



WORLD HEADQUARTERS

P. O. Box 57
Pittsburgh, Pennsylvania 15230-0057

Notice to Employees of H. J. Heinz Company:

**Application for Department of Labor Authorization -
Prohibited Transaction Exemption 96-62 (as Amended)**

You are hereby notified that H. J. Heinz Company ("Heinz") and Heinz-Noble, Inc. ("Heinz-Noble"), a captive insurance company wholly owned by Heinz, have applied to the U.S. Department of Labor ("DOL") to obtain its authorization of certain reinsurance transactions described in this Notice. These transactions involve the reinsurance of risks and the receipt of premiums by Heinz-Noble from employee benefits insurance contracts currently funding employee benefits offered under the H. J. Heinz Company Group Benefits Program for Bargaining Employees and the Group Benefits Program for Non-Bargaining Employees (the "Plans"). The authorization is necessary because Heinz-Noble is an affiliate of Heinz, and, because of the affiliate relationship between Heinz-Noble and Heinz, such reinsurance would otherwise constitute a prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). This notice (1) informs you of the application to the DOL, (2) summarizes certain improvements to the benefits offered under the Plans, and (3) describes your right to comment to the DOL about the proposed transaction.

Overview

The current fully-insured life and long-term disability ("LTD") benefits provided by the Plans will continue to be fully insured after the implementation of the reinsurance transactions discussed in this Notice, and these benefits will not be diminished in any way. (In fact, as will be discussed below, participants affected by these transactions will be receiving additional benefits following the DOL's approval of these transactions.) However, pursuant to the reinsurance transactions, two of the Plans' insurance carriers, Liberty Mutual and CIGNA, will reinsure their insurance risks with Heinz-Noble. Thus, Liberty Mutual will be reinsuring its Heinz LTD insurance risks to Heinz-Noble, and CIGNA will be reinsuring its Heinz life insurance risks to Heinz-Noble.

The Plan Administrator of the Plans has determined that the transactions are in the best interest of the participants and beneficiaries of the Plans because of benefit improvements that will be provided to them if the transaction is authorized by the DOL. The DOL authorization will be subject to the conditions described below and set forth in more detail in Exhibit A.

We would like to emphasize that the reinsurance arrangement is simply an internal arrangement between Heinz-Noble and the insurance carriers (Liberty Mutual and CIGNA); participants' benefits will in no way be reduced or impaired as a result of these transactions, and in fact benefits will be improved if the DOL authorizes the transactions described in this Notice.

Parties to the Proposed Reinsurance Transactions

Heinz

Heinz is headquartered at 1 PPG Place, Pittsburgh, Pennsylvania 15222. Heinz and its subsidiaries manufacture and market an extensive line of processed food products throughout the world. Heinz' principal products include ketchup, condiments and sauces, frozen food, soups, bean and pasta meals, and other processed food products. Heinz' products are manufactured and packaged to provide foods for consumers, foodservice, and institutional customers. Heinz and its subsidiaries employed, on a full-time basis during 2006, approximately 36,000 persons around the world.

Heinz-Noble

Heinz has a wholly-owned captive insurance subsidiary, Heinz-Noble (hereinafter referred to as "Captive"). Captive was incorporated on October 21, 2002 in the state of Vermont, was licensed to transact insurance under Vermont's captive insurance regulation on October 1, 2003, and began operations on December 5, 2003. Captive provides (among other coverages) deductible reimbursement coverage for Heinz-affiliated entities for workers' compensation, auto liability, and general liability exposures. Captive also insures property risks of Heinz and its affiliates. In addition, Captive reinsures several coverages, including automobile, homeowners, boat owners, fire, and personal excess liability, that have been issued by an unrelated third party

insurer to employees of Heinz and its affiliates. Furthermore, since April 1, 2007, Captive has reinsured Minnesota Life's group term life coverage for Heinz employees pursuant to previous transactions that were also the subject of a request for authorization from the DOL. (A previous DOL authorization covered a separate reinsurance transaction, which involved a Minnesota Life Insurance Company group life policy insuring participants in both of the Plans.)

The Plans

The transactions will involve the reinsurance of: (1) group life and disability insurance policies of the Group Benefits Program for Non-Bargaining Employees, and (2) a group disability policy of the Group Benefits Program for Bargaining Employees (the "Plans"). The Plans are employee welfare benefit plans under Section 3(1) of ERISA. Heinz sponsors the Plans; which provide disability and life coverage to the Plans' respective (bargained and non-bargained) employee populations. Benefits provided by the Plans are fully insured; the Plans' LTD benefits are fully insured by Liberty Mutual, and the Plans' life insurance benefits are insured by CIGNA and Minnesota Life. The transactions discussed in this Notice will involve the reinsurance of Liberty Mutual LTD and CIGNA life insurance coverages to Captive.

The Plans have identifying numbers for DOL reporting purposes; the identifying number for the Group Benefits Program for Bargaining Employees is 501, and the identifying number for the Group Benefits Program for Non-Bargaining Employees is 502.

The employer identification number of Heinz is 25-0542520.

Changes to the Plans

Heinz desires to utilize Captive for the reinsurance of employee benefits and will make improvements, described below, to the benefits provided by the Plans if the DOL authorization is granted. The current insurance carriers will continue to insure the Plans' current benefits, as well as a number of the benefit improvements described below. However, Liberty Mutual and CIGNA will reinsure their Heinz employee benefit risks with Captive. The following improvements to the Plans' benefits will become effective within the same year as the implementation of the reinsurance transactions:

Substance Abuse and Nervous Disorders Benefit Enhancement

Heinz' current LTD programs provide that, in the case of disabilities arising out of substance abuse and nervous and mental disorders, benefits are discontinued beyond 24 months. Upon implementation of the reinsurance transactions, however, the duration of LTD benefits for participants undergoing extended outpatient treatment for substance abuse or nervous or mental disorders shall be increased to 36 months.

AD&D Benefit Enhancement

In addition, the Plans shall be enhanced to provide increased AD&D benefits. Due to the different compensation structures applicable to salaried and non-union hourly employees, the AD&D enhancements are necessarily structured differently for these different employee groups. Non-union hourly employees will have their benefits enhanced to provide that each participant's AD&D benefit amount will be increased to \$50,000 from its current level of \$30,000. For salaried employees, each participant will be provided with an entirely new AD&D benefit of one times basic annual earnings.

In-Hospital Benefit

Furthermore, the AD&D enhancement will include a new "In-Hospital Benefit" that provides each employee with the following coverage in the event that an employee is confined to a hospital as a result of an accident for more than 7 consecutive days:

- A monthly benefit of 1% of the insured's principal sum to a maximum of \$2,500, or
- For periods of less than one month, one thirtieth of the monthly In-Hospital Benefit for each complete day of confinement.

To be eligible for this benefit, the initial hospital confinement must begin within 90 days of the accidental injury. If an employee is hospitalized for more than 7 consecutive days as a result of an accident, benefits are paid retroactive to the first day of hospital confinement. This benefit will be paid for a maximum of 12 months for any covered injury. Successive periods of hospital confinements arising out of the same injury will be considered one confinement only if they are separated by a period of less than 3 months.

Independent Fiduciary

In connection with the application to the DOL, Heinz has retained, at its expense, Milliman, Inc. (“Milliman”), which is an international firm of consultants and actuaries with expertise in all facets of employee benefits, including insurance, to serve as an Independent Fiduciary for this transaction. Milliman has analyzed the transaction and rendered an opinion indicating compliance with requirements “a” through “g” set forth in the requested authorization at Exhibit A. In addition, Milliman will represent the interests of the Plans as Independent Fiduciary at all times with respect to the transaction. Milliman will monitor compliance by the parties with the term and conditions of the transaction, and will take whatever action is necessary and appropriate to safeguard the interests of the Plans and participants and beneficiaries with respect thereto, and to insure that the proposed transaction remains in the interest of the Plans and participants and beneficiaries.

Overview of Authorization Conditions

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

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

Tentative Authorization of Proposed Transaction

Authorization by the DOL was requested under a procedure, Prohibited Transaction Exemption (“PTE”) 96-62, which permits a party to base its submission on substantially

similar transactions described in either: (1) two individual Prohibited Transaction Exemptions granted within the past 60 months, or (2) one individual Prohibited Transaction Exemption granted within the past 120 months and one transaction which received final authorization under PTE 96-62 (an "Authorized Transaction") within the past 60 months. The Proposed Transactions are substantially similar to the transactions indicated as follows, and relief is requested from the same restrictions: Prohibited Transaction Exemption 2004-12, 69 Fed. Reg. 40978 (July 7, 2004), granted to Svenska Cellulosa Aktiebolaget ("SCA"); and Authorized Transaction 2006-11E (May 1, 2006), granted to AGL Resources Inc. ("AGL"). 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 from A.M. Best Company or a similar rating agency, and arrange the transaction with the captive as indemnity insurance only. Moreover, in each of those cases, the captive was domiciled in a jurisdiction outside the U.S., and established a U.S. branch to effectuate the reinsurance transaction. Based on these representations, the Department granted SCA an exemption from the prohibited transaction restrictions under Sections 406(a) and (b) of ERISA, and the Department authorized the AGL reinsurance transaction.

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 Heinz, a final authorization would be effective May 25, 2008.

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, you should submit your comments to 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
Attn: Gary Lefkowitz - Re: E-00582

Be sure to refer to the submission number, which is E-00582. Comments must be received by the DOL no later than May 20, 2008.

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 expect to implement the benefit improvements and the reinsurance program as soon as practicable following the date of final authorization.

If you have any questions about any information in this notice, including the terms of your benefits under the plans maintained by Heinz, please contact your local Human Resources person, or contact the H. J. Heinz Company by calling (412) 237-5422.

Exhibit A

Pending Authorization
H. J. Heinz Company

An authorization in the following form is requested:

The restrictions of sections 406(a) and (b) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) shall not apply to the reinsurance of risks and the receipt of premiums therefrom by Heinz-Noble Insurance Ltd. (“Captive”) in connection with insurance contracts sold by Liberty Life Assurance Company of Boston (“Liberty Mutual”) or Connecticut General Life Insurance Company (“CIGNA”), or any successor insurance company to either Liberty Mutual or CIGNA, which is unrelated to H. J Heinz Company (“Heinz”) to provide Life and Long-Term Disability (“LTD”) insurance benefits to participants in programs maintained by Heinz to provide such benefits to Heinz’s employees (the “Plans”),¹ provided the following conditions are met:

a. Captive

1. Is a party in interest with respect to the Plans by reason of a stock or partnership affiliation with Heinz 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. Has undergone an examination by an independent certified public accountant for its last completed taxable year immediately prior to the taxable year of the reinsurance transaction. Such accountant must furnish a satisfactory report to the Department of Labor within 6 months of the end of the taxable year. In addition, the independent certified public accountant will examine

¹ Each Plan will be considered an “employee welfare benefit plan” as defined in § 3(a) of ERISA.

Captive's reserves on an annual basis in connection with the employee benefit business to be reinsured by Captive to ensure that appropriate 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 the taxable year;

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 authorities.
- b. The Plans pay no more than adequate consideration for the insurance contracts;
 - c. No commissions are paid to any parties in interest with respect to the direct sale of the insurance contracts that are to be reinsured to the Captive, or the reinsurance thereof;
 - d. In the initial year of any contract involving Captive, there will be an immediate and objectively determined benefit to the participants and beneficiaries affected by that contract in the form of increased benefits;
 - e. In subsequent years, the formula used to calculate premiums by the carriers (currently Liberty Mutual and CIGNA) or any successor insurer will be similar to the formulae used by other insurers providing comparable 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;
 - f. The Plans only contract with insurers with a rating of A or better from A.M. Best Company. The reinsurance arrangements between the carriers and Captive will be indemnity reinsurance only, i.e., the insurer will not be relieved of liability to the Plans should Captive be unable or unwilling to cover any liability arising from the reinsurance arrangement;

- g. The Plans retain an independent fiduciary (the “Independent Fiduciary”), at Heinz’s sole expense, to analyze the transaction and render an opinion that the requirements of sections (a) through (f) have been met. The Independent Fiduciary will monitor compliance with the terms and conditions of the transactions described herein, and will take whatever actions may be necessary and appropriate to safeguard the interests of the Plans and their participants and beneficiaries. For purposes of this authorization, 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 Heinz, Captive or the carriers (this relationship hereinafter referred to as an “Affiliate”);
 2. Is not an officer, director, employee of, or partner in, Heinz, Captive, or the carriers (or any Affiliate thereof);
 3. Is not a corporation or partnership in which Heinz, Captive, or the carriers has an ownership interest or is a partner;
 4. Does not have an ownership interest in Heinz, Captive, the carriers, 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 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 Heinz, Captive, the carriers, or their Affiliates (including amounts received for service as Independent Fiduciary under any prohibited transaction exemption or authorization 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 Heinz, Captive, the carriers, or their Affiliates during the period that such organization or individual serves as Independent Fiduciary, or negotiates any such transaction during the period that such organization or individual serves as an Independent Fiduciary, and continuing for a period of six months after such organization or individual ceases to be an Independent Fiduciary.

The benefit enhancements are not required as part of a legal proceeding, court order, or judgment under state or federal law, or mandatory benefit to be provided under state law.