claims reserves | (895.8) | (888.2) | (725.2) | 0.9 | 23.5 |
| Amounts due and deferred from receivables sales | 2,536.2 | 2,430.4 | 2,420.6 | 4.4 | 4.8 |
| Reserve for receivables serviced with limited recourse | (1,148.3) | (1,078.4) | (1,082.3) | 6.5 | 6.1 |
| Total owned receivables, net | 79,263.5 | 75,088.3 | 67,161.7 | 5.6 | 18.0 |
| Receivables serviced with limited recourse: | | | | | |
| Real estate secured | 861.8 | 1,108.6 | 1,457.8 | (22.3) | (40.9) |
| Auto finance | 4,026.6 | 3,529.1 | 2,712.7 | 14.1 | 48.4 |
| MasterCard/Visa | 9,254.0 | 9,236.8 | 9,529.8 | 0.2 | (2.9) |
| Private label | 2,150.0 | 1,650.0 | 1,650.0 | 30.3 | 30.3 |
| Other unsecured | 4,655.6 | 4,541.9 | 4,899.2 | 2.5 | (5.0) |
| Total receivables serviced with limited recourse | 20,948.0 | 20,066.4 | 20,249.5 | 4.4 | 3.4 |
| Total managed receivables, net | \$ 100,211.5 | \$ 95,154.7 | \$ 87,411.2 | 5.3 % | 14.7 % |

(1) Personal homeowner loans are real estate secured loans that have been underwritten and priced as unsecured loans. Personal homeowner loans are included in the other unsecured line, and comprise 4.7% of Household's total managed portfolio at 12/31/01, 4.8% at 09/30/01, and 4.4% at 12/31/00.

