INVESTMENT CONSULTANTS
(A Registered Investment Advisor)

April 12, 2012

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 3-31-2012, covering your mix of funds. This past 3-month period ending March 31 was up dramatically for the overall U.S. stock market and for the aggregate international stock markets, and it was up solidly for the U.S. bond market. Within the U.S. stock market, most stock fund categories (as defined by Lipper investment styles and capitalizations) had returns of between +8.8% & +16.3% for the first quarter. According to Lipper Fund Services, the average diversified U.S. stock mutual fund's first quarter 2012 total return was +12.3%, and the <u>S&P 500 Index was up approximately +12.6% for the first quarter</u>. <u>For the 12 months ending 3-31-2012 the S&P 500 Index was up +8.5%</u>. According to Morningstar™ all of your funds have performed solidly-to-well for both 5 and 10 years relative to similar "peer group" funds. [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 well on average over the past 12 months ending 3-31-2012 – 5 funds within the top 25% of their peer groups' funds and 2 funds within the bottom 25% of their peer groups' funds. For the past 12 months ending 3-31-2012 (with the S&P 500 Index up +8.5%) one of your stock-oriented funds outperformed the S&P Index (not surprisingly – see footnote #1).[1] Your top performing stock-oriented fund was the Fidelity Contrafund at a +9.4% total return for the 12 months ending 3-31-2012, and your Vanguard GNMA (bond) Fund returned +7.5% for the same 12-month period.[2]

[Note: To put your funds' returns into perspective during the past five years' dynamic market conditions, your 7 stock-oriented funds have annualized total returns (compounded each year) of between +0.9% & +7.1% for the past 5 years ending 3/31/2012. This compares to +2.0% for the S&P 500 Index for the same 5-year period: 5 of your 7 stock-oriented funds exceeded the S&P 500 Index' return for this 5-year period.]

---

[1] According to Lipper (4/5/2012 Wall Street Journal), for the past 12 months ending 3/31/2012 all except one domestic stock fund category (out of all diversified, non-specialty categories) had positive returns -- between -0.6% & +8.4%. <u>For the past 12 months large-cap growth stocks outperformed most other types of stocks, which resulted in the S&P 500 Index' strong relative performance. One of your stock-oriented funds is a foreign/international fund. For the 12 months ending 3/31/2012 the International (IL) stock fund category was down -6.1%</u>. For the 5-year period ending 3/31/2012 all diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between -0.7% and +4.2%.

[2] According to Lipper, the average intermediate-term (U.S.) taxable-bond fund (IB) total return was +6.9% for the previous 12 months ending 3/31/2012.

1st QUARTER, 2012 PLAN SUMMARY REPORT – BROASTER COMPANY

Prepared by: *Investment Consultants (an affiliate of Compensation & Capital)*

Active vs. Passive Investing – Which is the Best?: In 2011 the Standard & Poor's 500 Index[1] (referred to as the S&P 500, which is a listing of 500 large, widely held U.S. stocks) outperformed virtually all Morningstar categories of U.S. stocks, most major U.S. stock market indices, and most U.S. stock mutual funds. So, are "passive" (or index) funds better?

Successful mutual fund "active managers" assist investors in deciding into which specific stocks and/or bonds to invest, and which to avoid at any given time (versus "index or passive managers" who merely attempt to match indices – i.e., defined listings of companies' stocks). Most mutual funds that retirement plan investors can choose to invest in utilize an "active" management philosophy. If you have an S&P 500 index fund in your fund mix along with actively-managed large company mutual funds, what should you do? There is no right or wrong answer, but following are some statistics that may be helpful to put this issue into perspective: (1) for the past 12 months (ending 2/29/2012) the S&P 500 index was up +5.12%. For the same period the 25th percentile (in top 25%) large company growth fund was up +6.23% **–** that is, even though the S&P 500 index outperformed most U.S. funds, many top-performing large company funds did better. But for the past 5 years the S&P lagged the 25th percentile large company growth fund a lot, by approximately 3% *per year*. For this 5-year period many more large company funds outperformed the S&P 500 index. There is a "place" for using an S&P 500 index fund – to track the U.S. stock market, as represented by large U.S. companies, over the long term – but one of the drawbacks of using this index fund is: when many of the stocks in the index do poorly (such as when bank stocks dropped precipitously during the big market downturn several years ago), the index fund cannot make tactical moves to avoid these stocks. Actively managed funds have the flexibility to side-step such market down drafts, and many of the good ones do just that.

Additional Disclosure to Plan Trustees and to Plan Participants – Soon to Come: Later this year, as the result of new regulations [2], various service providers to retirement plans such as yours will be sending plan Trustees additional information. Much of this information will be passed on to plan Participants. A primary intent of these new regulations is to make additional information about the service providers' services, fees, and compensation available to both Plan Trustees and Plan Participants, and in a very transparent fashion. A challenge for Plan Trustees and Plan Participants will be *how to put the additional information into perspective and how to use the information to make their Plans and their individual investing better*. We will work with you to assist you in these efforts. Following is an example addressing one area of potential confusion **–** <u>mutual fund fees</u> (or mutual funds' "expense ratios"[3]): The small company blend style, Royce Low Priced Stock Svc Fund's audited expense ratio is <u>1.49%</u> and its 5-year annualized total return (after the expense ratio was subtracted from its performance) was <u>+4.68% per year</u>. A different small company blend fund, the Bridgeway Small-Cap Value fund's audited expense ratio is <u>0.87%</u> (0.62% lower than the Royce fund, seemingly "better"), but its 5-year annualized total return was <u>-1.51% per year</u> (clearly "worse"). All other things being equal, it is better to have a fund with a lower expense ratio; but like products from many service providers **(**surgeons, lawyers, plumbers, etc.) the key is the end result, not merely the cost – that is, did you get value for the cost, not just was it cheap! Because of this dilemma, this quarterly report that you are reading will continue to report not only your funds' total returns *after* their expense ratios have been subtracted out, but also how your funds have performed relative to other similar, "peer group" funds.

---

[1] A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

[2] The Department of Labor 408(b)(2) regulations and the associated 404(a) regulations.

[3] The percentage of fund assets that mutual fund companies take out of a fund to pay for the fund's operating expenses and management fees. All statistics in this report are "after the fund expense ratio is subtracted from the fund's performance".

BROASTER COMPANY - 1st Quarter, 2012 Plan Summary Report
Funds' Performances for Periods Ended March 31, 2012

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 2012 total return was +12.3%; and for the 12-month period ending March 31, 2012, the total return was +2.7%. [For 12 months: the S&P 500 index returned +8.5%; the small-cap stock index returned -0.2% [2]; & the average international stock fund returned -6.1%]. The 3-month total return for taxable bond mutual funds averaged +2.2%, taking the average taxable bond fund total return to +5.3% for the previous 12 months. Lastly, (retail taxable) money market funds' average yield was +0.01% 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, 2012: 1-Year Total Return *(Growth of $1,000)* [3]	**5-Year Average Return**	Fund Ranking [4] **5 Years**	Fund Ranking [4] 10 Years
Stock-oriented:				
Large Cap Funds:				
(T. Rowe Price Equity Income) *[NASDAQ Code = PRFDX] [LV]* [5]	+4.5% *($1,045)*	**0.9%**	**27**	31
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+7.2% *($1,072)*	**2.4%**	**20**	15
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]*	+9.4% *($1,094)*	**5.2%**	**24**	1
Mid Cap Fund:				
(Vanguard Mid Cap Index) *[NASDAQ Code = VIMSX] [MB]*	+2.6% *($1,026)*	**2.9%**	**39**	26
Small Cap Funds:				
(Royce Special Equity Invmt) *[NASDAQ Code = RYSEX] [SB]*	+5.1% *($1,051)*	**6.8%**	**5**	10
(Loomis Sayles Small Cap Growth) *[NASDAQ Code = LSSIX] [SG]*	+2.6% *($1,026)*	**7.1%**	**6**	26
International Fund:				
(Harbor International Adm) *[NASDAQ Code = HRINX] [LB]*	-2.6% *($974)*	**1.1%**	**3**	2
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LB]*	+8.1% *($1,081)*	**5.2%**	**6**	1
Bond-Oriented Funds:				
(Vanguard GNMA) [6] *[NASDAQ Code = VFIIX]*	+7.5% *($1,075)*	**6.7%**	**13**	8
(Harbor Bond Institutional) [7] *[NASDAQ Code = HABDX]*	+4.9% *($1,049)*	**7.6%**	**9**	11
(Templeton Global Bond Adv) *[NASDAQ Code = TGBAX]*	+2.6% *($1,026)*	**10.4%**	**1**	1
Money Market Fund:				
(TD Bank USA Institutional MMDA) *[NASDAQ Code = N/A]*	+0.0% *($1,000)*	**(-N/A-)**	(-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, 2011, one year later (on March 31, 2012) 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, 2012. 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 Vanguard GNMA Fund as an "intermediate-term government bond fund".

[7] 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.