INVESTMENT CONSULTANTS

(A Registered Investment Advisor)

January 14, 2008

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 12-31-2007, covering your mix of funds. This past 3-month period ending December 31 was down for the overall U.S. stock market, up for the U.S. bond market, and slightly down for the aggregate international stock markets. Within the U.S. stock market, large company funds generally outperformed mid-size and small company funds; and growth-oriented funds generally outperformed value-oriented funds. According to Lipper Fund Services, the average diversified U.S. stock & stock/bond mutual fund's fourth quarter 2007 total return was –3.2%, and the <u>S&P 500 Index was down approximately –3.3% for the fourth quarter of 2007</u>. <u>For all of 2007, the S&P 500 Index was up +5.5%</u>. According to Morningstar™ all of your funds have performed well for both 5 and 10 years relative to similar "peer group" funds, with the exception of the Managers AMG Skyline Special Equities Fund – this fund has <u>outperformed 59%</u> of all small company value funds <u>for the past 3 years</u>. (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, with the exception of the William Blair Small Cap Growth Fund, which has lagged for the past year-plus. For 2007 (with the S&P 500 Index up +5.5%) <u>four of your eight stock-oriented funds outperformed the S&P 500</u> (one other fund matched the S&P 500).[1] The Harbor International Fund led the way for your fund mix with a +21.5% return for the past 12 months, and your top performing bond fund was the Harbor Bond Fund at +8.7% for the past year.[2]

[1] For the past 12 months most growth-oriented domestic funds substantially outperformed value-oriented funds; and for the 5-year period ending 12/31/2007, mid and small cap funds outperformed many large cap funds. Therefore, for the 12-month period many of the domestic funds that outperformed the S&P 500 Index were growth-oriented funds, while most value-oriented funds trailed the index. As has been pointed out many times previously, different investment styles lead and lag one another in performance at different times. This is one important reason why diversification is a popular investing concept.

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

4th QUARTER, 2007 PLAN SUMMARY REPORT – BROASTER COMPANY

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

Don't Always Believe What You Read!

Recently a major newspaper had an article on its front page titled something like, "Why is the government bailing out troubled U.S. banks?" Of course, as you have probably seen, there have been many other articles with titles including the words/phrases: meltdown, worst ever, bust, catastrophic, etc. Indeed, the subprime mortgage crisis has been, and continues to be, a shock to the financial markets and to the U.S. economy, and it could be the catalyst to push the U.S. into a recession. Be that as it may, is the media attempting to put the current "crisis" and specific events (such as the government regulators' encouraging banks to make new loans) into perspective? It appears that on the whole, the answer is "No" – unfortunately, as is too often the case, sensationalism far outweighs balanced, objective reporting. Should we be unconcerned with economic and market events? No! But let's put 2007's investment market performance into perspective[1]:

All returns to the right and below are "**annualized total returns**"	*"Up Market"* **1/1/1995-12/31/1999**	*"Down Market"* **1/1/2000-12/31/2002**	*"Up Market"* **1/1/2003-12/31/2006**	*"2007 Market"* **1/1/2007-12/31/2007**
Lehman Bros. Aggregate Bond Index	7.7%	10.1%	3.8%	7.0%
S & P 500 Index	28.6%	-14.6%	14.7%	5.5%
Russell 2000 Index	16.7%	-7.5%	21.2%	-1.6%
Avg. Foreign Large Blend Stock Fund	15.4%	-18.2%	22.4%	12.8%

The end result of studying the table above may be that you sell or buy stocks or bonds; but most importantly, you should make a conscious, objective decision as to what you want to do. Our decisions should not be the result of misinformation and/or emotion. One reality for most investors is that over the past 5 years, our stock fund investments have grown very substantially. If you have not already done so, it may be time to "rebalance" back to a previous asset allocation, by selling some of your stock fund gains and using the proceeds to buy more fixed income funds (i.e., bond funds and/or money market funds). Although 2007 was *not a good year* in the U.S. stock market, it was *not a bad year* either, but it was a year of increased "ups" and "downs" – that is, a year of increased **volatility**.

Stock Market Volatility

Standard deviation is the statistical measurement of **dispersion about an average**, which depicts how widely a portfolio's returns varied over a certain period of time. Many professional investors use the standard deviation of historical performance as an important indicator to try to predict the range of future returns that is most likely for a given investment. When an investment or a portfolio has a high standard deviation, the predicted range of performance is wide, implying greater **volatility**. [Greater volatility = larger peaks and valleys of performance – i.e., larger "ups" and "downs".]

The *volatility* of the U.S. stock market, as measured by the standard deviation of the S&P 500 Index (composed of large U.S. companies' stocks), *had been trending downward* – it was measured at 14.7 (for 15 years ending 11/30/07), dropped dramatically to 9.1 for the past 5 years, and dropped again to 7.9 for the past 3 years. As witnessed by the increased market fluctuations over the past several months, *volatility appears to be on the rise* – as uncomfortable as these larger "ups" and "downs" may be!

[1] Remember that past performance is absolutely *not* a guarantee of future performance.

BROASTER COMPANY - 4th Quarter, 2007 Plan Summary Report

Funds' Performances for Periods Ended December 31, 2007

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 & stock/bond mutual fund's fourth quarter 2007 total return was -3.2%; and for the 12-month period ending December 31, 2007, the total return was +6.6%. [For 12 months: the S&P 500 index returned +5.5%; the small-cap stock index returned -1.6% [2]; & the average international stock fund returned +12.4%]. The 3-month total return for taxable bond mutual funds averaged +1.2%, taking the average taxable bond fund total return to +4.4% for the previous 12 months. Lastly, (retail taxable) money market funds' average yield was +4.5% 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, 2007: 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]	+3.3% *($1,033)*	**13.2%**	**48**	27
(Vanguard Total Stock Market Index) *[NASDAQ Code = VTSMX] [LB]*	+5.5% *($1,055)*	**13.8%**	**24**	31
(T. Rowe Price Growth Stock) *[NASDAQ Code = PRGFX] [LG]*	+10.4% *($1,104)*	**14.2%**	**26**	17
Mid Cap Fund:				
(Vanguard Mid Cap Index) *[NASDAQ Code = VIMSX] [MB]*	+6.0% *($1,060)*	**17.2%**	**24**	(----) [6]
Small Cap Funds:				
(Managers AMG Skyline Special Eqs) [7] *[NASDAQ Code = SKSEX] [SV]*	-9.9% *($901)*	**14.2%**	**59**	83
(Forward Hoover Small Cap Equity) *[NASDAQ Code = FFSCX] [SG]*	+7.4% *($1,074)*	**16.6%**	**36**	(----)
(William Blair Small Cap Growth/N) *[NASDAQ Code = WBSNX] [SG]*	-2.2% *($978)*	**18.4%**	**19**	(----)
International Fund:				
(Harbor International Adv) *[NASDAQ Code = HRINX] [LV]*	+21.5% *($1,215)*	**26.3%**	**7**	16
Moderate Allocation Fund – Stocks & Bonds:				
(T. Rowe Price Capital Appreciation) *[NASDAQ Code = PRWCX] [LB]*	+4.6% *($1,046)*	**13.1%**	**7**	3
Bond-Oriented Funds:				
(Vanguard GNMA) [8] *[NASDAQ Code = VFIIX]*	+7.0% *($1,070)*	**4.3%**	**6**	5
(Harbor Bond Institutional) [9] *[NASDAQ Code = HABDX]*	+8.7% *($1,087)*	**5.2%**	**12**	3
Money Market Fund:				
(FISERV Trust Institutional MM) *[NASDAQ Code = N/A]*	+3.5% *($1,035)*	**(-N/A-)**	(-N/A-)	

(Footnotes on next page) →

BROASTER COMPANY - 4th Quarter, 2007 Plan Summary Report

(continued)

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 December 31, 2006, one year later (on December 31, 2007) 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, 2007. 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] Fund has not been in existence for all 10 years.

[7] Formerly Skyline Special Equities.

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

[9] Morningstar categorizes the Harbor Bond Fund as an "intermediate-term bond fund". It is diversified across various bonds, including corporate and government bonds.