INVESTMENT CONSULTANTS

(A Registered Investment Advisor)

July 13, 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 6-30-2011, covering your mix of funds.[1] This past 3-month period ending June 30 was fairly flat for the overall U.S. stock market, up slightly 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) had returns of between -2.5% & +0.5% for the second quarter. According to Lipper Fund Services, the average diversified U.S. stock mutual fund's second quarter 2011 total return was -0.4%, and the <u>S&P 500 Index was up approximately +0.1% for the second quarter</u>. <u>For the 12 months ending 6-30-2011 the S&P 500 Index was up +30.7%</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, with the exception of the new Loomis Sayles Small Cap Growth Fund that has lagged for 10 years and has performed exceptionally for 5 years. The Loomis Sayles Fund's current co-portfolio managers have been in place for approximately 6.5 years. [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 6-30-2011 – 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 6-30-2011 (with the S&P 500 Index up +30.7%) four of your seven stock-oriented funds outperformed the S&P Index.[2] For your funds that have been in place for the past year, your top performing stock-oriented fund was the Vanguard Mid Capitalization Index Fund at a +38.4% total return for the 12 months ending 6-30-2011, and your Harbor Bond Institutional Fund returned +5.4% for the same 12-month period.[3]

[Note: To put your funds' returns into perspective during the past several years' dynamic market conditions, your 7 stock-oriented funds have annualized total returns (compounded each year) of between +2.6% & +9.5% for the past 5 years ending 6/30/2011. This compares to +2.9% for the S&P 500 Index for the same 5-year period: 6 of your 7 stock-oriented funds exceeded the S&P 500 Index' return for this 5-year period.]

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1 The data for the replacement Loomis Sayles Small Cap Growth Fund and the soon-to-be-added Templeton Global Bond Fund are in the statistics below and in this quarter's "Plan Summary Report" to assist you in selecting your mix of mutual funds for the future. These fund mix changes will occur effective August 2, 2011.

2 According to Lipper (7/6/2011 Wall Street Journal), for the past 12 months all domestic stock fund categories (diversified, non-specialty categories) had significant positive returns -- up between +28.3% & +43.8%. For the 12 months ending 6/30/2011 the International (IL) stock fund category was up +30.9%. For the 5-year period ending 6/30/2011 all diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between +1.1% and +5.7%.

3 According to Lipper, the average intermediate-term (U.S.) taxable-bond fund (IG) total return was +5.5% for the previous 12 months ending 6/30/2011.

2nd QUARTER, 2011 PLAN SUMMARY REPORT – BROASTER COMPANY

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

Three Discussion Items of Both Current & Future Importance

NOTES: In the July 5 Wall Street Journal, article headlines on page 1 included: "…international bailout for Greece hit new problems…"; "…Turkey seized control of Libyan bank assets…"; "…Minnesota girded for the possibility of a long government shutdown…"; "Profits Thrive In Weak Recovery"; and "Deficit Talks Focus on Taxes". Suffice it to say that the issues affecting the investment world have *not* become less complicated as time has passed!

I. As mentioned above, topics of great interest these days are the **Debt Ceiling and the related U.S. Budget Deficit**. Politics aside (which appears to be an impossibility these days), the U.S. annual budget deficits and our nation's aggregate debt, which is virtually at the allowable debt ceiling, are of critical importance today and going forward. Following are some statistics to put these into perspective:

- As of June 29th, 2011, the Total Public Debt Outstanding of the United States of America was $14.46 trillion (a trillion is 1,000 billion), virtually at the Debt Ceiling.[1] There are approximately 312 million Americans. This means that each American would have to give the government a staggering $46,000 to pay off the national debt! When a politician talks about cutting out $100 billion of federal spending, it sounds great – it is *not* great! Although $100 billion is lot of money, it is 0.007 (seven one-thousandths) of the national debt, significantly less than 1%!
- The 2009 annual budget deficit for the U.S. was $1.4 trillion, and the 2010 budget deficit was $1.3 trillion [$3.46 trillion spent with $2.16 trillion of revenue]. So when politicians recently talked about *cutting $1 trillion of spending over the next 10 years*, this alone *would have a minor impact* on our annual deficits and the national debt would continue to skyrocket! If the United States does not seriously address this, the impact on our personal economic well-being and on our children's future will most likely be dramatic. The time for politicians to merely talk is well over.

Whether politicians act in the nation's best interests or not, we can each save to the greatest extent possible and invest prudently. *This we can control!*

II. **Hypothetical question:** I know that I need to invest a lot in stock funds to have a chance for my money to grow faster over time; however I am "spooked" by issues such as those in "<u>NOTES</u>" above, and I am afraid that the stock market (and my stock funds' values) might plummet! What do I do?
An (not "The") Answer: One way that some investors have dealt with their concerns/fears of a future stock market slump is by shifting some of their existing stock investments toward more stable funds such as balanced (mixture of stocks & bonds), bond, and money market funds. Having gotten more conservative with their *existing account balances*, the same investors also shift their *future salary deferral fund purchases* toward more stock funds, thereby actually getting more aggressive with their future purchases. If the stock market subsequently drops, these investors will buy relatively more risky stock funds but at lower prices, while their existing account balances' less aggressive asset allocations shield them from "more severe" short-term stock market losses.

III. **Rebalancing** means that once you have decided on an initial percentage mix (or allocation) of funds that is best for you, at least annually you review the percentages that you have in each asset category (e.g., U.S. stocks, U.S. bonds, or foreign investments). <u>Anytime an asset category's allocation percentage has moved 3-4% or more away from your original percentage mix, you adjust the category's allocation back to its initial percentage</u>. *Rebalancing is intended to keep an investor's overall portfolio risk posture somewhat constant*.

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[1] This is taken from <Wikipedia.org>.

BROASTER COMPANY - 2nd Quarter, 2011 Plan Summary Report

Funds' Performances for Periods Ended June 30, 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 second quarter 2011 total return was -0.4%; and for the 12-month period ending June 30, 2011, the total return was +31.7%. [For 12 months: the S&P 500 index returned +30.7%; the small-cap stock index returned +37.4% [2]; & the average international stock fund returned +30.9%]. The 3-month total return for taxable bond mutual funds averaged +1.4%, taking the average taxable bond fund total return to +6.6% 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 June 30, 2011: 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]	+27.8% *($1,278)*	**2.6%**	**26**	24
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+32.4% *($1,324)*	**3.5%**	**25**	22
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]*	+28.2% *($1,282)*	**5.0%**	**32**	1
Mid Cap Fund:				
(Vanguard Mid Cap Index) *[NASDAQ Code = VIMSX] [MB]*	+38.4% *($1,384)*	**5.0%**	**43**	24
Small Cap Funds:				
(Royce Special Equity Invmt) *[NASDAQ Code = RYSEX] [SB]*	+27.1% *($1,271)*	**7.7%**	**7**	5
(Loomis Sayles Small Cap Growth) [6] *[NASDAQ Code = LSSIX] [SG]*	+52.9% *($1,529)*	**9.5%**	**5**	86
International Fund:				
(Harbor International Adm) *[NASDAQ Code = HRINX] [LB]*	+35.7% *($1,357)*	**6.3%**	**1**	3
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LB]*	+22.7% *($1,227)*	**6.3%**	**4**	1
Bond-Oriented Funds:				
(Harbor Bond Institutional) [7] *[NASDAQ Code = HABDX]*	+5.4% *($1,054)*	**8.3%**	**6**	5
(Vanguard GNMA) [8] *[NASDAQ Code = VFIIX]*	+4.8% *($1,048)*	**7.0%**	**13**	8
(Templeton Global Bond Adv) [9] *[NASDAQ Code = TGBAX]*	+14.0% *($1,140)*	**12.4%**	**1**	1
Money Market Fund:				
(TD Bank USA Institutional MMDA) *[NASDAQ Code = N/A]*	+0.1% *($1,001)*	**(-N/A-)** [10]	(-N/A-)	

(Footnotes on next page) →

Footnotes:

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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 June 30, 2010, one year later (on June 30, 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 June 30, 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] This new small company growth fund will be replacing the Forward Small Cap Equity Fund and the William Blair Small Cap Growth Fund effective August 2, 2011. The Loomis Sayles Small Cap Growth Fund data is in this quarter's report to assist you in selecting your mix of mutual funds for the future.

[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.

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

[9] This new world bond fund will be added to your fund mix effective August 2, 2011. The Templeton Global Bond Fund data is in this quarter's report to assist you in selecting your mix of mutual funds for the future.

[10] 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.