



You have enjoyed Basics for 27 years. You have watched the business grow and flourish, and I hope you will join me on the next great step for Basics.

I would like to invite you to become an owner of Basics.
 How can you become an owner of Basics? A **cooperative!** A cooperative is simply a type of business in which the ownership interests are held by the customers. It operates for the benefit of all of its customers, not necessarily to make a profit. By joining together, you can ensure that Basics continues to be everything you want. Basics will become a sustainable, democratically controlled, economically fair form of business ownership.

This is not a new idea. The natural food industry is full of examples of very successful food cooperatives, all owned and run by their customers. And, importantly to me, it is an idea that my dad had before he died. When he knew that I would be responsible for Basics, he asked that I pursue the cooperative future for Basics. It has taken me a bit of time to get myself and Basics ready for the transition, but we are ready now.

I have been honored and privileged to continue my dad's lifetime of work. With the assistance of the Basics staff, we have made sure that Basics continues its mission of providing quality natural foods and information. As always, your dedication and loyalty to Basics have kept the business going strong. Please accept my invitation to participate in this exciting new future for Basics, and we will work together to make Basics better than ever.

Join the Basics Cooperative today!

Sincerely,

S. David Roang



Ownership Form

Mail with payment to: Basics Cooperative
 1221 Woodman Rd.
 Janesville, WI 53545

- I would like to become an owner of Basics Cooperative. Enclosed is my \$150 payment
- I would like to become an owner of Basics Cooperative. Enclosed is my \$30 first payment. I understand I will have to pay at least \$30 (+ a \$5 service fee) a year towards my \$150 ownership fee.

Method of Payment

- Enclosed is my check or money order for \$_____ payable to Basics Cooperative.
- I paid online at the "Order Now" page at basicshealth.com (please attach a copy of your order)
- Please charge my (please circle one): Mastercard Visa Discover

I understand that the Basics Cooperative Bylaws govern my ownership interest.

Signature: _____

Name on Card: _____ Card Number: _____ Expires (mo/yr): _____

Owner Information

Name: _____ Phone #: _____ E-mail Address: _____

Address: _____ City: _____ State: _____ Zip: _____

Referral

If a current owner helped you to join, name her or him here, and we'll send them a thank you gift! Name: _____

Please see the Basics Cooperative Bylaws for all the terms of your ownership. • The assets of Basics Cooperative will be used to purchase the business of Basics, Inc.



1221 Woodman Rd.
 Janesville, WI 53545

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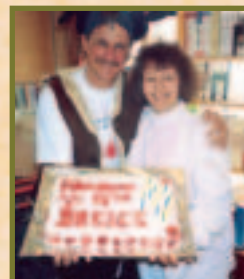
Join the Basics Cooperative today!

Ownership Information

Key facts about Basics Cooperative

A cooperative business may be new to many of you. It is an exciting way to become an owner of Basics, and we expect that you will have a number of questions about how all of this will work. All of these questions will be answered in much more detail in the bylaws of the Basics Cooperative, which can be found at www.basicshealth.com (or ask anyone in the store for a copy), but this brochure answers many common questions.

Benefits



Every owner of Basics will have the joy of being part of the Basics family. Like all consumer co-ops, Basics will operate for the good of the people who own and use it. In addition to the many financial benefits, the Basics owners will enjoy *democratic control of the business*: Co-op owners have the opportunity to share in the decision-making process, elect Board members, and serve on committees.

- * **5% off EVERY purchase EVERY day**
- * Owner-only discounts and sales. Basics will have sales and discounts throughout the year that only owners may enjoy. While Super Tuesday will still be open to all customers, owners and non-owners alike, our holiday sales and other great discounts for which Basics has become famous will be available only to owners beginning in 2005.
- * Free or discounted admission to Basics seminars
- * Case discounts (which will ONLY be available to owners)
- * Special orders (we will ONLY take special orders from owners)
- * Owner mailings. Most of our store mailings will be going only to owners after January 1, 2005. So, if you want to keep being informed about all the specials and exciting happenings at Basics, become an owner!
- * Co-op reciprocity: When traveling, you'll pay member prices at most other retail food co-ops throughout the country by showing your Basics Cooperative ownership card.
- * Patronage Refunds. Receive a share of the cooperative's profits through year-end patronage rebates in the years that the cooperative achieves profit goals, if the cooperative declares a patronage refund.

Cost

You can become an owner of Basics for only \$150. This is a **one-time cost** (NOT an annual fee) and represents your investment in Basics. When you decide that you no longer want to be an owner of Basics, simply let us know, and **we will return your ownership fee** (subject to some limitations in the bylaws).

If you choose not to pay \$150 at one time, you may buy your ownership fee

over time. However, you will have to pay at least \$30 each year, and Basics will charge a \$5 service fee each time you make a payment to defray the administrative costs involved. Nobody has to pay a service fee on their first payment.

Seniors! If you are older than 65, you will be entitled to owner pricing EVERY DAY without any obligation, but you will not be able to vote in the cooperative



or enjoy any of the other cooperative benefits unless you become an owner by paying the ownership fee.

Signing Up

The ownership form should take no more than 3 minutes to fill out! A form can be found on the back of this mailer, at our store, or on the Internet at www.basicshealth.com.

Are there any benefits for signing up early or helping others join?

Absolutely! We want the Basics community to start off strong and vibrant, so we are offering special benefits to those of you who lead the pack:

- * **Charter Owners!** The first 250 fully-paid (\$150) owners will be recognized as charter owners of the Basics Cooperative. We will create a plaque in the store to recognize your dedication and leadership, and you will receive special treatment and deals as long as you remain an owner.

- * **\$25 Gift Certificates!** Everyone who pays her or his whole \$150 ownership fee before December 8, 2004, will receive a \$25 Gift Certificate from Basics. This can be used immediately (for your purchases from Basics, Inc.!) or after the cooperative becomes effective on January 1, 2005.
- * **Referral Bonuses!** If you get someone else to join Basics as a fully-paid owner, that new owner can name you on her or his ownership application. If you get named, the cooperative will send you a \$10 gift certificate! So, it pays to spread the word!
- * **Basics Cooperative Shopping Bag!** Every new owner will receive a canvas Basics Cooperative shopping bag.

Other Questions

When will Basics become a cooperative?

Basics will become a cooperative January 1, 2005.

How many people can share an ownership?

Only members of a household may share an ownership, and only two cards will be issued per household. You may have up to two adults and unlimited kids on a single ownership. One person will be the primary owner. The primary owner will be responsible for the ownership and will receive any repayment from the ownership.

Do I have to be an owner to shop at the Basics Cooperative?

No! Everyone is welcome to shop at Basics, but non-owners will not receive the 5% owner discounts and will not be eligible for any other owner benefits.

What will the ownership fees be used for?

Like any capital investment, the ownership fees will be used for the capital needs of the store. Initially, these investments will be used to purchase the Basics business, but in the future, these assets likely will be used to make improvements at Basics. If you are an owner of Basics, you will be able to participate in the decisions of how to put the ownership investments to best use.

Will David still be involved with Basics?

Absolutely! David became the first owner of the cooperative and plans to stay involved with Basics as a member of the cooperative board of directors.

Will Basics change?

Only if you want it to! Basics will remain committed to providing high-quality natural foods to our community. We will remain dedicated to providing valuable, healthy choices for our customers. With our products and our commitment to providing top-notch service and information, Basics will continue to help you maximize your potential for well-being.

When can I ask more questions?

As with everything at Basics, please feel free to ask any of our staff about joining the co-op.

Ownership Information Meetings

If you have questions about ownership, we will be having ownership information meetings at 6:30 on the following Tuesday nights: August 24, 2004; September 21, 2004; October 19, 2004

The **first membership meeting** will be held on **November 16, 2004**. This is a very important meeting because the first board of directors will be elected, so please join us!

What is a cooperative?

A cooperative is an association of persons united to meet their common economic, social, and cultural needs and aspirations through a jointly-owned enterprise.

Cooperatives are based on the values of self-help, self responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

for more information see our website: www.basicshealth.com