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 12-31-2006 and it covers your new mix of twelve mutual funds in which you can invest. This past 3-month period, ending December 31 was good for the U.S. stock market and for the aggregate international stock markets. According to Lipper Fund Services, the average diversified U.S. stock mutual fund's fourth quarter 2006 total return was +7.0%, and the <u>S&P 500 Index was up approximately +6.7% for the fourth quarter of 2006</u>. <u>For all of 2006, the S&P 500 Index was up +15.8%</u>. According to Morningstar™ all of your funds have performed well for both 5 and 10 years relative to similar "peer group" funds. (Note: Some of your funds have not been around for these full periods, but they have performed solidly since their beginnings.)

Relative to similar "peer group" funds, your fund mix has continued to perform solidly. For the past 12 months ending 12-31-2006 (with the S&P 500 Index up a strong +15.8%) <u>three of your eight stock-oriented funds outperformed the 500 (& seven of these eight funds returned at least +13.6%)</u>. The Harbor International Retirement Fund led the way for your fund mix with a +32.4% return for the past 12 months, and your top performing bond fund was the Vanguard GNMA Fund at +4.3% for the past year. [1]

[1] As you are probably aware, the Federal Reserve has increased interest rates many times over the past couple of years. These increases have dampened the performance of many domestic bond funds.

4th QUARTER, 2006 PLAN SUMMARY REPORT – BROASTER COMPANY

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

Is a Fear of Heights Justified?

Many people, including me, are afraid of heights and are afraid of working on electrical wiring. Climbing tall ladders or wiring our houses – we all understand the obvious risks associated with these activities. Some of us successfully minimize the risks through a combination of skill, training, and/or being very careful; some just ignore the risks through a combination of bravery, necessity, and/or poor judgment; and some of us hire electricians or other specialists to deal with the risks for us. Investing can be included along with heights and electrical wiring on that list of "the scary things in life with which we must deal". [Speaking of heights, the DOW Jones Industrial Average is near an all-time high, and the S&P 500 Index and International stock funds have had a very good run over the past several years (through the end of 2006).]

Just like other scary activities, investing results in people being separated into groups. From my experience working with many retirement plan participants, there are four broad categories of investors: (1) some who are afraid of investing; (2) some who are quite competent at investing; (3) some who are not particularly skilled at investing but who are bold nonetheless; & (4) a few who use family, friends, or other (sometimes professional) advisers to help them with their investments. Before discussing these four categories further, there is a reality of investing that deserves mention: *you must do it!* You can avoid climbing tall ladders, but you cannot avoid investing your plan account balances. Ultimately, investing is your responsibility.

The following are some observations regarding the four categories of retirement plan investors:

- Often plan participants are afraid because they lack an understanding of and/or experience in investing and investing terminology. This is understandable and it is precisely why Investment Consultants produces these quarterly participant summary reports (such as the one that you are reading). Keep in mind that even if you are not schooled in investing, you can become increasingly knowledgeable over time. Retirement investing is a long-term exercise for most of us -- do not give up because you are not an expert today!
- Participants who are good at retirement investing usually combine the disciplines of <u>continuously contributing</u> through payroll deductions, <u>investment style diversification</u> (that is, investing in an appropriate combination of bond and stock funds), and <u>periodic rebalancing</u> (see below). Rebalancing is done to keep the risk level of your overall fund mix constant.
- The combination of <u>not</u> having expertise and being bold can be very problematic. Many overly aggressive investors, who felt that they could not lose as the markets rose in the late 1990's, found out that markets both rise and, unfortunately, fall. During the "down" period 2000-2002, things were particularly rough on investors who had invested heavily in volatile technology stocks.
- As for advisers, make sure that your adviser is both capable and is looking out for your best interests. It is easy to have someone else invest your money, but good personal advisers are hard to find (and they never come at a discount). Advisers associated with financial product companies (for example, mutual fund complexes, banks, insurance companies, and brokerage firms) are almost always paid based on the sales of their companies' products, or based on the sales of the products of other companies with which their companies have a financial relationship. Said differently, rarely are advisers who are associated with financial product companies truly as objective as you would wish them to be.

REBALANCING: Periodically adjusting your investments in stock, bond, and money market funds to keep a consistent target percentage of each. With this concept in mind, we suggest that you review your stock, bond, and money market percentages at least once each year. Unless something significant has changed for you financially in the recent past, you should <u>consider rebalancing your retirement investments if aggregate stock, bond, or money market fund percentages have moved 5% or more away from your target percentages.</u> Now is probably one of those times for many investors to consider rebalancing – after all, the 2006 returns of most stock funds (both domestic and international) significantly outperformed the returns of most bond funds. The result: many portfolios have become overweighted toward stock funds.

BROASTER COMPANY - 4th Quarter, 2006 Plan Summary Report
Funds' Performances for Periods Ended December 31, 2006

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 fourth quarter 2006 total return was +7.0%; and for the 12-month period ending December 31, 2006, the total return was +12.6%. [For 12 months: the S&P 500 index returned +15.8%; the small-cap stock index returned +18.4% [2]; & the average international stock fund returned +24.9%]. The 3-month total return for taxable bond mutual funds averaged +1.6%, taking the average taxable bond fund total return to +5.0% for the previous 12 months. Lastly, money market funds' average yield was +3.4% 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 December 31, 2006: 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]	+19.1% *($1,191)*	**9.4%**	**29**	23
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+15.5% *($1,155)*	**7.4%**	**21**	26
(T. Rowe Price Growth Stock) *[NASDAQ Code = PRGFX] [LG]*	+14.1% *($1,141)*	**6.3%**	**11**	8
Mid Cap Fund:				
(Vanguard Mid Cap Index) *[NASDAQ Code = VIMSX] [MB]*	+13.6% *($1,136)*	**12.3%**	**18**	(----) [6]
Small Cap Funds:				
(Skyline Special Equities) *[NASDAQ Code = SKSEX] [SV]*	+18.7% *($1,187)*	**14.9%**	**31**	59
(Forward Hoover Small Cap Equities) *[NASDAQ Code = FFSCX] [SG]*	+9.4% *($1,094)*	**10.4%**	**16**	(----)
(William Blair Small Cap Growth/N) *[NASDAQ Code = WBSNX] [SG]*	+14.1% *($1,141)*	**14.5%**	**3**	(----)
International Fund:				
(Harbor International Retirement) *[NASDAQ Code = HRINX] [LV]*	+32.4% *($1,324)*	**19.8%**	**16**	14
Moderate Allocation Fund – Stocks & Bonds				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LV]*	+14.6% *($1,146)*	**12.2%**	**1**	2
Bond-Oriented Funds:				
(Vanguard GNMA) [7] *[NASDAQ Code = VFIIX]*	+4.3% *($1,043)*	**4.8%**	**10**	6
(Harbor Bond Institutional) [8] *[NASDAQ Code = HABDX]*	+3.9% *($1,039)*	**5.5%**	**12**	4
Money Market Fund:				
(FISERV Trust Institutional MM) *[NASDAQ Code = N/A]*	+3.1% *($1,031)*	**(-N/A-)**	(-N/A-)	

(Footnotes on next page) →

BROASTER COMPANY - 4th Quarter, 2006 Plan Summary Report

(continued)

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 December 31, 2005, one year later (on December 31, 2006) 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 December 31, 2006. 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 funds if you have any): [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). "Moderately Allocated" and "Conservatively Allocated" 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] Fund has not been in existence for all 10 years.

[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". It is diversified across various bonds, including corporate and government bonds.