INVESTMENT CONSULTANTS

(A Registered Investment Advisor)

April 11, 2013

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 3-31-2013, covering your mix of funds. This past 3-month period ending March 31 was up significantly for the overall U.S. stock market and was also up significantly for the aggregate international stock markets, and it was up slightly for the overall U.S. bond market. Within the U.S. stock market, the diversified stock fund categories (as defined by Lipper investment styles and capitalizations) had returns of between +8.4% & +13.7% for the first quarter. According to Lipper Fund Services, the average U.S. stock mutual fund's first quarter 2013 total return was +10.2%, and the <u>S&P 500 Index was up +10.6% for the first quarter</u>. <u>For the 12 months ending 3-31-2013 the S&P 500 Index was up +14.0%</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 solidly on average over the past 12 months ending 3-31-2013 – 4 funds within the top 25% of their peer groups' funds and 1 fund within the bottom 25% of its peer group's funds. For the past 12 months ending 3-31-2013 (with the S&P 500 Index up +14.0%) three of your seven stock-oriented funds outperformed the S&P Index.[1] Your top performing stock-oriented fund was the T. Rowe Price Equity Income Fund at a +17.2% total return for the 12 months ending 3-31-2013, and your Templeton Global Bond Fund returned +9.9% 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 +0.7% & +10.1% for the past 5 years ending 3/31/2013. This compares to +5.8% 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. One of the laggards is your foreign large cap fund, most of which have significantly lagged U.S. stock funds for this period.]

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[1] According to Lipper (4/8/2013 Wall Street Journal), for the past 12 months ending 3/31/2013 all domestic diversified, non-specialty stock fund categories had positive returns -- between +7.4% & +18.4%. <u>For the past 12 months the S&P 500 Index outperformed about half of the diversified domestic stock fund categories. One of your stock-oriented funds is a foreign/international fund. For the 12 months ending 3/31/2013 the International stock fund category was up +9.3%</u>. For the 5-year period ending 3/31/2013 all domestic diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between +4.1% and +8.3%.

[2] According to Lipper, the average intermediate-term (U.S.) taxable-bond fund total return was +5.5% for the previous 12 months ending 3/31/2013.

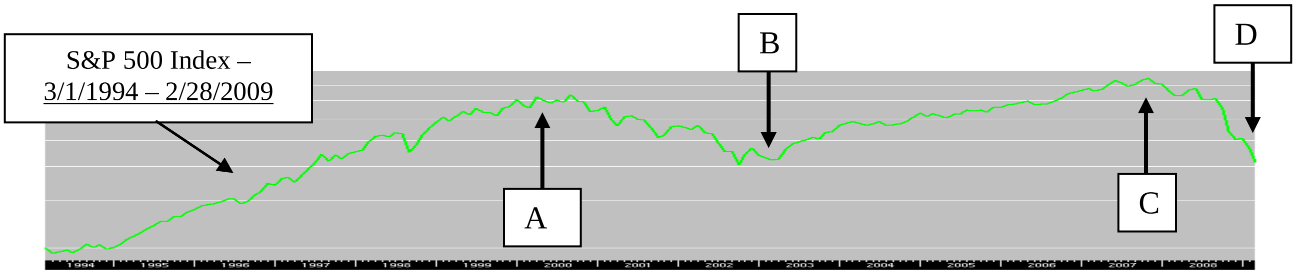
1st QUARTER, 2013 PLAN SUMMARY REPORT – BROASTER COMPANY

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

Stocks can drop, but Bonds? – Can they really go down in value?

The answer to the question above is "yes", but more to come on that later. First, let's revisit the chart:

WHEN WOULD YOU RATHER INVEST – A & C or B & D?



The graphic above was in the '1st Quarter, 2009 Plan Summary Report' (4 years ago), which stated that "The market *will* go up and it *will* go down! Over the past 15-year period (above) the S&P 500 Index was up +108%. During the dramatic "ups" and "downs" of the stock market during this period, would it have been better to have invested additional money at points A & C above (peaks) or at points B & D above (valleys)? Of course, it is better to invest additional money into the stock market when the market is lower – even though when the market is lower … our existing plan balances have decreased." This '1st Quarter-end, 2009 Plan Summary Report' ended with the observation, "… a 'down market' represents an opportunity to purchase funds at lower prices." Following the period above, from 3/1/2009 through 2/28/2013 (4 years), the S&P 500 Index' total return was +124.58% (per Morningstar). Regarding those stock investments that you chose to invest in on March 1, 2009 (particularly in U.S. stock funds); you have most likely seen a lot of growth – a very good thing.

So, now what? The following items for you to think about are *not* intended as a "call to action", nor are they intended to suggest that you attempt to "time the market"; but it makes sense for long-term investors to reflect on what has occurred in the market, so: (1) The stock market has had a good run, and it doesn't have a history of going up forever. (2) The stock market may or may not have peaked yet, but it is certainly at a dramatically elevated level from early 2009 – more like A & C above, than like B & D. (3) For those of you who have kept your stock holdings as they were 4 years ago, you may wish to consider rebalancing your portfolio, perhaps to an even *lower* stock percentage than on 3/1/2009. (4) If you made *no* changes to your holdings over the past 4 years, your investment mix is probably more stock-oriented & riskier than it was originally; because of the significantly larger returns of most stock funds versus bond funds. (5) Although past performance is *not* a guarantee of future performance, over long periods of time most stock funds have been more volatile (a measure of riskiness) than most fixed income funds (which include bond funds and money market funds).

So, what about those bond/fixed income funds?: Not all fixed income funds are created equal. With interest rates and inflation having been very low for the last decade and given the $16+ trillion debt currently owed by the U.S. government, many "market experts" feel that interest rates can only go up. Typically when interest rates rise, bond prices fall, causing them to lose value -- particularly bonds with longer durations (for example, intermediate-term bond funds versus short-term bond or money market funds). Therefore these experts would suggest that, to lower the risk of greater possible losses, investors who are investing in fixed income investments (bond or money market funds) should consider shifting a significant portion of their intermediate-term bond funds to short-term bond funds and money market funds.

Unfortunately many things on the investment horizon are unclear, but one thing is quite clear – most of us cannot rely on social security or other outside sources for our retirement income! During both good markets (past 4 years) and poor markets (late 2007 - early 2009) we must continue to save and to invest for retirement.

BROASTER COMPANY - 1st Quarter, 2013 Plan Summary Report
Funds' Performances for Periods Ended March 31, 2013

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 2013 total return was +10.2%; and for the 12-month period ending March 31, 2013, the total return was +11.8%. [For 12 months: the S&P 500 index returned +14.0%; the small-cap stock index returned +16.3% [2]; & the average international stock fund returned +9.3%]. The 3-month total return for taxable bond mutual funds averaged +0.8%, taking the average taxable bond fund total return to +5.8% 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, 2013: 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]	+17.2% *($1,172)*	**5.5%**	**29**	29
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+14.3% *($1,143)*	**6.4%**	**17**	17
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]*	+10.4% *($1,104)*	**6.3%**	**35**	9
Mid Cap Fund:				
(Vanguard Mid Cap Index) *[NASDAQ Code = VIMSX] [MB]*	+15.3% *($1,153)*	**7.9%**	**38**	31
Small Cap Funds:				
(Royce Special Equity Invmt) *[NASDAQ Code = RYSEX] [SB]*	+13.0% *($1,130)*	**10.1%**	**11**	60
(Loomis Sayles Small Cap Growth) *[NASDAQ Code = LSSIX] [SG]*	+12.6% *($1,126)*	**10.0%**	**25**	5
International Fund:				
(Harbor International Adm) *[NASDAQ Code = HRINX] [LB]*	+7.6% *($1,076)*	**0.7%**	**18**	5
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LB]*	+12.8% *($1,128)*	**7.9%**	**2**	1
Bond-Oriented Funds:				
(Vanguard GNMA) [6] *[NASDAQ Code = VFIIX]*	+2.0% *($1,020)*	**5.4%**	**19**	12
(Harbor Bond Institutional) [7] *[NASDAQ Code = HABDX]*	+7.3% *($1,073)*	**7.0%**	**23**	13
(Templeton Global Bond Adv) *[NASDAQ Code = TGBAX]*	+9.9% *($1,099)*	**9.1%**	**1**	1
Money Market Fund:				
(TD Bank USA Institutional MMDA) *[NASDAQ Code = N/A]*	+0.0% *($1,000)*	**(-N/A-)**	(-N/A-)	

(Endnotes on next page) →

Endnotes:

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[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, 2012, one year later (on March 31, 2013) 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, 2013. 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.