

**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.)	
_____)	

STIPULATION OF SETTLEMENT WITH ARTHUR ANDERSEN LLP

This Stipulation of Settlement with Arthur Andersen LLP dated as of June 16, 2005 (the “Stipulation”), is made and entered into by and among the following Settling Parties (as defined further in Section IV hereof): (i) the Lead Plaintiffs (on behalf of themselves and each of the Class Members), by and through their counsel of record; and (ii) Arthur Andersen LLP, by and through its counsel of record. The Stipulation is intended by the Settling Parties to fully, finally and forever resolve, discharge and settle the Released Claims, upon and subject to the terms and conditions hereof.

I. THE LITIGATION

On and after August 16, 2002, the following actions were filed in the United States District Court for the Northern District of Illinois (the “Court”) as a securities class action on behalf of purchasers of Household International, Inc. (“Household” or the “Company”) securities during a defined period of time:

	Abbreviated Case Name	Case Number	Date Filed
(a)	<i>Jaffe v. Household International, Inc., et al.</i>	02-CIV-5893	08/16/02
(b)	<i>Abrams v. Household International, Inc. et al.</i>	05-CIV-5934	08/20/02
(c)	<i>Eisberry Holdings, Ltd. v. Household International, Inc. et al.</i>	02-CIV-6130	08/27/02
(d)	<i>Jannett v. Household International, Inc. et al.</i>	02-CIV-6326	09/05/02
(e)	<i>Dolowich v. Household International, Inc. et al.</i>	02-CIV-6352	09/05/02
(f)	<i>Hanschman v. Household International, Inc. et al.</i>	02-CIV-6859	09/25/02
(g)	<i>Friedel v. Household International, Inc. et al.</i>	02-CIV-7067	10/02/02

The above actions were consolidated by an order of the Court dated December 9, 2002 (the “Litigation”). By order dated December 18, 2002, the Court appointed the Glickenhau Institutional Group comprising of Glickenhau & Company, PACE Industry Union Management Pension Fund and The International Union of Operating Engineers Local No. 132 Pension Plan Lead Plaintiffs and

Lerach Coughlin Stoia Geller Rudman & Robbins LLP (formerly Milberg Weiss Bershad Hynes & Lerach LLP), Lead Counsel for Lead Plaintiffs and the Class.

On March 13, 2003, Lead Plaintiffs filed the [Corrected] Amended Consolidated Class Action Complaint for Violation of the Federal Securities Laws (the "Complaint") against Household, the Individual Defendants, and the Company's auditor, Arthur Andersen LLP ("Andersen"). The Complaint alleges that Household and the Individual Defendants violated federal securities laws by engaging in a fraudulent scheme to defraud investors. Lead Plaintiffs allege this was accomplished by engaging in illegal and deceptive predatory lending practices that preyed on Household's subprime customer base, arbitrarily reaging or restructuring delinquent accounts to conceal true levels of defaults and delinquency in order to delay charging off the accounts, and manipulating the accounting of expenses associated with various credit card arrangements.

The Complaint further alleges that Andersen violated federal securities laws by concealing the true nature of Household's financial results between October 23, 1997 and October 11, 2002 by reporting that Household's year end financial statements during this period were fairly presented in accordance with Generally Accepted Accounting Principles.

II. ANDERSEN'S DENIALS OF WRONGDOING AND LIABILITY

Andersen has expressly denied and continues to deny all charges of wrongdoing or liability against it arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. Andersen also has denied and continues to deny, *inter alia*, the allegations that the Lead Plaintiffs or the Class have suffered damage, that the prices of Household securities were artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, and that the Lead Plaintiffs or the Class were harmed by any conduct alleged in the Complaint. Andersen asserts, and believes, it would present supporting evidence at trial that throughout the Class Period its audits of Household's financial statements fully conformed with

Generally Accepted Auditing Standards, and that, to the best of its knowledge and belief, Household's financial statements were fairly presented in all material respects in accordance with Generally Accepted Accounting Principles.

Nonetheless, Andersen has concluded that further conduct of the Litigation will be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. Andersen also has taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Litigation.

Andersen has, therefore, determined that it is desirable and beneficial to it that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation. Andersen enters into this Stipulation and settlement without in any way acknowledging any fault, liability, or wrongdoing of any kind. There has been no adverse determination by any court against Andersen on the merits of the claims asserted by the Lead Plaintiffs or the Class. Neither this Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by Andersen of the merit or truth of any of the allegations or wrongdoing of any kind on the part of Andersen. Andersen enters into this Stipulation and settlement based upon, among other things, the agreement herein that, to the fullest extent permitted by law, neither this Stipulation nor any of its terms or provisions, nor any of the negotiations or proceedings therewith, shall be offered as evidence in the Litigation or in any pending or future civil, criminal, or administrative action or other proceeding to establish any liability or admission by Andersen or any other matter adverse to Andersen, except as expressly set forth herein.

III. CLAIMS OF THE LEAD PLAINTIFFS AND BENEFITS OF SETTLEMENT

The Lead Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. The Lead Plaintiffs recognize and acknowledge, however, the expense and length of continued proceedings necessary to prosecute the Litigation

against Andersen through trial and through appeals. The Lead Plaintiffs also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Litigation, as well as the difficulties and delays inherent in such litigation. The Lead Plaintiffs also are mindful of the inherent problems of proof under and possible defenses to the securities law violations asserted in the Litigation. The Lead Plaintiffs believe that the settlement set forth in the Stipulation confers substantial benefits upon the Class. Based on their evaluation, the Lead Plaintiffs and Lead Counsel have determined that the settlement set forth in the Stipulation is in the best interests of the Lead Plaintiffs and the Class.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Lead Plaintiffs (for themselves and the Class Members) and Andersen, by and through their respective counsel or attorneys of record, that, subject to the approval of the Court, the Litigation and the Released Claims shall be finally and fully compromised, settled and released, and the Litigation shall be dismissed with prejudice, as to all Settling Parties, upon and subject to the terms and conditions of the Stipulation, as follows.

1. Definitions

As used in the Stipulation the following terms have the meanings specified below:

1.1 "Andersen" means Arthur Andersen LLP, an Illinois limited liability partnership.

1.2 "Claims Administrator" means the firm of Gilardi & Co. LLC.

1.3 "Class" means all Persons who purchased or otherwise acquired Household securities during the period between October 23, 1997 and October 11, 2002, inclusive only with respect to claims brought pursuant to §§10 and 20 of the Securities Exchange Act of 1934 and Securities and Exchange Commission Rules promulgated thereunder. Excluded from the Class are Andersen, the Individual Defendants, Household, members of the immediate families of the Individual Defendants,

any entity in which Andersen, any Individual Defendant or Household has or had a controlling interest or which is related to or affiliated with Andersen, Household or any Individual Defendant, current or former directors and officers of Household or Andersen, and the legal representatives, heirs, successors, or assigns of any such excluded person or entity. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class pursuant to the Notice of Pendency and Proposed Partial Settlement of Class Action.

1.4 “Class Member” or “Member of the Class” mean a Person who falls within the definition of the Class as set forth in ¶1.5 of the Stipulation.

1.5 “Class Period” means the period commencing on October 23, 1997 through October 11, 2002, inclusive.

1.6 “Effective Date” means the first date by which all of the events and conditions specified in ¶7.1 of the Stipulation have been met and have occurred.

1.7 “Escrow Agent” means the law firm of Lerach Coughlin Stoia Geller Rudman & Robbins LLP or its successor(s).

1.8 “Final” means when the last of the following with respect to the Judgment approving the Stipulation, substantially in the form of Exhibit B hereto, shall occur: (i) the expiration of three (3) business days after the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion having been filed; (ii) the expiration of three (3) business days after the time in which to appeal the Judgment has passed without any appeal having been taken (which date shall be deemed to be thirty-three (33) days following the entry of the Judgment, unless the date to take such an appeal shall have been extended by Court order or otherwise, or unless the 33rd day falls on a weekend or a Court holiday, in which case the date for purposes of this Stipulation shall be deemed to be the next business day after such 33rd day); and (iii) if such motion to alter or amend is filed or if an appeal is taken, three (3) business days after the

determination of that motion or appeal in such a manner as to permit the consummation of the settlement substantially in accordance with the terms and conditions of this Stipulation. For purposes of this paragraph, an "appeal" shall not include any appeal that concerns only the issue of attorneys' fees and reimbursement of costs or the Plan of Allocation of the Settlement Fund.

1.9 "Household" means Household International, Inc.

1.10 "Individual Defendants" means William F. Aldinger, David A. Schoenholz, Gary Gilmer, and J.A.Vozar.

1.11 "Judgment" means the judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit B.

1.12 "Lead Counsel" means Lerach Coughlin Stoia Geller Rudman & Robbins LLP, Joy Ann Bull, 655 West Broadway, Suite 1900, San Diego, California 92101; Lerach Coughlin Stoia Geller Rudman & Robbins LLP, Azra Z. Mehdi, 100 Pine Street, Suite 2600, San Francisco, California 94111.

1.13 "Lead Plaintiffs" means Glickenhous & Company, PACE Industry Union Management Pension Fund and The International Union of Operating Engineers Local No. 132 Pension Plan.

1.14 "Person" means an individual, corporation, (including all divisions and subsidiaries), 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.

1.15 "Related Parties" means AWSC Societe Cooperative, en liquidation, and all of its and Andersen's past and present member firms, and all of their respective current and former employees, members, partners, principals, participating principals, national directors, managing or other agents,

management personnel, officers, directors, associates, insurers, reinsurers, agents, controlling shareholders, administrators, consultants, advisors, attorneys, accountants or auditors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, affiliates, joint ventures, assigns and related entities, including any entity in which Andersen has a controlling interest, or any trust of which Andersen is the settlor, along with the spouses, heirs, executors, administrators, insurers, reinsurers, representatives, estates, successors, and assigns of any of the foregoing persons.

1.16 “Released Claims” shall collectively mean (a) all claims (including “Unknown Claims” as defined in ¶1.23 hereof), demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, whether in contract or tort, equity or otherwise, whether or not concealed or hidden, asserted or that might have been asserted, in this or in any other forum or proceeding, including, without limitation, claims for negligence, gross negligence, indemnification, breach of duty of care and/or breach of duty of loyalty, fraud, misrepresentation, breach of fiduciary duty, negligent misrepresentation, unfair competition, insider trading, professional negligence, mismanagement, corporate waste, breach of contract, or violations of any state or federal statutes, rules or regulations, or principles of common law, by any Lead Plaintiff or Class Member against any of the Released Persons that are in any way based upon or related in any way to (i) the purchase or acquisition of, or investment in Household securities by any Lead Plaintiff or any Class Member during the Class Period (whether in the open market or otherwise), and (ii) the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act which were or could have been alleged in the Litigation, including the professional services provided by Andersen to Household; and (b) all claims, known or unknown, which could have been or could be asserted by any Member of the Class in the Litigation that relate to the defense or settlement of the Litigation (other than claims to enforce the settlement), or any claim arising out of the violation

or breach of this Stipulation. Released Claims do not include any claims whatsoever of the Lead Plaintiffs or Class Members that have been or could have been asserted against Household or the Individual Defendants.

1.17 "Released Persons" means Andersen and each and every one of its Related Parties and specifically excludes Household and the Individual Defendants.

1.18 "Settlement Fund" means the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000) in cash that will be paid to the Escrow Agent pursuant to ¶2.1 of this Stipulation, plus all interest earned thereon pursuant to ¶¶2.1, 2.4 and 2.9.

1.19 "Settling Parties" means Andersen and the Lead Plaintiffs on behalf of themselves and the Class Members.

1.20 "Unknown Claims" shall collectively mean all claims, demands, rights, liabilities, and causes of action of every nature and description which any Lead Plaintiff or Class Member 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 or opt out of this settlement. The Lead Plaintiffs shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived, to the fullest extent permitted by law, 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 §1542, which provides:

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

The Lead Plaintiffs and Class Members 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 Lead Plaintiff shall expressly fully, finally and forever settle and release, and each 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, whether in contract or tort, equity or otherwise, 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, without limitation, claims for negligence, gross negligence, indemnification, breach of duty of care and/or breach of duty of loyalty, fraud, misrepresentation, breach of fiduciary duty, negligent misrepresentation, unfair competition, insider trading, professional negligence, mismanagement, corporate waste, breach of contract, or violations of any state or federal statutes, rules or regulations, or principles of common law, without regard to the subsequent discovery or existence of such different or additional facts. The Lead Plaintiffs acknowledge, and the Class Members 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.

2. The Settlement

a. The Settlement Fund

2.1 The principal amount of \$1,500,000 in cash shall be transferred by Andersen to the Escrow Agent within five (5) calendar days of execution of this Stipulation. If such amount is not transferred to the Escrow Agent by the date due, interest shall accrue on any amount not so transferred at the rate of five (5) percent per annum on any such unpaid funds until all funds due are received by the Escrow Agent.

2.2 Notwithstanding anything to the contrary contained herein, the undersigned, for themselves and any other persons claiming by, through, or on behalf of them, acknowledge and agree that (i) in no event shall the Administrator of Andersen, any member of the Administrative

Board of Andersen (or any officer, director, member or shareholder of the Administrative Board members), any present or former directors, officers, managers, partners, participating principals, national directors or similar persons of Andersen or any of their respective agents or representatives (collectively, the "Andersen Covered Persons") have any personal liability with respect to Andersen's obligations arising out of or relating to this Stipulation; and (ii) no Andersen Covered Person shall be obligated to make, and no Andersen Covered Person in fact will make, any capital contribution, or other payment of any kind to Andersen in order for Andersen to satisfy its obligations arising out of or relating to this Stipulation.

b. Andersen Cooperation

2.3 Andersen agrees upon request to provide Lead Plaintiffs relevant information as set forth below. It is understood and agreed that nothing in this paragraph shall be deemed, construed, or argued by any party in any form to give rise to any obligation or responsibility on the part of Andersen to waive or otherwise impair any privilege or work product protection of Andersen. Andersen will cooperate in the continued Litigation in the following manner:

(a) **Witnesses.** Andersen shall accept a valid subpoena for any current employees for deposition and/or trial in any jurisdiction in which they reside. Andersen will make a good faith effort to produce or have produced without the necessity for service of subpoena former Andersen employees or agents for deposition or trial in any jurisdiction in which they reside (a subpoena shall be issued for all persons who agree to appear).

(b) **Electronic Discovery.** Without waiving any privileges or other protection from disclosure, all reasonable requests by Lead Plaintiffs for electronic discovery will be accommodated at the Lead Plaintiffs' expense. Andersen shall choose the vendor to manage the electronic discovery subject to Lead Plaintiffs' reasonable approval and independent evaluation of vendor cost. Andersen shall take all reasonable steps to produce backup tapes to the vendor.

(c) Other Written Discovery. Without waiving any privileges or other protection from disclosure, Andersen shall reasonably cooperate with the Lead Plaintiffs in resolving Lead Plaintiffs' outstanding written discovery requests. Specifically, Andersen need not produce personnel files and Andersen will produce desk files that can be identified and located and any previously requested workpapers that were not heretofore produced. Andersen shall voluntarily supply Lead Plaintiffs with a table of contents to the relevant Audit Objective and Procedures Manual for use only in this Litigation. Additional categories of the Audit Objective and Procedures Manual may be produced at the parties agreement. Andersen need not produce a Rule 30(b)(6) witness, respond to any outstanding interrogatories, or produce additional documents relating to professional services other than described in this paragraph.

c. The Escrow Agent

2.4 The Escrow Agent may invest the Settlement Fund deposited pursuant to ¶2.1 hereof in instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. The Escrow Agent shall bear all risks related to investment of the Settlement Fund and Andersen shall have no responsibility or liability for any actions or omissions by the Escrow Agent.

2.5 The Escrow Agent shall not disburse the Settlement Fund except as provided in the Stipulation, by an order of the Court, or with the written agreement of counsel for Andersen.

2.6 Subject to further order and/or direction as may be made by the Court, the Escrow Agent is authorized to execute such transactions on behalf of the Class Members as are consistent with the terms of the Stipulation.

2.7 All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as the Settlement Fund shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

2.8 Within five (5) days after payment of the Settlement Fund to the Escrow Agent pursuant to ¶2.1 hereof, the Escrow Agent may establish a “Class Notice and Administration Fund,” and may deposit up to \$50,000 from the Settlement Fund in it. The Class Notice and Administration Fund may be used by Lead Counsel to pay costs and expenses reasonably and actually incurred in connection with providing notice to the Class, locating Class Members, and paying escrow fees and costs, if any. The Class Notice and Administration Fund may also be invested and earn interest as provided for in ¶2.4 of this Stipulation. In no event shall Andersen have any responsibility for or liability with respect to any of the actions or activities described in this paragraph 2.8.

d. Taxes

2.9 (a) Settling Parties and the Escrow Agent agree to treat the Settlement Fund as being at all times a “qualified settlement fund” within the meaning of Treas. Reg. §1.468B-1. In addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out the provisions of this ¶2.9, including the “relation-back election” (as defined in Treas. Reg. §1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(b) For the purpose of Treas. Reg. §1.468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow Agent. The Escrow Agent shall satisfy the administrative requirements of Treas. Reg. §1.468B-2 and must timely and properly file all informational and other tax returns necessary or advisable with

respect to the Settlement Fund (including without limitation the returns described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in ¶2.9(a) hereof) shall be consistent with this ¶2.9 and in all events shall reflect that all Taxes (including any estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶2.9(c) hereof.

(c) All (a) Taxes (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon Andersen or its counsel with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes (“Taxes”), and (b) expenses and costs incurred in connection with the operation and implementation of this ¶2.9 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this ¶2.9 (“Tax Expenses”), shall be paid out of the Settlement Fund; in no event shall Andersen or its counsel have any responsibility for or liability with respect to the Taxes or the Tax Expenses. Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely paid by the Escrow Agent out of the Settlement Fund without prior order from the Court, and the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts, including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(1)(2)); neither Andersen nor its counsel is responsible therefore nor shall they have any liability with respect thereto. The parties hereto agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this ¶2.9.

(d) For the purpose of this ¶2.9, references to the Settlement Fund shall include both the Settlement Fund and the Class Notice and Administration Fund and shall also include any earnings thereon.

e. Termination of Settlement

2.10 In the event that the Stipulation is not approved, or is terminated, canceled, or fails to become effective for any reason, the Settlement Fund (including accrued interest) less administrative costs not to exceed \$50,000 actually incurred or due and owing in connection with the settlement provided for herein shall be refunded directly to Andersen, as provided in ¶7.3 below.

3. Notice Order and Settlement Hearing

3.1 Promptly after execution of the Stipulation, but in no event later than ten (10) days after the Stipulation has been signed (unless such time is extended by the written agreement of Lead Counsel and counsel for Andersen), the Settling Parties shall submit the Stipulation together with its Exhibits to the Court and shall apply for entry of an order (the "Notice Order"), substantially in the form of Exhibit A hereto, requesting, *inter alia*, the preliminary approval of the settlement set forth in the Stipulation, approval for mailing the Notice of Pendency and Proposed Partial Settlement of Class Action (the "Notice") substantially in the form of Exhibit A-1 hereto and publication of a summary notice substantially in the form of Exhibit A-2 hereto. The Notice shall include the general terms of the settlement set forth in the Stipulation, the procedure to opt-out of the Class, and the date of the Settlement Hearing.

3.2 Lead Counsel shall request that after notice is given, the Court hold a hearing (the "Settlement Hearing") and finally approve the settlement of the Litigation as set forth herein.

4. Releases

4.1 Upon the Effective Date, as defined in ¶1.8 hereof, the Lead Plaintiffs shall fully, finally and forever release, relinquish and discharge, and each Class Member, shall be deemed to

have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged the Released Persons from all Released Claims (including Unknown Claims, as that term is defined herein), expressly including all claims (including Unknown Claims) in any way arising out of, relating to, or in connection with the institution, prosecution, assertion, defense, settlement or resolution of the Litigation, whether or not such Class Member executes and delivers the Proof of Claim and Release. Household and the Individual Defendants and the claims asserted against them in the Litigation are specifically excluded from this release. Claims for violations of this Stipulation (including any Exhibits) are preserved.

4.2 The Proof of Claim and Release that will be agreed upon and sent to Class Members in connection with a future settlement or judgment in this case shall contain the release agreed upon in this Stipulation, which would have been included in a proof of claim and release, but for the fact no distribution is being made at this time.

4.3 Upon the Effective Date, as defined in ¶1.8 hereof, Andersen 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 Lead Plaintiffs, Class Members and Lead Counsel from all claims (including Unknown Claims) arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Litigation.

5. Administration and Calculation of Claims, Final Awards and Supervision and Distribution of Settlement Fund

5.1 Upon the Effective Date and thereafter, and in accordance with the terms of the Stipulation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Settlement Fund shall be held in escrow and will be distributed, subject to Court approval, or as otherwise ordered by the Court, in connection with a future settlement or judgment in this Litigation.

5.2 This is not a claims-made settlement and, if all conditions of the Stipulation are satisfied and the settlement becomes Final, no portion of the Settlement Fund will be returned to Andersen. Neither Andersen nor its counsel shall have responsibility for, interest in, or liability whatsoever with respect to the investment or distribution of the Settlement Fund (including but not limited to any plans of allocation utilized, any payment of attorneys' fees or costs, or any payment or non-payment of claims), the payment or withholding of Taxes or Tax Expenses, any other act described in this paragraph 5 or any of its subparagraphs, or any losses incurred in connection therewith. The first proof of claim form used in connection with a distribution from a settlement or judgment in this Litigation shall contain a release of the Released Persons equal to the release contained in ¶4.1.

5.3 No Person shall have any claim against Lead Counsel, the Claims Administrator or other entity designated by Lead Counsel based on future distributions made substantially in accordance with the Stipulation and the settlement contained herein, or further order(s) of the Court. No Person shall have any claim against Andersen with respect to the matters set forth in this paragraph 5 or any of its subparagraphs, irrespective of when the funds are distributed to the Class.

6. Lead Counsel's Attorneys' Fees and Reimbursement of Expenses

6.1 Lead Counsel may submit an application or applications (the "Fee and Expense Application") for distributions to them from the Settlement Fund for: (a) an award of attorneys' fees; plus (b) reimbursement of actual expenses, including the fees of any experts or consultants, incurred in connection with prosecuting the Litigation, plus any interest on such attorneys' fees and expenses at the same rate and for the same periods as earned by the Settlement Fund (until paid), as may be awarded by the Court. Lead Counsel intend to postpone their Fee and Expense Application and will not be making such application in connection with approval of this settlement.

6.2 Andersen shall have no responsibility for or liability with respect to any future payment of attorneys' fees and expenses to Lead Counsel over and above payment from the Settlement Fund.

6.3 Andersen shall have no responsibility for or liability with respect to the allocation among Lead Counsel, and/or any other Person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Litigation, and Andersen takes no position with respect to such matters.

7. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination

7.1 The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

- (a) Andersen has timely made its payment to the Settlement Fund as required by ¶2.1 hereof;
- (b) the Court has entered the Notice Order, as required by ¶3.1 hereof;
- (c) the Court has granted preliminary and final approval of this Stipulation, independent of its determination of any award of attorneys' fees and expenses to Lead Counsel;
- (d) the Court has entered the Judgment, or a judgment substantially in the form of Exhibit B hereto dismissing all Released Claims with prejudice and without costs to any party;
- (e) the Judgment has become Final, as defined in ¶1.10 hereof; and
- (f) Andersen has not exercised its option to terminate the Stipulation pursuant to ¶7.7 hereof.

7.2 Upon the occurrence of all of the events referenced in ¶7.1 hereof, any and all remaining interest or right of Andersen in or to the Settlement Fund, if any, shall be absolutely and forever extinguished. If all of the conditions specified in ¶7.1 hereof are not met, then the

Stipulation shall be canceled and terminated subject to ¶7.4 hereof unless Lead Counsel and counsel for Andersen mutually agree in writing to proceed with the Stipulation.

7.3 Unless otherwise ordered by the Court, in the event the Stipulation shall terminate, or be canceled, or shall not become effective for any reason, within ten (10) business days after written notification of such event is sent by counsel for Andersen or Lead Counsel to the Escrow Agent, subject to the terms of ¶2.10 hereof, the Settlement Fund (including accrued interest), plus any amount then remaining in the Class Notice and Administration Fund (including accrued interest), and all payments disbursed, including all expenses, costs, and any fee and expense award, excluding only notice and administration costs not to exceed \$50,000 that have either been properly disbursed pursuant to ¶2.8 hereof or are reasonably determined to be chargeable to the Class Notice and Administrative Fund, shall be refundable by the Escrow Agent pursuant to written instructions from Andersen's counsel. If any such amount or any portion thereof is not returned within such ten (10) day period, then interest shall accrue thereon at the actual rate of interest earned on such funds until the date said amount is returned. At the request and written direction of counsel to Andersen, the Escrow Agent or its designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds to Andersen, after deduction of any fees or expenses incurred in connection with such application(s) for refund. Any amounts not returned to Andersen shall operate as a credit against any later settlement obligation or judgment in the Litigation.

7.4 In the event that the Stipulation is not approved by the Court or the settlement set forth in the Stipulation is terminated or fails to become effective in accordance with its terms, the Settling Parties shall be restored to their respective positions in the Litigation as of June 15, 2005. In such event, the terms and provisions of the Stipulation, with the exception of ¶¶2.9, 2.10, 7.3-7.5 hereof, shall have no further force and effect with respect to the Settling Parties and shall not be used in this Litigation or in any other proceeding for any purpose, and any judgment or order entered by

the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*. No order of the Court or modification or reversal on appeal of any order of the Court concerning any plan of allocation, proof of claim form, award of attorneys' fees, costs, expenses, and interest, any other settlement, any other judgment, or any other order of the Court entered after the Judgment becomes Final, shall constitute grounds for cancellation or termination of the Stipulation.

7.5 If the Effective Date does not occur, or if the Stipulation is terminated pursuant to its terms, neither the Lead Plaintiffs nor Lead Counsel shall have any obligation to repay any amounts actually and properly disbursed from the Class Notice and Administration Fund, provided, however, that such amounts do not exceed \$50,000. In addition, any expenses already incurred and properly chargeable to the Class Notice and Administration Fund pursuant to ¶2.8 hereof at the time of such termination or cancellation, but which have not been paid, shall be paid by the Escrow Agent in accordance with the terms of the Stipulation prior to the balance being refunded in accordance with ¶¶2.10 and 7.3 hereof.

7.6 If a case is commenced in respect to Andersen under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of the Settlement Fund, or any portion thereof, by or on behalf of Andersen to be a preference, voidable transfer, fraudulent transfer or similar transaction and the funds are returned to Andersen, then, the releases given and Judgment entered in favor of Andersen pursuant to this Stipulation shall be null and void. If the transfer is voided only in part, the remaining portion shall be repaid to Andersen.

7.7 If prior to the Settlement Hearing, the aggregate number of shares of Household securities purchased or acquired by Persons who would otherwise be Members of the Class, but who request exclusion from the Class, exceeds the sum specified in a separate "Supplemental Agreement" between the Settling Parties, Andersen shall have, in its sole and absolute discretion, the

option to terminate this Stipulation in accordance with the procedures set forth in the Supplemental Agreement. The Supplemental Agreement will not be filed with the Court unless and until a dispute among the Settling Parties concerning its interpretation or application arises.

8. Miscellaneous Provisions

8.1 The Settling Parties (a) acknowledge that it is their intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their reasonable best efforts to accomplish the foregoing terms and conditions of the Stipulation.

8.2 The Settling Parties intend this settlement to be a final and complete resolution of all disputes between them with respect to the Litigation. The settlement compromises claims which are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense. The Final Judgment will contain a statement that during the course of the Litigation, the parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11. The Settling Parties agree that the amount paid to the Settlement Fund and the other terms of the settlement were negotiated in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel subject to the terms and provisions of applicable confidentiality orders. The Settling Parties reserve their right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum that the Litigation was brought or defended in bad faith or without a reasonable basis.

8.3 Neither the Stipulation nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as a presumption, concession, or admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of Andersen; or (b) is or may be deemed to be or may be used as a presumption, concession, or an admission of, or evidence of, any

fault or omission of Andersen in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal; or (c) shall be offered in evidence by any Person for any purpose except as provided in this paragraph 8.3. The Released Persons may file the Stipulation and/or the Judgment in any action that may be brought against it in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim. The Settling Parties and their counsel may file the Stipulation in any proceeding brought to enforce any of its terms or provisions. Lead Plaintiffs, on behalf of themselves and each of the Class Members, and Lead Counsel agree that any action, suit or proceeding which may be instituted, prosecuted or attempted for, upon or in respect of any of the Released Claims would cause irreparable injury to the party against whom it is brought, that the Stipulation and/or Judgment may be pleaded as a full and complete defense to any such action or proceeding, and that any court with competent jurisdiction may enter an injunction restraining prosecution thereof.

8.4 Pursuant to §21D(f)(7)(A) of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, the Final Judgment will contain a good faith settlement bar preventing additional litigation against and contribution from Andersen and its Related Parties. All Persons shall be barred and permanently enjoined from initiating, asserting or prosecuting any and all future claims for contribution against Andersen and its Related Parties arising out of or relating to any of the Released Claims.

8.5 All agreements made and orders entered during the course of the Litigation relating to the confidentiality of information shall survive this Stipulation.

8.6 All of the Exhibits to the Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

8.7 The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

8.8 The Stipulation and the Exhibits attached hereto constitute the entire agreement among the parties hereto and no representations, warranties or inducements, oral or otherwise, have been made to any party concerning the Stipulation or its Exhibits other than the representations, warranties and covenants contained and memorialized in such documents. The Settling Parties expressly warrant that, in entering into this Stipulation, they relied solely upon their own knowledge and investigation, and not upon any promise, representation, warranty, or other statement by any person not expressly contained in this Stipulation, Exhibits, or the Supplemental Agreement referenced in paragraph 7.7 above. Except as otherwise provided herein, each party shall bear its own costs.

8.9 Lead Counsel, on behalf of the Class, are expressly authorized by the Lead Plaintiffs to take all appropriate action required or permitted to be taken by the Class pursuant to the Stipulation to effectuate its terms and also are expressly authorized to enter into any modifications or amendments to the Stipulation on behalf of the Class which they deem appropriate.

8.10 Each counsel or other Person executing the Stipulation or any of its Exhibits on behalf of any party hereto hereby warrants that such Person has the full authority to do so.

8.11 The Stipulation may be executed by facsimile in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. Counsel for the Settling Parties shall exchange among themselves original signed counterparts, and a complete set of original executed counterparts shall be filed with the Court.

8.12 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto. The Settling Parties hereby acknowledge and agree that all Related

Parties (as that term is defined in ¶1.18 above) are intended third-party beneficiaries of this Stipulation entitled to enforce its terms, including all releases and bar orders.

8.13 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the settlement embodied in the Stipulation.

8.14 The Stipulation and the Exhibits hereto shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of Illinois, and the rights and obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of Illinois without giving effect to that State's choice-of-law principles.

IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys dated as of June 16, 2005.

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
PATRICK J. COUGHLIN (90785466)
AZRA Z. MEHDI (90785467)
MONIQUE C. WINKLER (90786006)
SYLVIA SUM (90785892)
LUKE O. BROOKS (90785469)
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
JOY ANN BULL

/s/ Joy Ann Bull

JOY ANN BULL

655 West Broadway, Suite 1900
San Diego, CA 92101-3301
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

MAYER, BROWN, ROWE & MAW LLP
STANLEY J. PARZEN

/s/ Stanley J. Parzen

STANLEY J. PARZEN

71 South Wacker Drive
Chicago, IL 60606
Telephone: 312/782-0600
312/701-7711 (fax)

Counsel for Arthur Andersen LLP

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EXHIBIT A

**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.)	
_____)	

**[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT WITH
ARTHUR ANDERSEN LLP AND PROVIDING FOR NOTICE**

EXHIBIT A

WHEREAS, a consolidated class action is pending before the Court entitled *Lawrence E. Jaffe Pension Plan v. Household International, Inc.*, Lead Case No. 02-C-5893 (Consolidated) (the "Litigation");

WHEREAS, the Court has received the Stipulation of Settlement with Arthur Andersen LLP dated as of June 16, 2005 (the "Stipulation"), that has been entered into by the Lead Plaintiffs and Andersen, and the Court has reviewed the Stipulation and its attached Exhibits;

WHEREAS, the parties having made application, pursuant to Federal Rule of Civil Procedure 23(e), for an order preliminarily approving the settlement of this Litigation as to Andersen, in accordance with the Stipulation which, together with the Exhibits annexed thereto sets forth the terms and conditions for a proposed settlement of the Litigation and for dismissal of the Litigation with prejudice upon the terms and conditions set forth therein; and the Court having read and considered the Stipulation and the Exhibits annexed thereto; and

WHEREAS, all defined terms contained herein shall have the same meanings as set forth in the Stipulation;

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. This Order incorporates by reference the definitions in the Stipulation, and all terms used herein shall have the same meanings set forth in the Stipulation.
2. This Court has jurisdiction over the subject matter of the Litigation and over all parties to the Litigation, including all Members of the Class.
3. The Court does hereby preliminarily approve the Stipulation and the settlement set forth therein, subject to further consideration at the Settlement Hearing described below.
4. A hearing (the "Settlement Hearing") shall be held before this Court on _____, 2006, at _____ .m., at the Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois, to determine whether the proposed settlement of the Litigation on the terms and

conditions provided for in the Stipulation is fair, reasonable and adequate to the Class and should be approved by the Court; and whether a Judgment as defined in ¶1.13 of the Stipulation should be entered herein. The Court may adjourn the Settlement Hearing without further notice to Members of the Class.

5. The Court approves, as to form and content, the Notice of Pendency and Proposed Partial Settlement of Class Action (the "Notice") and Summary Notice for publication annexed as Exhibits A-1 and A-2 hereto, and finds that the mailing and distribution of the Notice and publishing of the Summary Notice substantially in the manner and form set forth in ¶¶6-7 of this Order meet the requirements of Federal Rule of Civil Procedure 23 and due process, and is the best notice practicable under the circumstances and shall constitute due and sufficient notice to all Persons entitled thereto.

6. Lead Counsel are hereby authorized to retain the firm of Gilardi & Co. LLC ("Claims Administrator") to supervise and administer the notice procedure as more fully set forth below:

(a) Not later than _____, 2006 (the "Notice Date"), Lead Counsel shall cause a copy of the Notice substantially in the form annexed as Exhibit A-1, to be mailed by first class mail to all Class Members who can be identified with reasonable effort;

(b) Not later than _____, 2006, Lead Counsel shall cause the Summary Notice to be published once in *USA Today*; and

(c) At least seven (7) calendar days prior to the Settlement Hearing, Lead Counsel shall cause to be served on Andersen's counsel and filed with the Court proof, by affidavit or declaration, of such mailing and publishing.

7. Nominees who purchased or acquired Household securities during the period beginning October 23, 1997 through October 11, 2002, inclusive, shall send the Notice to all beneficial owners of such Household securities within ten (10) days after receipt thereof, or send a

list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) days of receipt thereof, in which event the Claims Administrator shall promptly mail the Notice to such beneficial owners. Lead Counsel shall, if requested, reimburse banks, brokerage houses or other nominees solely for their reasonable out-of-pocket expenses incurred in providing notice to beneficial owners who are Class Members out of the Class Notice and Administration Fund, which expenses would not have been incurred except for the sending of such Notice, subject to further order of this Court with respect to any dispute concerning such compensation.

8. All Members of the Class shall be bound by all determinations and judgments in the Litigation concerning the settlement, whether favorable or unfavorable to the Class.

9. Any Person who desires to request exclusion from the Class shall do so within the time set forth and in the manner described in the Notice. All Persons who submit valid and timely Requests for Exclusion in the manner set forth in the Notice shall have no rights under the Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation or the Judgment entered in the Litigation.

10. Any Member of the Class may enter an appearance in the Litigation, at their own expense, individually or through counsel of their own choice. If they do not enter an appearance, they will be represented by Lead Counsel.

11. Any Member of the Class may appear and show cause, if he, she or it has any reason, why the proposed settlement of the Litigation should or should not be approved as fair, reasonable and adequate, or why a judgment should or should not be entered thereon; provided, however, that no Class Member or any other Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed settlement, or, if approved, or the Judgment to be entered thereon approving the same, unless that Person has delivered by hand or sent by first class mail written objections and copies of any papers and briefs such that they are received on or before

_____, 2006, by: Lerach Coughlin Stoia Geller Rudman & Robbins LLP, Joy Ann Bull, 655 West Broadway, Suite 1900, San Diego, California 92101; Mayer, Brown, Rowe & Maw LLP, Stanley J. Parzen, 71 South Wacker Drive, Chicago, IL 60606, and filed said objections, papers and briefs with the Clerk of the United States District Court for the Northern District of Illinois, Eastern Division, 219 South Dearborn Street, Chicago, IL 60604, on or before _____, 2006. Any Member of the Class or any other Person who does not make his, her or its objection in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed settlement as set forth in the Stipulation, unless otherwise ordered by the Court.

12. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

13. All papers in support of the settlement shall be filed and served seven (7) calendar days prior to the Settlement Hearing.

14. All reasonable expenses incurred in identifying and notifying Class Members, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation. In the event the settlement is not approved by the Court, or otherwise fails to become effective, neither the Lead Plaintiffs nor Lead Counsel shall have any obligation to repay any amounts actually and properly disbursed from the Class Notice and Administration Fund up to the amount of \$50,000.

15. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by Andersen or its Related Parties of the truth of any of the allegations in the Litigation, or of any liability, fault, or wrongdoing of any kind.

16. The Court reserves the right to adjourn the date of the Settlement Hearing without further notice to the Members of the Class, and retains jurisdiction to consider all further applications arising out of or connected with the proposed settlement. The Court may approve the settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Class.

DATED: _____

THE HONORABLE RONALD A. GUZMAN
UNITED STATES DISTRICT JUDGE

Submitted by:

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
PATRICK J. COUGHLIN (90785466)
AZRA Z. MEHDI (90785467)
MONIQUE C. WINKLER (90786006)
SYLVIA SUM (90785892)
LUKE O. BROOKS (90785469)
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
JOY ANN BULL

JOY ANN BULL

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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EXHIBIT A-1

**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.)	
)
_____)	

**NOTICE OF PENDENCY AND PROPOSED PARTIAL SETTLEMENT OF CLASS
ACTION**

EXHIBIT A-1

IF YOU PURCHASED OR OTHERWISE ACQUIRED HOUSEHOLD INTERNATIONAL, INC. ("HOUSEHOLD") SECURITIES DURING THE PERIOD BEGINNING OCTOBER 23, 1997 THROUGH OCTOBER 11, 2002, INCLUSIVE, YOU COULD GET A PAYMENT FROM A CLASS ACTION SETTLEMENT.

The Lead Plaintiffs in this case have brought a lawsuit against Household International, certain of its affiliated persons and Arthur Andersen LLP ("Andersen"). The lawsuit has been brought as a class action and the Court has certified a Class of certain persons who purchased or otherwise acquired Household securities between October 23, 1997 and October 11, 2002 inclusive. This notice is to inform you of the certification of the Class and the settlement of the claims made in the lawsuit against Andersen.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Security and Time Period: Household securities purchased or acquired between October 23, 1997 and October 11, 2002.

Settlement Fund: \$1,500,000 in cash from Arthur Andersen LLP ("Andersen"). The Settlement Fund will be held in escrow and will be distributed at the time of a future settlement or judgment against the remaining defendants. Because the Class is comprised of hundreds of thousands of members, an attempt to process claims and distribute the Settlement Fund would cost more than the amount obtained in this settlement. This is a partial settlement only and this class action will continue to be litigated against the other defendants listed in Question 1 below.

Reasons for Settlement with Andersen: Avoids the risks associated with continued litigation, including the danger of no recovery from Andersen.

If the Case Against Andersen Had Not Settled: Continuing with the case against Andersen could have resulted in a finding that Andersen was not liable for the alleged violations of the securities laws. In addition, the two sides do not agree on the amount of money that could have been won if Lead Plaintiffs prevailed against Andersen at trial. The parties disagree about: (1) the method for determining whether Household securities were artificially inflated during the relevant

period; (2) the amount of any such inflation; (3) the extent that various facts alleged by Lead Plaintiffs were materially false or misleading; and (4) the extent that various facts alleged by Lead Plaintiffs influenced the trading prices of Household securities during the relevant period.

Attorneys' Fees and Expenses: Court-appointed Lead Counsel will not seek attorneys' fees at this time.

Deadlines:

Request Exclusion: _____, 2006

File Objection: _____, 2006

Court Hearing on Fairness of Settlement: _____, 2006

More Information: www.gilardi.com or

Claims Administrator:
Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

Lead Counsel:
Rick Nelson
Shareholder Relations
Lerach Coughlin Stoia Geller
Rudman & Robbins LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

- Your legal rights are affected whether you act, or don't act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

EXCLUDE YOURSELF Get no payment. This is the only option that allows you to participate in another lawsuit against Andersen relating to the legal claims in this case, and, if the Court does not permit another opportunity to request exclusion, it may be the only option that allows you to participate in another lawsuit against the remaining defendants.

OBJECT You may write to the Court if you don't like this settlement.

GO TO A HEARING

You may ask to speak in Court about the fairness of the settlement.

DO NOTHING

Get no payment.

- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the settlement.

BASIC INFORMATION

1. Why Did I Get This Notice Package?

You or someone in your family may have purchased or acquired Household securities between October 23, 1997 and October 11, 2002.

The Court approved sending you this Notice because you have a right to know about the proposed partial settlement of this lawsuit and about all of your options before the Court decides whether to approve the settlement with Andersen.

This package explains the lawsuit, the settlement and your legal rights.

The Court in charge of the case is the United States District Court for the Northern District of Illinois, Eastern Division, and the case is known as *Lawrence E. Jaffe Pension Plan v. Household International, Inc.*, Lead Case No. 02-C-5893 (Consolidated). The people who sued are called the Lead Plaintiffs, and the entities and individuals they sued, Andersen, Household, William F. Aldinger, David A. Schoenholz, Gary Gilmer, and J.A.Vozar, are called the defendants. The only defendant settling at this time is Andersen.

2. What Is This Lawsuit About?

This case was brought as a class action alleging that Andersen violated the securities laws by helping the individual defendants conceal the true nature of Household's financial results by issuing

an opinion on Household's financial statements during the relevant time period. Andersen has denied that it did anything wrong.

3. Why Is This a Class Action?

In a class action, one or more people called class representatives (in this case the Court-appointed Lead Plaintiffs, Glickenhau & Company, PACE Industry Union Management Pension Fund and The International Union of Operating Engineers Local No. 132 Pension Plan), sue on behalf of people who have similar claims. Here, all these people are called a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. Judge Ronald A. Guzman is in charge of this class action.

4. Why Is There a Settlement with Andersen?

The Court did not decide in favor of Lead Plaintiffs or Andersen. Instead, these parties agreed to a settlement without agreeing upon the merits of the asserted claims, and without Andersen admitting to any wrongdoing. That way, the parties avoid the risks and costs of a trial, and eligible Class Members who make a valid claim will get compensation. The Lead Plaintiffs and their attorneys think the settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

5. How Do I Know if I Am Part of the Settlement?

The Class includes *all Persons who purchased or otherwise acquired Household securities during the period between October 23, 1997 and October 11, 2002, only with respect to claims brought pursuant to Sections 10 and 20 of the Securities Exchange Act of 1934 and Securities and Exchange Commission Rules promulgated thereunder, except those persons and entities that are excluded, as described below.*

6. What Are The Exceptions to Being Included?

You are not a Class Member if you are Andersen, one of the individual defendants listed in question 1 above, Household, a member of the immediate family of an individual defendant, an entity in which Andersen, an individual defendant or Household has or had a controlling interest or which is related to or affiliated with Andersen, Household or any individual defendant, a current or former director or officer of Household or Andersen, and a legal representative, heir, successor, or assign of any excluded party.

If you sold Household securities between October 23, 1997 and October 11, 2002, that alone does not make you a Class Member. You are a Class Member only if you purchased or otherwise acquired Household securities between October 23, 1997 and October 11, 2002.

7. I'm Still Not Sure if I Am Included.

If you are still not sure whether you are included, you can ask for free help. You can call Rick Nelson at 619/231-1058 for more information.

THE SETTLEMENT BENEFITS

8. What Does the Settlement Provide?

Andersen has agreed to pay \$1.5 million in cash to be divided among eligible Class Members. The funds obtained from Andersen will be held in an escrow account until such time as Lead Plaintiffs have obtained a settlement or judgment against the remaining defendants.

9. What Am I Giving Up to Stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Andersen about the same legal issues in this case. It also means that all of the Court's orders will apply to you and legally bind you and you will release your claims in this case against Andersen. In summary, you will release all claims based upon your purchase or acquisition of Household securities between October 23, 1997 and October

11, 2002, all claims that relate to the defense or settlement of this case with Andersen. In addition, unless you exclude yourself, you may be bound by all future decisions concerning the remaining defendants in this case.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don't want to be part of this Class, and you want to keep the right to sue or continue to sue Andersen (and perhaps the remaining defendants) on your own about the same legal issues in this case, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

10. How Do I Get Out of the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *Lawrence E. Jaffe Pension Plan v. Household International, Inc.*, Lead Case No. 02-C-5893 (Consolidated). You must include your name, address, telephone number, your signature, and the number and type of Household securities you purchased or acquired between October 23, 1997 and October 11, 2002, the number and type of securities sold during this time period, if any, and the dates of such purchases and sales. You must mail your exclusion request postmarked no later than _____, 2006 to:

Household Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to get any future settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens with respect to Andersen in this lawsuit.

11. If I Do Not Exclude Myself, Can I Sue Andersen for the Same Thing Later?

No. Unless you exclude yourself, you give up any right to sue Andersen for the claims resolved by this settlement and may be giving up the right to sue the remaining defendants in this case. If you have a pending lawsuit against Andersen or any of the other defendants in this case, speak to your lawyer in that case immediately. Remember, the exclusion deadline is _____, 2006.

12. If I Exclude Myself, Can I Get Money from This Settlement?

No. If you exclude yourself, you will not be allowed to make a future claim for recovery. But, you may sue, or be part of a different lawsuit against Andersen.

THE LAWYERS REPRESENTING YOU

13. Do I Have a Lawyer in This Case?

The Court asked the law firm of Lerach Coughlin Stoia Geller Rudman & Robbins LLP to represent you and other Class Members.

These lawyers are called Lead Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

14. How Will the Lawyers Be Paid?

Lead Counsel have decided not to seek payment for attorneys' fees or out-of-pocket expenses at this time.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the settlement or some part of it.

15. How Do I Tell the Court that I Don't Like the Settlement?

If you are a Class Member, you can object to the settlement if you don't like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the settlement in *Lawrence E.*

Jaffe Pension Plan v. Household International, Inc., Lead Case No. 02-C-5893 (Consolidated). Be sure to include your name, address, telephone number, your signature, the number and type of Household securities purchased, acquired and sold between October 23, 1997 and October 11, 2002, and after October 11, 2002, and the reasons you object to the settlement. Any objection to the settlement must be mailed or delivered such that it is received by each of the following on or before _____, 2006:

Court:

Clerk of the Court
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION
Everett McKinley Dirksen Building
219 South Dearborn Street
Chicago, IL 60604

Lead Counsel for Plaintiffs:

Joy Ann Bull
LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

Counsel for Andersen:

Stanley J. Parzen
MAYER, BROWN, ROWE & MAW LLP
71 South Wacker Drive
Chicago, IL 60606

16. What's the Difference Between Objecting and Excluding?

Objecting is simply telling the Court that you don't like something about the settlement. You can object *only if* you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you don't have to.

17. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a fairness hearing at _____.m., on _____, 2006, at the Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois. At this hearing the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Guzman will listen to people who have asked to speak at the hearing. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

18. Do I have to Come to the Hearing?

No. Lead Counsel will answer questions Judge Guzman may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

19. May I Speak at the Hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter saying that it is your intention to appear in *Lawrence E. Jaffe Pension Plan v. Household International, Inc.*, Lead Case No. 02-C-5893 (Consolidated). Be sure to include your name, address, telephone number, your signature, and the number and type of Household securities purchased or acquired between October 23, 1997 and October 11, 2002. Your notice of intention to appear must be postmarked no later than _____, 2006, and be sent to the Clerk of the Court, Lead Counsel, and Andersen's counsel, at the three addresses listed in question 15. You cannot speak at the hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

20. What Happens if I Do Nothing at All?

Unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Andersen about the same legal issues in this case.

GETTING MORE INFORMATION

21. Are There More Details About the Settlement?

This Notice summarizes the proposed settlement. More details are in the Stipulation of Settlement with Arthur Andersen LLP dated as of June 16, 2005. You can get a copy of this stipulation by writing to Rick Nelson, Shareholder Relations, Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or from the Clerk's office at the United States District Court for the Northern District of Illinois, Eastern Division, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois during regular business hours.

22. How Do I Get More Information?

You can: (1) call 619/231-1058 or write to Rick Nelson, Shareholder Relations, Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101; or (2) visit the website at www.gilardi.com.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

If you held any Household securities purchased or acquired between October 23, 1997 and October 11, 2002 as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Household Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94939

If you choose to mail the Notice yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: _____, 2005

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

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EXHIBIT A-2

**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.)	
)
_____)	

SUMMARY NOTICE

EXHIBIT A-2

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED HOUSEHOLD INTERNATIONAL, INC. ("HOUSEHOLD") SECURITIES DURING THE PERIOD BEGINNING OCTOBER 23, 1997 THROUGH OCTOBER 11, 2002, INCLUSIVE

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the Northern District of Illinois, that a hearing will be held on _____, 2006, at _____ .m., before the Honorable Ronald A. Guzman at the Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois, for the purpose of determining (1) whether the proposed settlement of the claims against Arthur Andersen LLP ("Andersen") in the Litigation for the sum of \$1,500,000 in cash should be approved by the Court as fair, reasonable and adequate; and (2) whether, thereafter, this Litigation should be dismissed with prejudice as to Andersen as set forth in the Stipulation of Settlement with Arthur Andersen LLP ("Stipulation") dated as of June 16, 2005.

If you purchased or otherwise acquired Household securities during the period beginning October 23, 1997 through October 11, 2002, inclusive, your rights may be affected by the certification of a class and by the partial settlement of this litigation. If you have not received a detailed Notice of Pendency and Proposed Partial Settlement of Class Action ("Notice"), you may obtain a copy by writing to *Household Securities Litigation*, c/o Gilardi & Co. LLC, P.O. Box 8040, San Rafael, CA 94912-8040.

If you desire to be excluded from the Class, you must file a Request for Exclusion by _____, 2006, in the manner and form explained in the detailed Notice referred to above. All Members of the Class who have not requested exclusion from the Class will be bound by any judgment entered in the Litigation pursuant to the Stipulation.

Any objection to the settlement must be mailed or delivered such that it is received by each of the following no later than _____, 2006:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION
Everett McKinley Dirksen Building
219 South Dearborn Street
Chicago, IL 60604

Lead Counsel for Plaintiffs:

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
JOY ANN BULL
655 West Broadway, Suite 1900
San Diego, CA 92101

Counsel for Andersen:

MAYER, BROWN, ROWE & MAW LLP
STANLEY J. PARZEN
71 South Wacker Drive
Chicago, IL 60606

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING
THIS NOTICE.** If you have any questions about the settlement, you may contact Lead Counsel at
the addresses listed above.

DATED: _____

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

S:\Settlement\HouseholdInter_IL.set\EMAIL-PDF\Exhibit A2 to Stipulation.doc

EXHIBIT B

**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.)	
_____)	

**[PROPOSED] FINAL JUDGMENT AND ORDER OF DISMISSAL WITH PREJUDICE
AS TO ARTHUR ANDERSEN LLP**

EXHIBIT B

This matter came before the Court for hearing pursuant to an Order of this Court, dated _____, 2005, on the application of the Settling Parties for approval of the settlement set forth in the Stipulation of Settlement with Arthur Andersen LLP dated as of June 16, 2005 (the "Stipulation"). Due and adequate notice having been given of the settlement as required in said Order, and the Court having considered all papers filed and proceedings held herein and otherwise being fully informed in the premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. This Judgment incorporates by reference the definitions in the Stipulation, and all terms used herein shall have the same meanings set forth in the Stipulation.

2. This Court has jurisdiction over the subject matter of the Litigation and over all parties to the Litigation, including all Members of the Class.

3. Except as to any individual claim of those Persons (identified in Exhibit 1 attached hereto) who have validly and timely requested exclusion from the Class, the Litigation and all claims contained therein, including all of the Released Claims, are dismissed with prejudice as to the Lead Plaintiffs and the Class, and as against Arthur Andersen LLP ("Andersen"). The parties are to bear their own costs, except as otherwise provided in the Stipulation.

4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby approves the settlement set forth in the Stipulation and finds that said settlement is, in all respects, fair, reasonable and adequate to, and is in the best interests of, the Lead Plaintiffs, the Class and each of the Class Members. This Court further finds the settlement set forth in the Stipulation is the result of arm's-length negotiations between experienced counsel representing the interests of the Lead Plaintiffs, the Class Members and Andersen, and that the Stipulation represents a good faith settlement of all Released Claims of all Class Members sufficient to discharge Andersen and its Related Parties of all Released Claims of all Class Members. Accordingly, the settlement embodied in the Stipulation is hereby approved in all respects and shall be consummated in accordance with its

terms and provisions. The Settling Parties are hereby directed to perform the terms of the Stipulation.

5. Upon the Effective Date, as defined in ¶1.8 of the Stipulation, the Lead Plaintiffs shall fully, finally and forever release, relinquish and discharge, and each Class Member, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged the Released Persons from all Released Claims (including Unknown Claims as defined in ¶1.23 of the Stipulation), expressly including all claims (including Unknown Claims) in any way arising out of, relating to, or in connection with the institution, prosecution, assertion, defense, settlement or resolution of the Litigation, whether or not such Class Member executes and delivers the Proof of Claim and Release. Household and the Individual Defendants and the claims asserted against them in the Litigation are specifically excluded from this release. Claims for violations of the Stipulation (including any Exhibits) are preserved.

6. The Court permanently bars and enjoins (i) all Class Members who have not validly and timely requested exclusion from the Class (and their heirs, executors and administrators, predecessors, successors, affiliates, and assigns) from filing, commencing, prosecuting, intervening in, participating in (as class members or otherwise), or receiving any benefits from, any other lawsuit, arbitration, or other proceeding or order in any jurisdiction that is based upon, arises out of or relates to any Released Claims; and (ii) all Persons from organizing any class members for purposes of pursuing as a purported class action (including by seeking to amend a pending complaint to include class allegations, or by seeking class certification in a pending action) any lawsuit that is based upon, arises out of, or relates to any Released Claims.

7. Upon the Effective Date, as defined in ¶1.8 of the Stipulation, Andersen 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 Lead Plaintiffs, Class Members and Lead Counsel from all claims (including Unknown Claims) arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Litigation.

8. Nothing in this Judgment shall preclude any action to enforce the terms of the Stipulation.

9. The distribution of the Notice of Pendency and Proposed Partial Settlement of Class Action (“Notice”) and the publication of the Summary Notice for publication as provided for in the Order Preliminarily Approving Settlement with Arthur Andersen LLP and Providing for Notice constituted the best notice practicable under the circumstances, including individual notice to all Members of the Class who could be identified through reasonable effort. Said Notice provided the best notice practicable under the circumstances of those proceedings and of the matters set forth therein, including the proposed settlement set forth in the Stipulation, to all Persons entitled to such notice, and said Notice fully satisfied the requirements of Federal Rule of Civil Procedure 23, the requirements of due process, and any other applicable law.

10. Any plan of allocation submitted by Lead Counsel or any order entered regarding the attorneys’ fee and expense application shall in no way disturb or affect this Final Judgment and shall be considered separate from this Final Judgment.

11. Neither the Stipulation nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as a presumption, concession or admission of, or as evidence of, the validity of any Released Claim, or of any wrongdoing or liability of Andersen or any of its Related Parties; or (b) is or may be deemed to be or may be used as a presumption, concession or admission of, or as evidence of, any fault, omission, liability or wrongdoing of Andersen or any of its Related Parties in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal; or (c) shall be offered in evidence by any Person for any purpose except as provided in this paragraph 10. Released Persons may file the Stipulation and/or the Judgment in any other action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or

counterclaim. The Settling Parties and their counsel may file the Stipulation in any proceeding brought to enforce any of its terms or provisions.

12. Pursuant to §21D(f)(7)(A) of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, all Persons, including without limitation Household and the Individual Defendants, are hereby permanently enjoined, barred and restrained from commencing, prosecuting or asserting any claim or action against Andersen or any of its Related Parties, however styled, whether legal or equitable, known or unknown, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, whether arising under state, federal or common law, whether for contribution, indemnity or otherwise, including without limitation, any claim for breach of contract or for misrepresentation, where such claim is based upon, arises out of or relates to the Litigation (including any matters that were alleged or could have been alleged in the [Corrected] Amended Consolidated Class Action Complaint), including, without limitation, any claim in which such Person seeks, as damages or otherwise, the recovery of (1) all or any part of any liability or any settlement or judgment or any other amount which such Person has paid, or is obligated to pay, or has become or may become liable to pay, or agrees to pay either to the Class in this Litigation (whether in cash or any other form of consideration) and/or in defending against any claim in the Litigation, whether as claims, cross-claims, counterclaims, third-party claims or otherwise, whether asserted in the Litigation or in any other court, arbitration proceeding, administrative agency or other forum in the United States or elsewhere. All such claims are hereby extinguished, discharged, satisfied and unenforceable.

13. If, notwithstanding paragraph 11 any Person obtains a judgment against Andersen or any of its Related Parties on any claim that is based upon, arises out of, or related to the Litigation (including any matters that were alleged or could have been alleged in the [Corrected] Amended Consolidated Class Action Complaint), or on any other claim, however denominated, to recover, directly or indirectly from Andersen or any of its Related Parties any amounts that such Person has paid, or is obligated to pay, or has become or may become liable to pay, or agrees to pay either to any of the Class Members in this Litigation and/or in defending against any claim by any of the

Class Members in this Litigation, the Lead Plaintiffs and the Class agree that they will reduce or credit any judgment or settlement (up to the amount of such judgment or settlement) that they might obtain against such Person who obtains the judgment against Andersen or any of its Related Parties by an amount equal to the amount of that Person's judgment against Andersen or any of its Related Parties, which amount shall be credited to Andersen or any of its Related Parties, as the case may be.

14. In accordance with 15 U.S.C. §78u-4(f)(7)(A), any and all claims for contribution arising out of any Released Claim(s), including, but not limited to, any claims that are based upon, arise out of or relate to the Litigation and/or any matters that were alleged or could have been alleged in the Litigation by any person or entity against Andersen or any of its Related Parties are, by operation of this Judgment, hereby permanently barred, extinguished, discharged, satisfied, and unenforceable. Accordingly, without limitation to any of the above, Household International, Inc., William F. Aldinger, David A. Schoenholz, Gary Gilmer and J.A. Vozar (and all persons or entities purporting to act on its or any of their behalf, and all persons or entities purporting to claim by or through it or any of them, whether under a subrogation theory or otherwise) (collectively, the "Non-Andersen Defendants") are hereby permanently enjoined from commencing, prosecuting, or asserting against Andersen or any of its Related Parties any such claim for contribution. In accordance with 15 U.S.C. §78u-4(f)(7)(B), any final verdict or judgment that may be obtained by or on behalf of the Class or a Class Member against any Non-Andersen Defendant shall be reduced by the greater of (x) an amount that corresponds to the percentage of responsibility of Andersen for the loss to the Class or a Class Member, or (y) the amount paid by or on behalf of Andersen to the Class in connection with the settlement.

15. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over (a) implementation of this settlement and any award or distribution of the Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund; (c) hearing and determining applications for attorneys' fees and expenses in the Litigation; and (d) all parties hereto for the purpose of construing, enforcing and administering the Stipulation.

16. The Court finds that during the course of the Litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

17. In the event that the settlement does not become effective in accordance with the terms of the Stipulation or the Effective Date does not occur, or in the event that the Settlement Fund, or any portion thereof, is returned to Andersen, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in

such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulation.

18. The Court finds, pursuant to Rule 54(b) of Fed. R. Civ. P. that there is no just reason for delay and directs entry of this Judgment immediately.

IT IS SO ORDERED.

DATED: _____

THE HONORABLE RONALD A. GUZMAN
UNITED STATES DISTRICT JUDGE

Submitted by:

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
PATRICK J. COUGHLIN (90785466)
AZRA Z. MEHDI (90785467)
MONIQUE C. WINKLER (90786006)
SYLVIA SUM (90785892)
LUKE O. BROOKS (90785469)
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
JOY ANN BULL

JOY ANN BULL

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

S:\Settlement\HouseholdInter_IL.set\EMAIL-PDF\Exhibit B to Stipulation.doc

DECLARATION OF SERVICE BY EMAIL

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 December 12, 2005, declarant served by email the: **STIPULATION OF SETTLEMENT WITH ARTHUR ANDERSEN LLP** to the parties listed on the attached Service List. The parties' email addresses are as follows:

TKavaler@cahill.com
PSloane@cahill.com
LBest@cahill.com
NEimer@EimerStahl.com
ADeutsch@EimerStahl.com
sparzen@mayerbrownrowe.com
mmiller@millerfaucher.com
lfanning@millerfaucher.com

I declare under penalty of perjury that the foregoing is true and correct. Executed this 12th day of December, 2005, at San Francisco, California.

/s/ Monina O. Gamboa

MONINA O. GAMBOA

HOUSEHOLD INTERNATIONAL (LEAD)

Service List - 12/12/2005 (02-0377)

Page 1 of 2

Counsel for Defendant(s)

Thomas J. Kavalier
Peter Sloane
Landis Best
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)

Stanley J. Parzen
Mayer, Brown, Rowe & Maw LLP
71 South Wacker Drive
Chicago, IL 60606
312/782-0600
312/701-7711(Fax)

Counsel for Plaintiff(s)

Lawrence G. Soicher
Law Offices of Lawrence G. Soicher
305 Madison Avenue, 46th Floor
New York, NY 10165
212/883-8000
212/697-0877(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)

HOUSEHOLD INTERNATIONAL (LEAD)

Service List - 12/12/2005 (02-0377)

Page 2 of 2

David R. Scott

Scott + Scott, LLC

108 Norwich Avenue

Colchester, CT 06415

860/537-5537

860/537-4432 (Fax)