

Northern Minnesota – Wisconsin Area Retail Clerks Pension Plan

NOTICE OF ELECTION UNDER WORKER, RETIREE, AND EMPLOYER REHABILITATION ACT

April 30, 2009

TO: Participants, Beneficiaries, Contributing Employers and United Food and Commercial Workers Local Union No. 1116

BACKGROUND

This Notice contains important information about the Northern Minnesota – Wisconsin Area Retail Clerks Pension Plan, E.I.N. 41-6052631, Plan Number 001. Based on funding criteria set forth in the *Pension Protection Act of 2006*, multiemployer plans were required – beginning with the 2008 plan year – to be certified as being in one of three funded status zones:

- *Neither Endangered nor Critical* (unofficially called the “Green Zone”)
- *Endangered* (unofficially called the “Yellow Zone”)
- *Critical* (unofficially called the “Red Zone”)

You are receiving with this notice, the Northern Minnesota – Wisconsin Area Retail Clerks Pension Plan’s (the Plan’s) 2008 Annual Funding Notice. The Annual Funding Notice informs you that the Plan was neither Endangered or Critical during the plan year 2008. In other words, the Plan was in the Green Zone. The Annual Funding Notice is based upon the Plan’s financial condition as of January 1, 2008 and, accordingly gives information about the Plan for the previous year.

The Plan’s actuary was required to review the Plan’s financial condition at the end of 2008 to again evaluate its assets and its liabilities and to determine whether as of January 1, 2009 (for the plan year 2009), the Plan would be in the Green Zone, Yellow Zone or Red Zone. While trustees of Green Zone plans must continue to exercise diligence to protect the funded position of their plans, the law does not require them to take any specific actions or adopt particular programs to maintain or improve plan funding. On the other hand, trustees of plans that are in the Yellow or Red Zone must take actions, including the adoption of a “funding improvement plan” for plans in endangered status or a “rehabilitation plan” for plans in critical status that are designed to restore the plans to Green Zone status over a period of time.

2008 PLAN YEAR CERTIFICATION

On March 26, 2008, the Plan’s actuary certified the Plan’s funded status for the January 1, 2008 through December 31, 2008 plan year to be neither endangered nor critical (“Green Zone”).

2009 PLAN YEAR CERTIFICATION

On March 31, 2009, for the January 1, 2009 through December 31, 2009 plan year, the Plan’s actuary has certified the Plan to be in the critical status (“Red Zone”). This is because the Plan was projected to have an accumulated funding deficiency within four years.

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ELECTION TO FREEZE THE 2008 PLAN YEAR ZONE STATUS FOR 2009

Recognizing the impact of the current economic crisis, Congress passed the *Worker, Retiree and Employer Recovery Act of 2008 (WREERA)* which included provisions granting relief to defined benefit plans, such as the Plan, and giving plan sponsors the option to elect the prior plan year's zone certification.

In accordance with section 204 of WREERA, the Trustees have voted to "freeze" the Plan's 2008 plan year Green Zone status and have it continue to apply to the 2009 plan year. Therefore, because the Plan will be in the Green Zone for plan year 2009, the Plan will not be required to adopt a rehabilitation plan or a funding improvement plan. The Trustees are, nevertheless, working diligently to create positive changes to the Plan's financial condition.

Under current law, the freezing of the Plan's 2008 plan year Green Zone status does not extend beyond December 31, 2009. Within 90 days after January 1, 2010, the Plan's actuary must again certify the Plan's funded status and zone classification. You will receive a new Annual Funding Notice similar to this one within 30 days after the date of certification explaining the Plan's zone status and actions that the Trustees may be required to take under the law to improve the funded status of the Plan. These actions may include an increase in the contribution rate and reduction in future benefit accruals. Furthermore, if the plan is certified as Critical (Red) for the plan year beginning January 1, 2010 additional steps that will have to be taken include a surcharge on employer contributions, suspension of accelerated distributions for individuals who commence receiving benefits after notice is provided of critical status, and may also include amendments to reduce early retirement benefits or other adjustable benefits as permitted under the Pension Protection Act of 2008.

WHAT'S NEXT?

We understand that legally required notices like this one can create concern about the Plan's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Plan. With the assistance of the Plan's actuary, legal counsel and other professionals, and working with the contributing employers and the Union, the Trustees will continue to work towards strengthening the funded position of the Plan. Since the Plan is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Plan's status and any future corrective actions needed. At each of its meetings, the Board of Trustees will continue to review the Plan's progress with its professional advisors.

QUESTIONS?

For more information about this Notice or the Plan, contact the Plan Administrator, Wilson-McShane Corporation, 2002 London Road, Suite 300, Duluth, Minnesota 55812; ((218)728-4231); dbukovich@wilson-mcshane.com.

Sincerely,

Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.