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U.S. DEPT. OF LABOR
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September 17, 2001

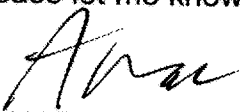
RETURN RECEIPT REQUESTED

Top Hat Plan Exemption
Pension and Welfare Benefits Administration
Room N-5644, U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210

GRAY LUMBER COMPANY

In accordance with Labor Regs. section 2520.104-23, I am enclosing copies of Deferred Compensation Agreements between Gray Lumber Company of Tacoma, Washington, and two of its senior officers, Steven C. Gray and Neil M. Gray. These two Agreements constitute unfunded plans maintained by the employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. These are the only such plans maintained by the employer. The employer's Federal ID number is 91-1029147, and its address is PO Box 7126, Tacoma, WA 98407-0126.

Please let me know if you need anything further: (800) 240-5051 x6468. Thanks.


ALAN D. MACPHERSON
amacpherson@gth-law.com

cc: Steve Gray) all
Mac Gray) with
Rick Carr, CPA) enclosures

DEFERRED COMPENSATION AGREEMENT

FOR NEIL M. GRAY

This Deferred Compensation Agreement is entered into between GRAY LUMBER COMPANY, a Washington corporation ("the Corporation") and NEIL M. GRAY ("the Employee"). The purpose of the Agreement is to provide security and protection in the form of retirement benefits, provided that the Employee continues to be employed by the Corporation and meets the terms and conditions set forth herein. This Agreement is intended to qualify as an unfunded deferred compensation plan for a select group of management or highly compensated employees as described in ERISA.

In consideration of the mutual promises contained in and the mutual benefits to be derived from this Agreement, the parties agree as follows:

1. **Best Efforts.** During his employment with the Corporation, the Employee agrees to serve the Corporation in such capacity as directed. Except as provided in this paragraph, the Employee shall be required to devote his full working time, skill and best efforts to such employment and to perform all of the work required by the Corporation promptly and faithfully.

2. **Compensation After Retirement.** Provided the Employee remains employed by the Corporation until or after he reaches the age of sixty (60), and further provided that he meets the requirements of Paragraph (1) during the time he is employed, the Corporation shall pay certain deferred compensation for his services rendered prior to retirement. The annual amount of the deferred compensation shall be equal to the Employee's average salary (excluding bonuses) for the last three full fiscal years preceding the Employee's retirement. Such annual benefits shall be payable in equal monthly installments, at the same time and in accordance with normal payroll procedures of the Corporation, and shall be payable for long as the Employee or the Employee's surviving spouse is living. Such benefits shall commence in the month immediately following the Employee's reaching the age of sixty (60), or, if later, in the month which follows the month of the Employee's actual retirement.

3. **Severance of Employment.** If the Employee terminates his employment with the Corporation for any reason, prior to his reaching the age of sixty (60), except on account of "disability" as defined in Paragraph 4 or death as described in Paragraph 5, then the Employee shall receive no payments or other benefits under this Agreement, and neither shall the Employee's spouse.

4. **Disability.** If the Employee terminates employment with the Corporation before he reaches the age of sixty (60) on account of disability, the Corporation shall pay to him the full amount of benefits described in Paragraph 2, commencing at the time described in Paragraph 2. For purposes of this paragraph, "disability" shall have the same meaning as "total," "permanent" or "partial" disability as such terms may be described in any disability insurance policy carried by the Corporation which now or hereafter covers the Employee. In the absence of such a policy or definition, "disability" shall mean the inability, on account of any mental or physical ailment, injury, condition or disease, of the Employee to substantially carry on all of his usual material duties for the Corporation. In such event, "disability" shall be established by a physician mutually acceptable to the Employee and to the Corporation. In the event that the parties fail to agree on a physician, they shall each select one physician who shall in turn select a third physician to examine the Employee. Any determination regarding disability made in accordance with this paragraph shall be final and binding on the parties.

5. **Death Benefits.** If the Employee terminates employment with the Company before he reaches the age of sixty (60) on account of his death, then the Company shall pay to his surviving spouse the full amount of benefits described in Paragraph 2, commencing at the time he would have begun receiving payments under Paragraph 2.

6. **Not Employment Contract.** This Agreement shall not be considered a contract for continued employment by the Employee with the Corporation. Nothing contained herein shall be construed as limiting the right of the Corporation to discharge the Employee with or without cause, or as entitling the Employee to any benefit or remuneration, except as described herein.

7. **Other Benefits.** Nothing contained in this Agreement shall in any way affect or interfere with the right of the Employee to share or participate in any other benefit plan or program which the Corporation may now or hereafter establish, provided the Employee is otherwise eligible to participate in such plan or program.

8. **Unfunded Plan; No Trust Established.** This Agreement constitutes an unfunded plan of deferred compensation. Nothing contained in and no action taken under this Agreement shall create or be construed to create a trust, escrow or similar arrangement of any kind, or any fiduciary relationship between the Corporation and the Employee, his spouse, heirs, executors, administrators or other beneficiaries or successors. Any funds which may be invested under the provisions of this Agreement by the Corporation shall continue for all purposes to be part of the general funds of the Corporation and no other person other than the Corporation shall have an interest in such funds. To the extent that the Employee acquires a right to receive payments from the Corporation under this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

9. **Corporation Successors.** The Corporation shall not merge, consolidate or otherwise reorganize with any other corporation, including taking any action which would assign its rights and delegate its duties under this Agreement unless, following such action, the successor corporation agrees to assume and discharge the obligations of the Corporation under this Agreement. Upon such assumption, the successor corporation shall become the "Corporation" under this Agreement.

10. **Amendment.** This Agreement may not be modified or amended except by a writing signed by the Corporation and the Employee.

11. **Representation.** The parties acknowledge that neither of them has been represented by separate or independent counsel in the making of this Agreement.

12. **State Law.** This Agreement shall be governed by the law of the State of Washington.

DATED the 14 day of AUGUST, 2001.

GRAY LUMBER COMPANY

By: *Neil M. Gray*
Its: PRESIDENT

Neil M. Gray
NEIL M. GRAY

DEFERRED COMPENSATION AGREEMENT

FOR STEPHEN C. GRAY

This Deferred Compensation Agreement is entered into between GRAY LUMBER COMPANY, a Washington corporation ("the Corporation") and STEPHEN C. GRAY ("the Employee"). The purpose of the Agreement is to provide security and protection in the form of retirement benefits, provided that the Employee continues to be employed by the Corporation and meets the terms and conditions set forth herein. This Agreement is intended to qualify as an unfunded deferred compensation plan for a select group of management or highly compensated employees as described in ERISA.

In consideration of the mutual promises contained in and the mutual benefits to be derived from this Agreement, the parties agree as follows:

1. **Best Efforts.** During his employment with the Corporation, the Employee agrees to serve the Corporation in such capacity as directed. Except as provided in this paragraph, the Employee shall be required to devote his full working time, skill and best efforts to such employment and to perform all of the work required by the Corporation promptly and faithfully.

2. **Compensation After Retirement.** Provided the Employee remains employed by the Corporation until or after he reaches the age of sixty (60), and further provided that he meets the requirements of Paragraph (1) during the time he is employed, the Corporation shall pay certain deferred compensation for his services rendered prior to retirement. The annual amount of the deferred compensation shall be equal to the Employee's average salary (excluding bonuses) for the last three full fiscal years preceding the Employee's retirement. Such annual benefits shall be payable in equal monthly installments, at the same time and in accordance with normal payroll procedures of the Corporation, and shall be payable for long as the Employee or the Employee's surviving spouse is living. Such benefits shall commence in the month immediately following the Employee's reaching the age of sixty (60), or, if later, in the month which follows the month of the Employee's actual retirement.

3. **Severance of Employment.** If the Employee terminates his employment with the Corporation for any reason, prior to his reaching the age of sixty (60), except on account of "disability" as defined in Paragraph 4 or death as described in Paragraph 5, then the Employee shall receive no payments or other benefits under this Agreement, and neither shall the Employee's spouse.

4. **Disability.** If the Employee terminates employment with the Corporation before he reaches the age of sixty (60) on account of disability, the Corporation shall pay to him the full amount of benefits described in Paragraph 2, commencing at the time described in Paragraph 2. For purposes of this paragraph, "disability" shall have the same meaning as "total," "permanent" or "partial" disability as such terms may be described in any disability insurance policy carried by the Corporation which now or hereafter covers the Employee. In the absence of such a policy or definition, "disability" shall mean the inability, on account of any mental or physical ailment, injury, condition or disease, of the Employee to substantially carry on all of his usual material duties for the Corporation. In such event, "disability" shall be established by a physician mutually acceptable to the Employee and to the Corporation. In the event that the parties fail to agree on a physician, they shall each select one physician who shall in turn select a third physician to examine the Employee. Any determination regarding disability made in accordance with this paragraph shall be final and binding on the parties.

5. **Death Benefits.** If the Employee terminates employment with the Company before he reaches the age of sixty (60) on account of his death, then the Company shall pay to his surviving spouse the full amount of benefits described in Paragraph 2, commencing at the time he would have begun receiving payments under Paragraph 2.

6. **Not Employment Contract.** This Agreement shall not be considered a contract for continued employment by the Employee with the Corporation. Nothing contained herein shall be construed as limiting the right of the Corporation to discharge the Employee with or without cause, or as entitling the Employee to any benefit or remuneration, except as described herein.

7. **Other Benefits.** Nothing contained in this Agreement shall in any way affect or interfere with the right of the Employee to share or participate in any other benefit plan or program which the Corporation may now or hereafter establish, provided the Employee is otherwise eligible to participate in such plan or program.

8. **Unfunded Plan; No Trust Established.** This Agreement constitutes an unfunded plan of deferred compensation. Nothing contained in and no action taken under this Agreement shall create or be construed to create a trust, escrow or similar arrangement of any kind, or any fiduciary relationship between the Corporation and the Employee, his spouse, heirs, executors, administrators or other beneficiaries or successors. Any funds which may be invested under the provisions of this Agreement by the Corporation shall continue for all purposes to be part of the general funds of the Corporation and no other person other than the Corporation shall have an interest in such funds. To the extent that the Employee acquires a right to receive payments from the Corporation under this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

9. **Corporation Successors.** The Corporation shall not merge, consolidate or otherwise reorganize with any other corporation, including taking any action which would assign its rights and delegate its duties under this Agreement unless, following such action, the successor corporation agrees to assume and discharge the obligations of the Corporation under this Agreement. Upon such assumption, the successor corporation shall become the "Corporation" under this Agreement.

10. **Amendment.** This Agreement may not be modified or amended except by a writing signed by the Corporation and the Employee.

11. **Representation.** The parties acknowledge that neither of them has been represented by separate or independent counsel in the making of this Agreement.

12. **State Law.** This Agreement shall be governed by the law of the State of Washington.

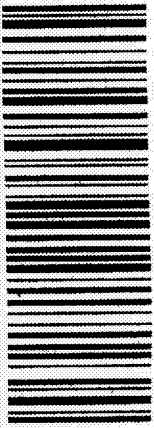
DATED the 30TH day of July, 2001.

GRAY LUMBER COMPANY

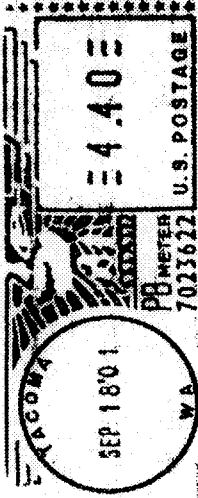
By: Stephen C. Gray
Its: Sec. TREAS

Stephen C. Gray
STEPHEN C. GRAY

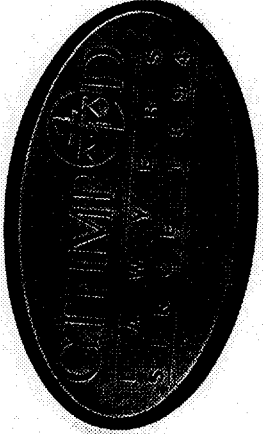
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FIRST CLASS MAIL



The Law Offices of

**GORDON, THOMAS
HONEYWELL,
MALANCA, PETERSON
& DAHEIM, R.L.L.C.**

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Top Hat Plan Exemption
Pension and Welfare Benefits
Administration
Room N-5644
U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210

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