

**Notice to Employees and Eligible Employees of YKK Corporation of America
of Application for Authorization Under Prohibited Transaction Exemption 96-62,
as Amended**

You are hereby notified that YKK Corporation of America (“YKK”) and its indirect wholly-owned captive insurance company YKK Insurance Company of America (“YKK ICA”) have applied to the U.S. Department of Labor (“DOL”) for authorization that the prohibited transaction provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), do not apply to the reinsurance transaction described below. The transaction involves the reinsurance of risks and the receipt of premiums by YKK ICA from insurance contracts currently funding YKK’s and YKK subsidiaries’ supplemental life insurance and long term disability (“LTD”) programs. The authorization is necessary because YKK ICA is an affiliate of YKK. Because of the relationship between YKK and YKK ICA, such reinsurance would otherwise constitute a prohibited transaction under ERISA. This notice informs you of the application to the DOL and certain changes to supplemental life insurance and LTD program benefits, and describes your right to comment to the DOL.

OVERVIEW

YKK’s Plan provides life insurance and LTD benefits, and covers regular full-time salaried and hourly-paid employees. The Plan’s supplemental life insurance (employee coverage and dependent coverage) is insured with Minnesota Life Insurance Company (“MN Life”), and LTD is insured with Liberty Mutual Insurance Company (“Liberty Mutual”). Under the transaction, MN Life and Liberty Mutual will insure Plan risks. However, MN Life and Liberty Mutual will reinsure up to 100 percent of risks with YKK ICA. The Plan Administrator has determined that the transaction is in the interest of the participants and beneficiaries of the Plan because of benefit improvements that will be provided to them. The authorization by the DOL will be subject to the conditions described below and set forth in more detail in Exhibit A.

The reinsurance agreement is simply an internal arrangement between YKK ICA and MN Life, and YKK ICA and Liberty Mutual. MN Life and Liberty Mutual will continue to insure the benefits provided to you under the Plan, including the benefit improvements.

PARTIES TO THE PROPOSED REINSURANCE AGREEMENT

Company

YKK Corporation of America – headquartered in Marietta, GA – manufactures fastening products, such as zippers, buttons and snaps, webbing, and aluminum architectural products, which include windows, curtain walls, and sliding doors. It is a wholly-owned subsidiary of YKK Corporation, a private Japanese company. YKK Corporation of America conducts business in the Western Hemisphere and oversees subsidiaries across five time zones, with a total of over 2,000 employees. These subsidiaries include:

1. YKK (U.S.A.) Inc,
2. YKK SNAP FASTENERS AMERICA Inc,

3. YKK AP America Inc. and
4. Tape Craft Corporation.

For the fiscal year ending March 31, 2008, YKK Corporation (Japan) had net sales of approximately \$5.98 billion.

Captive

YKK Insurance Company of America is a captive insurance and reinsurance subsidiary wholly-owned by YKK. It was organized in 2002 under the Vermont Captive Insurance Act to provide coverage to operating subsidiaries of YKK. Its first policy written was for YKK's Georgia Workers' Compensation program. Other coverages have been added since.

THE PLAN

YKK maintains the Plan for eligible active employees of YKK and its subsidiaries. Under the Plan, YKK provides supplemental life insurance and LTD coverage. The Plan is insured with MN Life (life insurance) and Liberty Mutual (long term disability). Both YKK and employees contribute to the costs of coverage.

The official name of the Plan under which the coverages are provided is the YKK Benefit Plan. The plan number is 501. The federal employer identification number of YKK, the plan sponsor, is 22-2830094.

CHANGES TO THE PLAN

YKK recently formulated a plan to utilize YKK ICA for the reinsurance of benefits and has made improvements to the Plan in anticipation of receiving DOL authorization. MN Life and Liberty Mutual will insure the Plan with the new enhanced benefits. The benefits enhancements are not required as part of a legal proceeding, court order or judgment under state or federal law.

YKK will enhance the benefits under the Plan as follows:

1. Life Insurance:
 - a) All employees will benefit from an **enhanced accelerated death benefit** under the life insurance policy. Currently, YKK's plan allows an insured employee who is terminally ill to receive payments under the life insurance policy in advance of his or her death. The advance allowed for YKK and its subsidiaries' employees is currently 75% of the insured's coverage. Under the captive arrangement with MN Life, the amount that employees can receive in advance will be increased to 100% of each individual's life insurance coverage.
 - b) YKK's life insurance program will include **beneficiary financial counseling services**. The Partnership for Workplace Mental Health cites that, "according to the Federal Reserve Board, in 2008 Americans amassed over 2.5 trillion dollars in

personal consumer debit – an average of \$8,565 per household...[Further,] according to an April 2008 survey by the Kaiser Family Foundation, almost two-thirds (61%) of Americans report having ‘serious financial problems.’”¹ Such facts support the value of financial counseling services, particularly after a major life event such as a primary wage earner’s death.

At no additional cost to employees, YKK’s benefit will be provided by Minnesota Life in partnership with PricewaterhouseCoopers LLP and includes:

- PwC Beneficiary Guide – a reference guide that delivers easy-to-follow guidance on estate settlement matters, survivor benefits, financial planning and nonfinancial issues;
 - PwC Advisor – an integrated planning tool that provides beneficiaries access to online financial calculators, life event guides, news, articles, online financial planning courses and more;
 - A 12-month subscription to *Your Money, Your Future*, a bimonthly electronic financial planning newsletter;
 - Personalized Financial Analysis – a computer-generated financial plan designed to help beneficiaries understand their overall financial situation and strategize for the future;
 - CounselLine – Unlimited toll-free access to PwC financial counselors for one year. Beneficiaries can call for information and general assistance on matters including estate settlement, budgeting, IRAs and other financial planning issues; and
 - Personal Financial Counseling – Six months of proactive calls from a PwC counselor. A beneficiary is matched with an experienced PwC financial coach for an in-depth financial counseling session conducted face to face or by telephone, depending on the beneficiary’s location.
- c) **Will preparation services.** With this benefit, participants in YKK’s life insurance plan can receive a free 30-minute initial consultation with an attorney in their state of residence. This can be conducted telephonically or face-to-face. Should he/she so desire, a participant can retain the services of the attorney after the initial consultation at a 25% discounted rate.

Participants can also create wills and other legal documents (such as power of attorney) online using templates and questionnaires for guidance, as well as access an online library of legal information and resources. Further, they can have documents reviewed by an attorney via phone consultation (within certain page-

¹ “Employee Personal Financial Distress and How Employers Can Help.” *Research Works*. Partnership for Workplace Mental Health. Volume 1, Issue 1. February 2009

length limitations) for free. The benefit is provided through Minnesota Life by Ceridian, a well-known health and productivity solutions provider.

Depending on an individual's situation, wills prepared by a lawyer can often cost from \$800 to \$1,000.² As you may know, a significant proportion of the population do not have wills. About 58% of Americans have not written a will. This leaves them with little control over what happens to their assets and dependent children in the event of their death.³ This benefit is intended to encourage participants to become more active in their financial planning needs.

2. Long Term Disability:

- a) YKK will **increase the minimum monthly LTD from \$100 to \$750** for all eligible employees.
- b) In addition to the current employee assistance program (“EAP”), the Liberty Mutual disability program will also offer **EAP benefits**. All LTD participants will be eligible for these EAP benefits, which are provided to them at no additional plan costs. Benefits include (but are not limited to):
 - 5 face-to-face counseling sessions
 - 24/7 telephonic assistance for personal matters or issues involving family, alcohol/drug abuse, stress/anger or death
 - Financial information – such as those related to credit, taxes, debt, and financial education – through a toll-free line
 - Telephonic financial counseling sessions
 - Legal assistance from attorneys via a 30-minute telephone or face-to-face session
- c) YKK will add proactive **Social Security filing and advocacy assistance and services**, available to all LTD participants at no additional cost to them. Social Security, in general, pays benefits to people who cannot work because of a medical condition that is expected to last more than one year or result in death. In order to receive Social Security benefits, individuals must go through a rigorous application and sometimes reconsideration and appeal process to receive a determination.

When an individual goes through this process on their own, up to 70% of cases are denied at initial disability and up to 85% on reconsideration or first appeal. When individuals have representation and assistance as proposed by YKK's benefit

² “A Need for a Will? Often, There's an Online Way”. *The New York Times*. October 14, 2007.

³ “Most Americans Don't Have Wills, Says New Findlaw.com Survey.” Thompson Reuters. June 30, 2008. <http://west.thomson.com/about/news/2008/06/30/findlaw-survey.aspx>

enhancement, the approval rate is at least 62%⁴ and can range up to 98% depending on the measurement criteria.

The specific services proposed by YKK include Liberty and/or its vendor partners:

- Completing the Social Security application paperwork for the employee
- Managing correspondence the employee has with the Social Security office
- Assisting in collecting medical or vocational information needed to obtain an award
- If claim is denied, assisting in the reconsideration or appeals process, including making court appearances on behalf of the employee
- Preparing written arguments in support of the filing, reconsideration and/or appeal
- Throughout the process, educating the employee about the benefits of Social Security entitlement, rehabilitation programs and return to work initiatives

Without the services and proactive process proposed by YKK, employees would likely incur out of pocket attorney fees beginning at \$250 per hour.

Other quantitative benefits to YKK employees of Liberty's assistance and services include:

- 2% – 3% higher benefit levels over time due to the 2.3% cost of living adjustment applied to the Social Security LTD benefit⁵
- Freezing of FICA earnings at a rate of 7.6506 which increases earnings potential
- Qualifying for Medicare sooner
- Also important, but more qualitative benefits to YKK employees include:
 - Having an advocate to guide them through the entire process (i.e., application, appeals, court appearances)
 - Experiencing less confusion as a result of the assistance
 - Spending less time on the process

⁴ www.disabilitysecrets.com

⁵ www.ssa.gov

⁶ www.ssa.gov

- Obtaining earlier approval
- Possessing a better understanding of their disability benefits, roles and responsibilities into the future

As stated above, the reinsurance agreement is simply an internal arrangement between YKK ICA and MN Life, and between YKK ICA and Liberty Mutual. MN Life and Liberty Mutual will continue to insure the benefits provided to you under the Plan, including the improved benefits, and YKK will continue to contribute to the cost of the program.

INDEPENDENT FIDUCIARY

In connection with the application to the DOL, YKK has retained, at its sole expense, Milliman, Inc. (“Milliman”), which provides specialized fiduciary services on behalf of employee benefit plans. Milliman, as the Independent Fiduciary for the Plan has analyzed the transaction and rendered an opinion that the requirements of subsections (a) through (f) of the draft requested authorization, attached as Exhibit A, have been complied with. In addition, Milliman will represent the interests of the Plan, as the Independent Fiduciary at all times with respect to the proposed transaction. Milliman will monitor compliance by the parties with the terms and conditions of the proposed transaction on an on-going basis, and will take whatever action is necessary and appropriate to safeguard the interests of the Plan and its participants and beneficiaries with respect thereto, and to ensure that the proposed transaction remains in the interest of the Plan and its participants and beneficiaries.

OVERVIEW OF EXEMPTION CONDITIONS

The following is a summary of the principal conditions that would be imposed by the DOL authorization (a full version of which is attached as Exhibit A):

- The Plan will pay no more than adequate consideration for the insurance contracts.
- No commissions will be paid by the Plan with respect to the direct sale of such contracts or the reinsurance thereof.
- In the initial year of any such contract involving YKK ICA, there will be an immediate and objectively determined benefit to the participants and beneficiaries of the Plan in the form of increased benefits.
- YKK has retained an independent fiduciary, at its sole expense, to analyze the transaction and render an opinion that the requirements of subsections (a) through (f) of Exhibit A have been complied with.

TENTATIVE AUTHORIZATION

Authorization of the DOL was requested under procedure called the Prohibited Transaction Exemption (“PTE”) 96-62. This process requires that at least two prior exemptions of

substantially similar structure have been granted by the DOL within the last 60 months. Alternatively, the DOL must have granted one exemption within the past 120 months and issued one final authorization pursuant to PTE 96-62 within 60 months for substantially similar transactions. You can find descriptions of these other transactions along with the comments from the DOL in the Federal Register as PTE 2000-48 (Columbia Energy Group), 65 FR 60452 (October 11, 2000) and 2003-07 (Archer Daniels Midland Company), 68 FR 23764 (May 5, 2003). In addition, the DOL gave final authorization under PTE 96-62 to the International Paper Company (Final Authorization Number 2003-32E, November 2003). FAN 2003-32E, as well as PTE 04-12 (Svenska Cellulosa), July 2004, and PTE 06-11E (AGL Resources, Inc. and Global Energy Resource Insurance Corporation), May 2006, are also substantially similar to the transaction described herein. In those cases, each respective employer proposed using its captive insurance company to reinsure employee benefits, and agreed to provide improved benefits, retain an Independent Fiduciary, contract only with insurers with an A rating or better with A.M. Best Company or a similar rating agency, and arrange the transaction with the captive as indemnity insurance only. Based on these representations, the DOL granted relief from the prohibited transaction restrictions under sections 406 (a) and (b) of ERISA.

The proposed transaction described in this Notice has met the requirements for tentative authorization from the DOL under PTE 96-62. Unless the DOL otherwise notifies YKK, a final authorization would be effective October 11, 2009.

YOUR RIGHT TO COMMENT ON TENTATIVE AUTHORIZATION

As an interested party, you have the right to submit comments to the DOL on the tentative authorization. If you decide to do so, please submit your comments at the following address:

Employee Benefits Security Administration
Office of Exemption Determinations, Division of Individual Exemptions
U.S. Department of Labor
200 Constitution Avenue, N.W.
Room N-5700
Washington, D.C. 20210

Please be sure to reference the submission number E-00636. Comments must be received by the DOL no later than October 6, 2009.

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 Mr. Gary Lefkowitz at (202) 693-8546.

If you have any questions about any information in this notice, contact Lesley Hill at the YKK Corporate office via telephone or email.

Tel: 770-261-6129
Email: lesleyhill@ykk-usa.com

Exhibit A

Pending Authorization

The restrictions of Section 406(a) and 406(b) of ERISA shall not apply to the reinsurance of risks and the receipt of premiums therefrom by YKK Insurance Company of America (“YKK ICA”) in connection with insurance contracts sold by Minnesota Life Insurance Company (“MN Life”) and by Liberty Mutual Insurance Company (“Liberty Mutual”) or any successor insurance company which is unrelated to YKK Insurance Company of America (“YKK”) to provide supplemental life insurance and long term disability (“LTD”) benefits (collectively, the “Plan”) to participants, provided the following conditions are met:

(a) YKK ICA:

- (1) Is a party in interest with respect to the Plan by reason of a stock or partnership affiliation with YKK that is described in Section 3(14)(E) or (G) of ERISA;
 - (2) Is licensed to sell insurance or conduct reinsurance operations in at least one State as defined in section 3(10) of ERISA;
 - (3) Has obtained a Certificate of Authority from the Insurance Commissioner of its domiciliary state which has neither been revoked nor suspended;
 - (4) Will undergo an examination by an independent certified public accountant for its last completed taxable year immediately prior to the taxable year of the reinsurance transaction. In addition, the independent certified public accountant will examine YKK ICA’s reserves on an annual basis in connection with the employee benefits business to be reinsured by YKK ICA to insure that approvable reserve levels are maintained. Further, such accountant must prepare and furnish its report to the independent plan fiduciary within 6 months after the end of each taxable year; and
 - (5) 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.
- (b) The Plan pays no more than adequate consideration for the insurance contracts;
- (c) No commissions are paid by the Plan with respect to the direct sale of such contracts or the reinsurance thereof;
- (d) In the initial year of any contract involving YKK ICA, there will be an immediate and objectively determined benefit to the Plan’s participants and beneficiaries in the form of increased benefits that are described in the Notice to Interested Persons;
- (e) In subsequent years, the formulae used to calculate premiums by the Fronting Insurance Companies (MN Life and Liberty Mutual) or any successor insurer will be similar to

formulae used by other insurers providing comparable supplemental life insurance and LTD coverage under similar programs. Furthermore, the premium charges calculated in accordance with the formulae will be reasonable and will be comparable to the premiums charged by the Fronting Insurance Companies and its competitors with the same or a better rating providing the same coverage under comparable programs;

- (f) The Plan only contracts with insurers with a financial strength rating of A or better from A.M. Best Company (Best's). The reinsurance arrangement between the Fronting Insurance Companies and YKK ICA will be indemnity insurance only, i.e., the Fronting Insurance Companies will not be relieved of liability to the Plan should YKK ICA be unable or unwilling to cover any liability arising from the reinsurance arrangement; and
- (g) The Plan retains an independent fiduciary (the Independent Fiduciary), at YKK's expense, to analyze the transaction and render an opinion that the requirements of sections (a) through (f) have been complied with. 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 YKK, YKK ICA, or the Fronting Insurance Companies (this relationship hereinafter referred to as an "Affiliate");
 - (2) Is not an officer, director, employee of, or partner in, YKK, YKK ICA, or the Fronting Insurance Companies (or any Affiliate thereof);
 - (3) Is not a corporation or partnership in which YKK, YKK ICA, or the Fronting Insurance Companies has an ownership interest or is a partner;
 - (4) Does not have an ownership interest in YKK, YKK ICA, the Fronting Insurance Companies or any Affiliate thereof;
 - (5) Is not a fiduciary with respect to the Plan prior to the appointment;
 - (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 judgment as a fiduciary; and
 - (7) For purposes of this definition of an "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 YKK, YKK ICA or their Affiliates (including amounts received for services as Independent Fiduciary under any prohibited transaction exemption granted by the Department) 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, no organization or individual who is an Independent Fiduciary, and 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 YKK, YKK ICA or their Affiliates during the period that such organization or individual serves as Independent Fiduciary, and continuing for a period of six months after such organization or individual ceases to be an Independent Fiduciary, or negotiates any such transaction during the period that such organization or individual serves as Independent Fiduciary.