IMPORTANT NOTICE AND SUMMARY OF MATERIAL MODIFICATIONS TO THE NORTHERN MINNESOTA-WISCONSIN AREA RETAIL CLERKS PENSION PLAN

The Board of Trustees of the Northern Minnesota-Wisconsin Area Retail Clerks Pension Plan (the "Plan") are committed to assuring the security of your pension benefits. In light of this commitment and applicable Federal law, it has become necessary to make changes to the Plan as of January 1, 2011. This notice describes the changes that will be made and is intended to allow you to plan for the changes that will be made.

This Notice is being provided for your information and to satisfy the requirements of I.R.C. § 432 and ERISA §§ 104(b) and 204(h). The Plan is governed by the Employee Retirement Income Security Act (ERISA). ERISA provides certain rights and remedies to pension plan participants. These rights and remedies are explained in your Summary Plan Description. To learn more about the rights and remedies that may be available to you, contact the Department of Labor at 1-866-487-2365 or visit www.dol.gov.

The Pension Protection Act of 2006 (the "PPA") is intended to maintain the long-term stability of pension plans. The PPA requires pension plans to annually certify their funding status. If a plan's future pension benefits are significantly underfunded, the Plan must adopt a "rehabilitation plan." A rehabilitation plan must reduce pension benefits and increase pension plan contributions in order to ensure that future pension benefits are sufficiently funded. Therefore, although a rehabilitation plan reduces your pension benefits, it helps to ensure the Plan's financial stability so that your pension benefits will be available to you when you retire.

On March 30, 2010, the Plan was certified to be in critical status for the 2010 Plan year and therefore was required by law to adopt a rehabilitation plan. As part of the rehabilitation plan, the Trustees have presented the collective bargaining parties that participate in the Plan with a "Default Schedule" and a "Preferred Schedule" which include different combinations of benefit changes and contribution rate increases intended to restore the security of the Plan.

The collective bargaining agreement under which you work has not yet adopted either the Default Schedule or the Preferred Schedule. Until one of these schedules is adopted, your benefits will follow the Preferred Schedule. **The changes described in the Preferred Schedule will be effective January 1, 2011.** If your collective bargaining agreement adopts the Default Schedule, the Default Schedule will apply retroactively to January 1, 2011, and your benefits will be determined under the Default Schedule. If the Default Schedule is adopted you will receive an additional notice describing the benefits that apply to you.

<u>If you are currently retired, or if you retire and apply for payment of benefits before January 1, 2011 and commence benefits no later than January 1, 2011</u>, the changes described in this notice do not apply to you and your benefits will continue to be determined under the current plan rules. If you decide to return to work for an employer that contributes to the Plan, the <u>additional</u> benefits you earn will be determined based upon the Schedule applicable to that employer. In this situation, you should contact the Plan Office.

If you do not work for an employer that is required to make contributions to the Plan on your behalf as of January 1, 2011 and you do not retire and apply for payment of benefits until after December 31, 2010 or do not commence benefits until after January 1, 2011, your benefits, if any, will be determined under the Preferred Schedule. For example, if your former employer contributed to the plan on your behalf but you are no longer employed by that employer or any other employer that must contribute to the Plan, then your benefits will be determined under the Preferred Schedule. This will be true even if the collective bargaining agreement you used to work under adopts the Default Schedule. If in the future you return to work for an employer that contributes to the Plan, the additional benefits you earn will be determined based upon the Schedule applicable to that employer. In this situation, you should contact the Plan Office.

Benefit Changes Effective January 1, 2011

Under the Preferred Schedule the following changes to pension benefits will be effective January 1, 2011:

1. The multiplier for contributions made on your behalf for work on or after January 1, 2011 is reduced from 1.75 percent to 1.00 percent. Benefits earned before January 1, 2011 are not affected by this change.
2. The Special Early Pension Benefit is eliminated, and Early Pension Benefits are subject to an actuarial equivalent reduction, regardless of when the benefits were earned.

In addition, employer contributions to the Plan will be increased upon adoption of the Preferred Schedule through a collective bargaining agreement. **The required contribution rate increases will not count toward additional benefits.**

Each of these changes is explained more fully below.

Reduced Multiplier for Contributions Made on Your Behalf

Under the Preferred Schedule the multiplier for contributions made on or after January 1, 2011 on your behalf is reduced from 1.75 percent to 1.00 percent. This change does not affect the Normal Pension Benefits that you earned prior to January 1, 2011.

Prior to this change the Normal Pension Benefit was calculated in the following way:

Period in Which the Benefits Were Earned	Monthly Normal Pension Benefit
Before January 1, 2006	A set dollar amount based upon the amount of the hourly contribution made to the Plan on your behalf
January 1, 2006 – December 31, 2010	1.75% of the non-forfeited contributions made to the Plan on your behalf

Beginning January 1, 2011, the Normal Pension Benefit will be calculated in the following way:

Period in Which the Benefits Were Earned	Monthly Normal Pension Benefit
Before January 1, 2006	A set dollar amount based upon the amount of the hourly contribution made to the Plan on your behalf
January 1, 2006 – December 31, 2010	1.75% of the non-forfeited contributions made to the Plan on your behalf
On or after January 1, 2010	1.00% of the non-forfeited contributions made to the Plan on your behalf

The additional contributions that are made on your behalf as a result of the increased employer contribution rates discussed below will not count toward additional benefits.

The following example illustrates how this change may affect your benefit amount:

John has participated in the Plan since January 1, 1999. Since January 1, 1999, John's employer has contributed to the Plan on John's behalf at a rate of $0.40 per hour. John worked 2,080 hours during each year from 1999 through 2012. John retires on a Normal Pension on December 31, 2012. John's monthly Normal Pension Benefit would be calculated in the follow way:

Work Period	Hourly Contribu-tion	Total Contribution During Work Period	Current Formula		New Formula	
			Benefit Multiplier	Monthly Benefit	Benefit Multiplier	Monthly Benefit
1/1/1999 – 12/31/2002	$0.40	$0.40*2,080*4=$3,328	N/A	$133.44	N/A	$133.44
1/1/2003 – 12/31/2005	$0.40	$0.40*2,080*3=$2,496	N/A	$55.05	N/A	$55.05
1/1/2006 – 12/31/2010	$0.40	$0.40*2,080*5=$4,160	1.75%	$72.80	1.75%	$72.80
1/1/2011 – 12/31/2012	$0.40	$0.40*2,080*2=$1,664	1.75%	$29.12	1.00%	$16.64
Total				***$290.41***		***$277.93***

Therefore, using the Plan's new benefit formula, John's monthly Normal Pension Benefit will be $12.48 lower than it would have been under the Plan's current benefit formula.

Actuarial Equivalent Reduction For Early Pension Benefit and Elimination of Special Early Pension Benefit

Two types of benefits are currently available under the Plan for Participants who retire before age 65. First, individuals who earned at least one year of Vesting Service between January 1, 2001 and December 31, 2002 can receive a Special Early Pension Benefit if they (i) are at least 55 years old, (ii) have at least 5 years of Credited Service, and (iii) retire directly from covered employment. The amount of a participant's Special Early Pension Benefit is equal to the amount of his full Normal Pension.

Second, individuals who are at least 50 years old and have either 10 years Credited Service or 5 years of Vesting Service can receive an Early Pension Benefit if they retire before age 65. If the individual is at least 55 years old and has 30 years of Credited Service, the amount of his Early Pension Benefit is equal to the amount of his full Normal Pension. If the Participant is not at least 55 years old or does not have 30 years of Credited Service, then the amount of his Early Pension Benefit is determined as follows:

Work Period	Current Early Pension Benefit Amount
January 1, 1984 – December 31, 1986	Amount equal to the Normal Pension reduced by (i) 2/12 of 1% for each month you retire prior to age 62 but after age 60, and (ii) 5/12 of 1% for each month prior to age 60.
January 1, 1987 – December 31, 1995	An amount equal to the Normal Pension reduced by 5/12 of 1% for each month you retire prior to the first full month in which you are age 62.
January 1, 1996 – December 31, 2000	An amount equal to the Normal Pension reduced by 5/12 of 1% for each month you retire prior to the first full month in which you are age 55.

January 1, 2001 – December 31, 2002	If you have five or more years of Credited Service and retire directly from covered employment, an amount equal to the Normal Pension reduced by 5/12 of 1% for each month you retire prior to the first full month in which you are age 55. If you do not have five or more years of Credited Service or do not retire directly from covered employment, an amount equal to the Normal Pension reduced by 5/12 of 1% for each month you retire prior to the first full month in which you are age 62.
January 1, 2003 – December 31, 2010	An amount equal to the Normal Pension reduced by 5/12 of 1% for each month you retire prior to the first full month in which you are age 65.

Under the current rules, the value of an individual's Special Early Pension Benefit or Early Pension Benefit is greater than the present actuarial value of his Normal Pension Benefit. In other words, the Plan subsidizes Special Early Pension and Early Pension Benefits. Beginning January 1, 2011, this subsidy will be eliminated and the value of an individual's Early Pension Benefit will be equal to the actuarial value of his Normal Pension Benefit. Under the new rules, the value of the Early Pension and the Special Early Pension would be the same; therefore, the Special Early Pension Benefit will be eliminated beginning January 1, 2011.

Beginning January 1, 2011, you will continue to be Eligible for an Early Pension if you retire between age 50 and age 65 (or if later, the date of your fifth anniversary of participation in the Plan), and you have completed either:

i. Ten (10) or more years of Credited Service, or
ii. Five (5) or more years of Vesting Service provided at least one (1) year of Vesting Service was earned after December 31, 1990.

If you meet these requirements, the amount of your Early Pension Benefit will be calculated under the new rules in the following way:

Work Period	**New Early Pension Benefit Amount**
Before January 1, 1996	An amount equal to the Normal Pension multiplied by the actuarial equivalent factor for **Age 62** Normal Retirement
January 1, 1996 – December 31, 2000	An amount equal to the Normal Pension multiplied by the actuarial equivalent factor for **Age 65** Normal Retirement
January 1, 2001 – December 31, 2002	An amount equal to the Normal Pension multiplied by the actuarial equivalent factor for **Age 62** Normal Retirement
After December 31, 2001	An amount equal to the Normal Pension multiplied by the actuarial equivalent factor for **Age 65** Normal Retirement

The specific actuarial equivalent factor applicable to you is based upon your age when your Early Retirement Benefit commences. The following table lists the actuarial equivalent factor for each age at which you could potentially receive an Early Pension.

Age at Commencement	**Actuarial Equivalent Factor**	
	Age 62 Normal Retirement	**Age 65 Normal Retirement**
65	100%	100%
64	100%	90%
63	100%	82%
62	100%	74%
61	91%	67%

60	83%	61%
59	75%	56%
58	69%	51%
57	63%	46%
56	57%	43%
55	53%	39%
54	48%	36%
53	44%	33%
52	41%	30%
51	37%	28%
50	34%	25%

For example, if you begin receiving an Early Pension when you are 60 years old you will receive 83% of the Normal Pension you would have received for your work prior to January 1, 1996 and for your work between January 1, 2001 and December 31, 2002. You will receive 61% of the Normal Pension you would have received for your work between January 1, 1996 and December 31, 2000 and for your work after December 31, 2001.

<u>The following example further illustrates how this change may affect your benefit amount:</u>

Paul has participated in the Plan since January 1, 1994. Paul retires on December 31, 2012 at age 57. Contributions were made to the Plan on his behalf during each of his 19 years of employment. Based on his employer's contributions to the Plan, assume that Paul's monthly Normal Pension Benefit would have been $540.00 if he had been eligible for Normal Pension Benefits.

Under the current rules, Paul would qualify for a Special Early Pension and the amount of his Special Early Pension Benefit would be calculated in the following way:

Work Period	***Monthly Normal Pension***	***Normal Retirement Age (NRA)***	***Months Retirement Age Precedes NRA***	***Reduction***	***Monthly Special Early Pension Benefit***
1/1/1994 – 12/31/1995	$60.00	N/A	N/A	None	**$60.00**
1/1/1996 – 12/31/2000	$180.00	N/A	N/A	None	**$180.00**
1/1/2001 – 12/31/2002	$60.00	N/A	N/A	None	**$60.00**
1/1/2003 – 12/31/2010	$200.00	65	96	5/12% per month (5/12%*96=40%)	**$120.00**
1/1/2011 – 12/31/2012	$40.00	65	96	5/12% per month (5/12%*96=40%)	**$24.00**
Total	*$540.00*				**$444.00**

Under the new rules that will become effective on January 1, 2011, Paul's Early Pension Benefit will be calculated in the following way:

Work Period	***Monthly Normal Pension***	***Applicable Normal Retirement Age (NRA)***	***Percent of Normal Received***	***Monthly Special Early Pension Benefit***
1/1/1994 – 12/31/1995	$60.00	62	63%	**$37.80**
1/1/1996 – 12/31/2000	$180.00	65	46%	**$82.80**
1/1/2001 – 12/31/2002	$60.00	62	63%	**$37.80**
1/1/2003 – 12/31/2010	$200.00	65	46%	**$92.00**
1/1/2011 – 12/31/2012	$40.00	65	46%	**$18.40**
Total	*$540.00*			**$268.80**

Therefore, using the Plan's new formula, Paul's monthly Early Pension Benefit will be $175.20 per month lower than it would have been under the current rules.

<u>The following example further illustrates how this change may affect your Pension Benefits:</u>

Suppose instead that Paul is 54 years old when he retires on December 31, 2012. Assuming that all of the facts above remain the same, Paul would not have qualified for a Special Early Pension under the current rules because he has not reached age 55. Instead, Paul would be eligible for an Early Pension. The amount of Paul's Early Pension Benefit would be calculated as follows:

Work Period	***Monthly Normal Pension***	***Applicable Normal Retirement Age (NRA)***	***Months Retirement Age Precedes NRA***	***Reduction***	***Monthly Early Pension Benefit***
1/1/1994 – 12/31/1995	$60.00	62[1]	96	5/12% per month (5/12%*96=40%)	**$36.00**
1/1/1996 – 12/31/2000	$180.00	55[2]	12	5/12% per month (5/12%*12=5%)	**$171.00**
1/1/2001 – 12/31/2002	$60.00	55[3]	12	5/12% per month (5/12%*12=5%)	**$57.00**
1/1/2003 – 12/31/2010	$200.00	65	132	5/12% per month (5/12%*132=55%)	**$90.00**
1/1/2011 – 12/31/2012	$40.00	65	132	5/12% per month (5/12%*132=55%)	**$18.00**
Total	*$540.00*				**$372.00**

[1] The Normal Retirement Age that was in effect prior to 1/1/1996 was age 62.
[2] The Normal Retirement Age that was in effect from 1/1/1996 to 12/31/2000 was age 55.
[3] The Normal Retirement Age in effect from 1/1/2001 to 12/31/2002 for a Participant with five or more years of Credited Service was age 55.

Under the new rules that will become effective on January 1, 2011, Paul's Early Pension Benefit will be calculated in the following way:

Work Period	***Monthly Normal Pension***	***Normal Retirement Age (NRA)***	***Percent of Normal Received***	***Monthly Early Pension Benefit***
1/1/1994 – 12/31/1995	$60.00	62	48%	**$28.80**
1/1/1996 – 12/31/2000	$180.00	65	36%	**$64.80**
1/1/2001 – 12/31/2002	$60.00	62	48%	**$28.80**
1/1/2003 – 12/31/2010	$200.00	65	36%	**$72.00**
1/1/2011 – 12/31/2012	$40.00	65	36%	**$14.40**
Total	*$540.00*			**$208.80**

Therefore, using the Plan's new formula, Paul's monthly Early Pension Benefit will be $163.20 per month lower than it would have been under the current rules.

Non-Credited, Employer Contribution Rate Increases

Under the Preferred Schedule, collective bargaining agreements entered into after January 1, 2011 will require employers to make increased contributions to the Plan. The exact amount of the increase will depend upon when the collective bargaining agreement is adopted. **The contribution rate increases, and any other contribution rate increases required by the PPA, do not accrue additional benefits.**

Please keep this Notice with your current Summary Plan Description for future reference. **If you have questions regarding these changes, please contact the Plan Administrator: Wilson-McShane Corporation, 2002 London Road, Suite 300, Duluth, Minnesota 55812; telephone (218) 728-4231 or (877) 752-3863.**