

## Broaster Company 401(k) Profit Sharing Plan

July, 2006



Ken Matson, Managing Director

Compensation & Capital Incorporated

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This presentation introduces the new investing structure for the 401(k) Profit Sharing Plan. Our session today focuses on the why's, when's, and how's of the transition from your Plan's current investment alternatives, SunAmerica Mutual funds through Trusource third party administration, into the alternatives that will be available beginning approximately August 7, 2006. But a few introductory remarks will help you put a foundation under the information I am about to deliver to you today.

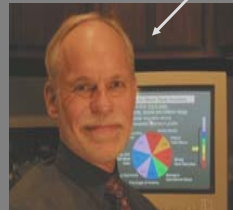
My Firm, Compensation & Capital (C&C), is a Third Party Plan Administrator of Profit Sharing, 401(k)'s and ESOP's. We are also a joint venture partner in an SEC Registered Investment Advisor based in Evanston, Illinois by the name of Investment Consultants (IC). Together, we provide our client's Plan participants with independent and objective investment and administrative services that are 100% free of selection bias since we accept NO fees from the investment products we propose to our Plans.

With the Plan restructuring, our C&C / IC cooperative engagement with Broaster Company will include investment selection, monitoring, and participant education and communication as well as comprehensive role in the Plan's administrative services through a custom built website dedicated to the Broaster Company 401(k) Profit Sharing Plan.

### What's Driving YOUR Financial Advisor?

- ✓ Who pays them?
- ✓ How are they paid?
- ✓ Are they independent and objective?
- ✓ Are they technically competent?
- ✓ Do you fit into their business model?
- ✓ Do they fit into your investing style?
- ✓ Continuity of relationship?
- ✓ Recommendations versus discretion?

Your Go-To Guy  
for the Broaster  
401(k) PS Plan



But before you open your hearts, minds, and wallets to anyone professing interest in your financial life, be sure you establish his/her motivations:

- How are they being compensated? Commissions? Fees?
- Who pays them? The companies whose financial products you will end up using?
- Whose best interest takes priority in your relationship?
- If the answers to these questions don't point strongly in your favor, find counsel elsewhere.

As I mentioned before, neither my Firm nor myself will in any way be compensated based upon the decisions you make as a result of my counsel through this presentation. We are paid 100% by Broaster Company to help you make the best possible decisions about your financial future. That, combined with our personal financial and investing expertise, make this presentation about the best of all possible ways for you to expand your knowledge of personal financial management.

In short, you will be hard pressed to find any investment advisory anywhere that is as free of bias as this source. And that's just one of many good reasons why your Plan's Trustees have engaged us.

### So What's Ken's Mission Today?

- ✓ Understand this meeting's focus
  - ✓ Is there an expert in the house?
- 
- ✓ Define the Plan Restructuring
  - ✓ Outline the Timetable
  - ✓ Get you moving in the right direction
  - ✓ Help you define your expectations

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So what exactly am I here to accomplish today?

This session will focus specifically on the upcoming Plan investment alternatives restructuring. There will be some references to investment strategies like asset allocation, dollar cost averaging, auto rebalancing. But for the most part, my objective is to make sure that everyone leaves here understanding what they need to know about the last four points on this slide.

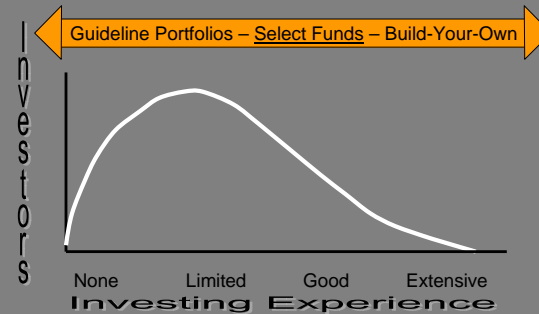


With MY mission spelled out, you need to concentrate on YOURS. As I mentioned, many of the concepts shown on this slide will surface in my comments. That said, you certainly will NOT need to understand them in order to leave here understanding how to participate in the Plan's new investing venue.

In fact, the only items on this screen that you really need to concentrate on are those identified with green arrows. Anything else that goes into your mental "bucket" today, especially concepts with which you are unfamiliar, is absolutely not necessary to your objective.

So, please feel free to ask questions regarding anything shown here or anything about retirement investing in general. But don't be afraid if you don't understand what others are talking about. Your one mission today is to understand the new Plan investing structure and understand how to best put it and our integrated resources to work for you.

### Applicability of the Session by Investing Experience



#### Possible Exceptions:

- Participants Engaging an Investment Advisor
- Cost-efficient Select Funds as Core + Outside IRA selections

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One thing is certain, there are a very broad range of investors in this room – extending from many with little or no investing knowledge to maybe a few with extensive investing experience, and a whole lot of people in the “none” to “limited” group!

If I am to be successful in my limited time today, I must limit my goals to providing *everyone* with some incremental step up in their knowledge base, but concentrate primarily on giving that majority group the biggest bang for their time. And by the way, that will be the mission of most all the education sessions we make available to Broaster employees.

In other words, we are NOT here to make ALL of you highly educated investors. Instead, we are here to teach you how to use the most appropriate combination of the tools available to you through the Broaster Plan to best serve your ongoing needs.

## Essentials of Broaster's Plan Restructuring

### OLD

- Your Investing Venue then:  
10 SunAmerica Funds selected from 38 SunAmerica Funds
- SunAmerica Is Your Resource for:  
Proprietary investment selection  
Proprietary ongoing advisory  
No financial education
- Trusource is Plan Administrator
- Union Bank of California is Trustee
- \$\$ Held by Union Bank of California
- Daily Ops by Trusource

### NEW

- Your Investing Venue now:  
12 "All-Star" funds selected from approx 5,000 fund choices
- Investment Consultants (SEC RIA):  
Independent investment selection  
Objective ongoing advisory  
Customized financial education
- Broaster is Plan Administrator
- Broaster Management is Trustee
- \$\$ Held by Fiserv Trust Company
- Daily Ops by Compensation & Capital

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The most obvious change is the migration from 10 "captive" SunAmerica funds to an independently and objectively selected, monitored, and replaced as required set of 12 multi-family funds – what we call the *Select Funds*. These funds are selected from a universe of over 5,000 different mutual funds. They are continually monitored for consistent performance relative to their fund category peers, consistent portfolio manager tenure, below average operating fees (that each shareholder pays), and many other sophisticated portfolio measurements. We will show you some comparisons of this new "all-star" line up with your current SunAmerica Funds a few slides down the road.

As important, but less obvious in nature, is the Plan's migration from a substantially 100% "On Your Own" environment for investments selection, asset allocation among funds, and education to the providing of financial education, fund selection and monitoring, and portfolio guidance on a group basis through employee sessions like these, ongoing quarterly memos, and the Plan's new dedicated website.

## Select Funds Investments

Good Stuff

- Independent, Professional Fund Selection from 5,000+ Funds
- Consistent Superior Performance, Style, Management
- Only funds with Acceptable and Appropriate Risk Levels
- Ongoing Professional Monitoring and Replacement
- 4 Distinct Guideline Portfolios - Easy to 'Stay With The Program'
- Low Cost Funds – Advisor & Admin Costs Paid by Broaster
- No initial or ongoing fund purchase minimums
- Fund Mixing Direct from Payroll
- Exchanges available daily
- Simple, Quarterly Statements and Newsletter mailed to you
- Daily Account Info at [www.PlanSpecs.com/Broaster](http://www.PlanSpecs.com/Broaster)
- On-Site Education Sessions and Website Updates

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Once again, pros and cons are definitely in the eyes of the beholder. But from the perspective of enabling the largest number of Broaster Plan participants to effectively, easily, and understandably determine and execute an appropriate investing strategy for the Plan account, it's difficult to imagine a better alternative than the Select Funds venue.

According to commonly-held wisdom, investment managers agree that the most important contributor to the success of any investment plan is the selection of the appropriate allocation of the balances into the major classes of financial securities: that is, fixed income instruments like bonds or money markets *versus* stocks. These two major groups generally respond to economic cycles in opposite directions in terms of trends in their market values. Therefore, investors are wise to constitute their long-term portfolios with a portion of both bonds and stocks in some pre-determined allocation so as to assume only a measured level of market risk.

To help Broaster Plan participants determine the mix of Select Funds most appropriate to their own individual risk profiles (both from emotional and strategic perspectives) Investment Consultants also provides you with four separate Guideline Portfolios representing increasing assumptions of market risk. These Guideline Portfolios will be introduced later in the program and are available for review on the website. They provide an excellent start for investors looking for direction in their selection of appropriate investments for the Plan balances.

### Broaster's Plan Restructuring – Fund Comparisons

Important Fund Performance Characteristics	OLD	NEW
Past 5 Year Annualized Total Returns	4.1%	8.8%
Past 5 Year Risk (Volatility or Standard Deviation)	14.8	13.0
Past 5 Year Morningstar Category Percentile Rank	36 <sup>th</sup>	14 <sup>th</sup>
Fund Portfolio Manager Tenure	3.4 yrs	9.3 yrs
Portfolio Turnover Ratio	109%	47%
Recent Operating Expense Ratio	1.8%	0.9%

*That's More  
Like It !!*

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We developed this slide NOT to trash talk your outgoing provider but to make each of you realize the opportunity that Broaster's management is laying at your feet by enhancing the Plan with this investment restructuring.

As we mentioned a few slides ago, the *Select Funds* line up in place for Broaster represents 12 of the most consistently better performing, well managed, shareholder friendly funds in the business. The characteristics we list on this slide are commonly used criteria for selecting top quality funds.

Your new Select Funds team shines bright not only in comparison to the SunAmerica Funds your Plan has employed for the past years, but relative to at least 75% of all funds available today.

### Thumbnail Restructuring Timetable

#### July 10 :

- ✓ Old Plan Structure Black-Out began: Participant interface Suspended

#### July 13 :

- ✓ Education Sessions: Plan Structure Transition & New Structure Investing
- ✓ [www.PlanSpecs.com/broaster](http://www.PlanSpecs.com/broaster) web launch – Lots of Info + Forms
- ✓ Validate your Plan website account – initialize password
- ✓ Consider Contribution and Investing decisions – complete proper Form(s)

#### July 14 :

- ✓ Education Session: New Plan Structure Website Training (10:30am)

#### July 13 thru July 27 :

- ✓ Complete and submit ALL required Forms – Jeanie Johnson or fax to C&C

#### August 7 (approx) :

- ✓ Assets in New Funds and Website posted with your all account info



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We have detailed the necessary steps in a timetable to help you organize your thoughts and assure that you respond to the requirements appropriately:

The bullets on this slide comprise your “TO DO” list for the next two weeks.

The Plan’s new dedicated website rolled out Thursday, July 13th.

To activate your account on the website, simply type the URL shown above into your computer’s browser. Click on Participant Login button, enter your broaster.com or personal e mail address and the last 4 digits of your Social Security number. The site will send a temporary password to your applicable e mail address.

Use that temp password to log back into the site, formalize your password and update your contact info if necessary. Then you are ready to gather information about the Plan’s investments, complete and send administrative and investing forms to the Plan’s administrator (C&C), and follow your investments after the initial funding of the new Select Funds Venue approximately August 7, 2006.

**Easy As:** Your Broaster 401(k) Plan **TO-DO LIST**

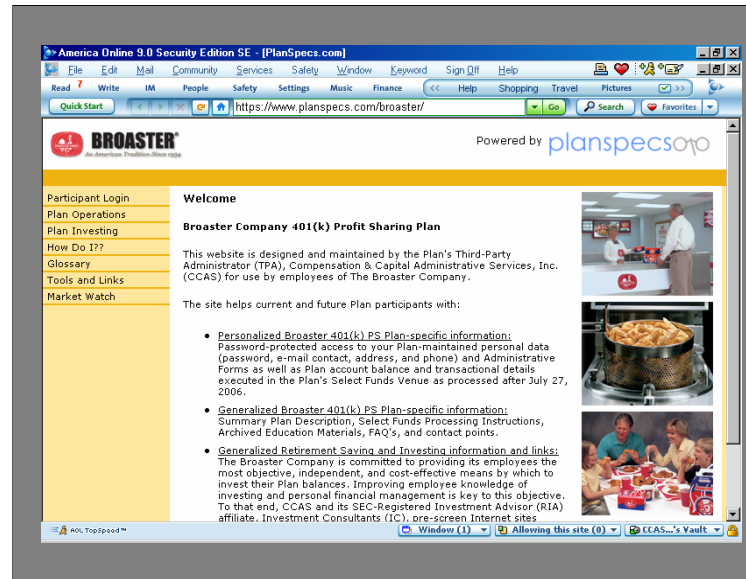
1. Review your 'Reach for the Top' booklet materials
2. Log On to [www.PlanSpecs.com/Broaster](http://www.PlanSpecs.com/Broaster) for more info
3. Consider the options – Make Your choice
4. Submit Forms (on website or hardcopy) **BY JULY 27 !!:**
  - Current Account Balance - Investments Re-Mix
  - Future Contributions Rate or Mix Change Request
  - Enrollment (*Only for current NON-contributors*)
  - Beneficiary Designation

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Here's your TO DO List. Each of you will need to determine what you want to do and the steps required to do it. There is no one size fits all strategy or process here. And that is both an advantage of the new Plan structure and, I suppose, a disadvantage too – at least for those participants who don't really care to deal with these decisions at this time.

Note that July 27<sup>th</sup> is a crucial deadline if you want your new investment directions and/or contribution rate change or start up to execute as soon as possible.

All forms are available on the website and may completed and submitted there or manually received from Jeanie Johnson at Broaster Company, completed and submitted as noted on each Form. Please note that the most secure method of Plan forms submission is via the Plan's website.



By the way, most of the website is actually available to anyone who wanders upon it; you do not need to formally log in to see a wealth of information about the Plan, and investing and saving for retirement in general. Here's the site's homepage – adorned with Broaster ~~are~~ no less!

If Print legibly throughout this Form !!

**THE BROASTER COMPANY 401(K) PROFIT SHARING PLAN**  
**Participant's Original Deferral Agreement** (v.1)

Name: KENNETH A. MATSON SSN: T23456789 Day Phone: \_\_\_\_\_  
 Street: \_\_\_\_\_ City, State ZIP: \_\_\_\_\_

**1. Decline Deferral Participation:** ☐ (If checked here, skip to acknowledgement and signature) I elect not to participate in the salary deferral portion of the BROASTER COMPANY 401(K) PROFIT SHARING PLAN (the "Plan") at this time. I understand that I will continue to be eligible to participate in the salary deferral portion of the Plan in the future in accordance with provisions of the Plan.

**2. Active Deferral Participation:** I hereby authorize salary deferrals to the Plan beginning the next payroll check date immediately subsequent to my initial eligibility date and the Plan Administrator's receipt of this Form. These authorized deferrals will result in pre-tax deductions to reduce the cash compensation payable to me by the following percentage in each future paycheck, deductions being deposited on my behalf to the Plan Trust initially using my Investment Election authorized in Part 3 of this Agreement.

➤ **Cash Compensation Deferral:** I hereby elect to defer the following percentage: \_\_\_\_\_ % (must be between 1% and 100%, in 1% increments) of each paycheck (limited to \$15,000 annually or \$20,000 if I have reached age 50.)

**3. Investment Election:** All future amounts credited to my Plan account will be invested as I authorize below. Complete information regarding all investments offered in the Plan's Select Funds is available at [www.planspecs.com/broaster](http://www.planspecs.com/broaster).

Select Funds Plan Investments Fund Name	Morningstar™ Category	Percentage to be Invested (Whole % Increments Only)
First Trust Institutional Money Market	Money Market	____ %
Vanguard CBMA	Intermediate-Term U.S. Government Bonds	____ %
Hartford Bond Institutional	Intermediate-Term High-Quality Bonds	____ %
T Rowe Price Capital Appreciation	Moderate-Risk Allocation (Bonds & Stocks)	____ %
T Rowe Price Equity Income	Large Company Value Stocks	____ %
Vanguard Total Stock Market Index	Small, Medium & Large Company Stocks	____ %
T Rowe Price Growth Stock	Large Company Growth Stocks	____ %
Vanguard Mid-Cap Stock Index	Medium Company Stocks	____ %
Hartford International (Roth Investment Class)	Large Company International Value Stocks	____ %
Skyline Special Equities	Small Company Value Stocks	____ %
Forward Funds Hovcor Small-Cap Equity	Small Company Stocks	____ %
Wilshire Bear Small-Cap Growth	Small Company Growth Stocks	____ %
<b>Total Must Equal 100%</b>		<b>0 %</b>

**Acknowledgment:** Decisions regarding investment in any funds available through the Plan are solely my responsibility, and The Broaster Company LLC, its officers, its employees and its agents, and the Plan Trustees provided no advice with respect to, and assume no responsibility for any investment elections made by me. I understand the elections I have authorized above and their implications for my participation in the Plan. I may submit a Future Contributions - Deferral Rate and/or Investment Mix Change Request to the Plan Administrator in the future in accordance with Plan provisions as detailed in the Summary Plan Description available at [www.planspecs.com/broaster](http://www.planspecs.com/broaster).

X **PRR** 7/12/2006 e-mail: [kmatson@broasteshuff.com](mailto:kmatson@broasteshuff.com)  
 Employee (Signature) \_\_\_\_\_ Date \_\_\_\_\_

**# SUBMIT FORM TO JEANNIE JOHNSON - Broaster Company - PLAN ADMINISTRATOR #**

**Plan Administrator Use Only:** Original Eligibility Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ Payroll Deduction Start Date: \_\_\_\_/\_\_\_\_/\_\_\_\_  
 Employee Birth Date: \_\_\_\_/\_\_\_\_/\_\_\_\_  
 Payroll Mgr Signature: \_\_\_\_\_ Employee's Hire Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ Date Forwarded to GCAS: \_\_\_\_/\_\_\_\_/\_\_\_\_

Here is the Participant's Original Deferral Agreement form. It should be completed by anyone who is eligible but NOT CURRENTLY CONTRIBUTING TO THE PLAN who wants to contribute to the Plan from their next paycheck following July 27<sup>th</sup> or any paycheck thereafter.

DO NOT COMPLETE THIS FORM IF YOU ARE CURRENTLY CONTRIBUTING TO THE PLAN – even if you wish to change your contribution rate. There is a different form for that request.

**THE BROASTER COMPANY 401(k) PROFIT SHARING PLAN**  
**Future Contributions – Deferral Rate and / or Investment Mix Change Request**

Name: KENNETH A. MATSON SSN: 123456789 Day Phone:

**1. Suspend Deferral Participation:** I elect to suspend my participation in the salary deferral portion of THE BROASTER COMPANY 401(k) PROFIT SHARING PLAN (the "Plan") beginning the next payroll check date subsequent to the Plan Administrator's acceptance of this form. I understand that I will continue to be eligible to participate in the salary deferral portion of the Plan at any time in the future in accordance with provisions of the Plan.

**2. Active Deferral Participation:** I hereby authorize a change to my salary deferrals to the Plan of all Cash Compensation beginning the next payroll check date immediately subsequent to the Plan Administrator's acceptance of this form. These authorized deferrals will result in pre-tax deductions to reduce the compensation payable to me by the following percentage in each future paycheck, deductions being deposited on my behalf to the Plan Trust.

➔ **Cash Compensation Deferral:** I hereby elect to defer the following percentage:    % (must be between 1% and 100%, in 1% increments) of each paycheck (limited to \$15,000 annually or \$20,000 if I have reached age 50.)

**3. Investment Elections For Future Deposits:** All future amounts deposited to my Plan account, until changed by submitting another Future Contributions – Deferral Rate and / or Investment Mix Change Request to the Plan Administrator within the terms of the Plan Document, will be invested as I authorize below. Complete information regarding all investments offered in the Plan's Select Funds is available at [www.plantrust.com/broaster](http://www.plantrust.com/broaster).

Select Funds Plan Investments Fund Name	Morningstar™ Category	Percentage to be Invested If Whole % Increments Only If
FIRST TRUST INSTITUTIONAL MONEY MARKET	Money Market	___ %
Vanguard CBMA	Intermediate-Term U.S. Government Bonds	___ %
Harbor Bond Institutional	Intermediate-Term High-Quality Bonds	___ %
T Rowe Price Capital Appreciation	Moderate-Risk Allocation (Bonds & Stocks)	___ %
T Rowe Price Equity Income	Large Company Value Stocks	___ %
Vanguard Total Stock Market Index	Small, Medium & Large Company Stocks	___ %
T Rowe Price Growth Stock	Large Company Growth Stocks	___ %
Vanguard Mid-Cap Stock Index	Medium Company Stocks	___ %
Harbor International (Retirement Class)	Large Company International Value Stocks	___ %
Skyline Special Equities	Small Company Value Stocks	___ %
Forward Funds Investor Small Cap Equity	Small Company Stocks	___ %
William Blair Small-Cap Growth	Small Company Growth Stocks	___ %
<b>Total</b>	<b>Must Equal 100%</b>	<b>0 %</b>

**Initials:**   

☐ Decisions regarding investment in any funds available through the Plan are solely my responsibility, and The Broaster Company LLC, its officers, its employees and its agents, and the Plan Trustees provide no advice with respect to, and assume no responsibility for any investment elections made by me. My initials in box at left signify that I have made the above investment fund elections.

**Acknowledgment:** I understand the elections I have authorized above, their implications for my participation in the Plan, and that the Plan Document contains further provisions governing these elections.

☒    Print: 7/12/2006 Date:    e-mail: kmatson@broastertech.com

Employee (Signature) \_\_\_\_\_

# PRINT - SIGN - FAX TO 847-433-0139 - SAVE SIGNED ORIGINAL FOR YOUR FILES #

And this is IT!

IF YOU ARE CURRENTLY CONTRIBUTING TO THE PLAN this is the Form to CHANGE your current contribution rate and/or investment directions for those contributions and the matching contributions deposited to your account by Broaster Company.

Be sure that you submit this form (either via the fax number at the bottom of the form or directly to Jeanie Johnson) no later than close of business Thursday, July 27th so that the contributions you make to your account after the July 12 payroll (the last one that will go to SunAmerica Funds) will be invested in your selection of the new Select Funds alternatives.

Note that if you are making contributions to the Plan now and we do not receive this form from you, your post July 12 contributions will be invested only in the Money Market Fund.

Finally, if you are currently contributing to the Plan but want to change the rate that you are contributing, you can make that change with this form.

**THE BROADCASTER COMPANY 401(k) PROFIT SHARING PLAN**  
**Current Account Balance – Investments Remix Request** (v.1)

Name: KENNETH A. MATSON SSN: 123456789 Day Phone:

**IMPORTANT:** Use this form to request a re-mix of your current plan balance from the mutual fund(s) in which your Plan balance is currently invested to another mix of the Plan's mutual funds. Fund re-mixes requested by this Form will in no way affect the investment of your future contribution deposits. To make a change to the fund mix of your future deposits, complete a Future Contributions – Deferral Rate and / or Investment Mix Change Request (available on the Plan's proprietary website [www.planspecs.com/broadster](http://www.planspecs.com/broadster) or from the Plan Administrator). Re-mixes will be initiated by the Plan's Third-Party Administrator effective no later than the close of applicable financial markets on the first business day subsequent to your submission via FAX to 847-433-0139 of a properly completed Form.

→ **Investment Re-Mix of Current Account Balance (Not Future Contributions)**

I request that the total value of my Plan account as of the re-mix date as executed by the Third-Party Plan Administrator be re-mixed to the Plan's mutual funds as follows. Complete information regarding all investments offered in the Plan's Select Funds is available at [www.planspecs.com/broadster](http://www.planspecs.com/broadster)

Select Funds Plan Investments Fund Name	Morningstar™ Category	Percentage to be Invested Whole % Increments Only
First Trust Institutional Money Market	Money Market	%
Vanguard GNMA	Intermediate-Term U.S. Government Bonds	%
Harbor Bond Institutional	Intermediate-Term High-Quality Bonds	%
T. Rowe Price Capital Appreciation	Moderate Risk Allocation (Bonds & Stocks)	%
T. Rowe Price Equity Income	Large Company Value Stocks	%
Vanguard Total Stock Market Index	Small, Medium & Large Company Stocks	%
T. Rowe Price Growth Stock	Large Company Growth Stocks	%
Vanguard Mid-Cap Stock Index	Medium Company Stocks	%
Harbor International (Retirement Class)	Large Company International Value Stocks	%
Skyline Special Equities	Small Company Value Stocks	%
Forward Funds Horner Small-Cap Equity	Small Company Stocks	%
William Blair Small-Cap Growth	Small Company Growth Stocks	%
Initial Here	Total Must Equal 100%	0 %

☐ Decisions regarding investment in any funds available through the Plan are solely my responsibility, and The Broadster Company LLC, its officers, its employees and its agents, and the Plan Trustees provide no advice with respect to, and assume no responsibility for any investment elections made by me. My initials in box at left signify that I have made the above investment fund elections.

**Acknowledgment:** I understand that my requested re-mix will be executed by the Third-Party Plan Administrator as soon as practicable but in no event no later than the close of applicable financial markets on the first business day subsequent to my submission via FAX to 847-433-0139 of a properly completed Form. I further understand the request I have authorized above, its implications for my investments in the Plan, and that the Plan Document, Summary Plan Document (SPD), and the Plan's website [www.planspecs.com/broadster](http://www.planspecs.com/broadster) contain further provisions and information governing these elections.

X  7/12/2006 e-mail: kmatson@broadstestuff.com  
Employee (Signature) Date

# PRINT - SIGN - FAX TO 847-433-0139 - SAVE SIGNED ORIGINAL FOR YOUR FILES #

This Form allows you to direct the investment of your CURRENT PLAN ACCOUNT BALANCE across the new Select Funds alternatives.

It too must be submitted by close of business July 27<sup>th</sup> in order for us to re ~~in~~ your SunAmerica Funds Plan balance transferred to the new investing structure as soon as possible approximately August 7<sup>th</sup> (but probably sooner.)

Similar to current contribution investment directions per the Form we spoke of on the previous slide, the Form MUST BE FILED by anyone who has a current Plan balance. If we do not receive this Form from you before the July 27<sup>th</sup> deadline, we are required to place your SunAmerica account balance in the new Plan structure's Money Market Fund. That allocation will remain in place until we receive one of these Forms from you at some time in the future.

*If Print legibly throughout this Form!!*

**THE BROASTER COMPANY 401(k) PROFIT SHARING PLAN**  
**Beneficiary Designation (0-1)**

Name: \_\_\_\_\_ SSN: \_\_\_\_\_ Day Phone: \_\_\_\_\_

**OPTION 1 ( )** To \_\_\_\_\_ my spouse, if living at my death.  
**SPOUSE** ( ) **If not living at my death:**  
 In equal shares to my lawful children, with one share for each then living child and one share divided equally among the children of any deceased child. Included in the above are children legally adopted by me and/or my spouse.

**OR** ( ) To the person(s) named below:

Name	Relationship	% Share
_____	_____	_____
_____	_____	_____

**OPTION 2 ( )** **PRIMARY BENEFICIARY**  
 Equally or as designated to the following named person(s) living at my death:

Name	Relationship	% Share
_____	_____	_____
_____	_____	_____

**OTHER THAN SPOUSE**

**SECONDARY BENEFICIARY**  
 If no such primary beneficiary is living, equally or as designated to the following named person(s) living at my death:

Name	Relationship	% Share
_____	_____	_____
_____	_____	_____

**OPTION 3 ( )** **OTHER (TRUST, ESTATE, ETC.) (Describe in full below or on attachments hereto.)**  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Required Signatures, Witness, and Notary:**

**REQUIRED SIGNATURE**  
 If you are married and Option 1 or 2 has been selected, the Participant's spouse MUST sign this election.

**NOTE:**  
 As required by the Retirement Equity Act, the Participant's signature must be witnessed by a Notary Public or the Plan Administrator.

SPOUSE SIGNATURE _____	DATE _____
NOTARY PUBLIC _____	DATE & SEAL _____
PLAN ADMINISTRATOR _____	DATE _____

PARTICIPANT SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_ Married \_\_\_\_\_ Single \_\_\_\_\_

WITNESS \_\_\_\_\_ DATE \_\_\_\_\_

*!! SUBMIT FORM TO JEANNIE JOHNSON - Broaster Company - PLAN ADMINISTRATOR !!*

This is the Form that anyone with a Plan account balance or anyone initializing their contributions to the Plan must file so that the Plan Administrator knows your wishes for the distribution of your Plan account in the event of your death.

Do yourself and your family the favor of keeping this form up to date per your wishes. The Plan Administrator cannot comply with those wishes if they don't have a current Beneficiary Designation on file for you.

## Choosing a Strategy: What Matters?

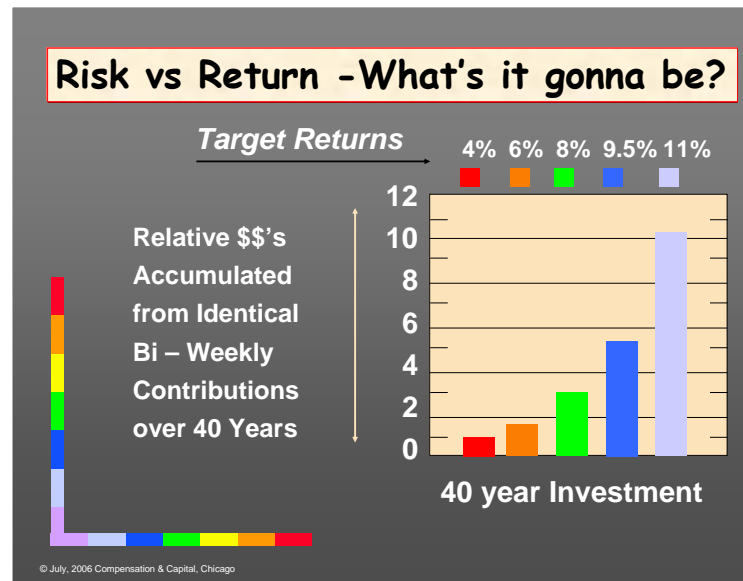


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To find your path to an appropriate investing strategy, you need objective counsel. This session is a step in that direction. It's objective information developed for a broad based audience. It's NOT individual advice. But your attention to the concepts and your application of the tools to your own personal situation can make that step significant to your financial future.

So what are the tenets of a successful investing strategy?

1. Staying in the drivers seat is absolutely essential. Every successful business person knows that decisions born of emotion are doomed to defeat.
2. Know the long term targeted return of your portfolio and NEVER evaluate its progress against anything but that number.
3. Know the appropriate time frame of your portfolio and NEVER evaluate its progress compared to any time frame shorter than that.
4. Stick with your contributions schedule through up markets as well as down.
5. Determine a reasonable schedule upon which to re balance your portfolio back to its pre determined mix – say, annually on your birthday. This helps you buy low and sell high while controlling market risk inherent in your original profile.
6. Alter your savings schedule or your portfolio profile ONLY if your personal situation, that is your long term objective changes. This is one of the few systems in which yours is the only situation that matters.



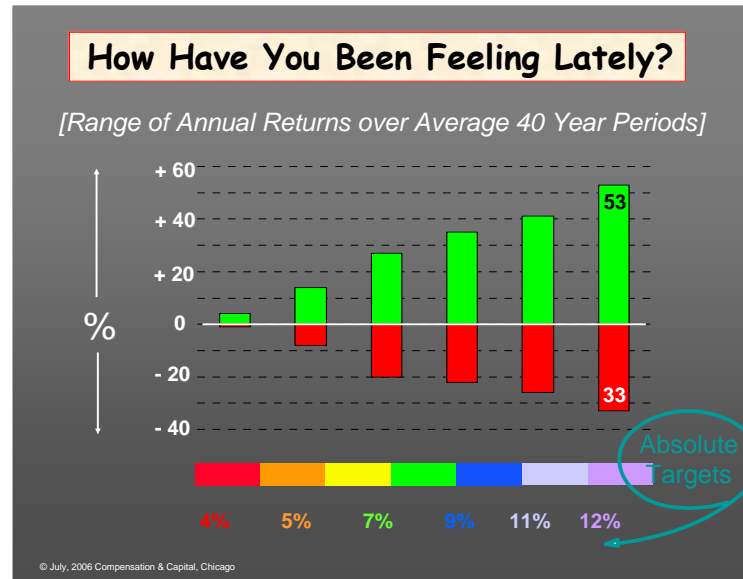
Annual return of 8%. Back in the late 90's, 8% return was considered anemic. Then from 2000 through 2003, anyone turning 8% was considered a master investor. That's why it's so deceptive to label long term investment strategies with "Success" or "Failure" when looking at anything other than very long term time frames – like 40 years!

That seems like a long time to invest using the same strategy, right? But actually, anyone starting this process in their 20's will be investing with a time frame more like TWICE that 40 year period. So 40 years is actually quite appropriate for the majority of retirement investors.

Retirement portfolios invested for this sort of time frame and employing "moderate risk" investment strategies have historically returned around 8% annually. We'll explain how such a "moderate risk" strategy is structured in a moment. For now, let's look at what you get for assuming different risk/return profiles.

The chart shows the relative balances accumulated over forty years of bi-weekly deposits returning the rates shown at the top. For example, a portfolio returning 8% annually would accumulate to about 3 times as much as one returning 4%. And a portfolio returning 9.5% would accumulate to about 2/5's more than one returning 8%.

If you think about it, two-fifths more money for just 1.5% more return is a lot! Why wouldn't everyone go for the 9.5% portfolio? Or more?



Maybe it's a lot more complicated to structure a portfolio that could earn 10% annually, on average over 40 years.

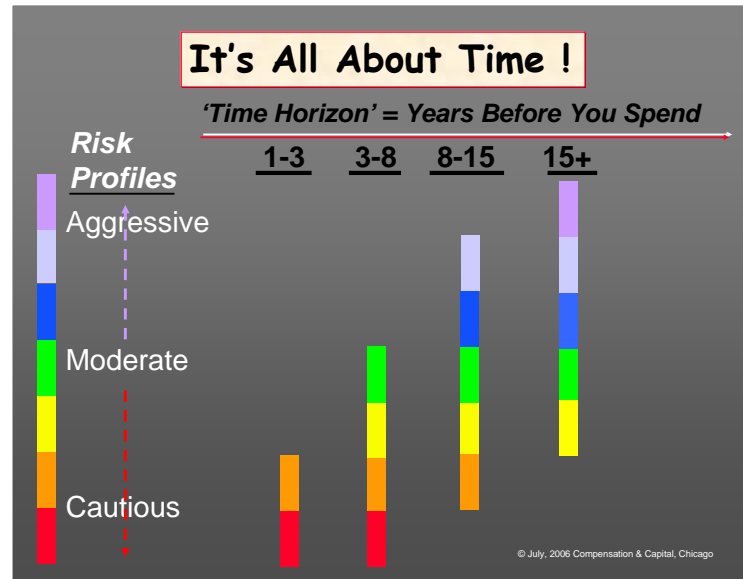
Or maybe those higher returning portfolios are available only to wealthy investors?

No. Neither of these are the reason why most investors never realize these higher returns, or even 8% annually over a 40 year time frame.

The main reason for this disconnect from appropriate returns for the portfolio risk accepted is human nature. For most investors, when the going gets tough, they get going – OUT. They bail out of the originally determined portfolio or they stop adding to the plan, or both. Remember, in a well structured saving / investing plan, CONSISTENCY is key. The most money is made in down markets.

The chart above shows that for every rolling 40 year time frame from 1919 through 2002, portfolios structured to get annual absolute targets shown at the bottom have an equal probability of returning any annual return in the range shown in the bar above that target rate. For example, an investor with a portfolio targeted to return 12% should expect equal probability of anything between a 33% loss and a 53% gain in any single year.

As the target is reduced, the probable range decreases and is thereby MUCH easier to stick with through the nasty down years.



We've touched on "appropriate time frames" and "appropriate portfolio structures". Let's elaborate.

Your investing "time horizon" is the number of years before you expect to begin spending the money you've accumulated. Time frames and portfolio structures are linked in principle. The rule of thumb is that the longer the time frame, the more risk is appropriate.

Various investments carry various levels of risk, that is their range of market value fluctuation over any given time period. This chart illustrates accepted portfolio risk profiles given various time horizons.

The color spectrum represents various types of investments, from low risk money markets depicted in red, to real estate or interest generating bonds in orange and yellow, through dividend-generating "blue chip" stocks in green and blue, to very aggressive growth stocks shown by indigo and violet.

The chart has many "take aways." One of the most important is that stocks of any kind are NOT appropriate investments unless they are held a minimum of six years. Anything less than that is gambling, not investing.

Another extremely important message is that even portfolios targeted for returns on the higher end of the range (10%+ annually) need to have a wide range of investment types in order to succeed. This is the macro side of that keyword "diversification" you hear so often in investing conversations.

## ***Successful Investing Is...***

- ✓ Understand Risk / Return Relationship
- ✓ Take Only Appropriate and Acceptable Risk
- ✓ Choose Correct Strategy
- ✓ Stick with THAT Strategy
- ✓ Maintain Realistic Expectations
- ✓ Your Personal Situation Dictates
- ✓ Keep Saving !
- ✓ Never Stop Learning

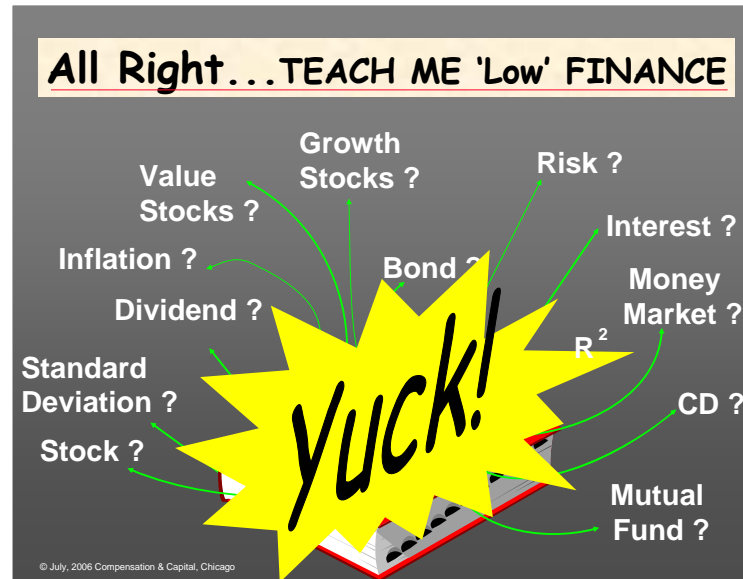
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If you are inclined to temper your retirement portfolio's risk profile either direction from moderate, be assured that less risk will likely require more saving and more risk should require less saving – but more patience and perhaps courage too!

As we saw on the “Risk Versus Return” chart, assumption of even a small amount of additional risk over a 40 year period can have very significant impact on the balances accumulated. In fact, a current plan balance that projects to cover 1/5 of living expense in retirement at an 8% targeted return, could cover more than two fifths if successfully invested for a 10% return over the same 40 year period.

Conversely, a current plan balance that projects to cover two fifths of living expense in retirement at an 8% targeted return, would cover less than one fifth if invested for a 6% annual return over the 40 years.

That's a huge difference that can make this planning stuff either very pleasant or very painful. Only you can make the decisions necessary to reach your goals. It's obviously very important that you take the time to understand the issues, learn the major lessons, and invest YOURSELF along side your money in the process.



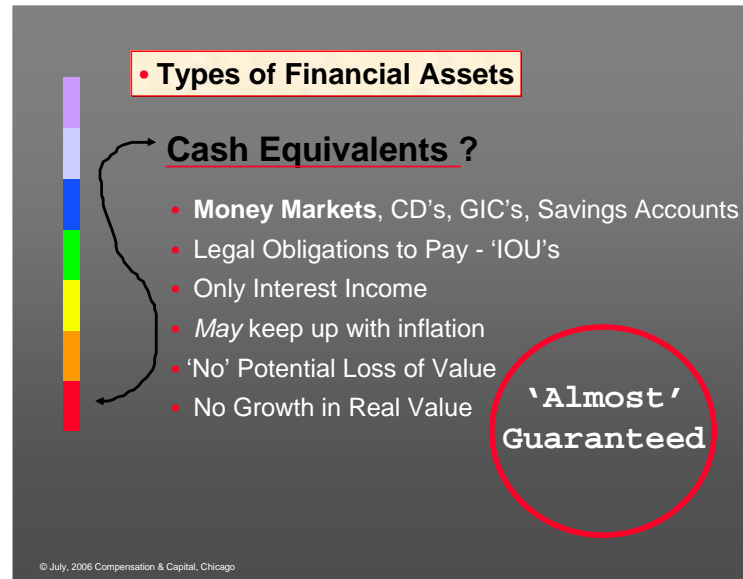
So that's the bulk of the macro lesson.

The rest of the program is the micro side.

And contrary to popular belief, technical knowledge is way over rated when it comes to investing.

As we said before, your decisions about how much to save and your appropriate portfolio structure are the vast majority of the important inputs to the process. You can certainly feel comfortable putting aside many of the terms in this slide.

But what you should take away in terms of terms are the major categories of investments generally found in retirement portfolios: cash equivalents, bonds, stocks, and mutual funds are starter items that are appropriate for your knowledge.

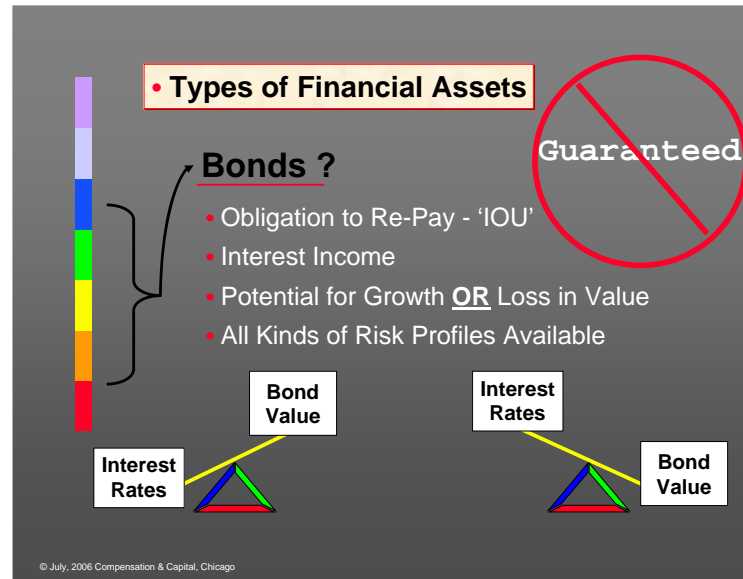


Cash Equivalents are the general asset category that holds money market funds, certificates of deposit (CD's), savings accounts, treasury bills and other ~~no~~ low risk securities that pay interest and offer some protection of your initial investment against loss.

Only some types of Cash Equivalents are truly guaranteed against loss – specifically, CD's and Treasury Bills. All other types, INCLUDING money market funds, are NOT GUARANTEED against loss of principal. However, this risk is highly unlikely.

The real risk in investing in Cash Equivalents is that they will lose ground to inflation, the natural loss in purchasing power due to prices of goods and services creeping upward.

Cash equivalents are part of a larger classification known as “Fixed Income” investments that includes all types of securities that pay interest.



Moving up the risk profile, the next major category of financial assets is Bonds.

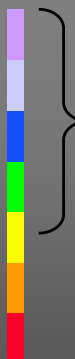
Bonds are also a kind of Fixed Income security. They pay interest. But Bonds differ from Cash Equivalents in that your initial investment in a Bond can fluctuate in value, which puts your investment at risk of loss every day. It also means that your total return from a Bond investment is comprised of interest AND market gain or loss.

When interest rates move up, the market value of existing bonds goes down; and vice versa. Only when interest rates are stable, do the bonds return the interest rate stated on the bond, known as its coupon rate. Otherwise, market gains and losses impact the bond investment's total return.

Bonds can be obligations to repay governments, corporation, or other institutions. Bonds can be purchased individually (in a Schwab PCRA) or in the Select Funds Venue in one of two mutual funds that hold many different bond issues.

Finally, bonds sold by borrowers with lower credit ratings carry higher coupon rates than those sold by very credit worthy borrowers. That's intuitive – it works the same when ordinary people take out loans.

But the bonds issued by the lower credit borrowers also fluctuate in value to a greater degree than the higher quality bonds. That's why the Bond Funds in the Select Venue are very diversified and consist predominately of higher quality issuers.



• **Types of Financial Assets**

**Stocks ?**

- Corporate Ownership
- Potential for Growth in Value
- Potential for Loss of Value
- Dividend Income - Sometimes
- Inflation Protection - Sometimes
- 'Value' vs 'Growth' Stocks

**Guaranteed**

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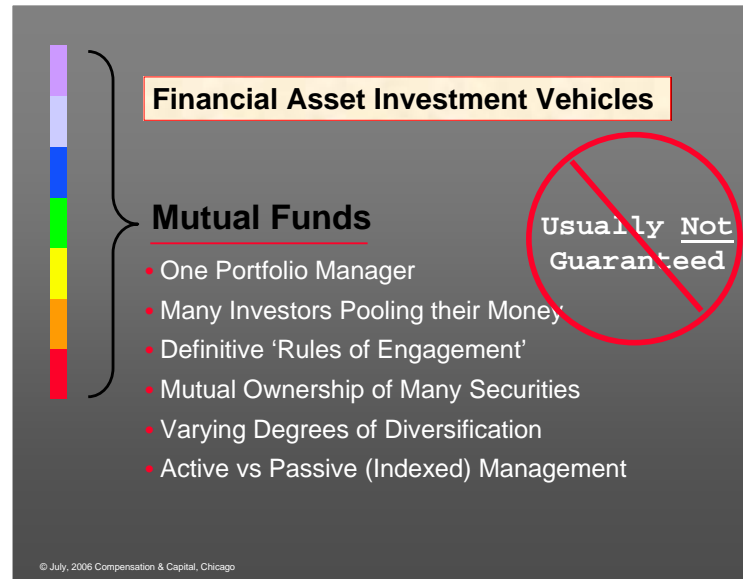
The highest risk profile appropriate to normal retirement plan investing is represented by Stocks. Stocks are shares of ownership in a corporation. They hold NO guarantee of initial investment or of future return. In fact, any stock investor could lose 100% of their investment at any time.

But with this risk comes the highest potential for return – from a combination of market appreciation and sometimes dividend income. Dividends are something like interest, paid to stockholders of high quality corporations as a small but ongoing return on their investment in the corporation.

Of all financial securities, stocks – held for appropriately long time periods- command the greatest potential for inflation protection.

As with Bonds, there are numerous classifications of stocks: Value and Growth, or Large and Small Company are commonly used stock types. Most importantly though, investing in stocks requires diversification across all of the various types.

That's why we invest using Mutual Funds...



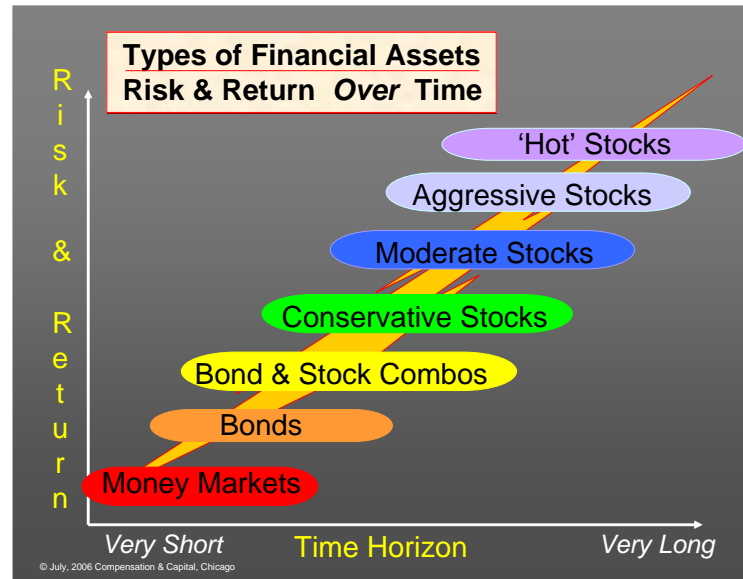
A Mutual Fund is a pooling of many investors' money under one investment manager. The manager is under contract (called the "prospectus") to invest the Fund within certain parameters.

Generally speaking, mutual funds hold very diversified pools of securities, sometimes cash equivalents, bonds, and stocks all in the same fund.

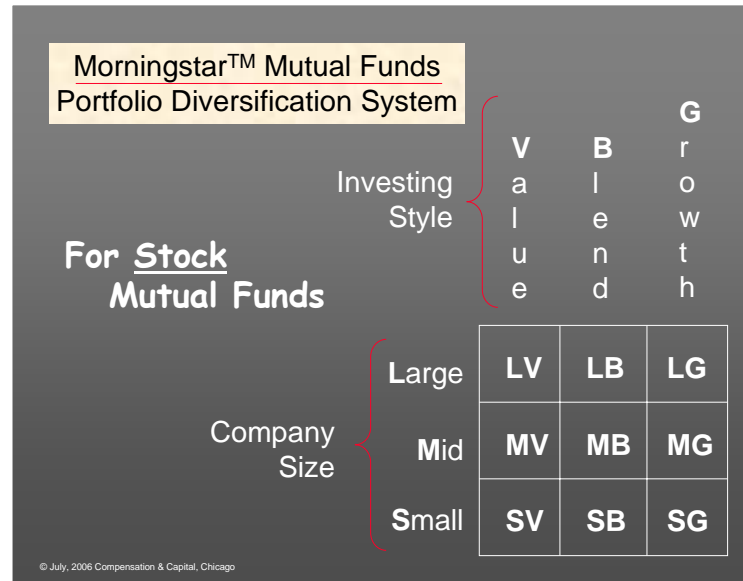
But most mutual funds stick to a more focused portfolio, concentrating on one security type (for instance growth stocks or government bonds) along with some small portion of cash equivalents.

Finally, mutual funds are also classified as actively or passively managed. Active management means that an individual or team is actively selecting and trading the securities in the portfolio. Passive management or "indexing" means that the securities in the portfolio are selected and traded to emulate a pre defined index – a "market basket" of securities such as the Standard & Poor's 500 Stock Index.

The Select Funds Venue currently has two Indexed Funds – the Vanguard Total Stock Market Fund and the Vanguard Mid Cap Index Fund. The rest of the Select Funds are actively managed funds.



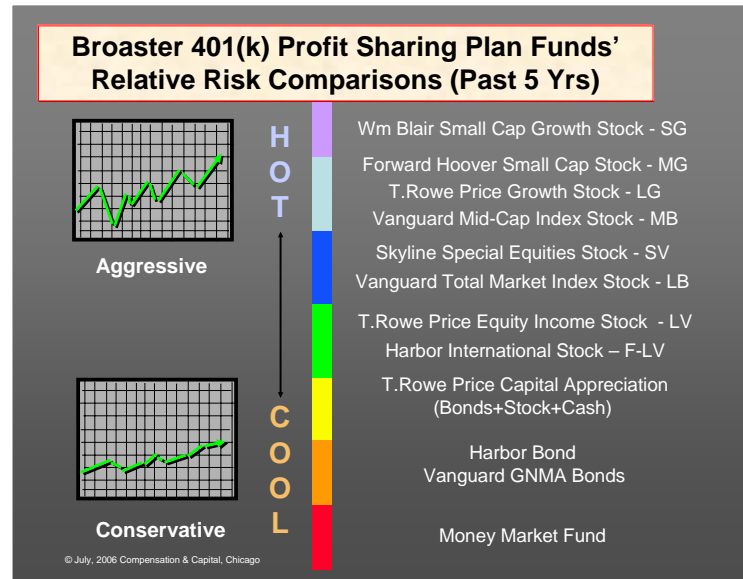
In general, mutual fund classifications line up along the risk / return profile of all investments like this. Once again, the color spectrum equivalents are here to help you identify risk profiles of each of your Broaster Plan's Select Funds as you get more invested in information about each fund from the remainder of this session and your perusal of the website's information.



Another way to stratify stock mutual funds is the Morningstar style box classification system. The graphic provides an easy way to classify U.S.-based stock funds in terms of their predominant securities profiles: company size and investing based primarily on relative price/earnings ratio of its stocks.

History teaches that certain segments of the stock market respond favorably to different segments of each economic cycle. So while Small Value stocks are favored in one portion of a cycle, Large Growth will predominate in another segment of the cycle. By classifying your funds into these styles and assuring little if any crossover in your portfolio's positions, you are more likely to have a portfolio that will provide long term targeted returns with lower volatility than one concentrated in one or just a few styles.

The idea is to use this tool to measure diversification of your Plan account's stock portfolio. Fortunately, sample portfolios formulated by Investment Consultants for the Select Venue are pre designed with these considerations in mind. One more way the Select Funds Venue speeds you on your way to a portfolio appropriate to your risk/return profile.

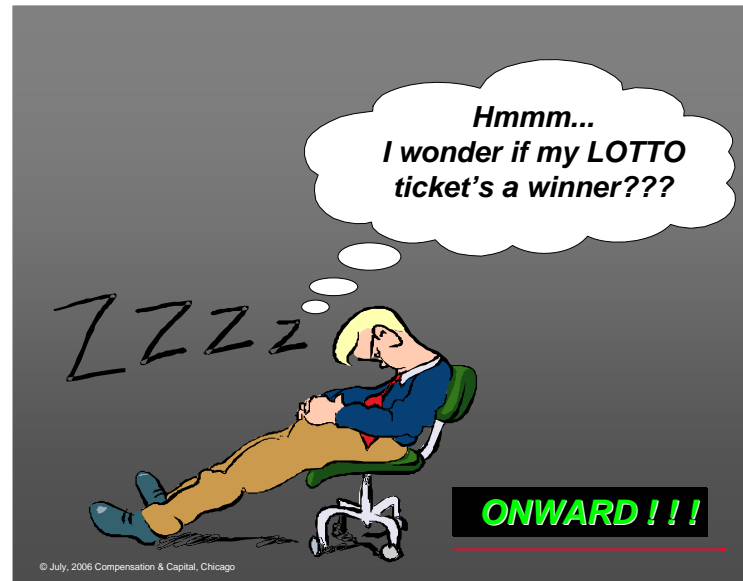


The funds available in the Select Funds Venue are selected, monitored, and replaced as necessary by Investment Consultants, an SEC Registered Investment Advisor engaged by the Plan's Trustees and paid by Broaster Company as a retirement benefit for its employees.

The funds in the Select Funds Venue are chosen for a number of good reasons, including:

- Consistently high relative performance against their peers,
- Broad diversification across asset categories and securities,
- Broad representation across management teams and styles,
- Low operating expenses charged to shareholders,
- Impeccable track record of governance.

Detailed information on each of these funds is available on the Plan's website. They are listed here in relative order of their historical volatility over the past five years.



No, it's definitely not THIS simple. But with all the progress we've made so far today, there's just one more step in the process:

Choosing your appropriate investment strategy.

As we've done with the rest of the process, we've got this one down to a pretty simple process too.

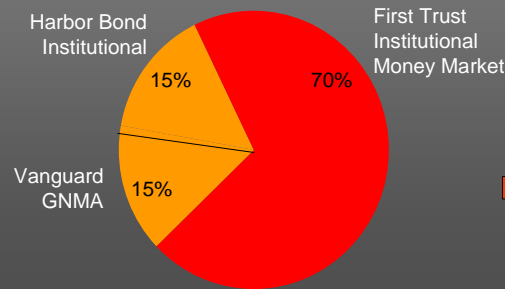
So getting started is easy. All you need to do is decide whether you are an "Ultra Short", "Short", "Medium", or "Long" term investor and lock in on the portfolio we've constructed under that time frame.

Since most retirement investors are "Long Term", that decision should be relatively simple for the majority of you.

Be sure to note that each of these four risk/return profile portfolios are available in graphic Acrobat "pdf's" as well as a 4 in1 textual graphic on the Plan's website in the Plan Investing – Select Funds area so you don't need to write them down while we move through them now.

### Sample Portfolio for **Ultra-Short Term** Investors

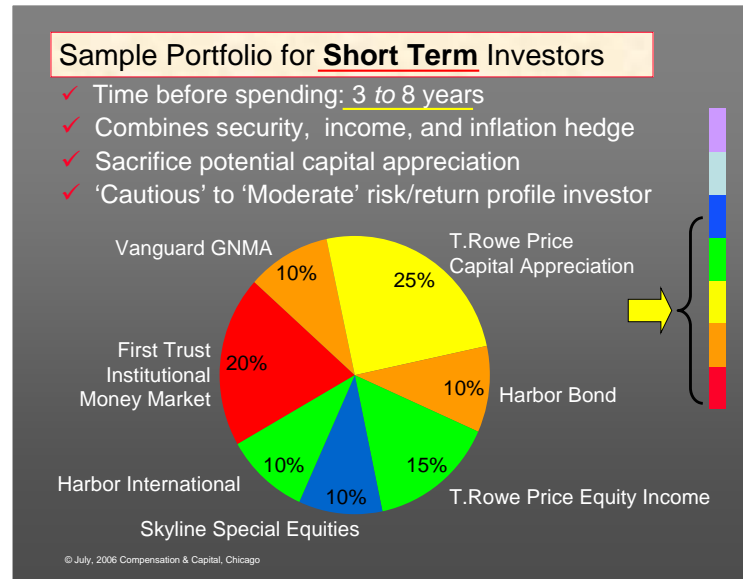
- ✓ Time before spending: 0 to 3 years
- ✓ Focus on security and income
- ✓ Minimal inflation hedge – no long-term appreciation
- ✓ 'Cautious' risk/return profile investor



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Here is a portfolio suitable for investors with very short investing horizons or for the portion of their Plan portfolio that will be accessed within three or so years. Any such objective is best served using the most conservative (that is, least volatile) alternatives so that your balance is not subject to market downdrafts just before you may need it.

Remember that bond funds can subject your account to market losses over these short time frames. So, if your time horizon is at the lower end of this range, you should consider little or no allocation to bonds.



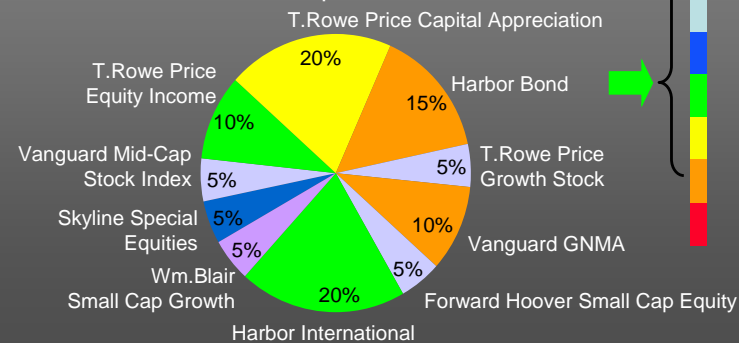
Moving incrementally up the risk/return profile to a time horizon of three to eight years allows a short- to medium term investor to begin incorporating conservative, lower volatility stocks into a portfolio predominately allocated to money markets and bonds.

The T.Rowe Price Capital Appreciation Fund maintains a portfolio mix of approximately 60% stocks and 40% bonds. Therefore, this sample portfolio has a composite allocation of 50/50 stocks to fixed income investments. Furthermore, the stocks in T.Rowe Price's Capital Appreciation Fund tend to be lower volatility (that is, historically speaking), more conservative stocks that favor dividend generation over capital appreciation.

Once again, investors at the shorter end of this timeframe should consider allocations favoring more bonds; those at the longer end of the range are more appropriate to the sample portfolio as depicted here.

### Sample Portfolio for **Medium Term** Investors

- ✓ Time before spending: 8 to 15 years
- ✓ Combines security, income, inflation hedge and growth
- ✓ Requires *some* tolerance for price fluctuation
- ✓ 'Moderate' risk/return profile investor

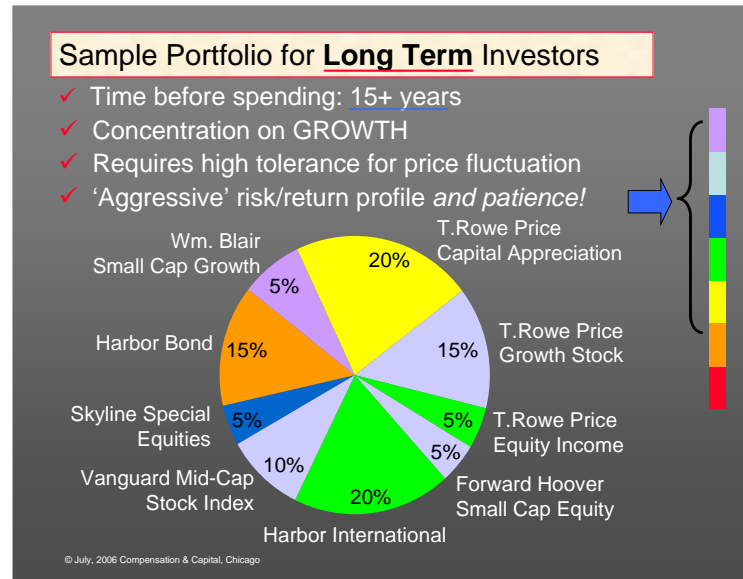


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This portfolio gets you invested in several of the more aggressive fund alternatives in the Plan's Select Venue, combined with conservative stock and bond offerings to aggregate an approximate 60%/40% stock to bond allocation.

The use of stock funds, especially the more volatile options, is generally best suited to portfolios having timeframes equivalent to at least two normal stock market cycles.

Modern stock market cycles run anywhere from three to seven years so our sample portfolios allocating a majority of their balances to stocks are considered appropriate only to investors with at least eight years to invest.



The most aggressive sample portfolio shown is considered appropriate to investors with timeframes greater than 15 years. Its aggregate allocation is approximately 80% stocks and 20% bonds. Allocations to stocks that exceed this level are generally considered risk inefficient by academicians who study investment management. That is, the additional risk accepted by portfolios allocated to greater than 80% stocks does not generate sufficient return to warrant acceptance of the increased volatility they historically exhibit.

You may also note that, relative to the sample portfolios deemed appropriate to shorter timeframes, this sample employs stock funds that exhibit higher volatility. That is, the stocks are chosen more for capital appreciation than dividend income potential.

**YOUR BROASTER 401(k) PLAN TO-DO LIST**

**EASY AS:**

1. Review your 'Reach for the Top' booklet materials
2. Log On to [www.PlanSpecs.com/Broaster](http://www.PlanSpecs.com/Broaster) for more info
3. Consider the options – Make Your choice
4. Submit Forms (on website or hardcopy) **BY JULY 27 !!:**
  - Current Account Balance - Investments Re-Mix
  - Future Contributions Rate or Mix Change Request
  - Enrollment (*Only for current NON-contributors*)
  - Beneficiary Designation

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So here's your TO DO List- AGAIN. Each of you will need to determine what you want to do and the steps required to do it. There is no one size fits all strategy or process here. And that is both an advantage of the new Plan structure and, I suppose, a disadvantage too – at least for those participants who don't really care to deal with these decisions at this time.

Once again, please remember that ALL eligible employees MUST complete one or more of the Forms we discussed a while back – ALL forms that are in the front pocket of your Reach for the Top booklets. Be sure that you understand which form or forms are applicable to your situation and get them completed as soon as possible but absolutely before July 27<sup>th</sup>.

If you are unsure of the forms appropriate to your personal circumstances, just ask Jeanie or send us a quick e mail to [info@planspecs.com](mailto:info@planspecs.com) and we will get you set up.

All forms are also available on the website and may completed and submitted there or manually completed and submitted to Jeanie Johnson as noted on the applicable form. Please note that the most secure method of Plan forms submission is via the Plan's website.

*That's All Folks!*

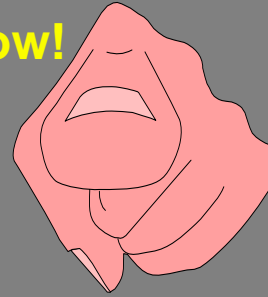
It's Up to YOU Now!



*Get Involved*



*Take Control*



Broaster 401(k) Profit Sharing Plan

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