

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

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MICHAEL BAILEY, Derivatively on Behalf of HOUSEHOLD INTERNATIONAL, INC.,	:	Case No. 02 CH 16476
	:	NOTICE OF SETTLEMENT
Plaintiff,	:	Judge Peter Flynn
vs.	:	
WILLIAM F. ALDINGER, et al.,	:	
Defendants,	:	
- and -	:	
HOUSEHOLD INTERNATIONAL, INC.,	:	
Nominal Defendant.	:	
_____X	:	
LEONARD PACE, Derivatively on Behalf of HOUSEHOLD INTERNATIONAL, INC. and on Behalf of Others Similarly Situated,	:	Case No. 02 CH 19270
	:	Judge Peter Flynn
Plaintiff,	:	
vs.	:	
WILLIAM F. ALDINGER, et al.,	:	
Defendants,	:	
- and -	:	
HOUSEHOLD INTERNATIONAL, INC., a Delaware corporation,	:	
Nominal Defendant.	:	
_____X	:	
STEPHANIE McLAUGHLIN, Individually and on Behalf of Others Similarly Situated,	:	Case No. 02 CH 20683
	:	Judge Peter Flynn
Plaintiff,	:	
vs.	:	
WILLIAM F. ALDINGER, et al.,	:	
Defendants.	:	
_____X	:	

NOTICE OF SETTLEMENT OF SHAREHOLDER
CLASS AND DERIVATIVE ACTIONS

TO: ALL PERSONS WHO OWNED HOUSEHOLD INTERNATIONAL, INC., ("HOUSEHOLD" OR THE "COMPANY") COMMON STOCK BETWEEN NOVEMBER 12, 2002 AND MARCH 28, 2003:

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THESE ACTIONS

This Notice has been sent to you pursuant to 735 ILCS 5/2-803, 805 ILCS 5/7.80 and Del. Ch. Rule 23.1 and an order of the Circuit Court of Cook County, Illinois County Department, Chancery Division (the "Court") following the execution of a Stipulation of Settlement signed by the parties on September 22, 2003 (the "Stipulation"). The purpose of this Notice is to inform you of the proposed settlement of the above-captioned class action litigation and related shareholder derivative litigation (the "State Court Actions") and the case of *Williamson v. Aldinger, et al.*, Case No. 03 600331, pending in the United States District Court for the Northern District of Illinois (the "*Williamson Action*," together with the State Court Actions, the "Actions") and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlement. This Notice describes the rights you may have in connection with this settlement and what acts you may take in relation to the settlement and the resolution of the Actions. This Notice is not intended to be and should not be construed as an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in the Actions or the fairness or adequacy of the proposed settlement. A Settlement Hearing will be held on December 1, 2003 at 3:00 p.m., or at such other time as the Court may order, before the Honorable Judge Peter Flynn of the Circuit Court of Cook County, Chancery Division, Richard J. Daley Center, Room 802, Chicago, IL 60602, to determine, *inter alia*, whether the proposed settlement should be approved as fair, just and adequate, to rule upon the adequacy of the Representative Plaintiffs (as defined herein) and of the Representative Plaintiffs' Counsel (as defined herein) application for attorney's fees and expenses, and any other matters that come before the Court.

I. BACKGROUND

On August 14, 2002, Household announced that it would be restating its financial statements from 1994 through the second quarter 2002 to reflect certain revisions to the accounting treatment of certain co-branded, affinity and credit card relationships, which were determined to be necessary by Household's new auditors, KPMG, LLP.

On August 27, 2002, a purported shareholder derivative action captioned *Bailey v. Aldinger, et al.*, Case No. 02-CH-16476 (the "*Bailey Action*"), was filed in the Circuit Court of Cook County, Illinois, Chancery Division. The *Bailey Action* alleged, *inter alia*, that Household's senior officers and certain members of its board of directors (the "Board") had breached their fiduciary duties by engaging in allegedly improper accounting practices dating back to 1994 relating to co-branding and affinity-card relationships, and allegedly improper lending practices. The *Bailey Action* also alleged causes of action against Household's former auditor, Arthur Andersen, LLP for breach of contract and professional negligence.

On October 11, 2002, Household announced that it had reached a preliminary agreement with a multi-state working group of state attorneys general and regulatory agencies to resolving claims of allegedly improper lending practices at some of Household's subsidiaries' retail branch consumer lending operations.

On October 24, 2002, a purported shareholder derivative action captioned *Pace v. Aldinger, et al.*, Case No. 02-CH-19270 (the "*Pace Action*"), was filed in the Circuit Court of Cook County, Illinois, Chancery Division. The *Pace Action* asserted claims against certain executive officers and the Board for breach of fiduciary duty and waste of corporate assets based on Household's allegedly improper accounting practices and Household's subsidiaries' allegedly improper lending practices.

On November 12, 2002, the Board met to discuss the terms of a proposed merger with HSBC Holdings plc ("HSBC"), including the proposed merger agreement. The proposed merger agreement included provisions relating to a potential payment by Household of a \$550 million termination fee in certain circumstances were Household to, *inter alia*, consummate, agree to or solicit alternative acquisition proposals with an entity other than HSBC. At the Board meeting, representatives of Goldman, Sachs & Co. orally opined to the Board, and confirmed by a written opinion dated November 14, 2002, that the proposed exchange ratio of 2.675 HSBC ordinary shares for each common share of Household common stock was a fair exchange for Household's common shareholders. After careful consideration, the Board unanimously approved the merger with HSBC, including the proposed merger agreement, as fair and in the best interests of Household's shareholders. Household executed the merger agreement on November 14, 2002.

On November 15, 2002, plaintiff in the *Pace Action* filed an amended complaint which asserted additional claims on behalf of a class of Household shareholders for the defendants' alleged breach of their fiduciary duties in the negotiation and agreement to sell Household to HSBC and additional shareholder derivative claims for abuse of control and unjust enrichment.

Also on November 15, 2002, a purported class action captioned *McLaughlin v. Aldinger, et al.*, Case No. 02-CH-20683 (the "*McLaughlin Action*"), was filed in the Circuit Court of Cook County, Illinois. The *McLaughlin Action* also asserted claims on behalf of a class of Household shareholders who alleged that certain executive officers and the Board had breached their fiduciary duties by negotiating a sale of Household to HSBC at an unfair price. Collectively, the *Bailey*, *Pace* and *McLaughlin Actions* will be referred to as the "State Court Actions."

On January 7, 2003, plaintiff in the *Bailey Action* amended his complaint to include shareholders' derivative claims for breach of fiduciary duties based upon Household's subsidiaries' allegedly improper lending practices.

On January 15, 2003, a purported shareholder derivative action captioned *Williamson v. Aldinger, et al.*, Case No. 03 600331, was filed in the United States District Court for the Northern District of Illinois. The *Williamson Action* asserted shareholder derivative claims which alleged that certain executive officers and the Board had breached their fiduciary duties based upon Household's allegedly improper accounting dating back to 1994, its subsidiaries' allegedly improper lending practices and by agreeing to the merger with HSBC. The *Williamson Action* also purported to assert a federal claim for disgorgement under the Sarbanes-Oxley Act of 2002.

On February 24, 2003, the claims against Arthur Andersen, LLP that were asserted in the *Bailey Action* were voluntarily dismissed with prejudice.

The Settling Defendants (as defined herein) filed motions to dismiss in the State Court Actions and the parties in the State Court Actions negotiated pretrial and protective orders to govern substantive discovery in those actions.

On March 18, 2003, the Settling Parties signed a Memorandum of Understanding, that contained the essential terms of settlement for all of the Actions.

On March 28, 2003, Household held a special meeting of shareholders at which Household shareholders voted to approve the merger with HSBC and the merger became effective on that date.

On September 28, 2003, the Court entered an Order Regarding Preliminary Approval and Notice in which the Court preliminarily certified the Class (as defined herein), preliminarily determined that the *Bailey* and *Pace Actions* were properly brought as shareholder derivative actions and preliminarily found that the Representative Plaintiffs were adequate representatives of the Class and of the interests of similarly situated shareholders in enforcing the rights of Household.

II. DISCOVERY, INVESTIGATION AND RESEARCH CONDUCTED BY REPRESENTATIVE PLAINTIFFS' COUNSEL

Representative Plaintiffs' Counsel (as defined herein) state that they have conducted extensive formal and informal discovery and investigation during the development and prosecution of the Actions, as well as following the execution of the Memorandum of Understanding referred to above. Representative Plaintiffs' Counsel state that this discovery and investigation has included, *inter alia*, (i) inspecting, reviewing and analyzing thousands of pages of documents; (ii) deposing defendants Schoenholz and Lorch; (iii) deposing a representative of Goldman, Sachs & Co., Household's investment banker; (iv) consulting with investment bankers and experts in the areas of securities law and corporate governance; (v) drafting, filing and briefing multiple motions; (vi) participating in numerous meetings and discussions with Settling Defendants' counsel; and (vii) researching the applicable law with respect to the claims asserted by the Representative Plaintiffs in the Actions and the potential defenses thereto.

III. SETTLING DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The Settling Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Representative Plaintiffs in the Actions. The Settling Defendants also have denied and continue to deny, *inter alia*, the allegations that the Representative Plaintiffs, Household, Household Stockholders (as defined herein) or Class Members (as defined herein) have suffered any damages as a result of the conduct which was alleged, or which could have been alleged, in the Actions. The Settling Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Actions. Each of the Settling Defendants denies and continues to deny the allegations concerning any alleged breach of fiduciary duty, waste of corporate assets, abuse of control or unjust enrichment. The Settling Defendants have further asserted and continue to assert that, at all relevant times, they acted in good faith and in a manner they reasonably believed to be in the best interests of Household, Household Stockholders and Class Members.

Nonetheless, the Settling Defendants have concluded that further litigation would be protracted and expensive, and that it is desirable that the Actions be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. The Settling Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex litigation like the Actions. The Settling Defendants have, therefore, determined that it is desirable and beneficial that the Actions be settled in the manner described herein.

IV. CLAIMS OF THE REPRESENTATIVE PLAINTIFFS AND BENEFITS OF SETTLEMENT

The Representative Plaintiffs believe that the claims asserted in the Actions have merit. However, the Representative Plaintiffs recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Actions against the Settling Defendants through trial and through appeals. The Representative Plaintiffs also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Actions, as well as the difficulties and delays inherent in such litigation. The Representative Plaintiffs also are mindful of the inherent problems of proof under and possible defenses to the claims asserted in the Actions. The Representative Plaintiffs believe that the settlement set forth in the Stipulation conferred substantial benefits upon Household, Household Stockholders and Class Members. Based on their evaluation and the advice of their counsel, the Representative Plaintiffs have determined that the settlement set forth in the Stipulation is in the best interests of the Representative Plaintiffs, Household, Household Stockholders and Class Members.

V. DEFINED TERMS IN THIS NOTICE AND TERMS OF SETTLEMENT

A. Definitions

As used in this Notice, the following terms have the meanings specified below:

1. "Actions" means the State Court Actions and the *Williamson Action*.
2. "Class Members" or "Class" means all Persons who owned Household common stock at any point in time between November 12, 2002 and March 28, 2003, inclusive.
3. "Effective Date" means the first date by which all of the events and conditions specified in Section IX(A) of the Stipulation have been met and have occurred.
4. "Final" means: (a) the date of final affirmance on any appeal of the Judgment, the expiration of the time for a petition for or a denial of a writ of review to review the Judgment and, if the writ is granted, the date of final affirmance of the Judgment following review pursuant to that grant; or (b) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceeding on writ of review to review the Judgment; or (c) if no appeal is filed, the expiration date of the time for the filing or noticing of any appeal from the Court Judgment approving the Stipulation; *i.e.*, thirty (30) days after entry of the Judgment. Any proceeding or order, or any appeal or petition for a writ of review pertaining solely to attorneys fees, costs or expenses, shall not in any way delay or preclude the Judgment from becoming Final, provided that any such proceeding, order, appeal or petition for a writ of review shall not affect the finality of the judgment under applicable law.
5. "Household Stockholders" means all Persons who owned Household common stock as of March 28, 2003.
6. "Judgment" means the judgment to be rendered by the Court, substantially in the form attached as Exhibit D to the Stipulation.
7. "Person" means an individual, corporation, limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity, and their spouses, heirs, predecessors, successors, representatives or assignees.
8. "Plaintiffs Settlement Counsel" means the following Counsel for plaintiffs in the State Court Actions and the *Williamson Action*: Schiffrin & Barroway, LLP, Robert B. Weiser, 3 Bala Plaza East, Suite 400, Bala Cynwyd, PA 19004, telephone: (610) 667-7706; Robbins Umeda & Fink, LLP, Marc M. Umeda, 1010 Second Avenue, Suite 2360, San Diego, CA 92101, telephone: (619) 525-3990; Wechsler Harwood LLP, Robert Harwood, 488 Madison Avenue, 8th floor, New York, NY 10022, telephone: (212) 935-7400; and Lasky & Rifkind, Ltd., Norman Rifkind, 351 West Hubbard Street, Suite 406, Chicago, IL 60610, telephone: (312) 634-0057.
9. "Related Persons" means each of the Settling Defendants' past or present directors, officers, managers, employees, partners, members, principals, agents, advisors, underwriters, controlling shareholders, attorneys, accountants or auditors, banks or investment banks, associates, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities (including HSBC and its affiliates) or any past or present directors, officers, managers or employees thereof, any entity in which a Settling Defendant has a controlling interest, any members of their immediate families, or any trust of which any Settling Defendant is the settlor or which is for the benefit of any Settling Defendant and/or member(s) of his or her family.
10. "Released Claims" for purposes of the Actions shall mean any statutory or common law claims or causes of action under federal, state, local or any other law (including Unknown Claims and including claims within the exclusive jurisdiction of the federal courts) that are based upon or related to, in whole or in part, the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act which were alleged or could have been alleged in the Actions through the date of this Stipulation by Household, Class Members, or Household Stockholders on their own

behalf or on behalf of Household, or any of them, against the Released Persons in the Actions; provided, however, that the Released Claims do not include (a) any claim that has been asserted or could have been asserted by the class as currently defined in the actions consolidated under the caption *Lawrence E. Jaffe Pension Plan v. Household Intl, Inc.*, 02 C 5893, in the United States District Court for the Northern District of Illinois; (b) any claim that has been asserted or could have been asserted by the class as currently defined in the actions consolidated under the caption *In re Household International, Inc. ERISA Litigation*, 02 C 7921, in the United States District Court for the Northern District of Illinois; or (c) any claim that has been asserted or could have been asserted by the class as currently defined in the case of *West Virginia Laborers Pension Trust Fund v. Caspersen, et al.*, 03 CH 10808, in the Circuit Court of Cook County, Illinois, Chancery Division, except that exceptions (a), (b) and (c) are not intended to, and shall not be construed to, permit any derivative claim or any claim by any Class Members or Household Stockholders in connection with or related to the HSBC-Household merger, including, but not limited to, any claim that asserts that the Released Persons made any misrepresentation or breached any duties in any respect in initiating, negotiating, approving, publicizing, soliciting proxies for or consummating the HSBC-Household merger. The final judgments entered in the Actions will bar all Released Claims.

11. "Released Persons" means each and all of the Settling Defendants and the Related Persons.
12. "Representative Plaintiffs" means Michael Bailey, Leonard Pace, Stephanie McLaughlin and Leland Williamson.
13. "Representative Plaintiffs' Counsel" means counsel who have appeared for any of the Representative Plaintiffs in the Actions.
14. "Settling Defendants" means Household, William F. Aldinger, David A. Schoenholz, Louis E. Levy, Gary G. Dillon, John A. Edwardson, James B. Pitbaldo, Larree M. Renda, Robert J. Darnall, Anthea Disney, J. Dudley Fishburn, Cyrus F. Freidheim, Jr., James H. Gilliam, Jr., George A. Lorch, S. Jay Stewart, John D. Nichols, Mary Johnston Evans and Louis W. Sullivan.
15. "Settling Parties" means, collectively, each of the Settling Defendants and the Representative Plaintiffs on behalf of themselves, on behalf of Class Members, and/or derivatively on behalf of Household and Household Stockholders.
16. "Unknown Claims" means any Released Claim which any Representative Plaintiff or Household or Class Member or Household Stockholder does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this settlement.

B. Settlement of the Claims in the Actions

1. As a result of the Representative Plaintiffs prosecution of the Actions and their agreement to settle the Actions on the terms herein, the Settling Defendants agreed to the following provisions and actions which, the Settling Parties believe, substantially benefited Class Members, Household and Household Shareholders in assuring an informed vote upon the HSBC-Household merger and the overall fairness of the transaction:
 - a. a reduction of the termination fee by the amount of \$55 million from \$550 million to \$495 million;
 - b. a confirmation from Goldman, Sachs & Co. that, as of the date of the confirmation, which was provided on March 18, 2003, it was aware of nothing that would cause it to withdraw its written fairness opinion dated November 14, 2002, wherein Goldman Sachs opined that the HSBC-Household merger was fair to Household common stockholders; and
 - c. additional disclosures, produced in a supplemental proxy statement filed with the SEC, and mailed to Household stockholders, and publicly disseminated in the form attached as Exhibit E to the Stipulation.

VI. RELEASES

A. Upon the Effective Date, the Representative Plaintiffs on their own behalf, as well as on behalf of Household, Household Stockholders, and Class Members, shall be deemed to have, and by operation of the Judgment shall have, fully, finally and forever released, relinquished and discharged all Released Claims, and any and all claims arising out of, relating to, or in connection with the Settlement or resolution of the Actions, against the Released Persons.

B. The Representative Plaintiffs, Class Members, Household and Household Stockholders may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but each Representative Plaintiff and Household shall expressly, and each Household Stockholder and Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Settling Parties acknowledge, and Class Members and/or Household Stockholders shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

C. The release contemplated by the Stipulation extends to claims that Representative Plaintiffs on their own behalf, as well as on behalf of Household, Class Members and Household Stockholders, do not know or suspect to exist at the time of the release, which, if known, might have affected the decision to enter into this release. Each of the Representative Plaintiffs, Household, the Class Members and the Household Stockholders shall be deemed to waive any and all provisions, rights and benefits conferred by any law of the United States or any state or territory of the United States, or principle of common law, which governs or limits a Person's release of Unknown Claims. The foregoing waiver includes without limitation an express waiver, to the full extent permitted by law, by Representative Plaintiffs on their own behalf, as well as on behalf of Household, Class Members and Household Stockholders, of any and all rights under California Civil Code Section 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

In addition, each of the Representative Plaintiffs, Household, the Class Members and the Household Stockholders also shall be deemed to waive any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code Section 1542.

D. Upon the Effective Date, each of the Settling Defendants and his, her or its counsel shall be deemed to have, and by operation of the Judgment shall have, fully, finally and forever released, relinquished and discharged each and all of the Representative Plaintiffs, Representative Plaintiffs' Counsel, Household, Class Members and Household Stockholders from any claim that the Actions were wrongfully instituted or presented.

VII. REPRESENTATIVE PLAINTIFFS' COUNSEL'S REQUEST FOR ATTORNEY'S FEES AND REIMBURSEMENT OF EXPENSES

As a result of the settlement of the Actions, the Settling Defendants, upon approval by the Court, have agreed to cause Plaintiffs' Settlement Counsel to be paid \$2,000,000.00 for their fees and reimbursement of expenses (the "Fees and Expenses"). Representative Plaintiffs' Counsel have agreed to represent the Representative Plaintiffs in the Actions on a contingency fee basis. As such, to date, Representative Plaintiffs' Counsel have not received any payment for their fees, nor have they been reimbursed for their substantial out of pocket expenses.

VIII. CONDITIONS OF SETTLEMENT, EFFECT OF DISAPPROVAL OF SETTLEMENT, CANCELLATION OR TERMINATION

In the event the settlement is approved by the Court, the United States District Court for the Northern District of Illinois will be requested to dismiss the *Williamson Action* with prejudice based on the approval of the Court.

The settlement is conditioned upon the occurrence of certain events, including among other things: (1) the Court's entry of the Judgment, or a judgment substantially in the form attached as Exhibit D to the Stipulation; (2) the Judgment's becoming Final; and (3) the *Williamson Action* being dismissed with prejudice and said dismissal becoming become Final and not subject to appeal. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions prior to the execution of the Stipulation.

IX. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A Final Settlement Hearing will be held on December 1, 2003, at 3:00 p.m., or at such other time as the Court may order, before the Honorable Judge Peter Flynn of the Circuit Court of Cook County, Chancery Division, Richard J. Daley Center, Room 802, Chicago, Illinois 60602, (the "Settlement Hearing"). The purpose of the Settlement Hearing will be to determine whether the Court should approve: (i) the Settlement and (ii) Plaintiffs' Settlement Counsel's Fees and Expenses. The Court will also consider the adequacy of the Representative Plaintiffs and any other matters that come before it at the Settlement Hearing.

The Court may adjourn the settlement Hearing by oral announcement at such hearing or at any adjournment without further notice of any kind. The Court may approve the settlement with or without modifications, enter an Order and Final Judgment, and order the payment of the Fees and Expenses without further notice of any kind.

X. THE RIGHT TO BE HEARD AT THE SETTLEMENT HEARING

Any Class Member or Household Stockholder may, but is not required to, enter an appearance in the Actions and be represented by counsel of his, her or its choice and expense. Any Class Member or Household Stockholder who does not enter an appearance will be represented by the attorneys for plaintiffs listed below. Any Class Member or Household Stockholder who objects to any aspect of the settlement may appear and be heard at the Settlement Hearing. However, any such Person must submit a written notice of objection, sent via first class mail, overnight courier or hand delivered such that it is received on or before November 17, 2003, by each of the following:

CLERK OF THE CIRCUIT COURT,
COOK COUNTY, CHANCERY DIVISION
Chief Deputy Clerk, Eduna Wilks
Richard J. Daley Center, Room 802
Chicago, Illinois 60602

Robert B. Weiser, Esq.
SCHIFFRIN & BARROWAY, LLP
Three Bala Plaza East, Suite 400
Bala Cynwyd, Pennsylvania 19004

Paul Vizcarrondo, Jr., Esq.
WACHTELL LIPTON ROSEN & KATZ
51 West 52nd Street
New York, New York 10019

Marc M. Umeda, Esq.
ROBBINS UMEDA & FINK, LLP
1010 Second Avenue, Suite 2360
San Diego, California

**Counsel For Defendants Household,
William F. Aldinger and David A. Schoenholz**

Robert Y. Sperling, Esq.
WINSTON & STRAWN LLP
35 West Wacker Drive
Chicago, IL 60601-9703

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WECHSLER HARWOOD LLP
488 Madison Avenue, 8th floor,
New York, New York 10022

**Counsel For Defendants Louis E. Levy,
Gary D. Dillon, John A. Edwardson,
James B. Pitbaldo, Larree M. Renda,
Robert J. Daranll, Anthea Disney,
J. Dudley Fishburn, Cyrus F. Freidheim, Jr.,
James H. Gilliam, Jr., George A. Lorch,
S. Jay Stewart, John D. Nichols,
Mary Johnston Evans and Louis W. Sullivan**

Leigh R. Lasky, Esq.
LASKY & RIFKIND, LTD
351 West Hubbard Street, Suite 406
Chicago, IL 60610

Counsel For Representative Plaintiffs

Any Person who wishes to object to any aspect of the settlement must demonstrate that he, she or it was a Class Member and/or a Household Stockholder, as those terms have been defined above. The notice of objection must also contain a written statement which sets out the reasons[s] for the objection, the identity of any witness[es] that the objector plans on calling at the Settlement Hearing, and the substance of what the witness[es] will testify to at the Settlement Hearing. The written notice of objection must also disclose the number of shares of Household common stock the objecting Person owned. Only Class Members and/or Household Stockholders who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, although attendance at the Settlement Hearing is not necessary in order for an objection to be considered by the Court. **However, unless otherwise ordered by the Court, any Class Member and/or Household Stockholder who does not make his, her or its objection or opposition to the settlement in the manner described above shall be deemed to have waived all objections and opposition to the fairness, reasonableness and adequacy of the settlement, the adequacy of the Representative Plaintiffs and the request for Fees and Expenses.**

XI. NOTICE TO PERSONS OR ENTITIES HOLDING RECORD OWNERSHIP ON BEHALF OF OTHERS

Brokerage firms, banks and other persons or entities who are Class Members or Household Stockholders in their capacities as record owners, but not as beneficial owners, are requested to send this Notice promptly to beneficial owners. Additional copies of this Notice for transmittal to beneficial owners are available on request directed to:

Household Shareholder Class and Derivative Litigation
c/o The Garden City Group, Inc.
PO Box 9000 #6145
Merrick, NY 11566-9000

XII. EXAMINATION OF PAPERS

This Notice is a summary and does not describe all of the details of the Stipulation. For full details of the matters discussed in this Notice, you can review the Stipulation filed with the Court which may be inspected during business hours, at the office of the Clerk of the Circuit Court, Cook County, Richard J. Daley Center, Room 802, Chicago, Illinois, 60602.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

DATED: September 28, 2003

Judge Peter Flynn