INVESTMENT CONSULTANTS

(A Registered Investment Advisor)

April 11, 2011

From: Bill Gela, Investment Consultants
Topic: The Broaster Company 401(k) Plan -- Quarterly Plan Summary Report

Enclosed is your Plan Summary Report for the quarter ending 3-31-2011, covering your mix of funds. This past 3-month period ending March 31 was up significantly for the overall U.S. stock market, up (but less) for the aggregate international stock markets, and it was up for the U.S. bond market. Within the U.S. stock market, most stock fund categories (as defined by Lipper investment styles and capitalizations) were up between +4.3% & +9.4% for the first quarter. According to Lipper Fund Services, the average diversified U.S. stock mutual fund's first quarter 2011 total return was +6.2%, and the <u>S&P 500 Index was up approximately +5.9% for the first quarter</u>. <u>For the 12 months ending 3-31-2011 the S&P 500 Index was up +15.6%</u>. According to Morningstar^{TM} all of your funds have performed solidly-to-well for both 5 and 10 years relative to similar "peer group" funds, with the exception of the relatively conservative Forward Small Cap Equity Fund and the William Blair Small Cap Growth Fund that have lagged significantly for the 5-year period and, in the case of the Forward fund, for the 10-year period. The William Blair fund has strong 10-year relative performance. [Note: Your passive "index funds" (versus actively-managed funds) strive to mirror their indices' performances at all times – no more, no less.]

Relative to similar "peer group" funds, your fund mix has continued to perform solidly, but somewhat mixed on average over the past 12 months ending 3-31-2011 – 3 funds within the top 25% of their peer groups' funds and 3 funds within the bottom 25% of their peer groups' funds. For the past 12 months ending 3-31-2011 (with the S&P 500 Index up +15.6%) five of your eight stock-oriented funds outperformed the S&P Index, with one fund only 0.1% behind the S&P 500.[1] Your top performing stock-oriented fund was the Vanguard Mid Capitalization Index Fund at a +24.9% total return for the 12 months ending 3-31-2011, and your Harbor Bond Institutional Fund returned +6.5% for the same 12-month period.[2]

[Note: To put your funds' returns into perspective during the past several years' dynamic market conditions, your 8 stock-oriented funds have annualized total returns (compounded each year) of between -1.2% & +7.4% for the past 5 years ending 3/31/2011. This compares to +2.6% for the S&P 500 Index for the same 5-year period: 6 of your 8 stock-oriented funds exceeded the S&P 500 Index' return for this 5-year period.]

[1] According to Lipper (4/4/2011 Wall Street Journal), for the past 12 months all domestic stock fund categories (diversified, non-specialty categories) had significant positive returns -- up between +13.0% & +27.5%. For the 12 months ending 3/31/2011 the International (IL) stock fund category was up +12.5%. For the 5-year period ending 3/31/2011 all diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between +1.1% and +5.7%.

[2] According to Lipper, the average intermediate-term (U.S.) taxable-bond fund (IG) total return was +6.0% for the previous 12 months ending 3/31/2011.

A Perspective on Retirement Planning – Revisiting Some Planning Issues for All of Us

A while ago I had a conversation with my spouse about our level of preparedness for retirement. It included pie charts along with reports and statements on: (1) what we were saving (including our retirement plan and IRA's); (2) what our income is and our big expense items are; and (3) what we owed (including our mortgage balance). Even though we both noticed that our "expense pie chart" seemed to be big enough to easily devour our "income pie chart", the discussion was very constructive. Having read various articles over time, along with our recent family financial planning discussion led me to list the following "financial planning thoughts" that I hope are helpful and/or thought-provoking to many of you:[1]

- To reach success in attaining financial independence during retirement, SAVING is every bit as important as INVESTING. Critical to successful saving is "living within your means", both during and after your working years.
- It is critical to strive to keep our lifestyle decisions in balance with our financial objectives. A family must balance current income demands, future financial responsibilities, quality of life, and current wants and needs. Developing a satisfactory and sustainable lifestyle *before* retirement is at least as crucial to a successful retirement as is the level of financial assets with which you enter the "post-career" phase of your life.
- Whatever Financial Plan you develop must be dynamic. It should be broad-based, grounded in reality, and you must be able to track its progression – consistently, but PATIENTLY. For a Financial Plan to be successful it must *evolve* as your family moves through different stages of life.
- Set priorities – immediately *involve your family* in the process of developing and tracking your Financial Plan. Participation by your family is imperative to the success of a Plan. Start setting priorities as early in life as possible -- when you are in "young adulthood" doing this is a challenge; when in "middle age" it is a problem; but by the time you are in "retirement" it can be a crisis!
- Doing whatever you can to stay physically healthy is tantamount to financial success.
- Responsible use of credit is very important – use credit cards for convenience, *not* for financing your lifestyle. Create an "emergency fund" for possible job loss, home upkeep & car replacement.
- Many financial experts suggest that Life Insurance (particularly "Term Life Insurance") be properly used to support your dependents in the case of your death. It should *not* be used as an investment.
- Consider Disability Insurance (working years) and Long Term Care Insurance (retirement years).

How Many Years Will It Take To Get To \$100,000 – Assuming That You Have \$25,000 Now?:[2]

6%	**17 Years**	**13 Years**	**12 Years [rounded]**	**10 Years**
5%	**19 Years**	**14 Years**	**12 Years [rounded]**	**10 Years**
4%	**22 Years**	**16 Years**	**13 Years**	**11 Years**
3%	**24 Years**	**18 Years**	**15 Years**	**12 Years**
2%	**28 Years**	**20 Years**	**15 Years**	**13 Years**
Amount You Save Each Year →→	**\$1,000**	**\$2,000**	**\$3,000**	**\$4,000**

Real Rate of Return (i.e., after inflation) -- assuming a 3% annual rate of inflation & that the "amount you save each year" rises by 3% a year from the '1st year' saving amount in the bottom row above. For example, the "2% Real Rate of Return" row means that the actual total return for your portfolio each year is 5% (a 2% rate of return plus 3% more to account for inflation).

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[1] Many of these items came from Ken Matson, who runs Compensation & Capital Administrative Services. The thoughts are intended to be a starting point, not a comprehensive list. Many of the "thoughts" below are from a quarterly report in 2005.

[2] The \$100,000 goal *is in today's purchasing power*. You can also use this table to answer "How Many Years Will It Take To Get To \$1,000,000 – Assuming That You Have \$250,000 Now?" merely by adding one "0" to each "Amount You Save Each Year" \$ in bottom row – i.e., these 3 numbers are "proportional". (Data was taken from the April, 2011 MONEY magazine, page 63.)

BROASTER COMPANY - 1st Quarter, 2011 Plan Summary Report
Funds' Performances for Periods Ended March 31, 2011

The following report is intended to help you in evaluating your investments [1], and in selecting your mix of mutual funds for the future. The average diversified U.S. stock mutual fund's first quarter 2011 total return was +6.2%; and for the 12-month period ending March 31, 2011, the total return was +18.1%. [For 12 months: the S&P 500 index returned +15.6%; the small-cap stock index returned +25.8% [2]; & the average international stock fund returned +12.5%]. The 3-month total return for taxable bond mutual funds averaged +1.4%, taking the average taxable bond fund total return to +6.8% for the previous 12 months. Lastly, (retail taxable) money market funds' average yield was +0.02% for the previous 12 months. Remember that one quarter does *not* make your retirement investing a success or a failure, nor does it insure success or failure for the next quarter -- investing is a long-term proposition.

Fund Type	Periods Ended March 31, 2011: 1-Year Total Return *(Growth of $1,000)* [3]	5-Year Average Return	Fund Ranking [4] 5 Years	10 Years
Stock-oriented:				
Large Cap Funds:				
(T. Rowe Price Equity Income) *[NASDAQ Code = PRFDX] [LV]* [5]	+14.2% *($1,142)*	**2.8%**	**25**	24
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+17.5% *($1,175)*	**3.1%**	**26**	21
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]*	+18.4% *($1,184)*	**4.9%**	**19**	2
Mid Cap Fund:				
(Vanguard Mid Cap Index) *[NASDAQ Code = VIMSX] [MB]*	+24.9% *($1,249)*	**4.4%**	**49**	24
Small Cap Funds:				
(Royce Special Equity Invmt) *[NASDAQ Code = RYSEX] [SB]*	+17.5% *($1,175)*	**7.4%**	**7**	6
(Forward Small Cap Equity) *[NASDAQ Code = FFSCX] [SG]*	+20.6% *($1,206)*	**-1.2%**	**97**	63
(William Blair Small Cap Growth/N) *[NASDAQ Code = WBSNX] [SG]*	+9.4% *($1,094)*	**1.4%**	**81**	3
International Fund:				
(Harbor International Adm) *[NASDAQ Code = HRINX] [LB]*	+15.5% *($1,155)*	**5.5%**	**4**	3
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LB]*	+12.7% *($1,127)*	**5.9%**	**5**	1
Bond-Oriented Funds:				
(Harbor Bond Institutional) [6] *[NASDAQ Code = HABDX]*	+6.5% *($1,065)*	**7.8%**	**6**	5
(Vanguard GNMA) [7] *[NASDAQ Code = VFIIX]*	+5.6% *($1,056)*	**6.3%**	**15**	7
Money Market Fund:				
(TD Bank USA Institutional MMDA) *[NASDAQ Code = N/A]*	+0.1% *($1,001)*	**(-N/A-)** [8]	(-N/A-)	

(Footnotes on next page) →

Footnotes:

[1] Remember that past performance is absolutely ***not*** a guarantee of future performance.

[2] Russell 2000 Index. All statistics in this paragraph are from the Wall Street Journal (Source: Lipper).

[3] If an investor had put $1,000 into each fund on March 31, 2010, one year later (on March 31, 2011) each fund would have been worth the amount in italics and parentheses below.

[4] Example -- "35" below means that the fund ranked in the top 35% in investment performance, as compared to funds with a similar investment style or objective, for the 5-year period or for 10 years ending March 31, 2011. This is commonly stated as "the fund ranked in the 35th percentile of its peer group." For percentile rankings, lower is better – a 35th percentile fund outperformed 65% of peer group funds for the timeperiod stated. Data supplied by Morningstar.

[5] The following categories are as defined by Morningstar. Small Cap, Mid Cap, and Large Cap refer to the average size of the companies whose stock is held in the fund. For your stock funds (and the stock holdings of your balanced fund): [first letter] L = Large Cap, M = Mid Cap, S = Small Cap; [second letter] G = Growth, V = Value, B = Blend (Value/Growth). Example – *[LV]* means a large cap, value style. A "Value" style means that typically the fund portfolio manager buys stocks that he/she thinks will both grow in price *and* currently can be purchased at a price that is a good value. A "Growth" style manager focuses on buying stocks that are anticipated to grow in price, regardless of the current price of the stock (that is, even if based on historical standards, the stock price seems expensive already). "Moderate Allocation" and "Conservative Allocation" funds are "balanced funds" that hold a mixture of predominantly U.S. stocks and bonds; the former has a relatively higher position in stocks (50%-70%), while the latter has a relatively higher position in fixed income and cash (50%-80%). A "Foreign or International Equity" fund holds predominantly non-U.S. stocks, whereas a "World Stock" fund holds non-U.S. and U.S. stocks.

[6] Morningstar categorizes the Harbor Bond Fund as an "intermediate-term bond fund". Over time it is diversified across various bonds, including corporate and government bonds.

[7] Morningstar categorizes the Vanguard GNMA Fund as an "intermediate-term government bond fund".

[8] This fund came into existence on August 18, 2008 as a result of the merger of Fiserv Trust Company into TD Ameritrade Trust Company. The new fund is the successor fund to your previous Fiserv Trust Institutional Money Market Fund. The new fund is a FDIC-insured deposit account.