

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

LAWRENCE E. JAFFE PENSION PLAN, On Behalf of Itself)	Lead Case No. 02-C-5893
and All Others Similarly Situated,	(Consolidated)
) Plaintiff,	<u>CLASS ACTION</u>
) vs.	Judge Ronald A. Guzman
HOUSEHOLD INTERNATIONAL, INC., et al.,	Magistrate Judge Nan R. Nolan
) Defendants.)

NOTICE OF PENDENCY AND PROPOSED PARTIAL SETTLEMENT OF CLASS ACTION

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 basis for the lawsuit is an allegation that Household International Inc. falsely inflated the value of its securities by disseminating information that was materially false or misleading. Arthur Andersen LLP is included as a defendant in the lawsuit because of the allegation that it took part in falsely inflating the value of Household International Inc.'s securities by disseminating information that was materially false or misleading. 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 that the Court has certified a class of persons eligible to receive a portion of any funds recovered by the lawsuit and that the lead plaintiffs and one of the defendants, Arthur Anderson LLP, have reached a settlement as to the claims against Arthur Andersen LLP only, the lawsuit continues as to the other defendants. This settlement is now being presented for the Court's approval.

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: Arthur Andersen LLP has agreed to pay \$1,500,000 in cash into a Settlement Fund. Because the class is comprised of hundreds of thousands of members, an attempt to process the claims and distribute the money in the settlement fund to those who are eligible right now would be extremely expensive and would likely cost more than the amount obtained by this partial settlement. Therefore, the settlement fund will be held in escrow and will be distributed only when the case is finished against the remaining defendants as well. 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: March 20, 2006
File Objection: March 20, 2006

Court Hearing on Fairness of Settlement: April 6, 2006

More Information: www.gilardi.com or

Household Securities Litigation
Claims Administrator
c/o 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

To do this you must take the steps described in paragraph 10 below. If you choose to exclude yourself from the class of plaintiffs, then you'll get no payment from any sums of money, including this partial settlement, which may be recovered against any of the defendants by this lawsuit. However, you are free to file your own lawsuit or to attempt in any other legal manner to obtain payment from these defendants for the actions complained of in this lawsuit.

INCLUDE YOURSELF

If you do not take steps to exclude yourself and are otherwise eligible, you will be automatically included in the class. If included in the class of plaintiffs, then all of your rights to compensation against these defendants for the actions alleged in this complaint will be decided by this court in this case. You will not be allowed to file another or separate lawsuit against these defendants.

As a member of the class of plaintiffs you have the right to object if you don't approve of this partial settlement with defendant Andersen, or any other settlement that may occur in this case in the future. You may ask the court for a hearing at which you can state your objections to the settlement and ask the court to refuse to approve the settlement.

- 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 March 20, 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 March 20, 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. However, eventually the lawyers will be requesting the court to award them attorney's fees which may come out of any money gained from any settlement (including this partial settlement) or judgment in this case.

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 March 20, 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 10:00 a.m., on April 6, 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 received no later than March 20, 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 94912-8040

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: JANUARY 31, 2006

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