



innovation

ABOUT THIS ANNUAL REPORT

For the H.J. Heinz Company, growth is driven by ideas. Leveraging its leading brands around the world, Heinz uses creative new products, packaging and advertising to excite consumers and address their changing needs. This year's annual report celebrates recent Heinz marketing breakthroughs in the form of eight attributes that distinguish great Heinz ideas and help them add flavor to the daily celebrations of life.

celebration!

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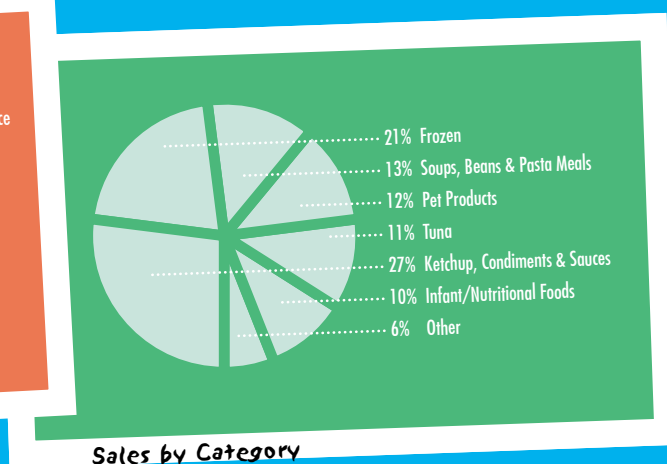
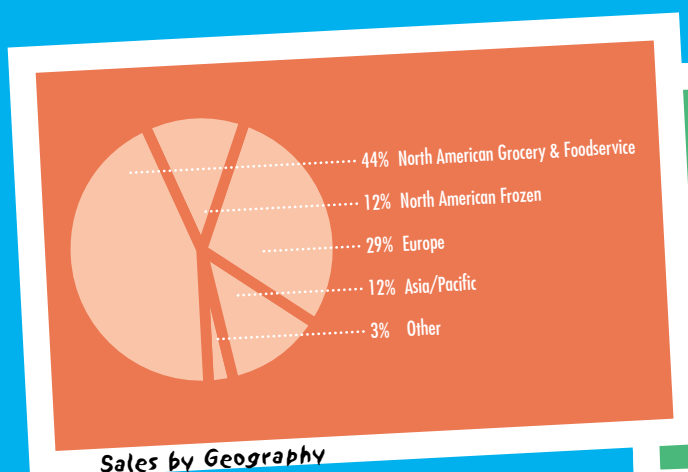
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Furry Friends: Celebrating our love for pets

HIGHLIGHTS

H.J. Heinz Company and Subsidiaries

	2001 (52 Weeks)	2000 (53 Weeks)	1999 (52 Weeks)
<i>(Dollars in thousands, except per share amounts)</i>			
Sales	\$9,430,422	\$9,407,949	\$9,299,610
Operating income	982,354	1,733,099	1,109,312
Income before cumulative effect of accounting changes	494,918	890,553	474,341
Net income	478,012	890,553	474,341
Per common share amounts:			
Income before cumulative effect of accounting changes –diluted	\$ 1.41	\$ 2.47	\$ 1.29
Net income –diluted	1.36	2.47	1.29
Cash dividends	1.545	1.445	1.3425
Book value	3.94	4.59	5.02
Capital expenditures	\$ 411,299	\$ 452,444	\$ 316,723
Depreciation and amortization expense	299,166	306,483	302,212
Property, plant and equipment, net	2,168,380	2,358,753	2,171,024
Cash, cash equivalents and short-term investments	\$ 144,220	\$ 154,129	\$ 123,121
Operating working capital	1,188,331	1,066,325	881,542
Total debt	4,885,687	4,112,401	3,376,413
Shareholders' equity	1,373,727	1,595,856	1,803,004
Average common shares outstanding –diluted	351,041,321	360,095,455	367,830,419
Current ratio	0.85	1.49	1.04
Debt/invested capital	78.1%	72.0%	65.2%
Pretax return on average invested capital	16.4%	31.4%	20.4%
Return on average shareholders' equity	32.2%	52.4%	23.6%

Note: All periods presented include significant nonrecurring items, see Management's Discussion and Analysis for details.
All earnings per share amounts are on an after-tax diluted basis.



SHAREHOLDER MESSAGE: CELEBRATING VALUE

A QUESTION-AND-ANSWER SESSION WITH CHAIRMAN, PRESIDENT & CEO WILLIAM R. JOHNSON

HOW DID HEINZ PERFORM IN FISCAL 2001? Fiscal 2001 was a year of contrasts, with great progress in many areas and disappointment in some others. Importantly, we introduced a number of successful marketing initiatives and new products while simultaneously improving gross margins.

Through combined organic growth and acquisitions, we achieved notable sales gains in our core Ketchup, Condiments and Sauces (+4%), Frozen (+25.6%) and Foodservice (+9.4%) business segments. U.S. ketchup performance was particularly pleasing as we broke numerous records, with the highest one-year market share (51.2%) and the greatest one-year share point gain (3.6 points) ever. Ketchup also crossed the “magic 57” threshold in dollar share, reaching 57.4%.

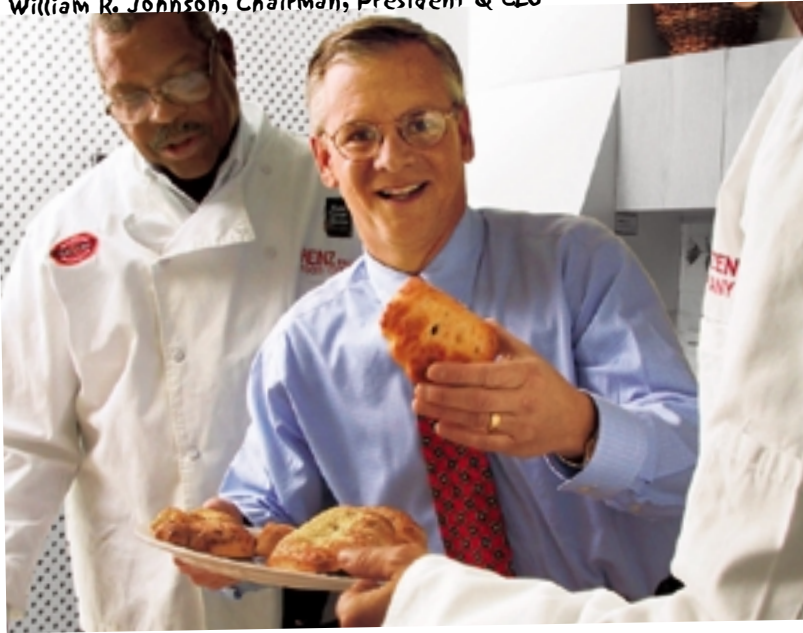
Additionally, we transformed our key categories with breakthrough innovations, such as *Heinz EZ Squirt* kids’ condiment, *StarKist* pouch tuna, *Boston Market* gravy, *Hot Bites* frozen snacks, *Jack Daniel’s* and *Mr. Yoshida’s* sauces, microwaveable *Soup to Go* in Australia/New Zealand, and unique pet snacks, such as *Nawsomes*, *Pounce Purr-fections* and *Meaty Bone Savory Bites*.

At the same time, there were frustrations. The distractions of restructuring temporarily weakened our performance in Australia/New Zealand, while trade destocking and a late response to the organic trend slowed our European infant feeding business. We are refocusing these businesses and aggressively addressing their issues. We also contended with raw tuna prices that reached record lows in Fiscal 2001—a situation that has begun to abate. Like all multinational companies, we have been significantly adversely affected by the strength of the U.S. dollar, whose increase in value in Fiscal 2001 reduced our sales by \$402 million. Over the last four years, currency has reduced Heinz sales by approximately \$1.1 billion and operating income by approximately \$195 million. And like other consumer packaged goods companies, we remain in a challenging retail environment, with strong resistance to pricing amidst steeply rising energy and materials costs. We anticipate a continuation of these factors in Fiscal 2002, particularly in the first half.

WHAT KIND OF GROWTH AND PERFORMANCE CAN WE EXPECT IN FISCAL 2002 AND BEYOND?

Heinz will focus on achieving profitable top-line growth. Our “food solutions” strategy aligns us with key consumer trends, and we have terrific new products in the pipeline. We will also renew our focus on reducing costs while building a world-class supply chain and superior customer service.

William R. Johnson, Chairman, President & CEO



We plan to expand our *EZ Squirt* concept in North America and around the world and have just launched a new color—*Funky Purple*—to spark new excitement among young consumers. We also expect to leverage our pending acquisition of *Classico* pasta sauces, the number-one premium brand in the U.S.

Our meal and snacks solutions focus has generated terrific growth, especially in frozen, where *Smart Ones* entrées and *Bagel Bites* snacks have grown at double-digit rates, and the *Boston Market* range of meals and gravies achieved over \$130 million in retail sales in its first year, making it our most successful new product launch ever.

HOW WILL HEINZ MAINTAIN A STRONG BOTTOM LINE AS IT INVESTS IN MARKETING? We must maintain a proper balance between delivering short-term results and investing in long-term opportunities—both integral to creating value. At the same time, we must apply innovation to cost reduction, people development and customer service. This will differentiate us over the long term.

We expect significant savings from the streamlining of our North American (particularly tuna) and European businesses, and we also anticipate substantial progress in procurement costs through e-sourcing. We are targeting \$25 million in Fiscal 2002 savings in materials and services through Internet reverse auctions. Heinz is a true innovator and leader in Internet-based e-sourcing. Another priority is improving our balance sheet. We have given our managers strong incentives to reduce working capital and improve

inventory turns. Key to this is supply chain innovation and more effective asset management—particularly leveraging non-company assets. We expect capital spending to be reduced substantially.

WHAT IS THE MOST NOTABLE TREND IN HEINZ'S MARKETING STRATEGY? I would point to sports marketing. Heinz Frozen Food is engaging renowned athletes to attract media attention and consumer interest, including Tony Hawk for *Bagel Bites*, Larry Bird for *Boston Market*, and Kristi Yamaguchi for *Smart Ones*.

Additionally, we now have a major opportunity in the naming rights for Heinz Field, the home of the Pittsburgh Steelers, a premier National Football League team. NFL football is the most popular sport in the U.S., attracting 110 million TV viewers each week during the season, plus enormous radio and print coverage. Heinz Field will generate millions of media impressions for the *Heinz* brand, at a cost of only \$2.85 million per year—roughly the price of a single Super Bowl TV spot.

WILL ACQUISITIONS REMAIN IMPORTANT TO HEINZ'S GAME PLAN? Absolutely. We see significant potential in “bolt-on” acquisitions that offer immediate synergies while accelerating growth in our core businesses. We are very excited about the recent additions of foodservice leaders such as International DiverseFoods, *Todds* and *Alden Merrell* frozen desserts. Overseas, we have expanded our powerful Asian sauces business with the purchase of Singapore-based *Sinsin*, an excellent complement to our fast-growing *ABC* brand in Indonesia, and added a premium foodservice sauce maker, *Comexo* in France. We are particularly enthusiastic about our newly acquired *Hak*, *Honig*, *De Ruijter* and *KDR* brands in the Netherlands, which give us a new lineup of leading brands in Northern Europe.

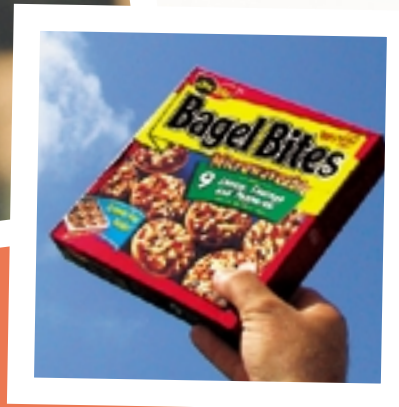
ANY FINAL THOUGHTS FOR SHAREHOLDERS? Heinz remains a fundamentally sound business with great brands, strong cash flow, good dividend yield and extensive global reach. People will always have to eat, and our premium brands, innovative marketing and aggressive strategies for profitable growth should position us well over the next three to five years. The tech-stock fervor and mega-merger mania have cooled, leaving a stock market hungry for value, which we are committed to delivering to our loyal shareholders. In closing, I would like to acknowledge the contributions of retiring Board member Don Keough, a true shareholder champion and an architect of growth at Coca-Cola. Don's wisdom, counsel and support have been invaluable to Heinz. We extend to him our best wishes and most grateful thanks.



William R. Johnson

Chairman, President and Chief Executive Officer

Tony Hawk takes Bagel Bites to new highs



action

CELEBRATING FITNESS AND FUN

Food is energy for the body and excitement for the spirit. Young consumers are especially hungry for healthy stimulation that speaks to their unique passions, an appetite that constantly fuels new marketing ideas at Heinz. Fiscal 2001 saw a revolution in product and package design, led by the introduction of

Heinz EZ Squirt, whose kid-friendly container and new "Blastin' Green" color electrified the category and drove incremental sales growth of 8% for Heinz ketchup. Meanwhile, Bagel Bites pizza-topped snacks (and their new Hot Bites confreres) extended their 20%+ growth streak with the endorsement of X Games superstar Tony Hawk. In Canada, Europe and Australasia, kids' keenness for Heinz's playful pasta shapes has bred topical new varieties that keep the Heinz brand forever fresh and fun.



Chips with Heinz ketchup: Venezuelan sensation



Playful Pasta Shapes



Canada, U.K. and "Down Under"

NBA legend Larry Bird "eats like a Bird" in Boston Market TV spots

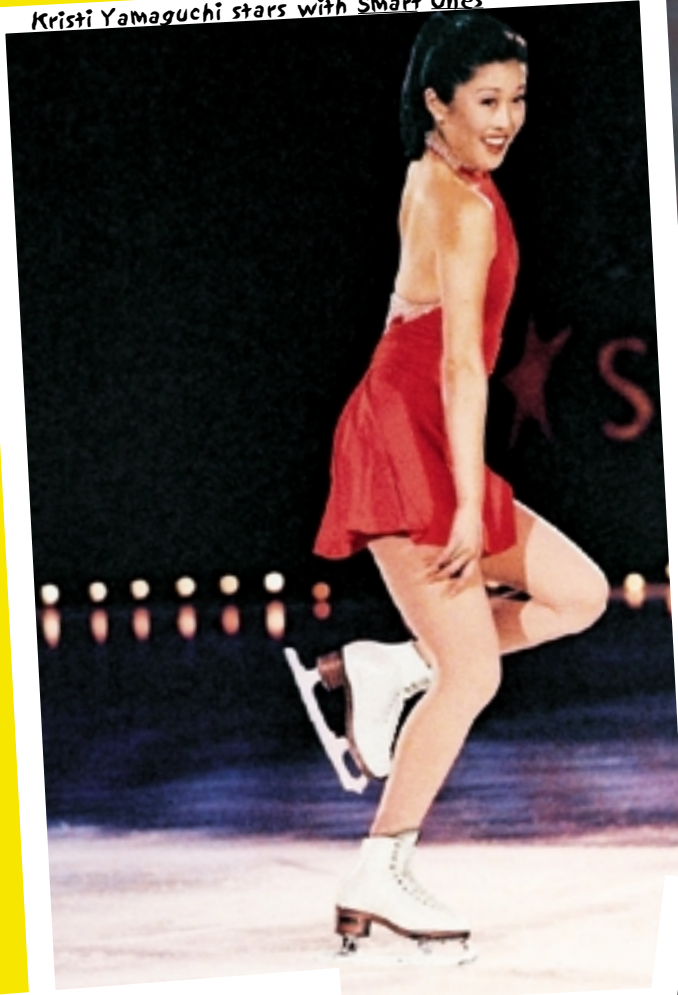


Heroes

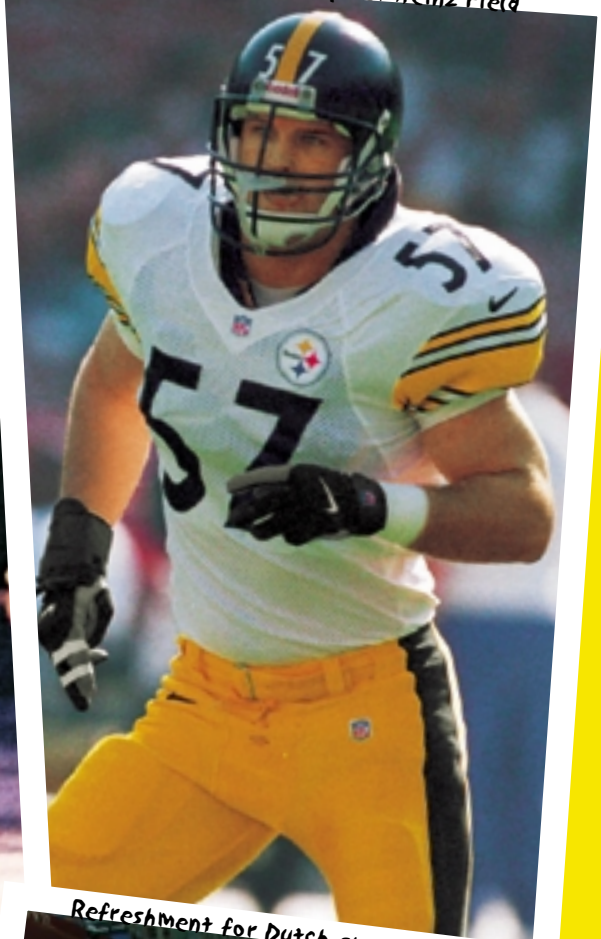
CELEBRATING WITH SPORTS LEGENDS

Great brands are celebrities and worthy company for renowned athletes. Sports marketing is a powerful part of Heinz's game plan, leveraging the popularity of legendary athletes like NBA basketball great **Larry Bird**, the focus of the ironic "Eat Like A Bird" advertising campaign that quickly boosted sales of Boston Market HomeStyle Meals among adult males. Fitness-conscious consumers can identify with the Smart Ones brand's spokesperson, Olympic and World Champion figure skater **Kristi Yamaguchi**. The success of its sports marketing has prompted Heinz to affix its brand to Heinz Field, the new home of the Pittsburgh Steelers, a marquee franchise of the National Football League, whose games reach 110 million TV viewers each season weekend.

Kristi Yamaguchi stars with Smart Ones



Steelers' John Fiala sports "57" at Heinz Field



Refreshment for Dutch speed skaters



Glucon D - India's energy drink



The Netherlands' most popular dry soup - Honig



Banana ketchup in the Philippines



Cooking sauces in Spain



Award-winning TV spot in the U.K.



☆ global

Indonesians enjoy ABC... Number-two soy sauce in the world!



CELEBRATING NATIONAL TRADITIONS AND FAVORITE RECIPES

Heinz is a world of great tastes, continually adding brands, flavors and geographic markets to an increasingly cosmopolitan portfolio. In Fiscal 2001, Heinz Europe added a powerful cadre of soups, sauces, vegetables, toppings and sports drinks to its collection with the acquisition of the Honig, Hak, De Ruijter and KDR brands - names with iconic resonance in Northern Europe. Meanwhile, the Internet gave global circulation to great local marketing ideas, such as the popular John West salmon TV spot, which traveled at light speed from the U.K. to the world. In Asia/Pacific, Heinz is a daily fixture, as families display a growing appetite for such staple flavorings as UFC banana ketchup in the Philippines and ABC soy sauces in Indonesia - a Pacific power brand whose sales grew 16% in Fiscal 2001.

Freshlock veggies in New Zealand



Nature's Goodness for U.S. babies



British favorite goes organic



good
for
you

CELEBRATING NUTRITION FOR THE WHOLE FAMILY

In an urbanized society, food remains for many a rare and valued communion with nature - an attitude that is propelling a 20%+ annual growth rate in the American and British organic foods markets. And for infant feeding everywhere, purity is priority for parents and for Heinz. Accordingly, Heinz's passion for innovation has transformed the profile of many established brands. In Fiscal 2001, Heinz restaged its U.S. infant feeding brand as Heinz Nature's Goodness, a preservative-free line of baby foods. Plasmon in Italy has likewise

Italian babies love Plasmon biscotti



added organic varieties to its infant feeding repertoire. And Heinz's leading Northern European brands are answering the challenge with organic varieties of ketchup, beans and pasta - now number one in these segments. Across the globe, Wattie's in New Zealand offers unsurpassed taste and nutrition through its special Freshlock process that freezes vegetables when newly picked.

Pour-and-heat "snack" now in the fridge!



Pack Starkist for great taste on the move



Heinz soup = The British favorite at work or at play



Ready in less than 2 minutes



(easy)

CELEBRATING CONVENIENCE AND QUICK PREPARATION

Time is money - in more ways than one. For Heinz, profit comes from delivering the ease and speed that is paramount for the "now" generation of consumers, who consistently rank convenience among the foremost product attributes. Few products are easier than the revolutionary Starkist pouch tuna, which promises to transform the category with its quick-tear top and top-quality, no-drain tuna in both family and single-serve sizes. The microwave continues to inspire invention, and Heinz U.K.'s new two-minute microwaveable soups offer an anywhere, anytime food solution that has spurred new excitement and accelerated growth in the brand's quick-serve business. Soup as a snack is easier than ever via Heinz Fridge Door Soup, which takes Heinz from the pantry shelf to the number-one snacking destination in a new container that enables consumers to quickly serve just the right portion each time.

CELEBRATING A YEAR OF INNOVATION

In Fiscal 2001, worldwide sales rose to \$9.43 billion, fueled by Heinz's number-one brands and its accelerating focus on product and packaging innovations and strong sales growth, particularly in ketchup, foodservice and frozen meals/snacks.

BRAND POWER

Ketchup, Condiments and Sauces Heinz ketchup poured it on in a record-breaking year to strengthen its position as the world's most popular ketchup brand. In the U.S., Heinz achieved a 52-week volume share of 51.2%, the highest share in its 125-year history.

The introduction of the colorful *EZ Squirt Blastin' Green* kids' condiment was a tremendous success, as consumers couldn't get enough of it. *EZ Squirt Blastin' Green* captured the world's imagination and energized sales growth in the category. *EZ Squirt*, available in traditional tomato red as well, delivers inventive packaging, with an easy-grip squeezable bottle designed for smaller hands and a thin nozzle that enables children to draw and write on their foods. Heinz went Hollywood as our *EZ Squirt* brand was touted in creative promotional tie-ins with the blockbuster movie "Shrek." The hero of the animated fantasy, Shrek, appeared on limited-edition bottles of *EZ Squirt Blastin' Green*, while his fairy-tale heroine, Princess Fiona, appeared on the red bottles. Canada caught the ketchup frenzy as well, introducing *E-Zee Squirt* in both green and traditional red.

Heinz ketchup's market share (in dollars) rose above 57% in the U.S. for the first time. Overall, sales in ketchup, condiments and sauces grew 4% to \$2.54 billion.

Foodservice sales of bottled Heinz ketchup grew 7% from the previous year, propelled by the launch of red plastic *Forever Full* ketchup bottles that eliminate the half-empty look. Single-serve condiment volume grew more than 5%. Heinz Foodservice continued the *Blastin' Green* sensation with a special "Shrek" promotion at Burger King restaurants, which offered single-serve packets of the popular condiment. Heinz also entered a licensing agreement to package single-serve portions of *Jif Creamy Sensations*® chocolate and berry spreads. Heinz now offers organic tomato products to restaurants under its *Christina's* label.

Heinz North America poured on the innovation in other sauces, introducing *Jack Daniel's Grilling Sauces*, which offer robust flavor in a premium brand, and *Mr. Yoshida's Fine Sauces*, a versatile Asian-inspired line. *Boston Market HomeStyle Gravy* tantalized taste buds, driving up sales in the category by more than 6%.

In the U.K., *Heinz Salad Cream* continued its resurgence with a creative advertising campaign aimed

at introducing younger consumers to the product's versatility and great taste. In Indonesia, *ABC* soy sauce, the world's second-largest-selling soy brand, gained additional momentum with new packaging and a 16% increase in sales volume.

In Europe, *Heinz* ketchup captured a 25% dollar share of the European foodservice market. In Australia, *Heinz Wattie's* foodservice supplied condiments, sauces and frozen vegetables to the Summer Olympic Games in Sydney, much to the delight of more than 35,000 athletes and 4 million spectators. *Heinz* sales in China climbed 35% as the company's newest factory began producing *Heinz* ketchup for a leading international chain of quick-serve restaurants.

Frozen Meals/Snacks Sales in this rapidly growing category increased 26% to \$1.96 billion. *Boston Market HomeStyle Meals* became the company's most successful new launch ever, as retail sales of the premium frozen meals and side dishes (plus *Boston Market HomeStyle Gravy*) reached \$130 million in the first full year of national distribution. *Heinz Frozen Food* scored a marketing slam-dunk by signing NBA and Boston Celtics great Larry Bird to star in new television commercials promoting *Boston Market HomeStyle Meals* with an invitation to "Eat Like A Bird."

Bagel Bites frozen pizza snacks excelled with a 21% increase in sales for the year. The brand tantalized "tweens"—consumers between the ages of 9 to 14—by leveraging the popularity of brand spokesman and skateboard legend Tony Hawk and *Heinz's* sponsorship of the nationally televised ESPN X Games.

Building on the brand identity and strength of *Bagel Bites*, *Heinz* also introduced *Hot Bites*, a new line of portable snacks in tempting pizza and potato varieties.

Sales of *Smart Ones* entrées and desserts climbed 17% as the brand rolled out enticing new varieties, including *Smart Ones Main Street Bistro Bowls*. *Smart Ones* achieved a 10.7% volume share to capture second place in the dynamic nutritional frozen entrée segment.

Tuna and Seafood Global tuna and seafood sales were \$1.04 billion. Leading a wave of innovation was *StarKist Tuna in a Pouch*, which made a big splash with consumers. The "uncanny" product delivers firmer, fresher tasting tuna in a vacuum-sealed foil pouch with no draining. *StarKist Tuna in a Pouch* gained a 4% volume share after the 7-ounce package was introduced last fall. *StarKist* also rolled out a new 3-ounce, single-serve pouch in Spring 2001 and supported that product launch with new television commercials featuring brand icon Charlie the Tuna and San Francisco fishermen sampling the pouch tuna. Market leader *StarKist* canned tuna was the category front-runner again with a U.S. market share of 42%. Six Asian varieties of *StarKist* seafood were introduced in Singapore.

In the U.K., *Heinz* introduced the *John West Tuna Pouch* in five varieties. Our *John West* brand remained the U.K. market leader in canned tuna. Its "Bear" TV commercial won a U.K. Grand Prix award as best of the year. Sales of the *Petit Navire* brand grew to net an impressive 19% market share in France.

Quick-Serve Meals/Soups Quick-serve meals, including soup, beans and pasta, reached \$1.22 billion in sales in Fiscal 2001. In the U.K., Heinz is the number-one soup brand, with a 55% volume share. Heinz U.K. launched *Fridge Door Soup*, flavorful varieties packaged in convenient one-liter plastic bottles that fit snugly in refrigerator door compartments. In Europe, Heinz introduced fast and convenient microwaveable soup and baked beans to drive sales in those categories. Sales of ready-to-serve soup surged 32% in the Australian market.

Pet Products Pet products achieved \$1.15 billion in sales, as Heinz unleashed new products aimed at satisfying the market for pet snacks and enticing varieties of pet food. For dogs, Heinz introduced *Pup-Peroni Newsomes* unique soft and chewy twists packed in tennis ball containers, and *Meaty Bone Savory Bites* crunchy treats with soft centers flavored with beef, chicken or peanut butter. These two new products may prove to be the best new pet snack introductions in years.

Infant Feeding/Nutritional Infant feeding/nutritional sales reached \$973 million in Fiscal 2001. Sales of Heinz baby food in China achieved strong growth. Heinz Canada launched *Heinz Baby Basics Feeding Bottles*, whose unique design promotes easier digestion. In Italy, Heinz launched *BioDieterba*, a full line of organic baby food, and a snack-size version of brand icon *Plasmon Biscotti*, the popular biscuit.

Worldwide, Heinz unveiled a consumer-friendly upgrade of its Web site—Heinz.com—that provides vital information on the company's outstanding brands, as well as recipes, promotions, investor Webcasts, news, stock trading data, and other information—at the click of a mouse.

PRODUCTION AND PROCUREMENT In the final year of Operation Excel, the company's three-year restructuring and growth initiative, Heinz continued to take action to enhance the efficiency and operating strength of its worldwide manufacturing operations.

Heinz closed its tuna operations in Mayaguez, Puerto Rico and divested a fleet of fishing boats. The company ceased pet food canning operations at its facility in Terminal Island, California and consolidated production to its pet food Manufacturing Center of Excellence in Bloomsburg, Pennsylvania.

Heinz closed its factories in Dandenong, Australia and Wanganui, New Zealand, shifting production to other facilities in the region.

Heinz also strengthened its manufacturing capabilities with new facilities around the world. In Spain, Heinz Iberica's new factory in La Llanada began producing *Orlando* products, including tomato frito, a popular cooking sauce. Heinz UFC Philippines built a new factory in Manila to expand its manufacturing capacity by 40%. Heinz Wattie's opened its new infant feeding Manufacturing Center of Excellence in Echuca, Australia.

ACQUISITIONS Heinz accelerated its growth in Northern Europe by acquiring the CSM Food Division of CSM Nederland NV for approximately \$391 million. CSM Food Division has annual sales of approximately \$320 million as a leading food company in the Netherlands, Belgium and Luxembourg region. The acquisition was the second-largest ever for Heinz outside the U.S.

In Poland, Heinz acquired several popular Polish ready-meal brands. In France, Heinz acquired Comexo, a leading maker of very high-quality sauces sold to French restaurants and caterers.

In the U.S., Heinz Foodservice announced a flurry of acquisitions to accelerate its growth and expand its product line. The company acquired the Alden Merrell business, a manufacturer of high-quality, premium-priced frozen desserts, such as pies, layer cakes and cheesecakes, for casual dining restaurants and foodservice distributors. Alden Merrell, based in Newburyport, Massachusetts, had annual sales of approximately \$30 million before joining Heinz.

Heinz Foodservice also acquired the *Todds* lines of refrigerated and frozen dressings, sauces and soups; and IDF Holdings, Inc., a leading manufacturer of customized dressings and sauces.

In early Fiscal 2002, Heinz agreed to acquire Borden Food Corporation's pasta sauces and dry bouillon and soup businesses, which include popular U.S. and Canadian brands, such as *Classico* and *Wylers*.

Heinz expanded in Central America with the acquisition of two leading food companies based in San José, Costa Rica: Productos Columbia, S.A. and Distribuidora Banquete, S.A. The companies make and market the leading brand, which holds a 62% share of the Costa Rican ketchup market.

The company formed Heinz UFC Philippines, a joint venture that gives Heinz the leading banana ketchup brands in the Philippines and a strong platform for the launch of *Heinz* tomato ketchup and other Heinz products. In Singapore, Heinz acquired Sinsin Food Industries Pte, Ltd., a leading marketer of chili sauces, soy sauce and other Asian condiments.

Heinz Venezuela's pet food business formed a joint venture with Empresas Polar, the nation's largest food and beverage manufacturer and distributor.

In South Africa, Heinz acquired John West Foods South Africa, a maker of branded seafood and canned and bottled spices and fruit.

Heinz Frozen Food Company sold the All American Gourmet business and its *Budget Gourmet* brands in February 2001 to focus on its faster-growing frozen entrée brands.

CELEBRATING PUBLIC SERVICE

Battling disease and malnourishment. Fulfilling a sick child's wish. Providing earthquake relief. Supporting health care, the arts and education. Making a difference where it counts.

Through grants and in-kind donations of approximately \$10 million, Heinz generously supported programs that enhance the quality of life in communities worldwide.

H.J. HEINZ COMPANY FOUNDATION The H.J. Heinz Company Foundation awarded 1,070 grants in Fiscal 2001 to a variety of organizations and programs. As part of this giving program, it matched some 800 gifts from employees on a \$2-for-\$1 basis.

The foundation focuses on Art & Culture, Health & Welfare, Public Policy, Education and Civic Activities.

Grants from the H.J. Heinz Company Foundation were made to the United Way, the Pittsburgh Symphony and its PBS broadcasts, the Future Farmers of America, and the Pittsburgh chapter of Make-A-Wish Foundation, to name just a few.

In the U.S., Heinz contributed more than \$400,000 to a total of 164 hospitals throughout the nation. The funds were raised through the annual *Heinz Nature's Goodness* baby food label drive sponsored by the Children's Miracle Network. Consumers collected and mailed in 6.87 million baby food labels. Heinz and the company foundation make direct contributions to each hospital based on how many labels it receives.

SUPPLEFER SPRINKLES One of the foundation's notable grants was for research and development

of *Supplefer Sprinkles*, a breakthrough in the battle against global childhood anemia due to iron deficiency, which harms fetal health and impairs mental development. As many as two billion people, or more than 30% of the world's population, are iron-deficient or anemic.

Dr. Stan Zlotkin fighting infant anemia in Sri Lanka



Developed by Dr. Stanley Zlotkin of Toronto's Hospital for Sick Children, *Supplefer Sprinkles* are an inexpensive iron supplement in the form of tasteless powder granules that can be sprinkled on any food. *Supplefer Sprinkles* are an alternative to existing solutions, such as iron drops, which are much costlier and often have an undesirable taste and a common side effect—staining of the teeth. Clinical trials in Ghana, which were funded by the U.S. Agency for International Development, have proven the efficacy of the *Supplefer Sprinkles* approach.

The H.J. Heinz Company Foundation is supporting the *Supplefer Sprinkles* project with a \$750,000 grant over three years. Additional company funding and technical and operational support bring Heinz's total assistance to more than \$1 million. The goal of the project is to reduce global childhood anemia by making *Supplefer Sprinkles* widely available, particularly in developing countries.

As one of the world's largest producers of weaning foods and single-serve products, Heinz is working on this worldwide initiative with volunteer help from employees, contributions from suppliers and pro bono assistance from its consultants.

WORLDWIDE COMMITMENT AND VOLUNTEERISM Around the world, Heinz operations and employees generously donate time, talent, funds and products to worthy causes and endeavors.

In Australia and New Zealand, the Heinz Wattie's Community Trust supports a variety of programs, from the Malcolm Sargent Cancer Fund for Children to the Jirrahlinga Koala and Wildlife Sanctuary. Heinz Wattie's also donated products to Foodbank for distribution to needy people in Australia.

In India, Heinz made contributions to the Gujarat Earthquake Relief fund and worked through the Heinz Nutrition Foundation to increase awareness about healthy dietary habits.

Heinz North America donated baby food products for victims of a devastating earthquake in El Salvador. Heinz and Hain Celestial provided grants to organizations that are working to prevent heart disease, breast and ovarian cancer, osteoporosis and other diseases that threaten women's lives.

Heinz's single-serve ketchup business awarded seven "Heinz Scholarships" to the American School Food Service Association (ASFSA). Since the program's founding, Heinz has awarded 19 such scholarships to ASFSA members or their dependents.

In North America, Heinz made cash and in-kind contributions to a host of social service agencies, including Junior Achievement and the American Heart Walk.

Employees generously support the United Way, with more than \$200,000 in contributions going to the United Way of Southwestern Pennsylvania alone. Heinz Chairman, President and CEO William R. Johnson chairs the 2001 fund drive for the United Way of Allegheny County.

In Canada, Heinz sponsored *Tomatosphere*, a research project that made science an "out-of-this-world" experience for students in 2,500 elementary school classrooms. Students in Grades 3 to 6 enjoyed an opportunity to grow tomatoes from seeds that traveled in space with Canadian astronaut Marc Garneau.

Asian sauces, a new American sensation



Junki Yoshida



Creator of fine sauces



newtastes

CELEBRATING FRESH IDEAS IN FLAVOR & STYLE

Flavor is a boundless frontier of variation and growth. Heinz's food solutions strategy continuously generates tantalizing tastes on the cutting edge of consumer trends. The growing popularity of Asian sauces presents Heinz with multiple venues for variety, such as the new Mr. Yoshida's Fine Sauces brand of

Made to order for America's favorite restaurants



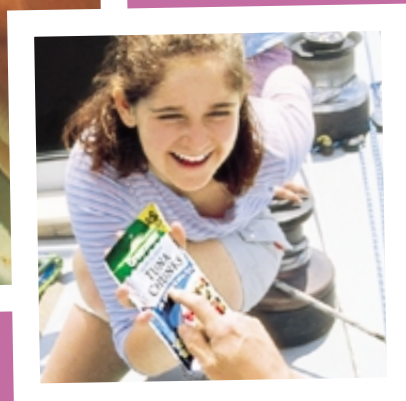
Grilling sauces - a new recipe for a popular brand



Catching great new flavors in Greenseas tuna



soy-based marinades. America's love affair with the barbecue fired the launch of rich-flavored Jack Daniel's Grilling Sauces, which held nearly 6% of its segment, even before achieving full national distribution. Flavored tuna is a taste sensation from Heinz's Greenseas brand in Australia. And Heinz Foodservice proprietary recipe development yields countless customized flavor/taste solutions.



Soup To Go for Aussies on the go!



Forever Full - Tastes as great as it looks



CELEBRATING THE BEST-SELLING, AWAY-FROM-HOME FOODS

People on the move eat on the go. With half of U.S. food dollars spent away from the kitchen, Heinz Foodservice crests a culinary tsunami that has propelled sales growth of 11.5% annually since Fiscal 1997. Restless mobility feeds constant innovation - including the venerable 14-ounce ketchup bottle, whose new Forever Full container contributed to a 6.2% jump in Fiscal 2001 bottled ketchup sales. Acquisitions added other foodservice products, like Alden Merrell's sumptuous frozen desserts and the leading Honig Professional brand of soups and meal components. Portability is also highly prized in home-based foods. Enter Wattie's Soup To Go - a hand-held meal in a microwaveable cup suitable for nomadic nosherers.

ON THE GO



Indulgent desserts from Heinz Foodservice



European chefs serve up Honig Professional pasta

furry friends



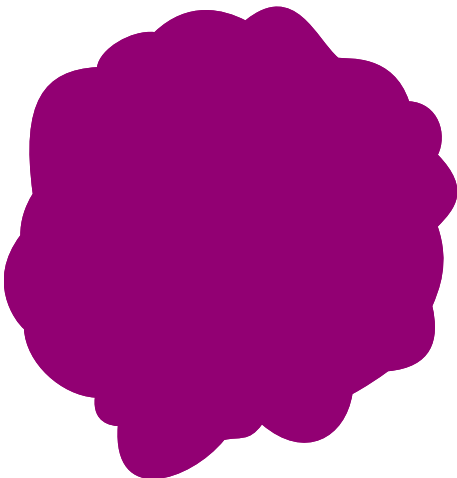
CELEBRATING OUR LOVE FOR PETS

Companionship and love are the prime motives for owning dogs and cats - and occasionally spoiling them, which is why pet snacks represent the fastest-growing pet food business. Heinz is a leader in the segment, constantly creating new pet delights. Fiscal 2001 saw the arrival of Pup-Peroni Nawsomes, hearty dog snacks served up in tennis ball containers that are acing the competition. Proprietary center-fill technology distinguishes Meaty Bone Savory Bites for dogs and Pounce Purr-fect for cats.

WE'RE ALSO ON THE WEB!

VISIT www.heinz.com FOR COMPANY NEWS, QUARTERLY REPORTS, INVESTOR INFORMATION, FUN FACTS, RECIPES AND MORE.





H.J. HEINZ COMPANY

P.O. BOX 57

PITTSBURGH, PENNSYLVANIA 15230-0057

www.heinz.com