
**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

**MICHAEL W. ALLEGRETTI,
CHANDRA V. BROWN-DAVIS,
YOLANDA BROWN, RONALD DINKEL,
SIOBHAN E. FANNIN, KRISTIE
KOLACNY, DIANNA J. MARTIN,
SHERRI NELSON, PATRICIA
OTUONYE, BECKY S. RAY, SCOTT C.
READ, TIMOTHY M. RENAUD, LISA
SMITH, SUSAN WEEKS, AND ANDRO
D. YOUSSEF, on behalf of themselves and
all others similarly situated,**

Plaintiffs,

v.

**WALGREEN CO.; THE RETIREMENT
PLAN COMMITTEE OF THE
WALGREEN PROFIT-SHARING
RETIREMENT PLAN; THE TRUSTEES
OF THE WALGREEN PROFIT-
SHARING RETIREMENT TRUST; THE
BOARD OF DIRECTORS OF
WALGREEN CO.,**

Defendants.

**SECOND AMENDED
COMPLAINT – CLASS ACTION**

Case No. 1:19-cv-05392

Hon. Charles R. Norgle

COMPLAINT FOR DAMAGES

I. INTRODUCTION

1. Plaintiffs Michael W. Allegretti, Chandra V. Brown-Davis, Yolanda Brown, Ronald Dinkel, Siobhan E. Fannin, Kristie Kolacny, Dianna J. Martin, Sherri Nelson, Patricia Otuonye, Becky S. Ray, Timothy M. Renaud, Scott C. Read, Lisa Smith, Susan Weeks, and Andro D. Youssef (“Plaintiffs”), individually and as representatives of a class of participants and beneficiaries of Walgreen Profit-Sharing Retirement Plan (the “Plan”) bring this action under 29 U.S.C. §1132(a)(2) and (3) on behalf of the Plan against Defendants Walgreen Co., the Retirement Plan Committee For Walgreen Profit-Sharing Retirement Plan and its members, the Trustees for the Walgreen Profit-Sharing Retirement Trust, and its members, and the Board of Directors of Walgreens Co., and its members (collectively, “Walgreen” or “Walgreen Defendants”) for breach of fiduciary duties under the Employee Retirement Income Security Act, 29 U.S.C. §§1001-1461 (“ERISA”).

2. The Walgreen Defendants are fiduciaries to the Plan. They exercise discretionary authority or discretionary control respecting management of the Plan or disposition of its assets and/or have discretionary authority or discretionary responsibility in the administration of the Plan. The Plan’s participants, who are mostly current and former Walgreen employees, can invest their retirement savings in any of the funds that Walgreen Defendants select for the Plan.

3. As fiduciaries, the Walgreen Defendants must prudently curate the Plan’s investment options. They must regularly monitor Plan investments and remove ones that become imprudent. Throughout the Class Period, Walgreen Defendants breached these fiduciary duties. In 2013, they loaded the plan with a suite of poorly performing funds called the Northern Trust Focus Target Retirement Trusts (“Northern Trust Funds” or “the Funds”). Walgreen Defendants kept these Funds throughout the Class Period despite their continued underperformance.

4. The Northern Trust Funds are “target date funds”—they are designed to achieve

certain investment results based on an investor's anticipated retirement date (the "target date"). Over the past decade, target date funds have become increasingly popular retirement savings options. According to the Wall Street Journal, as of the end of 2016, target date funds held 21% of all 401(k) assets in the United States. In 2018, at least \$734 billion of retirement savings were invested in target date funds. Given the popularity of target date funds, retirement plan fiduciaries have hundreds of different target date funds to choose from when selecting target date options for their plans.

5. Despite a market teeming with better-performing alternatives, Walgreen selected the Northern Trust Funds. When Walgreen added the Funds to the Plan in 2013, the Funds already had a history of poor performance. They had significantly underperformed their benchmark indexes and comparable target date funds since Northern Trust launched the Funds in 2010. Predictably, the Northern Trust Funds continued underperforming through the present. For nearly a decade, these investment options performed worse than 70 to 100 percent of peer funds.

6. Still, Walgreen refuses to remove the Funds. In fact, since 2017 Walgreen actually has added to the Northern Trust Funds' lineup. Walgreen has even selected the Northern Trust Funds as the Plan's default investment options, an investment feature in which the Plan automatically invests participants' retirement savings in a Northern Trust Fund if they do not select another investment.

7. The Funds now comprise eleven of the twenty-four investment options on the Plan and collectively hold over \$3 billion in Plan assets, which represents over 30% of the Plan's assets.

8. Walgreen's imprudent decision to retain the Northern Trust Funds has had a large,

tangible impact on participants' retirement accounts. Based on an analysis of data compiled by Morningstar, Inc.¹, Plaintiffs project the Plan lost upwards of \$300 million in retirement savings since 2014 because of Walgreen's decision to retain the Northern Trust Funds instead of removing them.

9. The Northern Trust Funds have also impaired the Plan's overall performance. According to Brightscope², the average Plan participant could earn \$193,925 less in retirement savings than employees in top-rated retirement plans of a similar size. The \$193,925 disparity translates to an additional 10 years of work per participant.

10. To remedy Walgreen's breach of fiduciary duty, Plaintiffs individually, and as representatives of a class of participants and beneficiaries of the Plan, bring this action on behalf of the Plan under 29 U.S.C. §1132(a)(2) and (3) to enforce the Walgreen Defendants' personal liability under 29 U.S.C. §1109(a) to make good to the Plan all losses resulting from each breach of fiduciary duty occurring from January 1, 2014 to the date of judgment (the "Class Period"). In addition, Plaintiffs seek such other equitable or remedial relief for the Plan as the Court may deem appropriate.

11. Plaintiffs did not have knowledge of all material facts (including, among other things, comparisons of the Plan's investment performance relative to other available investment alternatives) necessary to understand that the Walgreen Defendants breached their fiduciary duties and engaged in other unlawful conduct in violation of ERISA until shortly before filing

¹ Morningstar, Inc. is a leading provider of independent investment research products (e.g., data and research insights on managed investment products, publicly listed companies, and private capital markets) for individual investors, financial advisors, asset managers, retirement plan providers and sponsors, and institutional investors in the private capital markets in North America, Europe, Australia, and Asia.

² Brightscope is a leading financial information and technology company that prepares retirement plan ratings and investment analytics to participants, plan sponsors and asset managers in all 50 states. Plaintiffs accessed this data from Brightscope's website on July 3, 2019.

their original Complaint in this action. Further, prior to initiating this action, Plaintiffs did not have actual knowledge of the specifics of the Walgreen Defendants' decision-making processes with respect to the Plan, including the Walgreen Defendants' processes for monitoring and removing Plan investments, because this information was solely within the possession of the Walgreen Defendants prior to discovery. For purposes of this Complaint, Plaintiffs have drawn reasonable inferences regarding these processes based upon (among other things) the facts set forth herein.

II. PARTIES

A. Plaintiffs

12. Michael W. Allegretti was a participant in the Plan from 2002 until 2015. Plaintiff Allegretti suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2050 Fund, the Northern Trust Focus 2055 Fund, and other investments Plaintiff Allegretti may have made through the Plan during the Class Period.

13. Chandra V. Brown-Davis has been a participant in the Plan since 1993. Plaintiff Brown-Davis suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2030 Fund, and other investments Plaintiff Brown-Davis may have made through the Plan during the Class Period.

14. Yolanda Brown has been a participant in the Plan since 1995. Plaintiff Brown suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2030 Fund, and other investments Plaintiff Brown may have made through the Plan during the Class Period.

15. Ronald Dinkel has been a participant in the Plan since 1990. Plaintiff Dinkel suffered harm by investing in the Plan's poorly performing investment options, including the

Northern Trust Focus 2030 Fund, and other investments Plaintiff Dinkel may have made through the Plan during the Class Period.

16. Siobhan E. Fannin has been a participant in the Plan since about 2005. Plaintiff Fannin suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2045 Fund, and other investments Plaintiff Fannin may have made through the Plan during the Class Period.

17. Kristie Kolacny has been a participant in the Plan since 2005. Plaintiff Kolacny suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2045 Fund, and other investments Plaintiff Kolacny may have made through the Plan during the Class Period.

18. Dianna J. Martin has been a participant in the Plan since 2003 or 2004. Plaintiff Martin suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2025 Fund, and other investments Plaintiff Martin may have made through the Plan during the Class Period.

19. Sherri Nelson was a participant in the Plan from 1988 to 2019. Plaintiff Nelson suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2020 Fund, Northern Trust Focus 2025 Fund, and other investments Plaintiff Nelson may have made through the Plan during the Class Period.

20. Patricia Otuonye was a participant in the Plan from 2007 until 2018. Plaintiff Otuonye suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2040 Fund and other investments Plaintiff Otuonye may have made through the Plan during the Class Period.

21. Becky S. Ray was a participant in the Plan from 1993 to 2019. Plaintiff Ray suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2025 Fund, and other investments Plaintiff Ray may have made through the Plan during the Class Period.

22. Timothy M. Renaud has been a participant in the Plan since 2017. Plaintiff Renaud suffered harm by investing in the Plan's poor performing investment options, including the Northern Trust Focus 2020 Fund, Northern Trust Focus 2040 Fund, and other investments Plaintiff Renaud may have made through the Plan during the Class Period.

23. Scott C. Read has been a participant in the Plan since 1991. Plaintiff Read suffered harm by investing in the Plan's poor performing investment options, including the Northern Trust Focus 2035 Fund, and other investments Plaintiff Read may have made through the Plan during the Class Period.

24. Lisa Smith has been a participant in the Plan since about 1998. Plaintiff Smith suffered harm by investing in the Plan's poor performing investment options, including the Northern Trust Focus 2030 Fund, and other investments Plaintiff Smith may have made through the Plan during the Class Period.

25. Susan Weeks was a participant in the Plan from 1991 to 2019. Plaintiff Weeks suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2020 Fund, Northern Trust Focus 2025 Fund, and other investments Plaintiff Weeks may have made through the Plan during the Class Period.

26. Andro D. Youssef has been a participant in the Plan since 2018. Plaintiff Youssef

suffered harm by investing in the Plan's poorly performing investment options, including the Northern Trust Focus 2055 Fund, and other investments Plaintiff Youssef may have made through the Plan during the Class Period.

B. Defendants

27. Walgreen Co., an Illinois corporation headquartered in Deerfield, Illinois, operates one of the largest drugstore chains in the United States. It is the Plan's sponsor and one of the Plan's fiduciaries.

28. The Retirement Plan Committee for the Walgreen Profit-Sharing Retirement Plan (the "Retirement Plan Committee") administers the Plan and has the authority to periodically establish funds, select funds, eliminate funds, or segregate certain Plan assets, as it deems necessary to meet anticipated or unanticipated circumstances affecting the orderly administration of the Plan. Current and former members of the Retirement Plan Committee are fiduciaries of the Plan under 29 U.S.C. § 1002(21)(A) because they exercised discretionary authority or discretionary control respecting management of the Plan. The Retirement Plan Committee simultaneously serves as the designated fiduciary for the following Walgreen retirement savings plans: the Plan, the Walgreen Puerto Rico Profit-Sharing Retirement Plan, the Take Care Health Systems 401(k) Plan, and the Walgreens Boots Alliance, Inc. Executive Deferred Profit-Sharing Plan. Accordingly, the Retirement Plan Committee is also referred to as the Retirement Plans Committee.

29. The Trustees for the Walgreen Profit-Sharing Retirement Trust (the "Trust Committee" a.k.a. the "Trustees of the Walgreen Profit-Sharing Retirement Plan") administered the Walgreen Profit-Sharing Retirement Trust, the master trust into which Plan assets are invested and commingled with the Walgreen Puerto Rico Profit-Sharing Retirement Plan. At relevant times during the Class Period, the Trust Committee had the authority to, inter alia,

interpret the Plan; to appoint, monitor the performance of, and remove investment managers and other internal and external service providers; and to select, monitor the performance of, and remove or replace investment alternatives for the Plan. Members of the Trust Committee were fiduciaries of the Plan under 29 U.S.C. § 1002(21)(A) because they exercised discretionary authority or discretionary control respecting management of the Plan.

30. The Board of Directors of Walgreen Co. (, the “Walgreen Board”) retained for itself the sole authority to appoint, monitor the performance of and remove persons who served on the Trust Committee.

31. Because the Retirement Plan Committee and the Trust Committee have acted as alleged herein as the agents of Walgreen Co. and the Walgreen Board, and/or the Retirement Plan Committee, the Trust Committee, Walgreen Co., and the Walgreen Board, together with their members, are co-fiduciaries, all Defendants are collectively referred to hereafter as “Walgreen” or “Walgreen Defendants.”

32. Each of the Walgreen Defendants is subject to co-fiduciary liability under 29 U.S.C. § 1105(a)(1)–(3) because they enabled other fiduciaries to commit breaches of fiduciary duties through their appointment powers, failed to comply with 29 U.S.C. § 1104(a)(1) in the administration of their duties, and failed to remedy other fiduciaries’ breaches of their duties, despite having knowledge of the breaches.

III. JURISDICTION AND VENUE

33. This Court has exclusive jurisdiction over the subject matter of this action under 29 U.S.C. § 1132(e)(1) and 28 U.S.C. § 1331 because it is an action under 29 U.S.C. § 1132(a)(2) and (3).

34. This District and Division are the proper venue for this action under 29 U.S.C. §

1132(e)(2) and 28 U.S.C. § 1391(b) because they are the District and Division in which the subject Plan is administered and where at least one of the alleged breaches took place. They are also the District and Division in which Defendant Walgreen Co. resides.

IV. ERISA’S FIDUCIARY STANDARDS

A. Fiduciary Duties of Prudence and Loyalty

35. ERISA imposes strict fiduciary duties of prudence and loyalty upon the Walgreen Defendants as fiduciaries of the Plan. 29 U.S.C. § 1104(a). These duties apply to all fiduciary acts, including the Walgreen Defendants’ retention of investment options for the Plan.

36. ERISA’s duty of prudence requires fiduciaries to discharge their responsibilities “with the care, skill, prudence, and diligence” that a prudent person “acting in a like capacity and familiar with such matters would use.” 29 U.S.C. §1104(a)(1)(B). Accordingly, fiduciaries must vigorously and independently investigate each of the Plan’s investment options with the skill of a prudent investor.

37. As part of its fiduciary duty, Walgreen “has a continuing duty to monitor [Plan] investments and remove imprudent ones.” *Tibble v. Edison Int’l*, 135 S. Ct. 1823, 1828 (2015). That duty exists “separate and apart from the [fiduciary’s] duty to exercise prudence in selecting investments.” *Tibble v. Edison Int’l*, 135 S. Ct. 1823, 1828 (2015). “A plaintiff may allege that a fiduciary breached the duty of prudence by failing to properly monitor investments and remove imprudent ones.” *Id.* at 1829. If an investment is imprudent, Walgreen “must dispose of it within a reasonable time.” *Id.* (citation omitted).

B. Fiduciary Liability Under ERISA

38. Under 29 U.S.C. § 1109, fiduciaries to the Plan are personally liable to make good

to the Plan any harm caused by their breaches of fiduciary duty. Section 1109(a) provides in relevant part:

Any person who is a fiduciary with respect to a plan who breaches any of the responsibilities, obligations, or duties imposed upon fiduciaries by this subchapter shall be personally liable to make good to such plan any losses to the plan resulting from each such breach, and to restore to such plan any profits of such fiduciary which have been made through use of assets of the plan by the fiduciary, and shall be subject to such other equitable or remedial relief as the court may deem appropriate, including removal of such fiduciary.

C. Co-Fiduciary Liability

39. ERISA provides for co-fiduciary liability where a fiduciary knowingly participates in, or knowingly fails to cure, a breach by another fiduciary. Specifically, under 29 U.S.C. § 1105(a), a fiduciary shall be liable for a breach of fiduciary duty by a co-fiduciary if:

- i. he participates knowingly in, or knowingly undertakes to conceal, an act or omission of such other fiduciary, knowing such act or omission is a breach; [or] by his failure to comply with [29 U.S.C. § 1104(a)(1)] in the administration of his specific responsibilities which give rise to his status as a fiduciary, he has enabled such other fiduciary to commit a breach; or
- ii. by his failure to comply with [29 U.S.C. § 1104(a)(1)] in the administration of his specific responsibilities which give rise to his status as a fiduciary, he has enabled such other fiduciary to commit a breach; or
- iii. he has knowledge of a breach by such other fiduciary, unless he makes reasonable efforts under the circumstances to remedy the breach.

V. THE PLAN

40. The Plan is a profit-sharing plan that includes a “qualified cash or deferred arrangement” as described in Section 401(k) of the Internal Revenue Code, I.R.C. § 401(k) (1986) (hereinafter denoted as “the Code”) and is subject to the provisions of ERISA. The Plan is established and maintained under a written document in accordance with 29 U.S.C. § 1102(a). Walgreen is the sponsor of the Plan. The Retirement Plan Committee is the Plan Administrator.

The Northern Trust Company serves as the Plan's trustee and as the custodian of the Plan's assets.

41. The Charter for the Trustees of the Walgreen Profit-Sharing Retirement Plan, adopted July 24, 2012 and amended on March 19, 2014, set forth certain fiduciary responsibilities of the Trust Committee, including the responsibility for selecting, monitoring, and removing investment options for the Plan.

42. When Walgreen Co. reorganized to form a new company, Walgreen Boots Alliance, Inc., the Charter for the Trustees was replaced on December 9, 2016 by the Charter for the Walgreens Retirement Plans Committee. The new Charter set forth certain fiduciary responsibilities of the Retirement Plans Committee, including the responsibility for selecting, monitoring, and removing investment options for the Plan.

43. Both Charters state that Board of Directors of the Company has retained for itself the sole authority to appoint, monitor the performance of, and remove Trustees and/or the members of the Retirement Plans Committee.

44. The Plan provides for retirement income for over 100,000 Walgreen employees, former employees, and their beneficiaries (the Plan "participants"). A participant's retirement account balance primarily depends on contributions made on behalf of each employee by his or her employer, Walgreen's matching contributions, and the performance of investment options net of fees and expenses. The Walgreen Defendants exclusively control the selection and retention of the Plan's investment options.

45. The Plan has over \$10 billion in assets under management.³ The Plan's assets include individual stocks, commingled investment vehicles (e.g. collective investment trusts, mutual funds), and insurance contracts. Approximately \$8 billion – 80% of the Plan's assets – are invested in commingled investment vehicles, such as mutual funds and collective investment trusts. Of that, over \$3 billion— nearly 40%—are invested among 11 Northern Trust Funds.

46. With over \$10 billion in assets, the Plan has tremendous leverage to demand and receive superior investment products and services. Unfortunately, Walgreen did not effectively use that leverage to identify and select prudent target date options for Plan participants.

VI. WALGREEN'S BREACH OF FIDUCIARY DUTY

A. Walgreen Imprudently Retained Poorly-Performing Northern Trust Target Date Funds

47. As Plan fiduciary, Walgreen was responsible for monitoring the Plan's investment options. Walgreen failed to prudently perform this function. Walgreen selected a suite of target date funds—the Northern Trust Funds—that were chronic poor performers. Walgreen failed to remove the Funds from the Plan despite their abysmal underperformance for almost a decade.

48. Walgreen began offering the Northern Trust Funds⁴ to Plan participants in 2013. The Funds have target retirement dates ranging from 2010 to 2055⁵. The Funds are the only

³ Walgreen pools the assets of the Plan with the assets of another retirement plan, called the Walgreen Puerto Rico Profit-Sharing Retirement Plan, into a master trust known as the Walgreen Profit-Sharing Retirement Trust (the "Master Trust"). The Plan's assets comprise over 98% of the Master Trust.

⁴ These funds are organized as a collective investment trust (as opposed to a registered investment company or mutual fund). Collective investment trusts are subject to either state or federal banking regulations but are exempt from regulation by the Securities and Exchange Commission and the securities regulations of any state or other jurisdiction. Accordingly, public information is not as readily available for collective investment trusts as it would be for mutual funds. For information to support the allegations in the Complaint, Plaintiffs have relied primarily on Department of Labor filings and data published by Morningstar.

⁵ Walgreen added the Northern Trust Focus 2060 Fund to the Plan sometime after 12//31/17.

target date options on the Plan. Participants who want to invest in a target date strategy have no choices other than the Northern Trust Funds.

49. Walgreen also selected the Northern Trust Funds as the Plan's default investment options. If participants do not make investment fund elections, the Plan automatically invests their contributions, along with any matching contributions and/or earnings, in one of the Northern Trust Funds based on their age.

50. Based on publicly available Plan documents, Plan participants had invested over \$3 billion in the Northern Trust Funds as of December 31, 2017. In 2017, the Plan identified the following Northern Trust Funds along with the amount of Plan assets invested in each fund ⁶:

<u>Plan Option</u>	<u>Value \$</u>
Northern Trust Focus 2010 Fund	54,886,148.65
Northern Trust Focus 2015 Fund	123,019,535.82
Northern Trust Focus 2020 Fund	312,141,926.99
Northern Trust Focus 2025 Fund	455,941,096.74
Northern Trust Focus 2030 Fund	440,717,888.79
Northern Trust Focus 2035 Fund	472,980,472.93
Northern Trust Focus 2040 Fund	453,005,311.56
Northern Trust Focus 2045 Fund	403,732,955.85
Northern Trust Focus 2050 Fund	264,444,007.19
Northern Trust Focus 2055 Fund	120,233,400.52

⁶ According to the Plan's 2018 filing with the Department of Labor, \$5,083,792.64 of Plan assets were invested in the Northern Trust 2060 Fund. Morningstar places the Fund in its Target-Date 2060+ Category. As of June 30, 2019, the Fund performed worse than 90 percent of funds in that Category for past 3-years and worse than 56 percent of funds in that Category for the past year.

51. Retirement plan fiduciaries, like Walgreen, typically offer target date options through a suite of funds bundled by a single investment adviser (here, Northern Trust). Since Walgreen offers the Funds as a suite, Walgreen uses the same selection and monitoring process for each of the Northern Trust Funds.

52. Walgreen's selection and monitoring process for the Northern Trust Funds has been deficient. Before deciding to present the Northern Trust Funds to participants in 2013, any prudent fiduciary adhering to a rigorous process would have compared the Funds' performance with the performance of established target date benchmarks. According to Plan documents, the Plan uses the S&P Target Date Index as the investment benchmark for each of the Northern Trust Funds. Similarly, Morningstar uses the Morningstar Lifetime Moderate Index as the primary investment benchmark for each of the Northern Trust Funds. By 2013, when Walgreen first put the Northern Trust Funds on the Plan, the Funds had a track record of poor performance compared to these indexes. In fact, since Northern Trust created the Funds in 2010, they have underperformed relative to both benchmarks.

53. The Northern Trust Funds also had a record of underperforming relative to comparable target date funds. To measure each fund's investment performance relative to its peers, Morningstar places each of the Northern Trust Funds into a specific target date Morningstar Category⁷ that includes hundreds of other funds pursuing the same target retirement date investment strategy. Morningstar classifies the target date funds offered by Fidelity, T. Rowe Price, and Vanguard (collectively, the "Comparator Funds") within the same Category as the Northern Trust Funds. Each investment adviser for the Comparators Funds is an industry

⁷ A Morningstar Category is assigned by placing funds (e.g., Northern Trust, Fidelity, T. Rowe Price and Vanguard) into peer groups based on their underlying holdings. The underlying securities in each portfolio are the primary factor in Morningstar's analysis and proprietary classification methodology. Funds are placed in a category based on their portfolio statistics and compositions over the past three years.

leader capable of providing target date strategies to large 401(k) plans like the Walgreen Plan. Each of the Comparator Funds outperformed the Northern Trust Funds between 2010 and 2013. Still, Walgreen selected Northern Trust for the Plan instead of the Comparator Funds.

54. Walgreen's decision to select the Northern Trust Funds resulted in a swift and devastating blow to participants' retirement accounts. In 2013-2014, the first two years that the Plan offered the Northern Trust Funds, the Funds underperformed relative to the Comparator Funds by over \$200 million. Predictably, Northern Trust Funds continued underperforming throughout the class period. Since their inception in 2010, the Northern Trust Funds have experienced nearly a decade of continuous underperformance.

55. Still, Walgreen has failed to remove the Northern Trust Funds from the Plan. In 2017, Walgreen even added the Northern Trust 2060 Fund to the Plan's mix. A reasonable investigation by the Walgreen Defendants would have revealed the Funds' chronic underperformance and prompted Walgreen to remove and replace them with superior options.

56. To this day, the investment performance of each of the ten Northern Trust Funds has continued its downward spiral to the bottom of its respective Morningstar Category for the preceding 3-year, 5-year, and 10-year periods. As of February 1, 2020, most of the Northern Trust Funds have performed worse than between 70% and 100% of the hundreds of funds within their respective Morningstar Categories for the past 3-year, 5-year, and 10-year periods. The Northern Trust Funds have also continued underperforming the Morningstar Lifetime Moderate Index and S&P Target Date Index. The overall breadth and depth of the Northern Trust Funds' underperformance raises a plausible inference that Walgreen's selection and monitoring process was tainted by a failure of competency or effort.

57. In the tables below, Plaintiffs demonstrate the underperformance of the ten Northern Trust Funds compared to the S&P Target Date Index, the Morningstar Lifetime Moderate Index, and the Comparator Funds at various periods since 2010. The data presented below was available to the Walgreen Defendants throughout the Class Period in real-time.

58. The Comparators Funds listed in the tables below (Fidelity, T. Rowe Price, and Vanguard) pursue the same investment objectives as the Northern Trust Funds, are managed by well-known investment advisers, and are available to all large retirement plans. Walgreen would not have had to scour the market to find them. On the contrary, the Northern Trust Funds' performance was so bad that Walgreen would likely have had to scour the market to find offerings as poor-performing as the Northern Trust Funds.

59. By selecting the Northern Trust Funds and then failing to remove them from the Plan, Walgreen breached its fiduciary duty of prudence under ERISA. Walgreen's decisions have had a profound and lasting effect on the Plan. Plan participants have lost upwards of \$300 million in retirement savings since 2014.

A) Northern Trust Focus 2010 Fund⁸

60. The Northern Trust Focus 2010 Fund's abysmal underperformance dates to its inception. **Table 1.a** below, illustrates nearly four-years of underperformance leading up to the Class Period, relative to benchmark indexes and Comparator Funds.

Table 1.a

2010 – 2013

<u>Investment</u>	<u>Cumulative Return %</u>	<u>Annualized Return %</u>
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⁸ Plaintiffs recognize that the Court dismissed Plaintiffs' claims concerning the 2010 and 2015 Northern Trust Focus Funds in its order on March 16, 2020. Dkt. No. 46. Plaintiffs include allegations concerning these funds as relevant background for their remaining claims. Plaintiffs, however, do not waive their right to appeal the Court's decision concerning the 2010 and 2015 Northern Trust Focus Funds.

NT Focus 2010 Fund - Tier W	34.99	7.96
FIAM Blend Target Date 2010 S	41.66	9.30
T. Rowe Price Ret Hybrid 2010 Tr-T1	44.88	9.93
Vanguard Target Retirement 2010 Trust I	NA ⁹	NA
Morningstar Lifetime Mod 2010	41.75	9.32
S&P Target Date 2010	37.23	8.42

61. Any prudent fiduciary would have used the indexes and Comparator Funds listed in **Table 1.a** above as benchmarks for the performance of the Northern Trust Focus 2010 Fund. The Plan itself identifies the S&P Target Date 2010 Index as the benchmark index for the Northern Trust Focus 2010 Fund. Furthermore, Morningstar uses the Morningstar Lifetime Moderate 2010 Index as the primary investment benchmark for the Northern Trust Focus 2010 Fund. Morningstar also places the Northern Trust Focus 2010 Fund in its Target Date 2000-2010 Morningstar Category along with the Comparator Funds managed by Fidelity (“FIAM”), T. Rowe Price and Vanguard.

62. Despite four years of substantial underperformance, the Walgreen Defendants did not remove the Northern Trust Focus 2010 Fund from the Plan at the beginning of 2014. Predictably, the underperformance continued throughout the Class Period.

63. **Table 1.b** below illustrates the underperformance of the Northern Trust Focus

⁹ Although Vanguard offered the Vanguard Target Retirement 2010 Trust as a collective investment trust to 401(k) plans, Vanguard discontinued its target date 2010 strategy in 2017, as its asset allocation became substantially identical to the Target Retirement Income Fund. Plaintiffs could not access Morningstar archived performance data for the Vanguard Target Retirement 2010 Trust.

2010 Fund from 2014-2019 on an annualized basis. Furthermore, the differences in annual performance are even more pronounced when compounded over time. Thus, as the table demonstrates, the Northern Trust Focus 2010 Fund also significantly underperformed the benchmark indexes and Comparator Funds¹⁰ on a cumulative basis.

Table 1.b

Fund	2014	2015	2016	2017	2018	2019	Cumulative Compounded
Northern Trust Focus 2010 Fund W	4.96	-0.49	5.26	9.24	-3.01	9.44	27.48
FIAM Blend Target Date 2010 S	5.87	-0.37	6.77	11.70	-3.04	9.53	33.61
+/- Northern Trust	-0.91	-0.12	-1.51	-2.46	+0.03	-0.09	-6.13
T. Rowe Price Ret Hybrid 2010 Tr-T1	4.71	-0.41	6.78	12.12	-3.54	10.31	32.83
+/- Northern Trust	0.25	-0.08	-1.52	-2.88	+0.53	-0.87	-5.35
Morningstar Lifetime Mod 2010	5.16	-1.58	6.64	10.19	-2.97	9.94	29.75
+/- Northern Trust	-0.20	+1.09	-1.38	-0.95	-0.04	-0.50	-2.27
S&P Target Date 2010	5.07	-0.21	5.82	9.95	-3.10	9.19	29.06
+/- Northern Trust	-0.11	-0.28	-0.56	-0.71	+0.09	+0.25	-1.58

64. At the beginning of the Class Period in 2014, the assets of the Northern Trust Focus 2010 Fund totaled approximately \$87 million. **Table 1.c** below shows the hypothetical growth of \$87 million invested in the Northern Trust Focus 2010 Fund and each of the Comparator Funds from January 1, 2014 through June 30, 2019. As the table makes clear,

¹⁰ Data unavailable. See Note 8 Supra

Walgreen's failure to replace the Northern Trust Focus 2010 Fund with one of these Comparator Funds in 2014 resulted in the Plan losing upwards of \$5.3 million in retirement savings.

Table 1.c

Fund Name	Compounded Performance	Annualized Performance	Growth of \$87 Million
Northern Trust Focus 2010 Fund W	27.48	4.51	\$110,908,600
FIAM Blend Target Date 2010 S	33.61	5.41	\$116,237,638
+/- Northern Trust	-6.13	-0.90	- \$5,329,038
T. Rowe Price Ret Hybrid 2010 Tr-T1	32.83	5.30	\$115,565,284
+/- Northern Trust	-5.35	-0.79	- \$4,656,684

B) Northern Trust Focus 2015 Fund:

65. The Northern Trust Focus 2015 Fund's abysmal underperformance dates to its inception. **Table 2.a** below, illustrates nearly four-years of underperformance leading up to the Class Period, relative to benchmark indexes and Comparator Funds.

Table 2.a

2010-2013

<u>Investment</u>	<u>Cumulative Return %</u>	<u>Annualized Return %</u>
NT Focus 2015 Fund - Tier W	38.54	8.68
FIAM Blend Target Date 2015 S	43.36	9.63
T. Rowe Price Ret Hybrid 2015 Tr-T1	51.17	11.13
Vanguard Target Retirement 2015 Trust I	46.78	10.29
Morningstar Lifetime Mod 2015	45.96	10.14

S&P Target Date 2015

43.35

9.63

66. Any prudent fiduciary would have used the indexes and Comparator Funds listed in **Table 2.a** above as benchmarks for the performance of the Northern Trust Focus 2015 Fund. The Plan itself identifies the S&P Target Date 2015 Index as the benchmark index for the Northern Trust Focus 2015 Fund. Furthermore, Morningstar assigns the Morningstar Lifetime Moderate 2015 Index as the primary investment benchmark for the Northern Trust Focus 2015 Fund. Morningstar also places the Northern Trust Focus 2015 Fund in its Target Date 2015 Morningstar Category along with the Comparator Funds managed by Fidelity (“FIAM”), T. Rowe Price and Vanguard.

67. Despite four-years of substantial underperformance, the Walgreen Defendants did not remove the Northern Trust Focus 2015 Fund from the Plan at the beginning of 2014. Predictably, the underperformance continued throughout the Class Period.

68. **Table 2.b** below illustrates the underperformance of the Northern Trust Focus 2015 Fund from January 1, 2014 through June 30, 2019 on an annualized basis. Furthermore, the differences in annual performance are even more pronounced when compounded over time. Thus, as the table demonstrates, the Northern Trust Focus 2015 Fund also significantly underperformed the benchmark indexes and Comparator Funds on a cumulative basis.

Table 2.b

Fund	2014	2015	2016	2017	2018	2019	Cumulative Compounded
Northern Trust Focus 2015 Fund W	4.69	-0.87	5.46	9.74	-3.21	9.65	27.46

FIAM Blend Target Date 2015 S	6.32	0.00	7.27	13.55	-4.02	10.79	37.71
+/- Northern Trust	-1.63	-0.87	-1.81	-3.81	+0.81	-1.14	-10.25
T. Rowe Price Ret Hybrid 2015 Tr- T1	5.26	-0.47	7.29	13.78	-4.11	11.20	36.37
+/- Northern Trust	-0.57	-0.40	-1.83	-4.04	+0.90	-1.55	-8.91
Vanguard Target Retirement 2015 Trust 1	6.65	-0.39	6.28	11.56	-2.94	9.75	32.28
+/- Northern Trust	-1.96	-0.48	-0.82	-1.82	-0.27	-0.1	-4.82
Morningstar Lifetime Mod 2015	5.55	-1.73	7.10	11.39	-3.54	10.81	32.28
+/- Northern Trust	-0.86	+0.86	-1.64	-1.65	+0.33	-1.16	-4.82
S&P Target Date 2015	5.49	-0.16	6.56	11.39	-3.67	9.87	32.31
+/- Northern Trust	-0.80	-0.71	-1.10	-1.65	+0.46	-0.22	-4.85

69. At the beginning of the Class Period in 2014, the assets of the Northern Trust Focus 2015 Fund totaled approximately \$220 million. **Table 2.c** below shows the hypothetical growth of \$220 million invested in the Northern Trust Focus 2015 Fund and each of the Comparator Funds from January 1, 2014 through June 30, 2019. As the table makes clear, Walgreen's failure to replace the Northern Trust Focus 2015 Fund with one of these Comparator Funds in 2014 resulted in the Plan losing upwards of \$22.5 million in retirement savings.

Table 2.c

Fund Name	Compounded Performance	Annualized Performance	Growth of \$220 Million
Northern Trust Focus 2015 Fund W	27.46	4.51	\$280,412,128

FIAM Blend Target Date 2015 S	37.71	5.99	\$302,956,400
+/- Northern Trust	-10.25	-1.48	- \$22,544,272
T. Rowe Price Ret Hybrid 2015 Tr-T1	36.37	5.80	\$300,014,037
+/- Northern Trust	-8.91	-1.29	- \$19,601,909
Vanguard Target Retirement 2015 Trust 1	34.18	5.49	\$295,186,378
+/- Northern Trust	-6.72	-0.98	- \$14,774,250

C) Northern Trust Focus 2020 Fund:

70. The Northern Trust Focus 2020 Fund's abysmal underperformance dates to its inception. **Table 3.a** below, illustrates nearly four-years of underperformance leading up to the Class Period, relative to benchmark indexes and Comparator Funds.

Table 3.a

2010 – 2013

<u>Investment</u>	<u>Cumulative Return %</u>	<u>Annualized Return %</u>
NT Focus 2020 Fund - Tier W	42.28	9.42
FIAM Blend Target Date 2020 S	48.19	10.56
T. Rowe Price Ret Hybrid 2020 Tr-T1	56.43	12.10
Vanguard Target Retirement 2020 Trust I	51.73	11.23
Morningstar Lifetime Mod 2020	51.19	11.13
S&P Target Date 2020	48.91	10.70

71. Any prudent fiduciary would have used the indexes and Comparator Funds listed in **Table 3.a** above as benchmarks for the performance of the Northern Trust Focus 2020 Fund.

The Plan itself identifies the S&P Target Date 2020 Index as the benchmark index for the Northern Trust Focus 2020 Fund. Furthermore, Morningstar assigns the Morningstar Lifetime Moderate 2020 Index as the primary investment benchmark for the Northern Trust Focus 2020 Fund. Morningstar also places the Northern Trust Focus 2020 Fund in its Target Date 2020 Morningstar Category along with the Comparator Funds managed by Fidelity (“FIAM”), T. Rowe Price and Vanguard.

72. Despite four-years of substantial underperformance, the Walgreen Defendants did not remove the Northern Trust Focus 2020 Fund from the Plan at the beginning of 2014. Predictably, the Fund continued underperforming throughout the Class Period.

73. **Table 3.b** below illustrates the underperformance of the Northern Trust Focus 2020 Fund from January 1, 2014 through June 30, 2019 on an annualized basis. Furthermore, the differences in annual performance are even more pronounced when compounded over time. Thus, as the table demonstrates, the Northern Trust Focus 2020 Fund significantly underperformed the benchmark indexes and Comparator Funds on a cumulative basis.

Table 3.b

Fund	2014	2015	2016	2017	2018	2019	Cumulative Compounded
Northern Trust Focus 2020 Fund W	4.46	-1.27	5.76	10.71	-3.64	10.10	28.10
FIAM Blend Target Date 2020 S	6.42	-0.22	7.54	14.82	-4.76	11.74	39.53
+/- Northern Trust	-1.96	-1.05	-1.78	-4.11	+1.12	-1.64	-11.43
T. Rowe Price Ret Hybrid 2020 Tr-T1	5.67	-0.52	7.89	15.90	-4.84	12.38	40.57
+/- Northern Trust	-1.21	-0.75	-2.13	-5.19	+1.20	-2.28	-12.47

Vanguard Target Retirement 2020 Trust 1	7.22	-0.55	7.03	14.18	-4.18	11.35	39.03
+/- Northern Trust	-2.76	-0.72	-1.27	-3.47	+0.54	-1.25	-10.93
Morningstar Lifetime Mod 2020	5.87	-1.88	7.66	12.79	-4.16	11.71	35.03
+/- Northern Trust	-1.41	+0.61	-1.90	-2.08	+0.52	-1.61	-6.93
S&P Target Date 2020	5.67	-0.19	7.22	12.80	-4.16	10.54	35.14
+/- Northern Trust	-1.21	-1.08	-1.46	-2.09	+0.52	-0.44	-7.04

74. Put in a broader context, according to Morningstar, as of the Fund's tenth anniversary on February 1, 2020, the Northern Trust Focus 2020 Fund performed worse than 71% of all peer funds in the Target Date 2020 Morningstar Category over the preceding 10-year period; worse than 80% of Morningstar peer funds in the preceding 5-year period; and worse than 73% of Morningstar peer funds in the preceding 3-year period. In those periods, there have been between 93 and 196 funds in the Target Date 2020 Morningstar Category.

75. At the beginning of the Class Period in 2014, the assets of the Northern Trust Focus 2020 Fund totaled approximately \$330 million. **Table 3.c** below shows the hypothetical growth of \$330 million invested in the Northern Trust Focus 2020 Fund and each of the comparator funds from January 1, 2014 through June 30, 2019. As the table makes clear, Walgreen's failure to replace the Northern Trust Focus 2020 Fund with one of these Comparator Funds in 2014 resulted in the Plan losing upwards of \$41.1 million in retirement savings.

Table 3.c

Fund Name	Compounded Performance	Annualized Performance	Growth of \$330 Million
Northern Trust Focus 2020 Fund W	28.10	4.61	\$422,726,455

FIAM Blend Target Date 2020 S	39.53	6.24	\$460,457,359
+/- Northern Trust	-11.43	-1.63	- \$37,730,904
T. Rowe Price Ret Hybrid 2020 Tr-T1	40.57	6.39	\$463,870,123
+/- Northern Trust	-12.47	-1.78	- \$41,143,668
Vanguard Target Retirement 2020 Trust 1	39.03	6.17	\$458,806,360
+/- Northern Trust	-10.93	-1.56	-\$ 36,079,905

D) Northern Trust Focus 2025 Fund:

76. The Northern Trust Focus 2025 Fund's abysmal underperformance dates to its inception. **Table 4.a** below illustrates nearly four-years of underperformance leading up to the Class Period, relative to benchmark indexes and Comparator Funds.

Table 4.a

2010 – 2013

<u>Investment</u>	<u>Cumulative Return %</u>	<u>Annualized Return %</u>
NT Focus 2025 Fund - Tier W	45.88	10.12
FIAM Blend Target Date 2025 S	55.01	11.84
T. Rowe Price Ret Hybrid 2025 Tr-T1	60.99	12.93
Vanguard Target Retirement 2025 Trust I	56.08	12.04
Morningstar Lifetime Mod 2025	57.24	12.25
S&P Target Date 2025	53.70	11.60

77. Any prudent fiduciary would have used the indexes and Comparator Funds listed in **Table 4.a** above as benchmarks for the performance of the Northern Trust Focus 2025 Fund.

The Plan itself identifies the S&P Target Date 2025 Index as the benchmark index for the Northern Trust Focus 2025 Fund. Furthermore, Morningstar assigns the Morningstar Lifetime Moderate 2025 Index as the primary investment benchmark for the Northern Trust Focus 2025 Fund. Morningstar also places the Northern Trust Focus 2025 Fund in its Target Date 2025 Morningstar Category along with the Comparator Funds managed by Fidelity (“FIAM”), T. Rowe Price and Vanguard.

78. Despite four-years of substantial underperformance, the Walgreen Defendants did not remove the Northern Trust Focus 2025 Fund from the Plan at the beginning of 2014. Predictably, the underperformance continued throughout the Class Period.

79. **Table 4.b** below illustrates the underperformance of the Northern Trust Focus 2025 Fund from January 1, 2014 through June 30, 2019 on an annualized basis. Furthermore, the differences in annual performance are even more pronounced when compounded over time. Thus, as the table demonstrates, the Northern Trust Focus 2025 Fund also significantly underperformed the benchmark indexes and Comparator Funds on a cumulative basis.

Table 4.b

Fund	2014	2015	2016	2017	2018	2019	Cumulative Compounded
Northern Trust Focus 2025 Fund W	4.18	-1.66	6.31	12.42	-4.35	10.84	29.80
FIAM Blend Target Date 2025 S	6.63	-0.22	7.83	16.00	-5.39	12.70	41.91
+/- Northern Trust	-2.45	-1.44	-1.52	-3.58	+1.04	-1.86	-12.11
T. Rowe Price Ret Hybrid 2025 Tr-T1	6.04	-0.52	8.33	17.60	-5.52	13.41	43.99
+/- Northern Trust	-1.86	-1.14	-2.02	-5.18	1.17	-2.57	-14.19

Vanguard Target Retirement 2025 Trust 1	7.25	-0.70	7.55	16.02	-5.06	12.53	41.98
+/- Northern Trust	-3.07	-0.96	-1.24	-3.6	0.71	-1.69	-12.18
Morningstar Lifetime Mod 2025	6.04	-2.06	8.39	14.54	-4.90	12.68	38.16
+/- Northern Trust	-1.86	0.40	-2.08	-2.12	0.55	-1.84	-8.36
S&P Target Date 2025	5.56	-0.25	7.82	14.55	-5.02	11.61	37.86
+/- Northern Trust	-1.38	-1.41	-1.51	-2.13	0.67	-0.77	-8.06

80. Put in a broader context, according to Morningstar, as of the Fund's tenth anniversary on February 1, 2020, the Northern Trust Focus 2025 Fund performed worse than 84% of peer funds in the Target Date 2025 Morningstar Category in the preceding 10-year period; worse than 85% of Morningstar peer funds in the preceding 5-year period; and worse than 82% of Morningstar peer funds in the preceding 3-year period. During those periods, there have been between 83 and 197 funds in the Target Date 2025 Morningstar Category.

81. At the start of the Class Period in 2014, the assets of the Northern Trust Focus 2025 Fund totaled approximately \$388 million. **Table 4.c** below shows the hypothetical growth of \$338 million invested in the Northern Trust Focus 2025 Fund and each of the comparator funds from January 1, 2014 through June 30, 2019. As the table makes clear, Walgreen's failure to replace the Northern Trust Focus 2025 Fund with one of the Comparator Funds in 2014 resulted in the Plan losing upwards of \$55 million in retirement savings.

Table 4.c

Fund Name	Compounded Performance	Annualized Performance	Growth of \$388 Million
Northern Trust Focus 2025 Fund W	29.80	4.86	\$503,617,487

FIAM Target Blend 2025 S	41.91	6.57	\$550,622,413
+/- Northern Trust	-12.11	-1.71	- \$47,004,926
T. Rowe Price Ret Hybrid 2025 Tr-T1	43.99	6.85	\$558,698,697
+/- Northern Trust	-14.19	-1.99	- \$55,081,210
Vanguard Target Retirement 2025 Trust 1	41.98	6.58	\$550,890,212
+/- Northern Trust	-12.18	-1.72	- \$47,272,725

E) Northern Trust Focus 2030 Fund:

82. The Northern Trust Focus 2030 Fund's abysmal underperformance dates to its inception. **Table 5.a** below illustrates nearly four-years of underperformance leading up to the Class Period, relative to benchmark indexes and Comparator Funds.

Table 5.a

2010 – 2013

<u>Investment</u>	<u>Cumulative Return %</u>	<u>Annualized Return %</u>
NT Focus 2030 Fund - Tier W	49.77	10.86
FIAM Blend Target Date 2030 S	58.29	12.44
T. Rowe Price Ret Hybrid 2030 Tr-T1	65.10	13.66
Vanguard Target Retirement 2030 Trust I	60.69	12.87
Morningstar Lifetime Mod 2030	62.76	13.24
S&P Target Date 2030	57.75	12.34

83. Any prudent fiduciary would have used the indexes and Comparator Funds listed in **Table 5.a** above as benchmarks for the performance of the Northern Trust Focus 2030 Fund.

The Plan identifies the S&P Target Date 2030 Index as the benchmark index for the Northern Trust Focus 2030 Fund. Furthermore, Morningstar assigns the Morningstar Lifetime Moderate 2030 Index as the primary investment benchmark for the Northern Trust Focus 2030 Fund. Morningstar also places the Northern Trust Focus 2030 Fund in its Target Date 2030 Morningstar Category along with the Comparator Funds managed by Fidelity (“FIAM”), T. Rowe Price and Vanguard.

84. Despite four-years of substantial underperformance, the Walgreen Defendants did not remove the Northern Trust Focus 2030 Fund from the Plan. Predictably, the underperformance continued throughout the Class Period.

85. **Table 5.b** below illustrates the underperformance of the Northern Trust Focus 2030 Fund from January 1, 2014 through 2019 on an annualized basis. Furthermore, the differences in annual performance are even more pronounced when compounded over time. Thus, as the table demonstrates, the Northern Trust Focus 2030 Fund also significantly underperformed benchmark indexes and the Comparator Funds on a cumulative basis.

Table 5.b

Fund	2014	2015	2016	2017	2018	2019	Cumulative Compounded
Northern Trust Focus 2030 Fund W	3.90	-2.09	7.31	15.67	-5.73	12.33	33.70
FIAM Blend Target Date 2030 S	6.80	-0.45	8.51	18.79	-6.54	14.19	46.24
+/- Northern Trust	-2.90	-1.64	-1.20	-3.12	+0.81	-1.86	-12.54
T. Rowe Price Ret Hybrid 2030 Tr-T1	6.32	-0.58	8.75	19.22	-6.15	14.27	46.97
+/- Northern Trust	-2.42	-1.51	-1.44	-3.55	+0.42	-1.94	-13.27

Vanguard Target Retirement 2030 Trust 1	7.28	-0.91	7.93	17.61	-5.77	13.30	44.07
+/- Northern Trust	-3.38	-1.18	-0.62	-1.94	+0.04	-0.97	-10.37
Morningstar Lifetime Mod 2030	6.01	-2.30	9.26	16.59	-5.82	13.73	41.32
+/- Northern Trust	-2.11	+0.21	-1.95	-0.92	+0.09	-1.4	-7.62
S&P Target Date 2030	5.64	-0.30	8.35	16.19	-5.99	12.78	36.98
+/- Northern Trust	-1.74	-1.79	-1.04	-0.52	+0.26	-0.45	-3.28

86. Put in a broader context, according to Morningstar, as of the Fund's tenth anniversary on February 1, 2020, the Northern Trust Focus 2030 Fund performed worse than 76% of peer funds in the Target Date 2030 Morningstar Category for the preceding 10-year period; worse than 73% of Morningstar peer funds during the preceding 5-year period; and worse than 69% of Morningstar peer funds during the preceding 3-year period. During those periods, there have been between 95 and 207 funds in the Target Date 2030 Morningstar Category.

87. At the beginning of the Class Period in 2014, the assets of the Northern Trust Focus 2030 Fund totaled approximately \$327 million. **Table 5.c** below shows the hypothetical growth of \$327 million invested in the Northern Trust Focus 2030 Fund and each of the Comparator Funds from January 1, 2014 through June 30, 2019 rounded to the nearest million. As the table makes clear, Walgreen's failure to replace the Northern Trust Focus 2030 Fund with one of the Comparator Funds in 2014 resulted in the Plan losing upwards of \$43.3 million in retirement savings.

Table 5.c

Fund Name	Compounded Performance	Annualized Performance	Growth of \$327 Million
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Northern Trust Focus 2030 Fund W	33.70	5.42	\$437,215,106
FIAM Blend Target Date 2030 S	46.24	7.15	\$478,192,440
+/- Northern Trust	-12.54	-1.73	- \$40,977,334
T. Rowe Price Ret Hybrid 2030 Tr-T1	46.97	7.25	\$480,607,653
+/- Northern Trust	-13.27	-1.83	- \$43,392,547
Vanguard Target Retirement 2030 Trust 1	44.07	6.86	\$471,093,349
+/- Northern Trust	-10.37	-1.44	- \$33,878,243

F) Northern Trust Focus 2035 Fund:

88. The Northern Trust Focus 2035 Fund's abysmal underperformance dates to its inception. **Table 6.a** below, illustrates nearly four-years of underperformance leading up to the Class Period, relative to benchmark indexes and Comparator Funds.

Table 6.a

2010 – 2013

<u>Investment</u>	<u>Cumulative Return %</u>	<u>Annualized Return %</u>
NT Focus 2035 Fund - Tier W	53.37	11.54
FIAM Blend Target Date 2035 S	62.80	13.25
T. Rowe Price Ret Hybrid 2035 Tr-T1	67.99	14.16
Vanguard Target Retirement 2035 Trust I	65.13	13.66
Morningstar Lifetime Mod 2035	66.32	13.87
S&P Target Date 2035	61.13	12.95

89. Any prudent fiduciary would have used the indexes and Comparator Funds listed in **Table 6.a** above as benchmarks for the performance of the Northern Trust Focus 2035 Fund. The Plan itself identifies the S&P Target Date 2035 Index as the benchmark index for the Northern Trust Focus 2035 Fund. Furthermore, Morningstar assigns the Morningstar Lifetime Moderate 2035 Index as the primary investment benchmark for the Northern Trust Focus 2035 Fund. Morningstar also places the Northern Trust Focus 2035 Fund in its Target Date 2035 Morningstar Category along with the Comparator Funds managed by Fidelity (“FIAM”), T. Rowe Price and Vanguard.

90. Despite four-years of substantial underperformance, the Walgreen Defendants did not remove the Northern Trust Focus 2035 Fund from the Plan at the beginning of 2014. Predictably, the underperformance continued throughout the Class Period.

91. **Table 6.b** below illustrates the underperformance of the Northern Trust Focus 2035 Fund from January 1, 2014 through June 30, 2019 on an annualized basis. Furthermore, the differences in annual performance are even more pronounced when compounded over time. Thus, as the table demonstrates, the Northern Trust Focus 2035 Fund also significantly underperformed the benchmark indexes and Comparator Funds a cumulative basis.

Table 6.b

Fund	2014	2015	2016	2017	2018	2019	Cumulative Compounded
Northern Trust Focus 2035 Fund W	3.60	-2.50	8.30	18.95	-7.43	8.02	37.59
FIAM Blend Target Date 2035 S	6.90	-0.52	8.94	20.86	-7.83	9.42	49.38
+/- Northern Trust	-3.3	-1.98	-0.64	-1.91	+0.40	-1.4	-11.79

T. Rowe Price Ret Hybrid 2035 Tr-T1	6.42	-0.63	9.01	20.52	-6.66	8.96	49.12
+/- Northern Trust	-2.82	-1.87	-0.71	-1.57	-0.77	-0.94	-11.53
Vanguard Target Retirement 2035 Trust 1	7.26	-1.09	8.35	19.22	-6.52	8.40	46.16
+/- Northern Trust	-3.66	-1.41	-0.05	-0.27	-0.91	-0.38	-8.57
Morningstar Lifetime Mod 2035 TR	5.80	-2.58	10.07	18.52	-6.82	8.87	43.70
+/- Northern Trust	-2.20	+0.08	-1.77	+0.43	-0.61	-0.85	-6.11
S&P Target Date 2035	5.69	-0.35	8.85	17.78	-6.88	8.09	43.06
+/- Northern Trust	-2.09	-2.15	-0.55	+1.17	-0.55	-0.07	-5.47

92. Put in a broader context, according to Morningstar, as of the Fund's tenth anniversary on February 1, 2020, the Northern Trust Focus 2035 Fund performed worse than 83% and of all peer funds in the Target Date 2035 Morningstar Category in the preceding 10-year period; worse than 81% of Morningstar peer funds in the preceding 5-year period; and worse than 56% of Morningstar peer funds during the preceding 3-year period. During those periods, there have been between 80 and 194 funds in the Target Date 2035 Morningstar Category.

93. At the beginning of the Class Period in 2014, the assets of the Northern Trust Focus 2035 Fund totaled approximately \$330 million. **Table 6.c** below shows the hypothetical

growth of \$330 million invested in the Northern Trust Focus 2035 Fund and each of its Comparator Funds from January 1, 2014 through June 30, 2019. As the table makes clear, Walgreen's failure to replace the Northern Trust Focus 2035 Fund with one of the Comparator Funds in 2014 resulted in the Plan losing upwards of \$38.9 million in retirement savings.

Table 6.c

Fund Name	Compounded Performance	Annualized Performance	Growth of \$330 Million
Northern Trust Focus 2035 Fund W	37.59	5.97	\$454,049,548
FIAM Blend Target Date 2035 S	49.38	7.57	\$492,960,461
+/- Northern Trust	-11.79	-1.60	- \$38,910,913
T. Rowe Price Ret Hybrid 2035 Tr-T1	49.12	7.54	\$492,101,591
+/- Northern Trust	-11.53	-1.57	- \$38,052,043
Vanguard Target Retirement 2035 Trust 1	46.16	7.14	\$482,313,919
+/- Northern Trust	-8.57	-1.17	- \$28,264,371

G) Northern Trust Focus 2040 Fund:

94. The Northern Trust Focus 2040 Fund's abysmal underperformance dates to its inception. **Table 7.a**, below, illustrates nearly four-years of underperformance leading up to the Class Period, relative to benchmark indexes and Comparator Funds.

Table 7.a
2010 – 2013

<u>Investment</u>	<u>Cumulative Return %</u>	<u>Annualized Return %</u>
NT Focus 2040 Fund - Tier W	55.11	11.86
FIAM Blend Target 2040 S	63.47	13.37
T. Rowe Price Ret Hybrid 2040 Tr-T1	69.27	14.38
Vanguard Target Retirement 2040 Trust I	67.42	14.06
Morningstar Lifetime Mod 2040	67.63	14.10
S&P Target Date 2040	63.57	13.39

95. Any prudent fiduciary would have used the indexes and Comparator Funds listed in **Table 7.a** above as benchmarks for the performance of the Northern Trust Focus 2040 Fund. The Plan itself identifies the S&P Target Date 2040 Index as the benchmark index for the Northern Trust Focus 2040 Fund. Furthermore, Morningstar assigns the Morningstar Lifetime Moderate 2040 Index as the primary investment benchmark for the Northern Trust Focus 2040 Fund. Morningstar also places the Northern Trust Focus 2040 Fund in its Target Date 2040 Morningstar Category along with the Comparator Funds managed by Fidelity (“FIAM”), T. Rowe Price and Vanguard.

96. Despite four-years of substantial underperformance, the Walgreen Defendants did not remove the Northern Trust Focus 2040 Fund from the Plan at the beginning of 2014. Predictably, the underperformance continued throughout the Class Period.

97. **Table 7.b** below illustrates the underperformance of the Northern Trust Focus 2040 Fund from January 1, 2014 through June 30, 2019 on an annualized basis. Furthermore, the differences in annual performance are even more pronounced when compounded over time.

Thus, as the table demonstrates, the Northern Trust Focus 2040 Fund also significantly underperformed the benchmark indexes and Comparator Funds on a cumulative basis.

Table 7.b

Fund	2014	2015	2016	2017	2018	2019	Cumulative Compounded
Northern Trust Focus 2040 Fund W	3.35	-2.96	8.59	19.95	-8.20	14.88	37.78
FIAM Blend Target Date 2040 S	6.91	-0.52	8.99	21.06	-8.38	16.15	49.33
+/- Northern Trust	-3.56	-2.44	-0.40	-1.11	+0.18	-1.27	-11.55
T. Rowe Price Ret Hybrid 2040 Tr-T1	6.50	-0.57	9.17	21.49	-7.06	15.65	50.97
+/- Northern Trust	-3.15	-2.39	-0.58	-1.54	-1.14	-0.77	-13.19
Vanguard Target Retirement 2040 Trust 1	7.29	-1.44	8.80	20.82	-7.27	14.85	48.02
+/- Northern Trust	-3.94	-1.52	-0.21	-0.87	-0.93	+0.03	-10.24
Morningstar Lifetime Mod 2040	5.51	-2.83	10.61	19.87	-7.65	15.35	44.80
+/- Northern Trust	-2.16	-0.13	-2.02	+0.08	-0.55	-0.47	-7.02
S&P Target Date 2040	5.69	-0.40	9.23	18.87	-7.41	14.45	44.83
+/- Northern Trust	-2.34	-2.56	-0.64	+1.08	-0.79	+0.43	-7.05

98. Put in a broader context, according to Morningstar, as of the Fund's tenth anniversary on February 1, 2020, the Northern Trust Focus 2040 Fund performed worse than 84% of all peer funds in the Target Date 2040 Morningstar Category in the preceding 10-year period; worse than 71% of Morningstar peer funds in the preceding 5-year period; and worse

than 62% of Morningstar peer funds in the preceding 3-yr period. During those periods, there have been between 95 and 207 funds in the Target Date 2040 Morningstar Category.

99. At the beginning of the Class Period in 2014, the assets of the Northern Trust Focus 2040 Fund totaled approximately \$304 million. **Table 7.c** below shows the hypothetical growth of \$304 million invested in the Northern Trust Focus 2040 Fund and each of the Comparator Funds from January 1, 2015 through June 30, 2019. As the table makes clear, Walgreen's failure to replace the Northern Trust Focus 2040 Fund with one of the Comparator Funds in 2014 resulted in the Plan losing upwards of \$40.1 million in lost savings.

Table 7.c

Fund Name	Compounded Performance	Annualized Performance	Growth of \$304 Million
Northern Trust Focus 2040 Fund W	37.78	6.00	\$418,843,957
FIAM Blend Target Date 2040 S	49.33	7.56	\$453,958,564
+/- Northern Trust	-11.55	-1.56	- \$35,114,607
T. Rowe Price Ret Hybrid 2040 Tr-T1	50.97	7.78	\$458,952,410
+/- Northern Trust	-13.19	-1.78	- \$40,108,453
Vanguard Target Retirement 2040 Trust 1	48.02	7.39	\$449,994,608
+/- Northern Trust	-10.24	-1.39	- \$31,150,651

H) Northern Trust Focus 2045 Fund:

100. The Northern Trust Focus 2045 Fund's abysmal underperformance dates to its inception. **Table 8.a**, below, illustrates nearly four-years of underperformance leading up to the Class Period, relative to benchmark indexes and Comparator Funds.

Table 8.a

<u>Investment</u>	<u>2010 – 2013</u>	
	<u>Cumulative Return %</u>	<u>Annualized Return %</u>
NT Focus 2045 Fund - Tier W	55.15	11.87
FIAM Blend Target Date 2045 S	64.90	13.62
T. Rowe Price Ret Hybrid 2045 Tr-T1	69.16	14.36
Vanguard Target Retirement 2045 Trust I	67.48	14.07
Morningstar Lifetime Mod 2045	67.42	14.06
S&P Target Date 2045	65.38	13.71

101. Any prudent fiduciary would have used the indexes and Comparator Funds listed in **Table 8.a** above as benchmarks for the performance of the Northern Trust Focus 2045 Fund. The Plan itself identifies the S&P Target Date 2045 Index as the benchmark index for the Northern Trust Focus 2045 Fund. Furthermore, Morningstar assigns the Morningstar Lifetime Moderate 2045 Index as the primary investment benchmark for the Northern Trust Focus 2045 Fund. Morningstar also places the Northern Trust Focus 2045 Fund in its Target Date 2045 Morningstar Category along with the Comparator Funds managed by Fidelity (“FIAM”), T. Rowe Price and Vanguard.

102. Despite four-years of substantial underperformance, the Walgreen Defendants did not remove the Northern Trust Focus 2045 Fund from the Plan at the beginning of 2014. Predictably, the underperformance continued throughout the Class Period.

103. **Table 8.b** below illustrates the underperformance of the Northern Trust Focus 2045 Fund from January 1, 2014 through June 30, 2019 on an annualized basis. Furthermore, the differences in annual performance are even more pronounced when compounded over time.

Thus, as the table demonstrates, the Northern Trust Focus 2045 Fund also significantly underperformed the benchmark indexes and Comparator Funds on a cumulative basis.

Table 8.b

Fund	2014	2015	2016	2017	2018	2019	Cumulative Compounded
Northern Trust Focus 2045 Fund W	3.35	-2.95	8.57	19.79	-8.13	14.81	37.60
FIAM Blend Target Date 2045 S	6.80	-0.60	9.02	21.03	-8.34	16.13	49.11
+/- Northern Trust	-3.45	-2.35	-0.45	-1.24	+0.21	-1.32	-11.51
T. Rowe Price Ret Hybrid 2045 Tr-T1	6.57	-0.63	9.24	21.96	-7.36	16.00	51.61
+/- Northern Trust	-3.22	-2.32	-0.67	-2.17	-0.77	-1.19	-14.01
Vanguard Target Retirement 2045 Trust 1	7.29	-1.47	8.94	21.52	-7.86	15.44	48.86
+/- Northern Trust	-3.94	-1.48	-0.37	-1.73	-0.27	-0.63	-11.26
Morningstar Lifetime Mod 2045	5.25	-3.03	10.84	20.53	-8.17	15.64	44.80
+/- Northern Trust	-1.90	+0.08	-2.27	-0.74	+0.04	-0.83	-7.20
S&P Target Date 2045	5.67	-0.46	9.54	19.56	-7.74	14.78	45.86
+/- Northern Trust	-2.32	-2.49	-0.97	+0.23	-0.39	+0.03	-8.26

104. Put in a broader context, according to Morningstar, as of the Fund's tenth anniversary on February 1, 2020, the Northern Trust Focus 2045 Fund performed worse than 96% of all peer funds in the Target Date 2045 Morningstar Category in the preceding 10-year period; worse than 80% of Morningstar peer funds in the preceding 5-year period; and worse

than 77% of Morningstar peer funds in the preceding 3-year period. During those periods, there have been between 79 and 194 funds in the Target Date 2045 Morningstar Category.

105. At the beginning of the Class Period in 2014, the assets of the Northern Trust Focus 2045 Trust Fund totaled approximately \$250 million. **Table 8.c** below shows the hypothetical growth of \$250 million invested in the Northern Trust Focus 2045 Fund and each of the comparator funds from January 1, 2014 through June 30, 2019. As the table makes clear, Walgreen's failure to replace the Northern Trust Focus 2045 Fund with one of the Comparator Funds in 2014 resulted in the Plan losing upwards of \$35 million in retirement savings.

Table 8.c

Fund Name	Compounded Performance	Annualized Performance	Growth of \$250 Million
Northern Trust Focus 2045 Fund W	37.60	5.97	\$343,999,617
FIAM Blend Target Date 2045 S	49.11	7.53	\$372,782,628
+/- Northern Trust	-11.51	-1.56	- \$28,783,011
T. Rowe Price Ret Hybrid 2045 Tr-T1	51.61	7.86	\$379,021,500
+/- Northern Trust	-14.01	-1.89	- \$35,021,883
Vanguard Target Retirement 2045 Trust 1	48.86	7.50	\$372,138,961
+/- Northern Trust	-11.26	-1.53	-\$28,139,344

I) Northern Trust Focus 2050 Fund:

106. The Northern Trust Focus 2050 Fund's abysmal underperformance dates to its inception. **Table 9.a** below illustrates nearly four-years of underperformance leading up to the Class Period, relative to benchmark indexes and Comparator Funds.

Table 9.a

<u>Investment</u>	<u>2010 – 2013</u>	
	<u>Cumulative Return %</u>	<u>Annualized Return %</u>
NT Focus 2050 Fund - Tier W	55.22	11.88
FIAM Blend Target Date 2050 S	65.45	13.72
T. Rowe Price Ret Hybrid 2050 Tr-T1	69.42	14.41
Vanguard Target Retirement 2050 Trust I	67.48	14.07
Morningstar Lifetime Mod 2050	67.42	14.06
S&P Target Date 2050	65.38	13.71

107. Any prudent fiduciary would have used the indexes and Comparator Funds listed in **Table 9.a** above as benchmarks for the performance of the Northern Trust Focus 2050 Fund. The Plan itself identifies the S&P Target Date 2050 Index as the benchmark index for the Northern Trust Focus 2050 Fund. Furthermore, Morningstar assigns the Morningstar Lifetime Moderate 2050 Index as the primary investment benchmark for the Northern Trust Focus 2050 Fund. Morningstar also places the Northern Trust Focus 2050 Fund in its Target Date 2050 Morningstar Category along with the Comparator Funds managed by Fidelity (“FIAM”), T. Rowe Price and Vanguard.

108. Despite four-years of substantial underperformance, the Walgreen Defendants did not remove the Northern Trust Focus 2050 Fund from the Plan at the beginning of 2014. Predictably, the underperformance continued throughout the Class Period.

109. **Table 9.b** below illustrates the underperformance of the Northern Trust Focus 2050 Trust from January 1, 2014 through June 30, 2019 on an annualized basis. Furthermore, the differences in annual performance are even more pronounced when compounded over time.

Thus, as the table demonstrates, the Northern Trust Focus 2050 Trust also significantly underperformed the benchmark indexes and Comparator Funds on a cumulative basis.

Table 9.b

Fund	2014	2015	2016	2017	2018	2019	Cumulative Compounded
Northern Trust Focus 2050 Fund W	3.34	-2.96	8.55	19.61	-8.03	14.72	37.36
FIAM Blend Target Date 2050 S	6.82	-0.60	9.01	21.06	-8.41	16.19	49.12
+/- Northern Trust	-3.48	-2.36	-0.46	-1.45	+0.38	-1.47	-11.76
T. Rowe Price Ret Hybrid 2050 Tr-T1	6.48	-0.63	9.29	21.91	-7.35	15.97	51.47
+/- Northern Trust	-3.14	-2.33	-0.74	-2.30	-0.68	-1.25	-14.11
Vanguard Target Retirement 2050 Trust 1	7.29	-1.53	8.96	21.48	-7.82	15.41	48.78
+/- Northern Trust	-3.95	-1.43	-0.41	-1.87	-0.21	-0.69	-11.42
Morningstar Lifetime Mod 2050	5.00	-3.19	10.89	20.78	-8.41	15.69	44.25
+/- Northern Trust	-1.66	+0.23	-2.34	-1.17	+0.38	-0.97	-6.89
S&P Target Date 2050	5.69	-0.47	9.74	20.18	-7.94	14.97	43.59
+/- Northern Trust	-2.35	-2.49	-1.19	-0.57	+0.09	-0.25	-6.23

110. Put in a broader context, according to Morningstar, as of the Fund's tenth anniversary on February 1, 2020, the Northern Trust Focus 2050 Fund performed worse than 87% of all peer funds in the Target Date 2050 Morningstar Category in the preceding 10-year period; worse than 82% of Morningstar peer funds during the preceding 5-year period; and worse

than 74% of Morningstar peer funds in the preceding 3-year period. During those periods, there have been between 77 and 207 funds in the Target Date 2050 Morningstar Category.

111. At the beginning of the Class Period in 2014, the assets of the Northern Trust Focus 2050 Fund totaled approximately \$109 million. **Table 9.c** below shows the hypothetical growth of \$109 million invested in the Northern Trust Focus 2050 Fund and each of the comparator funds from January 1, 2014 through June 30, 2019. As the table makes clear, Walgreen's failure to replace the Northern Trust Focus 2050 Fund with one of the Comparator Funds in 2014 resulted in the Plan losing upwards of \$15.3 million in retirement savings.

Table 9.c

Fund Name	Compounded Performance	Annualized Performance	Growth of \$109 Million
Northern Trust Focus 2050 Fund W	37.36	5.94	\$149,725,480
FIAM Blend Target Date 2050 S	49.12	7.54	\$162,538,474
+/- Northern Trust	-11.76	-1.6	- \$12,812,994
T. Rowe Price Ret Hybrid 2050 Tr-T1	51.47	7.84	\$165,102,977
+/- Northern Trust	-14.11	-1.9	- \$15,377,497
Vanguard Target Retirement 2050 Trust 1	48.78	7.49	\$162,166,821
+/- Northern Trust	-11.42	-1.55	- \$12,441,341

J) Northern Trust Focus 2055 Fund:

112. The Northern Trust Focus 2055 Fund's abysmal underperformance dates to its inception. Table 10.a below illustrates nearly four-years of underperformance leading up to the Class Period, relative to a benchmark index and Comparator Funds.

Table 10.a

<u>Investment</u>	<u>2010 – 2013</u>	
	<u>Cumulative Return %</u>	<u>Annualized Return %</u>
NT Focus 2055 Fund - Tier W	38.72	10.89
FIAM Blend Target Date 2055 S	NA*	NA*
T. Rowe Price Ret Hybrid 2055 Tr-T1	49.75	13.60
Vanguard Target Retirement 2055 Trust I	67.48	14.07
Morningstar Lifetime Mod 2055	45.06	12.46
S&P Target Date 2055	NA*	NA*

*Not yet created in 2010

113. Any prudent fiduciary would have used the indexes and Comparator Funds listed in **Table 10.a** (above) and **Table 10.b** (below) as benchmarks for the performance of the Northern Trust Focus 2050 Fund. The Plan itself identifies the S&P Target Date 2055 Index as the benchmark index for the Northern Trust Focus 2055 Fund. Furthermore, Morningstar assigns the Morningstar Lifetime Moderate 2055 Index as the primary investment benchmark for the Northern Trust Focus 2055 Fund. Morningstar also places the Northern Trust Focus 2055 Fund in its Target Date 2055 Morningstar Category along with the Comparator Funds managed by Fidelity (“FIAM”), T. Rowe Price and Vanguard.

114. Despite four-years of substantial underperformance, the Walgreen Defendants did not remove the Northern Trust Focus 2055 Fund from the Plan at the beginning of 2014. Predictably, the underperformance continued throughout the Class Period.

115. **Table 10.b** below illustrates the underperformance of the Northern Trust Focus 2055 Fund from January 1, 2014 through June 30, 2019 on an annualized basis. Furthermore, the differences in annual performance are even more pronounced when compounded over time. As the table demonstrates, the Northern Trust Focus 2055 Fund also significantly underperformed the benchmark indexes and Comparator Funds on a cumulative basis.

Table 10.b

Fund	2014	2015	2016	2017	2018	2019	Cumulative Compounded
Northern Trust Focus 2055 Fund W	3.30	-2.92	8.53	19.42	-7.97	14.63	37.12
FIAM Blend Target Date 2055 S	6.75	-0.64	9.04	21.09	-8.38	16.22	49.13
+/- Northern Trust	-3.45	-2.28	-0.51	-1.67	+0.41	-1.59	-11.77
T. Rowe Price Ret Hybrid 2055 Tr-T1	6.51	-0.63	9.26	21.94	-7.33	15.97	51.54
+/- Northern Trust	-3.21	-2.29	-0.73	-2.52	-0.64	-1.34	-14.18
Vanguard Target Retirement 2055 Trust 1	7.27	-1.63	8.98	21.48	-7.83	15.44	48.66
+/- Northern Trust	-3.97	-1.29	-0.45	-2.06	-0.14	-0.81	-11.30
Morningstar Lifetime Mod 2055	4.74	-3.34	10.90	20.95	-8.57	15.67	43.62
+/- Northern Trust	-1.44	+0.42	-2.37	-1.53	+0.60	-1.04	-6.26
S&P Target Date 2055	5.64	-0.54	9.94	20.48	-7.97	15.02	44.26
+/- Northern Trust	-2.34	-2.38	-1.41	-1.06	0	-0.39	-6.90

116. Put in a broader context, according to Morningstar, as of the Fund's tenth

anniversary on February 1, 2020, the Northern Trust Focus 2055 Fund performed worse than 100% of peer funds in the Target Date 2055 Morningstar Category in the preceding 10-year period; worse than 90% of Morningstar peer funds in the preceding 5-year period; and worse than 83% of Morningstar peer funds in the preceding 3-year period. During those periods, there have been between 15 and 192 funds in the Target Date 2055 Morningstar Category.

117. At the beginning of the Class Period in 2014, the assets of the Northern Trust Focus 2055 Fund totaled approximately \$22 million. **Table 10.c** below shows the hypothetical growth of \$22 million invested in the Northern Trust Focus 2055 Fund and each of the Comparator Funds from January 1, 2014 through June 30, 2019. As the table makes clear, Walgreen's failure to replace the Northern Trust Focus 2055 Fund with one of the Comparator Funds in 2014 resulted in the Plan losing upwards of \$3.1 million in retirement savings.

Table 10.c

Fund Name	Compounded Performance	Annualized Performance	Growth of \$22 Million
Northern Trust Focus 2055 Trust W	37.36	5.97	\$30,219,821
FIAM Target Blend 2055 S	49.13	7.54	\$32,809,183
+/- Northern Trust	-11.77	-1.57	- \$2,589,362
T. Rowe Price Ret Hybrid 2055 Tr-T1	51.54	7.85	\$33,339,589
+/- Northern Trust	-14.18	-1.88	-\$3,119,768
Vanguard Target Retirement 2055 Trust 1	48.66	7.47	\$32,704,601
+/- Northern Trust	-11.30	-1.50	- \$2,484,780

VII. CLASS ACTION ALLEGATIONS

118. 29 U.S.C. §1132(a)(2) authorizes any participant or beneficiary of the Plan to bring an action individually on behalf of the Plan to enforce a breaching fiduciary's liability to the plan under 29 U.S.C. §1109(a).

119. In acting in this representative capacity and to enhance the due process protections of unnamed participants and beneficiaries of the Plan, as an alternative to direct individual actions on behalf of the Plan under 29 U.S.C. §1132(a)(2) and (3), Plaintiffs seek to certify this action as a class action on behalf of all participants and beneficiaries of the Plan. Specifically, Plaintiffs seek to certify, and to be appointed as representatives of, the following class:

All participants and beneficiaries of the Plan who invested in any of the following Northern Trust Focus Target Retirement Trusts (collectively, the "Challenged Funds") from January 1, 2014 through the date of judgment, excluding the Walgreen Defendants, any of their directors, and any officers or employees of the Walgreen Defendants with responsibility for the Plan's investment or administrative functions:

Northern Trust Focus 2020 Fund

Northern Trust Focus 2025 Fund

Northern Trust Focus 2030 Fund

Northern Trust Focus 2035 Fund

Northern Trust Focus 2040 Fund

Northern Trust Focus 2045 Fund

Northern Trust Focus 2050 Fund

Northern Trust Focus 2055 Fund¹¹

120. This action meets the requirements of Rule 23 and is certifiable as a class action for the following reasons:

- i. The Class includes tens of thousands of members and is so large that joinder of all its members is impracticable.
- ii. There are questions of law and fact common to this Class because the Walgreen Defendants owed fiduciary duties to the Plan and to all participants and beneficiaries and took the actions and omissions alleged herein as to the Plan and not as to any individual participant. Thus, common questions of law and fact include the following, without limitation: who are the fiduciaries liable for the remedies provided by 29 U.S.C. §1109(a); whether the fiduciaries of the Plan breached their fiduciary duties to the Plan by employing an imprudent process for monitoring and evaluating Plan investment options; whether the Plaintiffs' claims of an imprudent process require similar inquiries and proof of the claims and therefore implicate the same set of concerns for all proposed members of the Class; what are the losses to the Plan resulting from each breach of fiduciary duty; and what Plan-wide equitable and other relief the court should impose in light of the Walgreen Defendants' breach of duty.

¹¹ Plaintiffs originally sought to certify a class of all participants and beneficiaries of the Plan who invested in any of the Northern Trust Focus Target Retirement Trusts from January 1, 2014 through the date of judgment (Dkt. Nos. 1 & 35); however, in its order of March 16, 2020, the Court dismissed Plaintiffs' claims concerning the 2010 and 2015 Northern Trust Focus Funds. Dkt. No. 46. Accordingly, Plaintiffs have modified their class definition, but do so without waiving their right to appeal the Court's decision and modify the class in the future to include the participants who invested in the 2010 and 2015 Funds.

- iii. Plaintiffs' claims are typical of the claims of the Class because each Plaintiff was a participant who invested in the Challenged Funds during the time period at issue in this action and all participants in the Plan who invested in the Challenged Funds were harmed by the Walgreen Defendants' misconduct.
- iv. Plaintiffs are adequate representatives of the Class because they were participants in the Plan who invested in the Challenged Funds during the Class Period, have no interest that conflicts with the Class, are committed to the vigorous representation of the Class, and have engaged experienced and competent attorneys to represent the Class.

121. Prosecution of separate actions for these breaches of fiduciary duties by individual participants and beneficiaries would create the risk of inconsistent or varying adjudications that would establish incompatible standards of conduct for the Walgreen Defendants in respect to the discharge of their fiduciary duties to the Plan and personal liability to the Plan under 29 U.S.C. § 1109(a). Moreover, adjudications by individual participants and beneficiaries regarding the alleged breaches of fiduciary duties, and remedies for the Plan would, as a practical matter, be dispositive of the interests of the participants and beneficiaries not parties to the adjudication or would substantially impair or impede those participants' and beneficiaries' ability to protect their interests. Therefore, this action should be certified as a class action under Rule 23(b)(1)(A) or (B).

122. Additionally, or in the alternative, certification under Rule 23(b)(2) is appropriate because the Walgreen Defendants have acted or refused to act on grounds that apply generally to the class, so that final injunctive relief or corresponding declaratory relief is appropriate

respecting the class as a whole. Plaintiffs seek reformation of the Plan to make it a more viable retirement investment option, which will benefit them and other Plan participants.

123. Additionally, or in the alternative, this action may be certified as a class under Rule 23(b)(3). A class action is the superior method for the fair and efficient adjudication of this controversy because joinder of all participants and beneficiaries is impracticable, the losses suffered by individual participants and beneficiaries may be small and it is impracticable for individual members to enforce their rights through individual actions, and the common questions of law and fact predominate over individual questions. Given the nature of the allegations, no class member has an interest in individually controlling the prosecution of this matter, and Plaintiffs are aware of no difficulties likely to be encountered in the management of this matter as a class action.

124. Additionally, or alternatively, this action may be certified as to particular issues under Rule 23(c)(4)—including but not limited to the Walgreen Defendants' liability to the class for their allegedly imprudent conduct.

125. Plaintiffs' counsel, Sanford Heisler Sharp, LLP, will fairly and adequately represent the interests of the Class and is best able to represent the interests of the Class under Rule 23(g).

VIII. CAUSES OF ACTION

COUNT I

Breach of Duty of Prudence by Failing to Remove Imprudent Investments from the Plan

During the Class Period

(Violation of ERISA, 29 U.S.C. § 1104)

(Against All Walgreen Defendants)

126. The allegations set forth in the preceding paragraphs are realleged and incorporated herein by reference.

127. Walgreen used the Plan as a strategic and financial benefit to recruit and retain workers.

128. In joining Walgreen and subsequently enrolling in the Plan, employees trusted and relied on Walgreen's resources and expertise to construct and maintain a state-of-the-art 401(k) plan.

129. At all relevant times during the Class Period, the Walgreen Defendants acted as fiduciaries within the meaning of 29 U.S.C. § 1002(21)(A) by exercising authority and control with respect to the management of the Plan and its assets.

130. 29 U.S.C. § 1104(a)(1)(B) requires a plan fiduciary to act with the "care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

131. Thus, the scope of the fiduciary duties and responsibilities of the Walgreen Defendants includes administering the Plan with the care, skill, diligence, and prudence required by ERISA. Walgreen Defendants are responsible for evaluating and monitoring the Plan's investments on an ongoing basis, eliminating imprudent investments, and taking all necessary steps to ensure the Plan's assets are invested prudently.

132. The Walgreen Defendants had an imprudent process for investigating, evaluating and monitoring investments. The faulty process resulted in a plan loaded with target date funds—the Northern Trust Funds—that have exhibited chronic poor performance for almost a decade. Walgreen Defendants failed to remove the Funds despite their historical

underperformance relative to other target date collective investment trusts and relevant benchmark indexes.

133. By failing to adequately consider better-performing investment products for the Plan, the Walgreen Defendants failed to discharge their duties with the care, skill, prudence, and diligence that a prudent fiduciary acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

134. Walgreen's breach of fiduciary duty has substantially impaired the Plan's use, its value, and its investment performance for all Class Members.

135. As a direct and proximate result of the Walgreen Defendants' breaches of fiduciary duty, the Plan and each of its participants who invested in the Funds have suffered hundreds of millions of dollars of damages and lost-opportunity costs which continue to accrue and for which the Walgreen Defendants are jointly and severally liable pursuant to 29 U.S.C. §§ 1132(a)(2), 1132(a)(3), and 1109(a).

136. Each of the Walgreen Defendants is liable to make good to the Plan the losses resulting from the aforementioned breaches, to restore to the Plan any profits resulting from the breaches of fiduciary duties alleged in this Count and are subject to other equitable or remedial relief as appropriate.

137. Each Walgreen Defendant also participated in the breach of the other Walgreen Defendants, knowing that such acts were a breach, enabled the other Walgreen Defendants to commit a breach by failing to lawfully discharge its own fiduciary duties, and knew of the breach by the other Walgreen Defendants yet failed to make any reasonable effort under the circumstances to remedy the breach. Thus, each Walgreen Defendant is liable for the losses caused by the breach of its co-fiduciary under 29 U.S.C. § 1105(a).

COUNT II

Failure to Monitor

(Against All Walgreen Defendants)

138. Plaintiffs restate and incorporate the allegations contained in the preceding paragraphs.

139. The Walgreen Defendants had a duty to monitor the performance of each individual to whom they delegated any fiduciary responsibilities.

140. A monitoring fiduciary must ensure that the monitored fiduciaries are performing their fiduciary obligations, including those with respect to the investment and holding of plan assets, and must take prompt and effective action to protect the plan and participants when they are not.

141. To the extent any of the Walgreen Defendant's fiduciary responsibilities were delegated to another fiduciary, the Walgreen Defendant's monitoring duty included an obligation to ensure that any delegated tasks were being performed prudently and loyally.

142. The Walgreen Board and their members were responsible for appointing the members of the Retirement Plan Committee and the Trustees. The Walgreen Board's and their members' monitoring duty included an obligation to ensure that any tasks delegated to the Plan Committee or Trustees—including the selection, monitoring and retention of Plan investments—were being performed prudently and loyally.

143. The Walgreen Defendants breached their fiduciary monitoring duties by, among other things:

- a. failing to monitor their appointees, to evaluate their performance, or to have a system in place for doing so, and standing idly by as the Plan suffered enormous losses as a result of their appointees' imprudent actions and omissions with respect to the Plan;
- b. failing to monitor their appointees' fiduciary process, which would have alerted any prudent fiduciary to the potential breach because of the imprudent investment options in violation of ERISA;
- c. failing to ensure that the monitored fiduciaries had a prudent process in place for evaluating and ensuring that the Funds were prudent; and
- d. failing to remove appointees whose performance was inadequate in that they continued to allow imprudent investment options to remain in the Plan to the detriment of Plan participants' retirement savings.
- e. Each fiduciary who delegated its fiduciary responsibilities likewise breached its fiduciary monitoring duty by, among other things:
 - i. failing to monitor its appointees, to evaluate their performance, or to have a system in place for doing so, and standing idly by as the Plan suffered enormous losses as a result of its appointees' imprudent actions and omissions with respect to the Plan;
 - ii. failing to monitor its appointees' fiduciary process, which would have alerted any prudent fiduciary to the potential breach because of the imprudent investment options in violation of ERISA;
 - iii. failing to implement a process to ensure that the appointees monitored the performance of Plan investments; and

iv. failing to remove appointees whose performance was inadequate in that they continued to allow imprudent investment options to remain in the Plan, all to the detriment of Plan participants' retirement savings.

f. As a direct result of these breaches of the fiduciary duty to monitor, the Plan suffered substantial losses. Had Walgreen and the other delegating fiduciaries prudently discharged their fiduciary monitoring duties, the Plan would not have suffered these losses.

PRAYER FOR RELIEF

For these reasons, Plaintiffs, on behalf of the Plan and all similarly situated Plan participants and beneficiaries, respectfully request that the Court:

- i) find and adjudge that the Walgreen Defendants have breached their fiduciary duties, as described above;
- ii) find and adjudge that the Walgreen Defendants are personally liable to make good to the Plan in excess of \$300 million in losses to the Plan resulting from each breach of fiduciary duty, and to otherwise restore the Plan to the position it would have occupied but for the breaches of fiduciary duty;
- iii) find and adjudge that the Walgreen Defendants are liable to the Plan for appropriate equitable relief, including but not limited to restitution and disgorgement;
- iv) determine the method by which Plan losses under 29 U.S.C. § 1109(a) should be calculated;
- v) order the Walgreen Defendants to provide all accountings necessary to determine the amounts Defendants must make good to the Plan under 29 U.S.C. § 1109(a);

- vi) surcharge against the Walgreen Defendants and in favor of the Plan all amounts involved in any transactions which such accounting reveals were improper, excessive, and/or in violation of ERISA;
- vii) remove the fiduciaries who have breached their fiduciary duties and enjoin them from future ERISA violations;
- viii) reform the Plan to include only prudent investments;
- ix) certify the Class, appoint each of the Plaintiffs as a class representative, and appoint Sanford Heisler Sharp LLP as Class Counsel;
- x) award to the Plaintiffs and the Class their attorney's fees and costs under 29 U.S.C. § 1132(g)(1) and the common fund doctrine;
- xi) order the payment of interest to the extent it is allowed by law; and
- xii) grant other equitable or remedial relief as the Court deems appropriate.

Dated: December 1, 2020

/s/ Charles Field

*Charles Field

SANFORD HEISLER SHARP, LLP

655 West Broadway, Suite 1700

San Diego, CA 92101

Telephone: (619) 577-4242

Facsimile: (619) 577-4250

cfield@sanfordheisler.com

*Kevin Sharp

SANFORD HEISLER SHARP, LLP

611 Commerce Street, Suite 3100

Nashville, TN 37203

Ksharp@sanfordheisler.com

*David Tracey

SANFORD HEISLER SHARP, LLP
1350 Avenue of the Americas, 31st Floor
New York, NY 10019
Phone: (646) 402-5650
Facsimile: (646) 402-5651
dtracey@sanfordheisler.com

*Danielle Fuschetti
SANFORD HEISLER SHARP, LLP
111 Sutter Street, Suite 975
San Francisco, CA 94104
DFuschetti@sanfordheisler.com

** pro hac vice admitted*

Anthony L Parkhill
Ben Barnow
Erich Paul Schork
Jeffrey Daniel Blake
Barnow and Associates, P.C.
205 West Randolph
Suite 1630
Chicago, IL 60606
(312) 621-2000
Email: b.barnow@barnowlaw.com

*Attorneys for Plaintiffs and
the Proposed Class*