INVESTMENT CONSULTANTS

(A Registered Investment Advisor)

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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 9-30-2011, covering your mix of funds. This past 3-month period ending September 30 was down dramatically for the overall U.S. stock market, down even more for the aggregate international stock markets, and it was down slightly 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 -13.4% & -22.5% for the third quarter. According to Lipper Fund Services, the average diversified U.S. stock mutual fund's third quarter 2011 total return was -16.7%, and the <u>S&P 500 Index was down approximately -13.9% for the third quarter</u>. <u>For the 12 months ending 9-30-2011 the S&P 500 Index was up +1.1%</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 9-30-2011 – 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 9-30-2011 (with the S&P 500 Index up +1.1%) only one of your seven stock-oriented funds outperformed the S&P Index (3 of your other stock-oriented funds were within 0.8% of the S&P 500 Index).[1] Your top performing stock-oriented fund was the Loomis Sayles Small Cap Growth Fund at a +7.3% total return for the 12 months ending 9-30-2011, and your Vanguard GNMA (bond) Fund returned +6.9% 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 -1.8% & +4.7% for the past 5 years ending 9/30/2011. This compares to -1.2% 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 According to Lipper (10/5/2011 Wall Street Journal), for the past 12 months all domestic stock fund categories (diversified, non-specialty categories) had slightly positive or mostly negative returns -- between +0.5% & -5.9%. For the past 12 months large company growth stocks outperformed most other types of stocks, which resulted in the S&P 500 Index' strong relative performance. For the 12 months ending 9/30/2011 the International (IL) stock fund category was down -11.0%. For the 5-year period ending 9/30/2011 all diversified, non-specialty U.S. stock fund investment categories had *annualized* total returns of between -3.6% and +1.6%.

2 According to Lipper, the average intermediate-term (U.S.) taxable-bond fund (IG) total return was +6.6% for the previous 12 months ending 9/30/2011.

3rd QUARTER, 2011 PLAN SUMMARY REPORT – BROASTER COMPANY

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

When Theory Meets Reality – Should You Consider It?

Over the years you have read the terms "diversification" and "rebalancing" in many of these quarterly reports. **Diversification** means investing in different asset categories (such as stocks, bonds, and money market funds) and investing in various types of funds or investment styles (such as U.S. large company growth funds, intermediate-term bond funds, and international or emerging markets stock funds) – that is, *not* putting all of your account balances in one type of investment. **Rebalancing** means that once you have decided on an initial percentage mix (or Asset Allocation) of funds that is best for you, you review the percentages that you have in each fund (at least annually) and adjust your mix accordingly.[1] *Rebalancing is intended to keep an investor's overall portfolio risk posture somewhat constant*. Many investors who benefited greatly from the stock market run-up from 1/1/2003-6/30/2007 never rebalanced along the way, and when the market plummeted from 7/1/2007-2/28/2009, their portfolios lost much more than they would have lost had they rebalanced. The intent of the chart below is to demonstrate how *diversification* along with annual *rebalancing* would have benefitted an investor. For those of you who like "the numbers behind the talking points" feel free to study the chart which supports the following three summary highlights. For the period from January 1, 2005 through August 31, 2011:

(1) The **S&P 500 Index** (of large U.S. company stocks) was **up +15.40%;** and a ***diversified* mix of funds** [see percentage of holdings in each type of fund in the left column of the chart below] that was put into place on January 1, 2005 and was not touched since then (i.e., was *not* rebalanced), was **up +24.63%** on 8/31/2011.

(2) The **diversified mix of funds that was *rebalanced* on January 1 of each year** (see bottom row) was **up +28.46%** on 8/31/2011.

(3) Therefore for this six-and-two-thirds year period, the 60% equity / 40% bond portfolio's ***diversification* added 9.23% above the S&P 500 Index; and *rebalancing* added an additional 3.83% -- together a +13.06% return margin *with less portfolio volatility***. (Note: In 2008 the S&P 500 Index was down -37.00%; the average Foreign Large Company Blend fund was down -44.06%; but the diversified fund mix was down -25.27%. Although this loss would have still stung, it would have been much more manageable and digestible.) As always, past performance is not a guarantee of future performance.

Type of Fund & Allocation in "[ ]'s": (all data and labels from Morningstar)	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**YTD Thru 8/31/11**
Intermediate-term Bond [40%] Small Company Blend (Stock) [15%] *S&P 500 Index (Stock) [30%]* Foreign Large Blend (Stock) [15%]	12-month return = **+5.45%**	12-month return when **rebalanced** on January 1 = **+12.37%**	12-month return when **rebalanced** on January 1 = **+5.21%**	12-month return when **rebalanced** on January 1 = -25.27%	12-month return when **rebalanced** on January 1 = **+22.79%**	12-month return when **rebalanced** on January 1 = **+12.98%**	8-month return when **rebalanced** on January 1 = **-0.61**
Additive Total Return at Year's End, WITH *REBALANCING* EACH JANUARY 1	+5.45%	+18.49%	+24.67%	-6.84%	+14.40%	+29.24%	+28.46%

[1] Some investors use the rule of thumb that anytime an asset category's allocation percentage has moved 3-4% or more away from their original percentage mix, they adjust the category's allocation back to its initial percentage. For example, if their objective is to have 25% of their account balances in each of four funds, they analyze their percentage holdings in each fund quarterly, and then "buy" and "sell" as needed to get each of the four funds back to its original 25% of their account balances.

BROASTER COMPANY - 3rd Quarter, 2011 Plan Summary Report

Funds' Performances for Periods Ended September 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 third quarter 2011 total return was -16.7%; and for the 12-month period ending September 30, 2011, the total return was -2.3%. [For 12 months: the S&P 500 index returned +1.1%; the small-cap stock index returned -3.5% [2]; & the average international stock fund returned -11.0%]. The 3-month total return for taxable bond mutual funds averaged -0.2%, taking the average taxable bond fund total return to +2.7% 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 September 30, 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]	-1.7% *($983)*	**-1.8%**	**29**	29
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+0.6% *($1,006)*	**-0.7%**	**24**	17
(Fidelity Contrafund) *[NASDAQ Code = FCNTX] [LG]*	+1.0% *($1,010)*	**2.2%**	**17**	2
Mid Cap Fund:				
(Vanguard Mid Cap Index) *[NASDAQ Code = VIMSX] [MB]*	-0.8% *($992)*	**0.4%**	**43**	19
Small Cap Funds:				
(Royce Special Equity Invmt) *[NASDAQ Code = RYSEX] [SB]*	+0.3% *($1,003)*	**3.8%**	**8**	3
(Loomis Sayles Small Cap Growth) [6] *[NASDAQ Code = LSSIX] [SG]*	+7.3% *($1,073)*	**4.7%**	**3**	45
International Fund:				
(Harbor International Adm) *[NASDAQ Code = HRINX] [LB]*	-10.5% *($895)*	**0.2%**	**5**	4
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LB]*	+2.1% *($1,021)*	**2.8%**	**11**	1
Bond-Oriented Funds:				
(Vanguard GNMA) [7] *[NASDAQ Code = VFIIX]*	+6.9% *($1,069)*	**6.9%**	**14**	8
(Harbor Bond Institutional) [8] *[NASDAQ Code = HABDX]*	+0.5% *($1,005)*	**7.2%**	**11**	9
(Templeton Global Bond Adv) [9] *[NASDAQ Code = TGBAX]*	-2.1% *($979)*	**10.1%**	**2**	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:

[1] Remember that past performance is absolutely <u>*not*</u> 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 September 30, 2010, one year later (on September 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 September 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 replaced the Forward Small Cap Equity Fund and the William Blair Small Cap Growth Fund effective August 2, 2011.

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

[8] 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.

[9] This world bond fund was added to your fund mix effective August 2, 2011.

[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.