Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
WASHINGTON ALDER LLC 401(K)

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1999

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

WASHINGTON ALDER LLC

13421 FARM TO MARKET RD
MOUNT VERNON, WA 98273-8273

2b Employer Identification Number (EIN) 91-1857486

2c Sponsor's telephone number 360-428-8583

2d Business code (see instructions) 321110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/14/2012	CATHERINE SHALAMUNEC
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	09/14/2012	CATHERINE SHALAMUNEC
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
WASHINGTON ALDER LLC

13421 FARM TO MARKET RD
MOUNT VERNON, WA 98273-8273

3b Administrator's EIN
91-1857486

3c Administrator's telephone number
360-428-8583

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:
a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	108
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	80
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	15
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	95
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	95
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	51
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2G 2J 2K 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X		**H** (Financial Information)
(2)			**I** (Financial Information – Small Plan)
(3)	X	1	**A** (Insurance Information)
(4)	X		**C** (Service Provider Information)
(5)	X		**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
WASHINGTON ALDER LLC 401(K)

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
WASHINGTON ALDER LLC

D Employer Identification Number (EIN)
91-1857486

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	436910	95	01/01/2011	12/31/2011

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
5478	951

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
KMS FINANCIAL SERVICES INC
2001 6TH AVE STE 2801
SEATTLE, WA 98121-9833

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
5478	851	REFERRAL/SERVICE FEE AND PRORATED INCENTIVE, NOT DEDUCTED FROM PLAN	3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
KMS FINANCIAL SERVICES INC
2001 6TH AVE STE 2801
SEATTLE, WA 98121-9833

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
0	100	REFERRAL/SERVICE FEE	3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	160116
5	Current value of plan's interest under this contract in separate accounts at year end	5	1508009

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	6d	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☒ other ▶ FLEXIBLE INVESTMENT ANNUITY

b	Balance at the end of the previous year			7b	173719
c	Additions: (1) Contributions deposited during the year	7c(1)	5710		
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)	4540		
	(4) Transferred from separate account	7c(4)			
	(5) Other (specify below)	7c(5)			
	▶ CORRECTION				
	(6) Total additions			7c(6)	10250
d	Total of balance and additions (add **b** and **c(6)**)			7d	183969
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	23081		
	(2) Administration charge made by carrier	7e(2)	772		
	(3) Transferred to separate account	7e(3)			
	(4) Other (specify below)	7e(4)			
	▶				
	(5) Total deductions			7e(5)	23853
f	Balance at the end of the current year (subtract **e(5)** from **d**)			7f	160116

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance

e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug

i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract

m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in **c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.			**10b**	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2011** **This Form is Open to Public Inspection.**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
WASHINGTON ALDER LLC 401(K)

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
WASHINGTON ALDER LLC

D Employer Identification Number (EIN)
91-1857486

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 50 64	CONTRACT ADMINISTRATOR	8791	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
WASHINGTON ALDER LLC 401(K)

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
WASHINGTON ALDER LLC

D Employer Identification Number (EIN)
91-1857486

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN MIDCAP BLEND SEP ACCT-R6

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions)
42-0127290-020	P	42375

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN GOVT & HQ BOND SA-R6

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions)
42-0127290-007	P	115964

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN MONEY MARKET SEP ACCT-R6

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
42-0127290-024	P	200141

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INTL EMERG MARKETS SA-R6

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
42-0127290-013	P	50024

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INTL SMALLCAP SEP ACCT-R6

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
42-0127290-014	P	0

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN U.S. PROPERTY SEP ACCT-R6

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
42-0127290-027	P	22424

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN DIVERSIFIED INTL SA-R6

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
42-0127290-015	P	11853

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LGCAP S&P 500 INDEX SA-R6			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-016	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	59710
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SMCAP S&P 600 INDEX SA-R6			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-028	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	53686
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LARGECAP GROWTH II SA-R6			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-067	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	38412
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2010 SEP ACCT-R6			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-075	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	93499
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2020 SEP ACCT-R6			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-076	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	420460
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2030 SEP ACCT-R6			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-077	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	142322
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2040 SEP ACCT-R6			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-078	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	88709
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2050 SEP ACCT-R6			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-079	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	12481
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME STRAT INC SA-R6			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-080	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	142283
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN FIN GRP, INC. STOCK SA-R6			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-086	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	6889

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2015 SEP ACCT-R6

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
42-0127290-110	P	0

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN CORE PLUS BOND I SA-R6

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
42-0127290-115	P	6777

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
WASHINGTON ALDER LLC 401(K)

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
WASHINGTON ALDER LLC

D Employer Identification Number (EIN)
91-1857486

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	2062658	1508009
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	268618	179909
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	173285	160116
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	2504561	1848034
Liabilities			
g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	2504561	1848034

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	0	
(B) Participants	2a(1)(B)	52494	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		52494
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	4540	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		4540
(2) Dividends: **(A)** Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1438	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		1438
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

			(a) Amount	(b) Total
2b	**(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)	0	
	(B) Other	2b(5)(B)	0	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0
	(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
	(7) Net investment gain (loss) from pooled separate accounts	2b(7)		1653
	(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
	(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
	(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-4399
c	Other income	2c		438
d	Total income. Add all **income** amounts in column (b) and enter total	2d		56164
	Expenses			
e	Benefit payment and payments to provide benefits:			
	(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	703900	
	(2) To insurance carriers for the provision of benefits	2e(2)	0	
	(3) Other	2e(3)	0	
	(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		703900
f	Corrective distributions (see instructions)	2f		0
g	Certain deemed distributions of participant loans (see instructions)	2g		
h	Interest expense	2h		
i	Administrative expenses: **(1)** Professional fees	2i(1)	0	
	(2) Contract administrator fees	2i(2)	8719	
	(3) Investment advisory and management fees	2i(3)	0	
	(4) Other	2i(4)	72	
	(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		8791
j	Total expenses. Add all **expense** amounts in column (b) and enter total	2j		712691
	Net Income and Reconciliation			
k	Net income (loss). Subtract line **2j** from line **2d**	2k		-656527
l	Transfers of assets:			
	(1) To this plan	2l(1)		0
	(2) From this plan	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MCGLADREY LLP **(2)** EIN: 42-0714325

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)			
	4a		X	0
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
	4b		X	0
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
	4c		X	0
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
	4d		X	0
e	Was this plan covered by a fidelity bond?			
	4e	X		2000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?			
	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)			
	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)			
	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?			
	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
WASHINGTON ALDER LLC 401(K)

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
WASHINGTON ALDER LLC

D Employer Identification Number (EIN)
91-1857486

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 42-0127290

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Washington Alder LLC 401(k)

Financial Report
December 31, 2011

Washington

Alder

LLC

401(k)

Financial

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McGladrey

Independent Auditor's Report

To the Trustees
Washington Alder LLC 401(k)
Mount Vernon, Washington

We were engaged to audit the accompanying statement of net assets available for benefits of **Washington Alder LLC 401(k)** as of December 31, 2011, and the related statement of changes in net assets available for benefits for the year then ended, and the supplemental schedule of assets (held at end of year) as of December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management. The financial statements of the Plan as of December 31, 2010, were audited by other auditors whose report dated July 28, 2011, did not express an opinion on the 2010 financial statements for the same reasons described in the following paragraph.

As permitted by 29 CFR Section 2520.103-8 of the U.S. Department of Labor's *Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974*, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 8, which was certified or provided by Principal Life Insurance Company and Principal Trust Company, the custodians of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the custodians hold the Plan's assets and execute its transactions. The Plan administrator has obtained certification from the custodians as of and for the year ended December 31, 2011, that the information provided to the Plan administrator by the custodians is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the 2011 accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purposes of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's *Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974*. The form and content of the information included in the 2011 financial statements and supplemental schedule, other than that derived from the information certified or provided by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the U.S. Department of Labor's *Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974*.

McGladrey LLP

Tacoma, Washington
September 12, 2012

Financial Statements

Statements of Net Assets Available for Benefits

Washington Alder LLC 401(k)
December 31, 2011 and 2010

	2011	2010
Assets		
Investments at fair value:		
Pooled separate accounts	$1,508,009	$2,062,658
Registered investment companies	179,909	268,618
Guaranteed investment contracts	160,116	173,285
Total investments at fair value	**1,848,034**	**2,504,561**
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	- -	434
Net assets available for benefits	**$1,848,034**	**$2,504,995**

See notes to financial statements.

Statement of Changes in Net Assets Available for Benefits

Washington Alder LLC 401(k)
Year Ended December 31, 2011

Additions to Net Assets	
Investment income:	
Net investment loss, including depreciation in fair value of investments	($ 1,376)
Interest on guaranteed investment contracts	4,540
Total investment income	**3,164**
Contributions:	
Participant	52,494
Total additions to net assets	**55,658**
Deductions from Net Assets	
Benefits paid to participants	703,900
Administrative expenses	8,719
Total deductions from net assets	**712,619**
Decrease in net assets available for benefits	**(656,961)**
Net Assets Available for Benefits	
Beginning of year	2,504,995
End of year	**$1,848,034**

See notes to financial statements.

Washington Alder LLC 401(k)
December 31, 2011 and 2010

Note 1 - Plan Description

The following description of Washington Alder LLC 401(k) (the Plan) provides only general information. Participants should refer to the Plan agreement, as amended, for a more complete description of the Plan's provisions.

General

The Plan is a 401(k) salary deferral and profit sharing plan covering substantially all employees of Washington Alder LLC, Cascade Hardwood, LLC and Port Angeles Hardwood, LLC, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. Washington Alder LLC is the Plan's sponsor and serves as the Plan's administrator.

Effective January 1, 2010, Cascade Hardwood, LLC, Port Angeles Hardwood, LLC and all eligible employees of said companies are no longer part of the Plan. The participant assets of Cascade Hardwood, LLC and Port Angeles Hardwood, LLC were rolled into legally separate employee benefit plans administered by the respective management of each company. The Washington Alder LLC 401(k) Plan was amended to include only eligible employees of Washington Alder LLC (the Company). The amendment to the Plan also included the removal of the safe harbor provisions previously adopted by the Plan. As a result, employer contributions are discretionary rather than mandatory.

The Plan sponsor, Washington Alder LLC, was purchased by Northwest Hardwoods, Inc. in November 2011. All eligible participants were enrolled into the Northwest Hardwoods, Inc.'s retirement plan as of December 1, 2011. Effective December 1, 2011, all eligible employees of Washington Alder were no longer contributing to the Plan. The Plan was merged with Northwest Hardwoods, Inc. 401(k) Plan effective February 9, 2012, and all participant balances were transferred into Northwest Hardwoods, Inc.'s 401(k) Plan April 10, 2012.

Eligibility

Employees of the Company are eligible to participate in the Plan upon reaching the age of 18 and after completing one year of service in which at least 1,000 hours are worked.

Contributions

Participants may elect to contribute between 1 percent and 100 percent of eligible compensation to the Plan each year. The Company may elect to make discretionary matching contributions to the Plan. Participants must complete at least 1,000 hours of service during the Plan year, and be employed as of the last day of the Plan year, to be eligible to receive any employer discretionary contributions. No discretionary contributions were made during 2011. Pay is defined under the Plan as wages, tips and other compensation and excludes safe harbor fringe benefits. Contributions are subject to regulatory limitations.

Participant Accounts

Each participant's account is credited with the participant's contributions, allocations of the Company's contributions and actual investment earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. Participants may direct the investment of their account balances into various investment options offered by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are fully vested immediately in their contributions and in the Company's contributions plus actual earnings thereon. Accordingly, there are no forfeitures.

(continued)

Note 1 - Plan Description *(concluded)*

Participants Loans

Participant loans from the Plan are not permitted.

Payment of Benefits

Upon termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account balance, or annual installments. For termination of service for other reasons, a participant may receive the value of his or her account as a lump-sum distribution.

Hardship Withdrawals

Under certain conditions, a participant, while still employed, is permitted to withdraw the employee contribution portion of his or her account balance. These conditions include payment of postsecondary education tuition, funeral or burial expenses for parents, spouse, children or dependents, medical expenses that are tax deductible, expenses to repair damage to a participant's primary home that would be tax deductible, or to purchase, prevent eviction or foreclosure of the participant's principal residence. A participant's right to contribute to the Plan will be suspended for at least six months after the receipt of a hardship withdrawal.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual method of accounting.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Recent Accounting Pronouncement

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04). ASU 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect the provisions of ASU 2011-04 will have on the Plan's financial statements.

(continued)

Note 2 - Summary of Significant Accounting Policies *(concluded)*

Investment Valuation

Investments are stated at fair value, as certified by the Plan's custodians, Principal Life Insurance Company and Principal Trust Company. Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date (see Note 4 for discussion of fair value measurements).

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. Authoritative guidance requires the statement of net assets available for benefits present the fair value of the investments, as well as the adjustment from fair value to contract value for fully benefit-responsive investment contracts. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Net appreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation and depreciation of those investments.

Payment of Benefits

Benefits are recorded when paid.

Expenses

Administrative expenses and certain transaction fees are paid by the Plan.

Subsequent Events

Subsequent events are events or transactions that occur after the statements of net assets available for benefits date but before the financial statements are issued. The Plan recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of net assets available for benefits, including the estimates inherent in the process of preparing the financial statements. The Plan's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of net assets available for benefits but arose after the statements of net assets available for benefits date and before the financial statements were available to be issued.

The Plan has evaluated subsequent events through September 12, 2012, which is the date the financial statements were available to be issued. See Note 1 for subsequent events related to the Plan merger in April 2012.

Note 3 - Investments

Investments representing 5 percent or more of net assets available for benefits consist of the following as of December 31:

	2011	2010
Principal Lifetime 2020	$420,460	$467,576
Principal Government & HQ Bond	115,964	333,989
Principal Money Market	220,141	243,898
Principal Lifetime 2010	93,499	145,818
Principal Lifetime 2030	142,322	139,549
Principal Lifetime Str Income Sep Acct	142,283	***
Principal Small-Cap S&P 600 Index	**	125,810

** This investment balance was below the 5 percent threshold for the Plan year.
*** This investment was not available to the Plan in 2010.

During 2011 the Plan's investments (including gains and losses on investments purchased, sold and held during the year) appreciated (depreciated) in fair value as follows:

Pooled separate accounts	$1,585
Registered investment companies	(2,961)
Net investment loss, including net depreciation in fair value of investments	**($1,376)**

Except for the Plan's guaranteed investment contracts, the above amounts include interest, dividends, and both realized and unrealized gains and losses on investments. The Plan's recordkeeper does not separately account for the components of investment income.

Note 4 - Fair Value Measurements

In accordance with authoritative guidance, the Plan classifies its investments based on an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted, quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

(continued)

Note 4 - Fair Value Measurements *(continued)*

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011.

Shares of registered investment company funds are valued using the net asset value (NAV) provided by the fund administrator. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and divided by the number of shares outstanding. The NAV is a quoted price in an active market and is classified within Level 1 of the valuation hierarchy.

Units held in pooled separate accounts are valued using the fund's NAV. The NAV is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and divided by the number of units outstanding. The NAV of a pooled separate account is calculated based on a compilation of primarily observable market information. The number of units of the fund outstanding on the calculation date is derived from observable purchase and redemption activity in the fund. The unit value for an observable collective investment fund is classified within Level 2 of the valuation hierarchy. The unit value for the unobservable collective investment fund, Principal U.S. Property, is classified within Level 3 of the valuation hierarchy prior to March 2011 due to temporary withdrawal restrictions caused by liquidity limitations from market conditions in the real estate markets. As of March 2011, the funds temporary withdrawal restrictions were lifted and the fund was reclassified as a Level 2 investment.

The fair value of the guaranteed investment contract (GIC) is calculated by discounting the related cash flows, based on current yields of similar instruments with comparable durations. GICs are classified within Level 3 of the valuation hierarchy (see Note 5).

The valuation methods used by the Plan may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following discloses by level the fair value hierarchy of the Plan's assets at fair value as of December 31, 2011 and 2010:

	Investment Assets at Fair Value as of December 31, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Registered investment companies:				
Blended funds	$ 49,957	$ - -	$ - -	$ 49,957
Growth funds	68,880	- -	- -	68,880
Value funds	61,072	- -	- -	61,072
Pooled separate accounts:				
Blended funds	- -	572,746	- -	572,746
Growth funds	- -	589,956	- -	589,956
Fixed income funds	- -	322,883	- -	322,883
Real estate funds	- -	22,424	- -	22,424
Guaranteed investment contracts	- -		160,116	160,116
	$179,909	**$1,508,009**	**$160,116**	**$1,848,034**

(continued)

Note 4 - Fair Value Measurements *(continued)*

	Investment Assets at Fair Value as of December 31, 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Registered investment companies:				
Growth funds	$129,133	$ - -	$ - -	$ 129,133
Value funds	139,485	- -	- -	139,485
Pooled separate accounts:				
Blended funds	- -	971,830	- -	971,830
Growth funds	- -	388,678	- -	388,678
Fixed income funds	- -	667,834	- -	667,834
Real estate funds	- -	- -	19,915	19,915
Value funds	- -	14,401	- -	14,401
Guaranteed investment contracts	- -	- -	173,285	173,285
	$268,618	**$2,042,743**	**$193,200**	**$2,504,561**

The following discloses the summary of changes in the fair value of the Plan's Level 3 investment assets at December 31, 2011:

	Pooled Separate Account	**Investment Contract**	**Total**
Balance, beginning of year	$19,915	$173,285	$193,200
Contributions	155	30,919	31,074
Distributions	(199)	(49,061)	(49,260)
Realized gain	553	- -	553
Unrealized gain related to investments still held at December 31	- -	4,973	4,973
Reclassified to Level 2 Investments	(20,424)	- -	(20,424)
Balance, end of year	**$ - -**	**$160,116**	**$160,116**
The amount of total gains for the period included in changes in net assets attributable to the change in unrealized gains relating to assets still held at December 31	**$- -**	**$4,973**	**$4,973**

Gains and losses (realized and unrealized) included in changes in net assets for the year above are reported in net investment loss, including depreciation in fair value of investments on the statement of changes in net assets available for benefits.

(continued)

Note 4 - Fair Value Measurements *(concluded)*

The following sets forth additional disclosures of the Plan's investments, whose fair value is estimated using net asset value per share (or its equivalent), as of December 31:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Investment - 2011				
Guaranteed Investment Contract (a)	$160,116	$- -	Daily	None
Investment - 2010				
Guaranteed Investment Contract (a)	$173,285	$- -	Daily	None

(a) The objective of the funds is to provide a guaranteed interest rate over a specified period consistent with stable fixed-income methodology and the careful and prudent assumption of investment risk, providing for preservation of capital, stability and predictability of returns, liquidity and pays Plan benefits, and high credit quality. The fund seeks to achieve this objective by declaring a monthly interest rate at the beginning of each month and compounding interest daily based on the declared rate. At the end of each year, all contributions received during the year, plus their interest earnings are combined to form a distinct account and a composite interest rate is determined. The composite rate is a weighted-average of the interest rates applicable to contributions and withdrawals made during the reporting year plus interest to date. Characteristics of these funds allow their principal value to remain stable regardless of the volatility of the financial markets.

Note 5 - Guaranteed Investment Contracts with Principal Life Insurance Company

The Plan's Principal Life Insurance Company GICs are fully benefit-responsive and are presented at fair value on the statements of net assets available for benefits. For example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investments at contract value. The adjustment from fair value to contract value is based on the contract value, as reported by Principal Life Insurance Company (which represents contributions made under the contracts, plus earnings, less withdrawals and administrative expenses).

There are no reserves against contract value for credit risk of the contract issuer or otherwise. Crediting rates on the investment contracts are based on a formula agreed upon with the issuer, but may not be less than 0.60 percent. Interest rates are reviewed on a quarterly basis for resetting.

Certain events, such as the premature termination of the contract by the Plan or the termination of the Plan, may limit the Plan's ability to transact at contract value with the issuer.

Traditional GICs are unsecured, general account obligations of insurance companies. The obligations are backed by the general account assets of the insurance company that writes the invest contracts.

(continued)

Note 5 - Guaranteed Investment Contracts with Principal Life Insurance Company *(concluded)*

Accounting standards require that the Plan provide the following disclosures regarding certain investments in guaranteed investment contracts as of December 31, 2011 and 2010:

	2011			
	Actual Earnings Average Yield	**Participants Crediting Interest Rate**	**Investments at Fair Value**	**Adjustment to Contract Value**
Principal Life Insurance Company				
2011	4.22%	0.60%	$ 24,222	$- -
2012	3.90	0.60	53,022	- -
2013	1.70	0.74	32,999	- -
2014	1.62	0.86	22,461	- -
2015	1.24	1.08	27,412	- -
			$160,116	**$- -**

	2010			
	Actual Earnings Average Yield	**Participants Crediting Interest Rate**	**Investments at Fair Value**	**Adjustment to Contract Value**
Principal Life Insurance Company				
2010	4.14%	0.77%	$ 25,208	$ - -
2011	4.22	0.77	26,662	- -
2012	3.89	1.10	55,820	- -
2013	1.70	1.49	38,465	- -
2014	1.60	2.01	27,130	434
			$173,285	**$434**

The average yield is based upon annualized earnings of the investment, which may differ from the crediting interest rate, which is based upon the annualized earnings credited to participant accounts.

Note 6 - Income Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated March 31, 2008, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes the Plan is designed and operated in compliance with the applicable requirements of the IRC.

Note 7 - Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. It is reasonably possible, given the level of risk associated with investment securities, that changes in the near term could materially affect a participant's account balance and the amounts reported in the financial statements.

Note 8 - Information Certified by the Custodian

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Principal Life Insurance Company and Principal Trust Company, the custodians of the Plan, have certified to the completeness and accuracy of the following at December 31, 2011 and 2010, and for the year ended December 31, 2011:

	2011	2010
Statements of Net Assets Available for Benefits		
Investments at fair value:		
Pooled separate account	$1,508,009	$2,062,658
Registered investment companies	179,909	268,618
Guaranteed investment contracts at contract value	160,116	173,719
Statement of Changes in Net Assets Available for Benefits		
Net investment loss, including depreciation in fair value of investments	($1,376)	
Interest on guaranteed investment contracts	4,540	

Schedule of Assets (Held at End of Year) (see page 13)

Note 9 - Party-in-Interest Transactions

Plan investments include pooled separate accounts and guaranteed interest accounts managed by Principal Life Insurance Company and Principal Trust Company, the custodians of the Plan. Transactions with Principal Financial Group qualify as exempt party-in-interest transactions. Fees paid by the Plan for investment management services to Principal Financial Group were $8,719 for the year ended December 31, 2011.

Note 10 - Plan Merger

On February 9, 2012, the Company has approved to merge the Plan assets into Northwest Hardwoods, Inc.'s plan (see Note 1).

Note 11 - Reconciliation to Form 5500

The following are reconciliations of net assets available for benefits per the financial statements to Form 5500 at December 31, 2011 and 2010, and for the year ended December 31, 2011:

	2011	2010
Net assets available for benefits per the financial statements	$1,848,034	$2,504,995
Adjustment for difference between fair value and contract value of GICs	- -	(434)
Net assets available for benefits per Form 5500	**$1,848,034**	**$2,504,561**

Net decrease in net assets available for benefits per the financial statements	($656,961)
Adjustment for difference between fair value and contract value of GICs at December 31, 2010	434
Net loss per Form 5500	**($656,527)**

Supplemental

Schedule

Schedule of Assets (Held at End of Year)

Washington Alder LLC 401(k)
December 31, 2011

EIN #: 91-1857486
Plan #: 001

	(a) and (b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Principal Lifetime 2020	Pooled Separate Account	**	$ 420,460
*	Principal Government & HQ Bond	Pooled Separate Account	**	115,964
*	Principal Money Market	Pooled Separate Account	**	200,141
*	Principal Lifetime 2010	Pooled Separate Account	**	93,499
*	Principal Lifetime 2030	Pooled Separate Account	**	142,322
*	Principal Small-Cap S&P 600 Index	Pooled Separate Account	**	53,686
*	Principal Large-Cap S&P 500 Index	Pooled Separate Account	**	59,710
*	Principal Lifetime 2040	Pooled Separate Account	**	88,709
*	Principal Med Co. Blnd	Pooled Separate Account	**	42,375
*	Principal International Em Market	Pooled Separate Account	**	50,024
*	Principal Lifetime Str Income Sep Acct	Pooled Separate Account	**	142,283
*	Principal Large-Cap Gr II	Pooled Separate Account	**	38,412
*	Principal Core Plus Bond I	Pooled Separate Account	**	6,777
*	Principal U.S. Property	Pooled Separate Account	**	22,424
*	Principal Fin Group Inc. Stock	Pooled Separate Account	**	6,889
*	Principal Divers International	Pooled Separate Account	**	11,853
*	Principal Lifetime 2050	Pooled Separate Account	**	12,481
				1,508,009
	Lord Abbett Dev Growth	Registered Investment Company	**	41,645
	Capital Research & Management Co.	Registered Investment Company	**	16,251
	Allianz NFJ Dividend Val	Registered Investment Company	**	24,453
	MFS Core Equity A	Registered Investment Company	**	33,706
	Columbia Small-Cap Val	Registered Investment Company	**	36,619
	Amer Cent Heritage A Fund	Registered Investment Company	**	27,235
				179,909

(continued)

Schedule of Assets (Held at End of Year)

(concluded)

Washington Alder LLC 401(k)
December 31, 2011

EIN #: 91-1857486
Plan #: 001

	(a) and (b) Identity of Issuer, Borrower, Lessor or Similar Party	**(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value**	**(d) Cost**	**(e) Current Value**
*	Principal Guaranteed Investment Contract	GIC, maturity 12/31/12, 0.60% interest as of December 31, 2011	**	$ 53,022
*	Principal Guaranteed Investment Contract	GIC, maturity 12/31/13, 0.74% interest as of December 31, 2011	**	32,999
*	Principal Guaranteed Investment Contract	GIC, maturity 12/31/14, 0.86% interest as of December 31, 2011	**	22,461
*	Principal Guaranteed Investment Contract	GIC, maturity 12/31/11, 0.60% interest as of December 31, 2011	**	24,222
*	Principal Guaranteed Investment Contract	GIC, maturity 12/31/15, 1.08% interest as of December 31, 2011	**	27,412
				160,116
	Total investments at fair value			**$1,848,034**

* Denotes a party-in-interest to the Plan
** Information is not required, as investments are participant-directed

F051TF

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

WASHINGTON ALDER LLC 401(K)

EIN 91 1857486
PLAN NUMBER 001
PLAN YEAR 01/01/2011 TO 12/31/2011

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	Allianz	Registered Investment Company Allianz NFJ Div Value A Fund	$ 0.00	$ 24,452.66
	American Century Investments	Registered Investment Company Amer Cent Heritage A Fund	$ 0.00	$ 27,235.26
	American Funds Service Company	Registered Investment Company AMER FUNDS SMCAP WORLD R4 FUND	$ 0.00	$ 16,251.32
	Columbia Funds	Registered Investment Company Columbia Small Cap Val I A Fd	$ 0.00	$ 36,618.84
*	Principal Life Insurance Company	Insurance Company General Guaranteed Interest	$ 0.00	$ 160,115.67
	Lord Abbett	Registered Investment Company Lord Abbett Dev Growth A Fund	$ 0.00	$ 41,644.39
	MFS Investment Management	Registered Investment Company MFS Core Equity A Fund	$ 0.00	$ 33,706.28
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Core Plus Bond I SA-R6	$ 0.00	$ 6,777.45
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Diversified Intl SA-R6	$ 0.00	$ 11,852.82
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Fin Grp, Inc. Stock SA-R6	$ 0.00	$ 6,888.70
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Govt & HQ Bond SA-R6	$ 0.00	$ 115,964.20
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Intl Emerg Markets SA-R6	$ 0.00	$ 50,024.08
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LargeCap Growth II SA-R6	$ 0.00	$ 38,411.73
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LgCap S&P 500 Index SA-R6	$ 0.00	$ 59,709.98
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime Strat Inc SA-R6	$ 0.00	$ 142,282.92

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

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SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

WASHINGTON ALDER LLC 401(K)

EIN 91 1857486
PLAN NUMBER 001
PLAN YEAR 01/01/2011 TO 12/31/2011

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2010 Sep Acct-R6	$ 0.00	$ 93,499.06
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2015 Sep Acct-R6	$ 0.00	$ 0.07
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2020 Sep Acct-R6	$ 0.00	$ 420,459.78
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2030 Sep Acct-R6	$ 0.00	$ 142,321.84
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2040 Sep Acct-R6	$ 0.00	$ 88,709.00
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2050 Sep Acct-R6	$ 0.00	$ 12,480.71
*	Principal Life Insurance Company	Pooled Separate Accounts Prin MidCap Blend Sep Acct-R6	$ 0.00	$ 42,375.22
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Money Market Sep Acct-R6	$ 0.00	$ 200,141.14
*	Principal Life Insurance Company	Pooled Separate Accounts Prin SmCap S&P 600 Index SA-R6	$ 0.00	$ 53,686.34
*	Principal Life Insurance Company	Pooled Separate Accounts Prin U.S. Property Sep Acct-R6	$ 0.00	$ 22,423.60

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)