

## **Notice to Employees of Google Inc:**

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

You are hereby notified that Google Inc. (“Google”) and Imi Assurance Inc. (“Imi”), a captive insurance company wholly owned by Google, 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 premiums by Imi from insurance contracts currently funding group Life, Accidental Death & Dismemberment (“AD&D”), and Long-Term Disability (“LTD”) insurance benefits offered under the Google Welfare Benefit Plan (the “Plan”). The authorization is necessary because Imi is an affiliate of Google, and, as a consequence of this relationship between Imi and Google, such reinsurance might otherwise constitute a prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). This notice is being provided to all “interested persons”, i.e., all active, full-time Google US employees, and it (1) informs you of the application to the DOL, (2) summarizes certain improvements to the benefits offered under the Plan, and (3) describes your right to comment to the DOL about the proposed transaction.

#### Overview

The Plan’s current benefits will continue to be insured with the Prudential Insurance Company of America (“Prudential”). Prudential will reinsure the risks with Imi. The Plan Administrator of the Plan has determined that the transaction is in the best 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 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 Prudential will continue to insure the benefits provided to you under the Plan; this fact will not be affected by the reinsurance transaction. The reinsurance arrangement is simply an internal arrangement between Imi and Prudential. Up to 100 percent of the risks associated with the Life, AD&D, and LTD insurance benefits will be reinsured from Prudential to Imi; however, the percentage of Life, AD&D, and LTD risk reinsured under this transaction may be adjusted from time to time.

#### Parties to the Proposed Reinsurance Transaction

##### Google

Google Inc.  
1600 Amphitheatre Parkway  
Mountain View, CA 94043  
(650)253-0000  
EIN 77-0493581

##### Imi

Imi Assurance Inc.  
c/o Aon Insurance Managers (USA)  
201 Merchant Street, Suite 2400  
Honolulu, HI 96813

EIN 27-4186184

Imi is a wholly owned insurance subsidiary of Google. Imi received its Certificate of Authority from the Insurance Division of the State of Hawaii on December 15th, 2010. Imi is authorized to be a direct writer or reinsurer of insurance, including the employee benefits insurance that is the subject of this authorization request. Currently, the Captive underwrites a portfolio of property and liability risks for Google.

### The Plan

The transactions will involve the reinsurance of group Life, Accidental Death & Dismemberment (“AD&D”), and Long-Term Disability (“LTD”) policies of the Google Welfare Benefit Plan (the “Plan”), which is an employee welfare benefit plan under Section 3(1) of ERISA. Google sponsors the Plan, which covers US full-time employees of Google and its subsidiaries. The Life, AD&D, and LTD benefits provided by the Plan are fully insured by Prudential. The Plan’s identifying number for DOL reporting purposes is number 501.

### Changes to the Plan

Google desires to utilize Imi for the reinsurance of employee benefits and will make improvements, described below, to the benefits available to Plan participants if the DOL authorization is granted. Prudential will continue to insure the Plan’s current Life, AD&D, and LTD benefits; however, Prudential will reinsure these risks with Imi. The following benefit improvements are intended to become effective as soon as practicable following the transaction’s approval by the DOL.

## **COMPANY-PROVIDED BENEFIT ENHANCEMENT**

No later than the date 3 months after the date of the DOL’s final authorization of the reinsurance transaction, the benefit enhancements discussed below would be provided to all Plan participants affected by the Proposed Transactions, at the full cost and expense of the Plan sponsor, i.e., Google:

- Basic (Employer-Paid) Life Insurance: The basic death benefit under the group term Life program would be increased from the current two times (2X) annual earnings amount to three times (3X) annual earnings.
- Basic (Employer-Paid) Accidental Death & Dismemberment (“AD&D”): The basic death benefit under the AD&D program would be increased from the current two times (2X) earnings to three times (3X) annual earnings.

### Independent Fiduciary

In connection with the application to the DOL, Google has retained, at its expense, Milliman, Inc. (“Milliman”), an international firm of consultants and actuaries with expertise in employee benefits and 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 Plan 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 Plan and its participants and beneficiaries with respect thereto, and to insure 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 pursuant to 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 reinsurance from Prudential to Imi;
- No later than 3 months after the date of the DOL's final authorization of the reinsurance transaction, there will be an immediate and objectively determined benefit to the participants and beneficiaries of the Plan in the form of increased benefits.
- Google 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 of 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 2003-07, 68 Fed. Reg. 23764 (May 5, 2003), granted to Archer Daniels Midland Company ("ADM"); and Authorized Transaction 2008-05E (May 25, 2008), granted to H. J. Heinz Company ("Heinz"). 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 U.S. jurisdiction (Vermont was the captive domicile in both of those particular situations). Based on these representations, the Department granted ADM an exemption from the prohibited transaction restrictions under Sections 406(a) and (b) of ERISA, and granted Heinz a corresponding authorization under PTE 96-62.

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 Google, a final authorization would be effective March 22, 2012.

#### 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: Ms. Anna Vaughan  
Re: Google Inc. (Submission Number E-00685)

Be sure to refer to the submission number, which is E-00685. Comments must be received by the DOL no later than March 16th, 2012.

Comments may be faxed or e-mailed to the DOL. The fax number is (202) 219-0204, and the e-mail address is Vaughan.Ann@dol.gov. If you have questions regarding your right to comment on this tentative authorization, you may call Ms. Anna Vaughan at (202)693-8565.

The benefit improvements and reinsurance transaction are both expected to be in effect no later than 3 months after the date of the DOL's final authorization of the reinsurance transaction.

If you have any questions about your benefits under the plans maintained by Google, please contact:

[benefits@google.com](mailto:benefits@google.com)

## **Exhibit A**

### **Pending Authorization Google**

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 Imi Assurance Inc. ("Imi") in connection with insurance contracts sold by Prudential Insurance Company of America ("Prudential"), or any successor insurance company to Prudential which is unrelated to Google Inc. ("Google") to provide Life, Accidental Death & Dismemberment ("AD&D"), or Long-Term Disability ("LTD") insurance benefits to participants in programs maintained by Google to provide such benefits to Google's employees through the Google Welfare Benefit Plan (the "Plan") maintained by Google, provided the following conditions are met:

- a. Imi
  1. Is a party in interest with respect to the Plan by reason of a stock or partnership affiliation with Google 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 taxable year. In addition, the independent certified public accountant will examine Imi's reserves on an annual basis in connection with the employee benefit business to be reinsured by Imi 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 authority.

b. The Plan pays no more than adequate consideration for the insurance contracts;

c. No commissions are paid to any parties in interest with respect to the reinsurance of the contracts to Imi;

d. In the initial year of any contract involving Imi, 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 Prudential 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 Plan only contracts with insurers with a rating of A or better from A.M. Best Company. The reinsurance arrangements between Prudential and Imi will be indemnity reinsurance only, i.e., the insurer will not be relieved of liability to the Plans should Imi be unable or unwilling to cover any liability arising from the reinsurance arrangement;

g. The Plan retains an independent fiduciary (the "Independent Fiduciary"), at Google's sole expense, to analyze the transaction and render an opinion that the requirements of sections (a) through (f) have been met. 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 Google, Imi or Prudential (this relationship hereinafter referred to as an "Affiliate");
2. Is not an officer, director, employee of, or partner in, Google, Imi, or Prudential (or any Affiliate thereof);
3. Is not a corporation or partnership in which Google, Imi, or Prudential has an

ownership interest or is a partner;

4. Does not have an ownership interest in Google, Imi, Prudential, or any Affiliate thereof;
5. Is not a fiduciary with respect to the Plan 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 Google, Imi, Prudential, or their Affiliates (including amounts received for service 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 Google, Imi, Prudential, 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.