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 Basic Life and Accidental Death & Dismemberment ("AD&D") program (the "Plan"). 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 the Basic Life and AD&D program benefits, and describes your right to comment to the DOL about these changes.

Overview

YKK's Plan provides Basic Life and AD&D benefits, and covers full-time active employees who work at least 30 hours per week. The Plan is insured with AIG Life Insurance Company ("AIG"). Under the transaction, AIG will continue to insure Plan risks. However, AIG will reinsure up to 100% 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 if the transaction is authorized by the DOL. The authorization by the DOL will be subject to the conditions described below and set forth in more detail in Exhibit A.

The terms of the reinsurance agreement will not affect your benefits in any way, as it is simply an internal arrangement between YKK ICA and AIG. AIG will continue to insure the benefits provided to you under the Plan, including the benefit improvements. The entire cost of the Plan will continue to be paid by YKK.

Parties to the Proposed Reinsurance Transaction

COMPANY

YKK Corporation of America – headquartered in Marietta, GA – manufactures fastening products, such as zippers, buttons and snaps, 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 conducts business in the Western Hemisphere and oversees 16 subsidiaries across five time zones, with a total of approximately 3,000 employees.

For the fiscal year ending March 31, 2006, YKK Corporation had global sales of approximately $5.3 billion.

CAPTIVE

YKK Insurance Company of America is a wholly-owned subsidiary of YKK Corporation of America, incorporated in Vermont in 2002. Also in 2002, the Commissioner of Banking and Insurance for the State of Vermont granted YKK ICA a Certificate of Authority to transact the business of a captive insurance company in the State of Vermont.

At year-end December 31, 2006, YKK ICA had total assets of $3.6 million, earned premiums in the amount of $1.1 million, and net income of $650,736.

The Plan

YKK maintains the Plan for eligible active employees. Under the Plan, YKK provides Basic Life and AD&D coverage. The Plan is currently insured with AIG. The cost of this coverage currently is paid entirely by YKK. Both coverages are treated as a single integrated Plan for reporting and disclosure purposes.

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 will make improvements to the Plan if the DOL authorization is granted. AIG will continue to insure the Plan with the new enhanced benefits. However, AIG will reinsure up to 100% of risks with YKK ICA. The benefits enhancements are not required as part of a legal proceeding, court order or judgment under state or federal law. The following improvements to the Plan's benefits will become effective within the same year as the implementation of the reinsurance transaction.

YKK will enhance the benefits under the Plan as follows:

- All eligible participants are provided a **Spouse Tuition Benefit of 5% of the insured's principal AD&D benefit up to $5,000.** If an insured suffers accidental death such that an Accidental Death benefit is payable under the policy on the date of the Accident causing death, the Plan will pay a tuition benefit to (or on behalf of) the insured's spouse.

- All eligible participants are provided with a **Child Care Benefit of 5% of the insured's principal AD&D benefit up to $2,500 per year.** The Plan provides for additional income to an insured's beneficiary in the event that the insured suffers an accidental death such that an Accidental Death benefit is payable under the Plan. For a dependent under the age of 13, this benefit is payable for each year that the dependent is enrolled in a day care center.

- All eligible participants are provided with a **Child Education Benefit of 5% of the insured's principal AD&D benefit up to $5,000 for 4 years**. If an insured suffers accidental death such that an Accidental Death benefit is payable under the policy on the date of the Accident causing death, the Plan will pay a tuition benefit to (or on behalf of) any of the insured's dependent children under age 23, if a child is currently enrolled – or enrolls within 365 days of the insured's death – in any institution of Higher Learning above grade 12.

- **Repatriation of Remains up to $5,000.** Available to all participants, if an insured suffers loss of life due to injury or emergency sickness while outside a 100-mile radius from his or her current place of primary residence, the Plan will pay for covered expenses, up to $5,000, reasonably incurred to return his or her body to his or her current place of primary residence.

- **Disappearance and Exposure Benefit.** All participants will benefit from a more liberal determination of loss. Under the *Disappearance* feature, if the body of an insured has not been found within one year, it will be deemed that the insured has suffered accidental death and the Plan beneficiary will receive benefits even without proof of the insured's death. Under the *Exposure* feature, a death caused by both an accident and exposure to elements will be treated as an accident (instead of exposure to elements, which is not covered), and pay benefits to the beneficiary.

As stated above, the reinsurance agreement will not affect Plan benefits in any way, as it is simply an internal arrangement between YKK ICA and AIG. AIG will insure the benefits provided to you under the Plan, including the improved benefits, and YKK will continue to bear 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 of the Proposed Transaction

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. 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 also is 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 June 16, 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, 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-00589. Comments must be received by the DOL no later than June 16, 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 Mr. Gary Lefkowitz at (202) 693-8546.

If you have any questions about any information in this notice, contact Lesley Hill at the YCA HR/Benefits Department via telephone at 770-261-6129 or 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 AIG ("the Fronting Insurance Company") or any successor insurance company which is unrelated to YKK Corporation of America ("YKK") to provide Basic Life and Accidental Death & Dismemberment ("AD&D") 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. Such accountant must furnish a satisfactory report to the Department of Labor within 6 months of the end of the 2007 taxable year. 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;

(e) In subsequent years, the formula used to calculate premiums by the Fronting Insurance Company (currently AIG) or any successor insurer will be similar to formulae used by other insurers providing comparable Basic Life and AD&D Insurance 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 Company 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 rating of A or better from A.M. Best Company (Best's). The reinsurance arrangement between the Fronting Insurance Company and YKK ICA will be indemnity insurance only, i.e., the Fronting Insurance Company 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 Company (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 Company (or any Affiliate thereof);

(3) Is not a corporation or partnership in which YKK, YKK ICA, or the Fronting Insurance Company has an ownership interest or is a partner;

(4) Does not have an ownership interest in YKK, YKK ICA, the Fronting Insurance Company 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.