



WORLD HEADQUARTERS

P.O. Box 57
Pittsburgh, Pennsylvania 15219-2857

Notice to Interested Persons (H. J. Heinz Company Employees and Retirees Insured by Minnesota Life Insurance Company) of Application for Authorization Under Prohibited Transaction Exemption 96-62, as Amended

You are hereby notified that H. J. Heinz Company and a wholly-owned corporate subsidiary, Heinz-Noble, Inc., have applied to the U.S. Department of Labor ("DOL") for authorization of a reinsurance transaction. The transaction involves the reinsurance of risks and the receipt of premium by Heinz-Noble, Inc. from an insurance contract (the "Policy") issued by Minnesota Life Insurance Company ("Minnesota Life") that currently funds basic group term life insurance benefits for certain participants ("Eligible Participants") under Heinz' Group Benefits Program for Bargaining Employees and Group Benefits Program for Non-Bargaining Employees (collectively, the "Plans").

The purpose of the authorization request is to obtain relief from certain prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The authorization is necessary because Heinz-Noble, Inc., is an affiliate of H. J. Heinz Company, and, because of this relationship between the two companies, such reinsurance might otherwise constitute a prohibited transaction under ERISA.

This notice informs you of the application to the DOL as well as a number of enhancements to the Plans, and describes your right to comment to the DOL about the proposed transaction.

Please be aware that the reinsurance transaction is merely a financial arrangement between H. J. Heinz Company and Heinz-Noble, Inc., and that, after the implementation of the proposed reinsurance transaction, the group term life insurance benefits of Eligible Participants will continue to be insured by Minnesota Life. Furthermore, an independent fiduciary has been engaged by H. J. Heinz Company to render an independent opinion that the transaction is in the best interests of Eligible Participants due to benefit enhancements that will be provided to them if the transaction is authorized by the DOL.

Background

In Prohibited Transaction Exemption 79-41, 44 Fed. Reg. 46365, Aug. 7, 1979 ("PTE 79-41"), the Department of Labor issued a class exemption permitting insurance companies that have substantial stock or partnership affiliations with employers establishing or maintaining employee benefit plans, to make direct sales of life and health insurance to such plans, provided certain conditions are met. However, the Department of Labor stated that if an unrelated insurance company were to reinsure all or part of the risk of its insurance policy with an insurance company that was a party in interest with respect to the plan, the reinsurance transaction would not fall within the scope of PTE 79-41, but would instead be considered on the merits of each individual case.

Consequently, H. J. Heinz Company and Heinz-Noble, Inc. have applied to the Department of Labor for a prohibited transaction exemption under the Department's expedited procedure in Prohibited Transaction Exemption 96-62, 61 Fed. Reg. 39988, July 31, 1996 ("PTE 96-62", the "EXPRO" exemption), with respect to the proposed reinsurance arrangement with Minnesota Life. EXPRO provides for a simplified and expedited review of prohibited transaction exemption requests where an applicant seeks an exemption that is "substantially similar" to either (a) two other individual exemptions granted within the preceding five-year period or (b) (i) one individual exemption granted within the preceding ten-year period and (ii) one transaction which received authorization under EXPRO within the preceding five-year period.

Summary of the Proposed Transaction

1. H. J. Heinz Company is the sponsor of the Plans. Eligible Participants' group term life insurance benefits under the Plans are insured by Minnesota Life, which has issued the Policy. Minnesota Life is an unaffiliated insurer which is licensed to conduct life insurance business, and has an A or better rating from A.M. Best Company (or the equivalent rating from a similar rating agency).

2. Heinz-Noble, Inc. intends to enter into an arrangement with Minnesota Life under which Minnesota Life will reinsure with Heinz-Noble, Inc. all of Minnesota Life's risk under the Policy. Eligible Participants will not be in any way adversely affected by the proposed reinsurance arrangement, as Minnesota Life will remain fully liable for the payment of insurance benefits under the Policy if Heinz-Noble for any reason fails to pay its reinsurance obligations to Minnesota Life. In addition, the proposed reinsurance arrangement will enable the Plans to provide enhanced benefits to Eligible Participants, as follows:

- Eligible Participants at work locations that do not currently have any accidental death and dismemberment ("AD&D") coverage would obtain employer-paid AD&D coverage in the amount of \$30,000 furnished by Zurich American Insurance Company ("Zurich American"). For Eligible Participants at work locations currently having employer-provided AD&D coverage in an amount less than \$30,000, the existing coverage would be replaced with employer-provided AD&D coverage from Zurich American in the amount of \$30,000.
- Benefits for Eligible Participants would also be enhanced to provide, through Zurich American, numerous features previously unavailable to eligible participants, including a travel assistance benefit providing medical, informational, personal, and legal assistance that would be available 24 hours a day, 7 days a week when traveling at least 100 miles from home.
- Furthermore, Eligible Participants at those locations not presently having Optional life insurance would have Optional life available through

Minnesota Life in denominations of up to \$100,000. Those locations that currently have Minnesota Life's Optional life coverage, but in amounts less than \$100,000, would have additional Optional life coverage from Minnesota Life available in amounts up to \$100,000.

3. The proposed reinsurance transaction will occur as soon as practicable after September 9, 2006.

4. Authorization of the DOL was requested under a procedure, Prohibited Transaction Exemption ("PTE") 96-62, which requires that at least two prior exemptions, substantially similar to the proposed transaction, have been granted by the DOL. The H. J. Heinz Company and Heinz-Noble, Inc. have represented to the Department of Labor that the proposed transaction is substantially similar to two previous prohibited transaction exemptions that were granted by the Department. A description of these transactions and the DOL's comments relating thereto may be found in the Federal Register as: (i) Prohibited Transaction Exemption 2003-07, 68 Fed. Reg. 23764 (May 5, 2003), granted to Archer Daniels Midland Company; and (ii) Prohibited Transaction Exemption 2003-32E (November 7, 2003), granted to International Paper Company. Like the proposed transaction, these exemptions involved the reinsurance of insured benefit programs with a captive insurer. Each of the exemptions involved an improvement to benefits, and in each case an independent fiduciary was appointed to review the transaction on behalf of the plan and its participants.

Conditions to be Satisfied by the Transaction

1. The conditions set forth in this submission to the Department of Labor, which are substantially similar to those set forth in PTEs 2003-07 and 2003-32E, are summarized below in items *a* through *k*:

a. Heinz-Noble, Inc. is a party in interest with respect to the Plans within the meaning of section 3(14)(G) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") by reason of its stock affiliation with H. J. Heinz Company.

b. Heinz-Noble, Inc. is licensed to sell insurance or conduct reinsurance operations in at least one State as defined in section 3(10) of ERISA.¹ For purposes of this transaction, Heinz-Noble, Inc. is currently licensed to sell insurance or conduct reinsurance operations in the State of Vermont.

c. Heinz-Noble, Inc. is an insurance company organized and licensed under the laws of the State of Vermont and has received a Certificate of Authority from the State of Vermont to transact the business of a captive insurance

¹ Section 3(10) of ERISA defines "State" to include any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island and the Canal Zone.

company, which has neither been revoked nor suspended.

d. Heinz-Noble, Inc. has undergone an examination by the independent certified public accounting firm PricewaterhouseCoopers ("PWC") for its last completed taxable year immediately prior to the taxable year of the reinsurance transaction. PWC will examine Heinz-Noble, Inc.'s reserves on an annual basis in connection with the employee benefit business to be reinsured by Heinz-Noble, Inc. to ensure that appropriate reserve levels are maintained.

e. The Plans will pay no more than adequate consideration for the insurance contracts.

f. No commissions shall be paid by the plans with respect to the acquisition of insurance by H. J. Heinz Company from Minnesota Life or the acquisition of the reinsurance by Minnesota Life from Heinz-Noble, Inc.

g. In the initial year of any contract involving Heinz-Noble, Inc., there will be an immediate and objectively determined benefit to the Plans' participants in the form of increased AD&D coverage up to a coverage limit of \$30,000; 24 hours a day, 7 days a week travel assistance benefits for travel at least 100 miles from home; and Optional life insurance coverage up to a coverage limit of \$100,000 (for those Eligible Participants currently lacking Optional life coverage up to this limit).

h. In subsequent years, the formula used to calculate premiums by Minnesota Life or any successor insurer will be similar to formulae used by other insurers providing comparable life coverage under similar programs. Furthermore, the premium charge calculated in accordance with the formula will be reasonable and will be comparable to the premium charged by the insurer and its competitors with the same or a better rating providing the same coverage under comparable programs.

i. The Plans will only contract with insurers with a rating of A or better from A. M. Best Company or the equivalent rating from another rating agency. The reinsurance arrangement between Minnesota Life and Heinz-Noble, Inc. will be indemnity reinsurance only.

j. Heinz-Noble, Inc. is licensed to conduct reinsurance transactions by a state whose law requires that an actuarial review of reserves be conducted annually by an independent firm of actuaries and reported to the appropriate regulatory authority.

k. H. J. Heinz Company will retain an independent fiduciary (the "Independent Fiduciary"), Mr. William J. Thompson, FSA, MAAA, Principal and Consulting Actuary at the Milliman actuarial consulting firm, at its own expense, to analyze the transaction and render an opinion that the requirements of sections *a* through *j* have been met. For purposes of this exemption, the Independent Fiduciary is a person who:

- 1) Is not directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the H. J. Heinz Company or Heinz-Noble, Inc. (this relationship hereinafter referred to as an "Affiliate");
- 2) Is not an officer, director, employee of, or partner in, H. J. Heinz Company or Heinz-Noble, Inc. (or any Affiliate thereof);
- 3) Is not a corporation or partnership in which H. J. Heinz Company or Heinz-Nobel, Inc. has an ownership interest or is a partner;
- 4) Does not have an ownership interest in H. J. Heinz Company or Heinz-Noble, Inc., or any Affiliate thereof;
- 5) Is not a fiduciary with respect to the Plans prior to the appointment; and
- 6) Has acknowledged in writing acceptance of fiduciary responsibility and has agreed not to participate in any decision with respect to any transaction in which the Independent Fiduciary has an interest that might affect its best judgments as a fiduciary.

For purposes of this definition of "Independent Fiduciary," no organization or individual may serve as an Independent Fiduciary for any fiscal year if the gross income received by such organization or individual (or partnership or corporation of which such individual is an officer, director, or 10 percent or more partner or shareholder) from H. J. Heinz Company, Heinz-Noble, Inc., or their Affiliates (including amounts received for services as Independent Fiduciary under any prohibited transaction authorized by the Department of Labor) for that fiscal year exceeds 5 percent of that organization or individual's annual gross income from all sources for such fiscal year.

In addition, during the period of time that an organization or individual is an Independent Fiduciary, and continuing for a period of six months after such organization or individual ceases to be an Independent Fiduciary, no partnership or corporation of which such organization or individual is an officer, director, or 10 percent or more partner or shareholder, may acquire any property from, sell any property to, or borrow funds from H. J. Heinz Company, Heinz-Noble, Inc., or their Affiliates, or negotiate any such transaction during the period that such organization or individual serves as an Independent Fiduciary.

2. The proposed transaction has met all of the requirements for tentative authorization set forth by PTE 96-62.

Your Right to Comment on Tentative Authorization

As an interested person, you have the right, if you so choose, to submit comments regarding the merits of the proposed reinsurance arrangement. Comments should be sent to the following address:

US Department of Labor
Employee Benefits Security Administration
Office of Exemption Determinations
Division of Exemptions
200 Constitution Avenue, NW, Room N-5700
Washington, DC 20210
ATTENTION: Gary Lefkowitz-Re: Submission E-00522

Be sure to refer to the submission number, which is E-00522. Comments must be received by the DOL no later than Monday, September 4, 2006.

Comments may be faxed or e-mailed to the DOL. The fax number is (202) 219-0204 and the e-mail address is lefkowitz.gary@dol.gov. If you have questions regarding your right to comment on this tentative authorization, you may call Gary Lefkowitz at (202) 693-8546.

We anticipate implementing the benefit improvements and the reinsurance program as soon as practicable after September 9, 2006.