

IN THE MATTER OF:

AQUION PARTNERS LIMITED PARTNERSHIP, a limited partnership, and
HOUSEHOLD RETAIL SERVICES, INC.

ASSURANCE OF DISCONTINUANCE

This Assurance of discontinuance ("Assurance") is entered into by the Attorney General of the State of Maine acting pursuant to 5 M.R.S.A. § 210, Aquion Partners Limited Partnership ("Aquion"), a limited partnership with a principal place of business at 2080 E. Lunt, Elk Grove Village Illinois 60007, and Household Retail Services, Inc. (Household").

GENERAL AGREEMENTS

1. The Attorney General is prepared to assert on behalf of the State of Maine that the activities of Aquion's former authorized dealers Crystal Clear Water Treatment, Inc. and Maine Source Water Treatment, Inc. (the "Former Dealers"), in connection with the sale, installation, financing and maintenance of RainSoft® products, violated the Unfair Trade Practices Act, 5 M.R.S.A. §207. The Attorney General also is prepared to assert that Aquion bears responsibility for the actions of the Former Dealers.

2. Aquion asserts that its Former Dealers were independent contractors, not agents of Aquion, and that Aquion is not legally responsible for the actions of the Former Dealers. Nevertheless, Aquion seeks to promote the satisfaction of customers who bought RainSoft products from the Former Dealers and to provide assurances with

respect to the Attorney General's expressed concerns about the conduct of the Former Dealers.

3. The parties have agreed to resolve the issues raised by the State's inquiry and potential claims by entering into this Assurance. Aquion and Household are entering into this Assurance solely for the purpose of settlement and nothing contained herein may be taken as or construed to be an admission or concession of any violation of law, or of any other matter of fact or law, or of any liability or wrongdoing, all of which Aquion and Household expressly deny. No part of this Assurance constitutes or shall constitute evidence against Aquion or Household in any action brought by any person(s) or entity or other party for any violation of any law, except in an action brought to enforce the terms of this Assurance.

4. The Attorney General acknowledges by execution hereof that this Assurance constitutes a complete settlement and release on behalf of the State of Maine and all of its agencies, departments, officers and employees against Aquion and Household, and their respective affiliates (including Household Bank (SB), N.A.), agents, officers and employees with respect to all claims, causes of action, damages, fines, costs and penalties which were asserted or could have been asserted prior to the effective date of this Assurance under 5 M.R.S.A. § 207, or any other provision of Maine or federal laws, rules or regulations, relating to or based upon any conduct or practice or failure to act prior to the date of this Assurance. The Attorney General agrees that the State of Maine shall not proceed with or institute any civil action or proceeding based upon 5 M.R.S.A. § 207 or any other provision of Maine or federal laws, rules or regulations, including but not limited to an action or proceeding seeking restitution, injunctive relief,

finer penalties, attorneys' fees or costs, for any conduct or practice or failure to act prior to the effective date of this Assurance which relates to the subject matter of this Assurance. Notwithstanding the foregoing, the Attorney General or any beneficiary of the releases contained herein may institute an action or proceeding to enforce the terms and provisions of this Assurance or to take action based on future conduct.

ASSURANCES

5. Aquion shall not appoint any dealers in Maine for the sale of RainSoft® water treatment systems and shall not itself make retail sales of RainSoft® water treatment systems in Maine, for a period of five (5) years from the effective date of this Assurance. If at any time after the expiration of the five-year period described in the preceding paragraph Aquion chooses to establish a dealership in Maine for the sale of Rainsoft® water treatment systems it shall notify the Attorney General sixty (60) days in advance of the establishment of such dealership.

6. For a period of four (4) months from the effective date of this Assurance, Aquion agrees, at its expense, either itself or through an authorized, qualified and trained service provider, to provide service and replacement or repair parts to fulfill the manufacturer's and any dealer warranty to any consumer who bought a RainSoft water treatment system from either of the Former Dealers. Household will waive late fees and interest payments on these accounts. At the end of that period, if any such consumer establishes within the four (4) month period thereafter (that is, within eight (8) months from the effective date of this Assurance), to the reasonable satisfaction of the Attorney General, that his or her RainSoft water treatment system is not operating properly and is not fit for the intended purpose, or is not performing as the salesman represented at the

time of sale, the consumer shall be eligible to recover restitution pursuant to the following paragraph.

7. Aquion agrees to pay, on the effective date of this filing, the sum of \$150,000 (the "Restitution Fund") to the State of Maine Attorney General for restitution to consumers. This amount shall be distributed to consumers who are determined by the Attorney General in his sole discretion to be eligible to receive restitution on a pro rata basis, pursuant to the criteria set forth in the preceding paragraph. The Attorney General agrees to provide to Aquion a description of the criteria and procedures used to make payments to consumers, as well as an accounting of the disposition of the Restitution Fund, including but not limited to a list of the consumers to whom payments were sent indicating the amount sent to each consumer, whether checks for such amounts were cashed by each consumer and the amount of any money returned as nondeliverable. If any part of the Restitution Fund remains after restitution has been paid, that amount shall be applied by the Attorney General to enforcement of the Unfair Trade Practices Act pursuant to 5 M.R.S.A. §209. For consumers who elect restitution pursuant to this paragraph, in addition to the foregoing Household shall forgive all outstanding credit card balances and shall remove any negative information relating to each such customer's purchase of a RainSoft® water treatment system from the customer's credit report. For those consumers identified in Paragraph 6 who do not elect restitution or who are not eligible for restitution pursuant to Paragraph 6, Household will apply a \$200 credit to their account.

8. Aquion agrees to pay within thirty (30) calendar days after the effective date of this Assurance the sum of \$15,000 directly to the Attorney General for the

purpose of providing the Attorney General reimbursement for its attorneys' fees and other costs of inquiry leading to this Assurance.

9. Aquion shall provide a copy of this Assurance to all those officers and employees of Aquion who may have managerial responsibility for developing, conducting or authorizing dealership and/or sales materials.

10. In the event the Attorney General believes that Aquion or Household has committed a violation of this Assurance and intends to file a motion or other pleading for violation of the Assurance, then the Attorney General shall first give Aquion or Household fourteen (14) business days notice before filing such motion or pleading. Notice shall be given by facsimile and mail addressed to the attention of: Mark McLaughlin, Mayer, Brown & Platt, 190 South LaSalle Street, Chicago, Illinois 60603-3441, if to Aquion and if to Household, to General Counsel, Household Retail Services, Inc., 2700 Sanders Road, Prospect Heights, Illinois 60070. The giving of such notice shall not prevent the Attorney General from beginning any such proceeding following the expiration of the fourteen business day period. Prior to the expiration of such fourteen business day period, Aquion or Household may respond in writing to the Attorney General with any information that it wishes to provide regarding the alleged violation of the Assurance and, if Aquion or Household so requests, it will meet during such time period with a representative of the Attorney General to attempt to resolve any such alleged violation. Aquion and Household agree that they shall not institute any proceeding or action, including but not limited to any declaratory judgment action against the State of Maine, during such period.

GENERAL PROVISIONS

11. This Assurance shall be governed by the law of the State of Maine, 5 M.R.S.A. §210.

12. Aquion, Household and the State of Maine agree that this Assurance constitutes a legally enforceable obligation of Aquion, Household and the State of Maine in accordance with its terms.

13. This Assurance does not constitute an approval by the State of Maine of any of Aquion's sales presentation materials or practices and Aquion shall not make any representation to the contrary.

14. The effective date of this Assurance shall be August 3, 2001.

15. Nothing in this Assurance shall be construed as a waiver of any private rights of any person.

16. Any violation of this Assurance shall constitute prima facie evidence of an act or practice declared to be unlawful by 5 M.R.S.A. §207.

17. This Assurance constitutes the entire agreement of the parties hereto and supersedes all prior agreements or understandings, whether written or oral, between the parties and/or their respective counsel with respect to the subject matter hereof. Any amendment or modification to this Assurance must be in writing and signed by duly authorized representatives of all the parties hereto.

18. The undersigned representative for each party certifies that he or she is fully authorized by the party he or she represents to enter into the terms and conditions of this Assurance and to legally bind the party he or she represents to the Assurance.

SIGNATURE

We the undersigned, who have authority to consent and sign on behalf of the parties in this matter, hereby consent to the form and contents of the foregoing Assurance and to its entry;

Signed this 2nd day of August, 2001.

AQUION PARTNERS LIMITED PARTNERSHIP

By Mark McLaughlin
Mark McLaughlin, Esq.
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603-3441

HOUSEHOLD RETAIL SERVICES, INC.

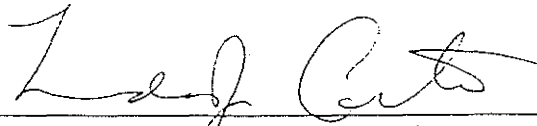
By [Signature]

APPROVED BY:

G. STEVEN ROWE
Attorney General

FRANCIS ACKERMAN
Chief, Public Protection Division

Dated: August 7, 2001

A handwritten signature in cursive script, appearing to read "Linda J. Conti", written over a horizontal line.

LINDA J. CONTI - Me. Bar No. 3638
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