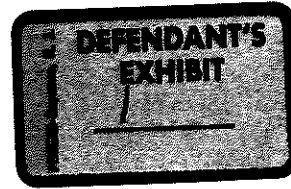


# **HOUSEHOLD INTERNATIONAL**

D. C. Clark  
Chairman of the Board and  
Chief Executive Officer



August 28, 1984

Dear Fellow Shareholders:

Your Preferred Share Purchase Rights Plan, which your Board of Directors approved for all common shareholders on August 14, became effective today. The Plan, which has the support of your management and your Board, is aimed at preserving the long-term value of the Company and insuring that you are all treated equally in the event of any unsolicited offer for Household International.

Because the Plan is complex, a more detailed legal description of the Plan and how it works is enclosed.

A suit has been filed by John Moran and Dyson-Kissner-Moran Corp. (D-K-M) in the Delaware Chancery Court challenging the legality of our Preferred Share Purchase Rights Plan. We totally reject the suit's contention that this Plan is not in the best interests of our shareholders and we are confident we will prevail in this case. Mr. Moran is a Director of Household International and Chairman of D-K-M. D-K-M is a shareholder who has now publicly disclosed that it may not support your management.

Do not be misled by any of Mr. Moran's rhetoric—these are protective rights. I suggest that you ask yourself if Mr. Moran's interests are the same as your own.

To set the record straight on what this Plan does and does not do, here are a few important facts:

- The Plan does NOT take away stockholders' rights to receive and consider proposals for control of the Company. The Plan as designed would NOT prevent takeovers. It goes a long way toward assuring that any takeover attempt would be for cash and for all the shares of the Company's common stock. Under the Plan our shareholders will be able to decide whether to accept any offer without being forced to make hurried decisions under threat of a second-step squeeze-out merger, which is generally for "paper" whereas the first step is generally for cash.
- The Plan does not provide for the entrenchment of management. The Plan in no way affects voting rights because the Purchase Rights do not carry any right to vote.
- The Plan does not place management's interests above the shareholders'. Household management's sole motive for the Plan was to discourage the well-publicized techniques of raiders whose sole interest is short-term greed at the expense of target companies and their shareholders.
- Finally, the Board was not divided about the merits of this Plan. Only one Director, Mr. Moran, challenged the merits of the Plan, as the records show.

In fashioning the Rights, your Board was concerned with protecting shareholders against being stampeded into selling their shares or being forcibly squeezed out of their equity investment in the event of an unsolicited takeover attempt.

An independent observer of the Plan, E.F. Hutton, has commented that, because of the adoption of this Plan, "... we think the recent announcement of the Rights dividend will have a favorable impact on the market price of Household's shares. We base this opinion on the belief that due to the diversity of Household's activities, the company has been overlooked by many investors. Now potential purchasers are more likely to focus on the underlying value of the assets held by the company and the potential earning power those assets can generate. Moreover, since the recent changes should not be a serious impediment to any bonafide acquirer, existing shareholders do not appear to be disadvantaged by this transaction and should be willing to maintain or supplement their positions."

Your management has also focused on the long-term value of Household and has taken positive steps to assure the realization of that value. Record earnings in 1983 will be exceeded in 1984. Since becoming your Chief Executive Officer less than two years ago, our near-term progress has been substantial. Over the longer term I am fully committed to taking the necessary steps to assure that you receive full value for your investment in Household.

Household International today is by any standard both a strong investment and a company which is adding significant value to the economy of this country, as well as to the community in which you reside. I and your Board of Directors are committed to continuing Household International's tradition of doing all in its power to maximize shareholder value and managing your company with the long-term goal of achieving significant real growth for our shareholders.

On behalf of the Board of Directors,

