

APPENDIX A

Capital Lumber Company 401(k) Retirement Savings Plan

Strategies:

Conservative Strategy

People who want the opportunity for greater potential growth than they can get from money market funds, T-bills, short-term bonds, and guaranteed investment contracts, may want to consider the Conservative Strategy. For security, the majority of the strategy is generally made up of funds invested in short-term securities, which are backed, by highly rated banks and insurance companies. For growth, the remaining portion of the strategy is mainly invested in stocks of major US companies, with a small portion invested in international companies. Long-term, this strategy will produce moderate growth in assets. Short-term investors will see a low-level of volatility, with only a slight probability of losses expected in any one year going forward.

Moderate Strategy

This strategy is best for those who seek longer-term growth potential, but still do not wish to leave behind stability and more predictable levels of return. Investors are widely diversified among many types of investments that will control overall volatility. To remain conservative and stable, more than half of the strategy consists of high-grade investment contracts backed by highly rated banks and insurance companies. To realize growth, the remainder of the portfolio will be invested in stocks of U.S. corporations, and International corporations. Long term, this strategy is likely to produce moderate growth of assets. This strategy may be most attractive to employees with more than a few years to retirement who are also willing to accept a moderate degree of uncertainty for the potential of higher long-term growth.

Balanced Strategy

To provide growth over time. For investors who are able to leave their money invested over longer periods of time and is comfortable riding out market declines when they occur. A mix of stocks, bonds, and other asset classes provides stability. This strategy invests in both of the major asset classes—stocks and bonds. Both provide strong long-term growth potential, and in combination they reduce the effect of volatility—the short-term ups and downs in the markets. Stocks form more than half of the strategy. They give the greatest long-term growth potential and include stocks of the largest US companies, for the most part, along with stocks of international companies and smaller growth companies for balance. Fixed Income forms less than half of the strategy and provides a way for the strategy to grow through interest income that doesn't depend on the stock markets. Holdings are diversified among bonds and investment contracts with many highly rated banks and insurance companies.

Moderate Growth Strategy

To provide high probable growth over the long term. For investors who are able to leave their money invested over longer periods of time and are comfortable riding out market declines when they occur. This strategy is designed to take full advantage of the long-term growth potential of stocks. Stocks form the majority of the strategy. The major portion of the strategy is invested in the stocks of companies that rank among the one thousand largest companies in the US. Stocks of international and multi-national companies in developed and developing markets also make up part of the strategy. The increased stability that comes from combining international stocks with US stocks has been well documented over the last twenty-five years. They also represent more than half of the world's growth and therefore provide added growth potential. Stocks of smaller US companies also make up part of this strategy. A smaller portion of the strategy is invested in Fixed Income.

High Growth Strategy

This strategy is designed for investors who seek the highest historical levels of long-term growth, and who are willing to accept considerable fluctuation in their investment returns over the short-term. All of this strategy is invested in stocks, with the majority directed toward large US corporations and an allocation to higher risk smaller US corporations. Diversification is provided by purchasing International stocks and real estate-related securities. No Fixed Income is included in this strategy. Having all stocks in this strategy provides for significant long-term growth potential. Short-term, the variations in value might be significant, but over a typical market cycle (ten years), this strategy historically has provided higher returns than those incorporating higher percentages of bonds. Those who invest in this strategy should be patient and who can afford to let their money be undisturbed.

Stand-Alone Mutual Funds:

Principal Large Cap Stock Index

To provide a total return that matches the investment performance of the S&P 500 Index. This Index represents the largest tier of the US stock market—the 500 largest held American corporations. Examples of stocks include: General Electric Co., Coca Cola, Exxon Corporation, Merck & Co., Inc., Microsoft, Pfizer, Inc.

American Funds Investment Company of America

This fund seeks long-term growth of capital and income. The fund invests primarily in common stocks, but it may also invest in high quality convertibles and debt securities. When choosing securities, management gives the possibility of appreciation and potential dividends more weight than current yield. Stocks are chosen from a list prepared by the funds directors. Securities are added to, or deleted from, the eligible list by the board of directors, reviewing and acting upon the recommendations of the investment advisor. The fund may invest up to 10% in foreign securities. Potential stocks include: Philip Morris, AOL, Lowe, Phizer, AT&T, IBM, GM.

American Funds Growth

This fund seeks capital growth. The fund normally invests at least 65% of assets in common stocks and convertible securities. It may invest in a wide range of companies, including growing and profitable companies, turnaround situations, and unseasoned companies. The fund may invest up to 15% of assets in foreign securities. It may also invest up to 10% of assets in debt securities.

Bernstein Large Cap Value

The fund seeks long-term growth of capital. The funds invests primarily in undervalued equity securities of companies among the 750 largest by market capitalization that the manager believes to offer above-average potential for growth in future earnings. The fund normally invests at least 80% of assets in companies large companies similar to that of companies held in the Russell 1000 Value Index. The fund may invest up to 25% of assets in foreign securities.

Wasatch Core Growth

This fund seeks long-term growth of capital. Income is a secondary consideration. The fund primarily invests in common stocks of growing companies with small to medium size market capitalizations of less than \$5 billion. The advisor seeks companies that have significantly better prospects than most companies for long-term capital appreciation based on historical and projected rates of earnings growth or on development of new products and services. It may also invest in preferred stocks and convertibles or bonds with attached warrants. The fund may invest a portion of assets in foreign securities.

Royce Premier

This fund seeks long-term growth of capital; current income is incidental. The fund normally invests in a limited number of equity securities with market capitalizations between \$400 million and \$2 billion. The fund looks for companies that have excellent business strengths and/or prospects for growth, high internal rates of return and low leverage, and that are trading significantly below its estimate of their net worth.

Ark Small Cap Value

The fund seeks long-term capital growth. It invests in small capitalization companies, with a market capitalization of 2 billion or less. Management seeks to minimize risk by generally allocating fund assets among economic or industry sectors to within 5 percentage points to that of the economic and sector weightings of the Russell 2000 index. The fund may invest up to 25% in foreign securities.

American Funds EuroPacific Growth

To provide favorable total return and additional diversification for US investors by investing primarily in securities of companies in Europe of the Pacific Basin. In addition, the fund invests in securities of companies domiciled in developing countries. The funds assets may be invested in common stocks, convertible securities, warrants and rights, investment grade debt securities, government obligations, repurchase agreements and cash obligations.

Principal U.S. Property

The fund primarily invests in developed, rent-producing properties. These investments typically include warehouse, office buildings and retail properties. The properties are diversified by type and geographic location. Earnings consist of the change in property value and net rental income.

American Funds Balanced

This fund seeks capital preservation, current income and long-term growth of capital and income. The fund normally invests in a broad range of equities, debt, and cash instruments. It typically maintains at least 50% of assets in equities and at least 25% of assets in bonds. Management primarily seeks securities that it believes are undervalued and provide long-term opportunities.

Principal Bond & Mortgage

The fund invests primarily in intermediate-term fixed income investments such as public and private corporate bonds, commercial and residential mortgages, asset-backed securities, and U.S. government and agency backed securities. Value is added primarily through sector allocation and security selection.

Morley Stable Value

To generate a high level of income with low volatility and risk. Invests in high-quality contracts receivable from a diversified group of insurance carriers and major banks.