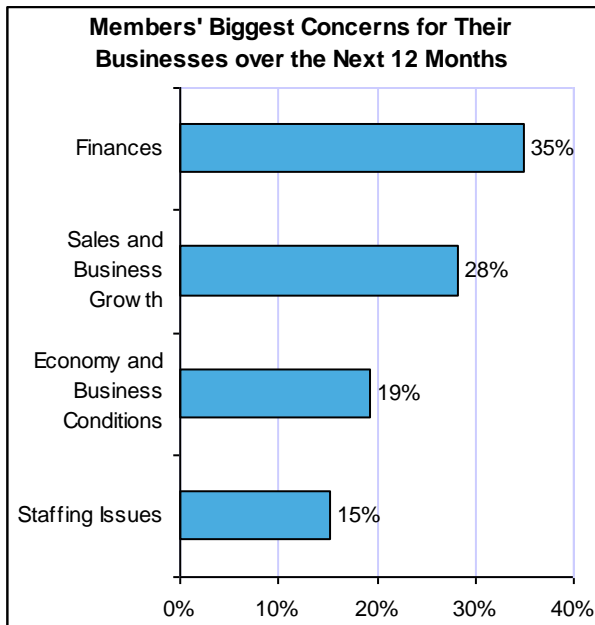


**Capricorn Members' Voice Forum
Summary of Results**

August 2011

The Business Environment in 2011

We asked members to tell us how things were going for them this year and what kept them up at night. The economy and competition have had an effect on all of us. For Capricorn owners, managing finances has been a challenge in this environment. More than a third of the members reported that finances, particularly increasing prices and managing cash flow, have been their greatest concerns.



Increase in costs

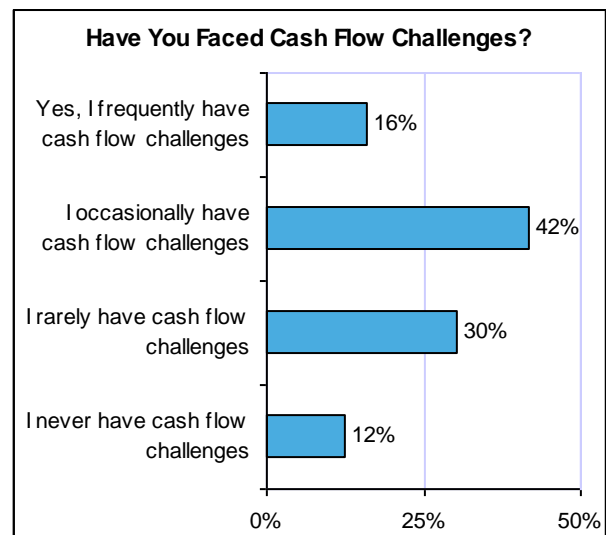
Owners are concerned about the cost of overhead, taxes, and increasing prices on almost everything. Here is some of what they had to say:

“The unstable economy, with the cost of water rates power and food increasing a lot of people are spending less on their vehicles. The 'discounted service' advertising by large companies that is in the consumers face can make it hard to compete at times”

“I mostly worry about the cost of parts, and having to put our prices up, which then makes me worry if we go quiet. I worry when the fuel prices go up, because that can then slow the trade down.”

Cash Flow

Cash flow has been an issue for a majority of the membership. Approximately 58% of the respondents to the questionnaire reported that they have occasional or frequent cash flow challenges. The main drivers of these cash problems are slow-paying customers and debtors. Seasonality of the business and unpredictable workloads also play a role. Here are some of your comments:



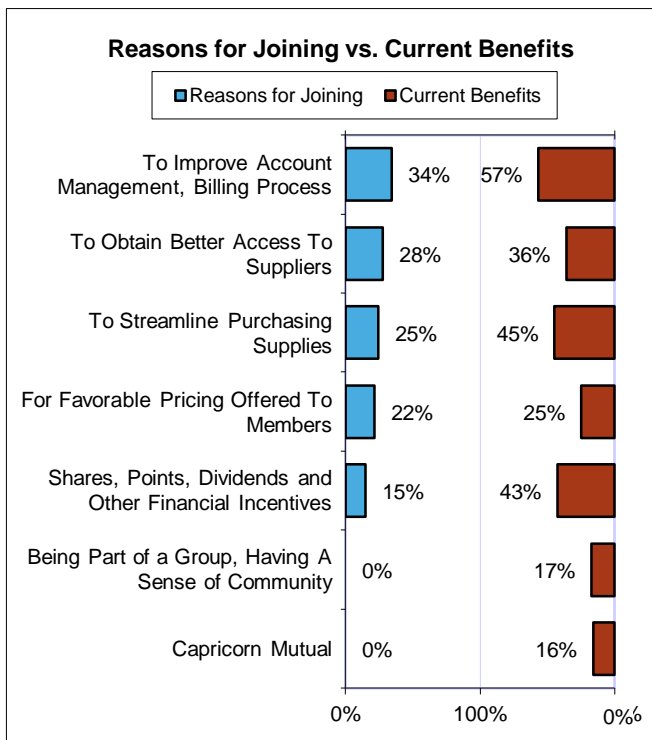
“High frequency months followed by a low frequency month, i.e. a busy month’s Capricorn bill followed by a lower month does not provide sufficient cash flow to pay for the previous month. Unless you have a good cash buffer in the bank this can present cash flow issues, especially just after Xmas when your cash reserves have been depleted, it can take quite a few months to catch up again.”

“Our business runs at approximately 25% cash & the rest on account. As a result we get money in at month end, but not so much through the month.”

“The lack of consistent work flow and poor payers. Getting paid at correct time, staff shortages at times, periods where there are many public holidays, e.g. Easter & Christmas”

Benefits of Being a Capricorn Member

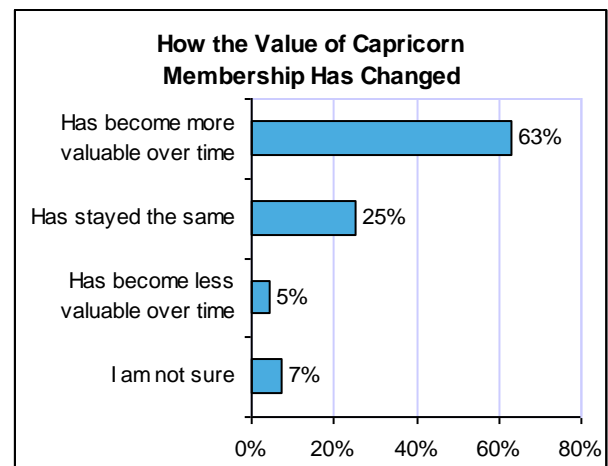
Capricorn members truly believe that “it’s just easier” to do business through the cooperative. We asked members why they joined Capricorn in the first place and compared it to the benefits that they say they are now enjoying. Owners reported that they enjoy the same benefits they signed up for—improved account management and billing, better access to suppliers, a streamlined purchasing process, and favorable pricing to members.



However, after they became members, their appreciation of some of the other benefits of membership grew.

Some members talked about the sense of community they feel with other members who have similar interests and challenges. A number of members also mentioned the benefits of Capricorn Mutual coverage.

Approximately 63% of members report that the value of their membership has increased over time, mainly because of the increasing value of shares, points, dividends and other financial incentives associated with being a member. Approximately three times as many members mentioned the wealth creation benefits as a benefit *after* they joined than as a reason for joining.



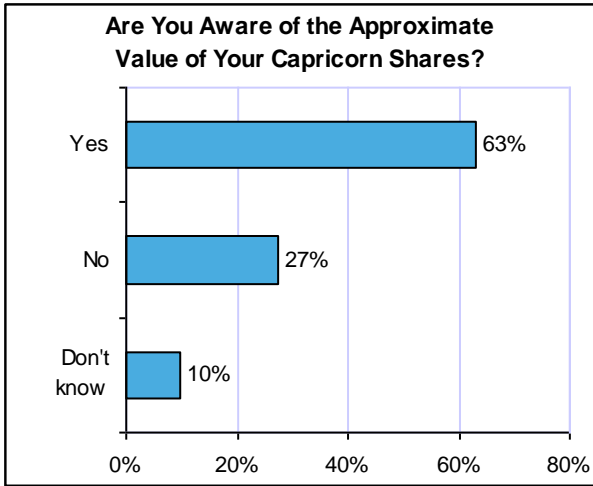
Here are some examples of how owners look at their Capricorn membership:

“As I have seen my wealth increase with shares and rewards this has made me look at how I can increase my usage of CSL, as a result of that other benefits such as supplier network, account/payment ease and security, become apparent. I have also learnt how to make better use of networking opportunities.

“Because the decision to join and stay loyal has been repaid through constant improvement of suppliers and services along with trade rebates and dividends along with the recognition of the value of our loyalty. “

Value of Capricorn Shares and Rewards Points

Most members are familiar with the approximate value of their rewards points.



Approximately 14% of members said that Capricorn shares were part of their long-

term financial strategy. Those that did had the following comments:

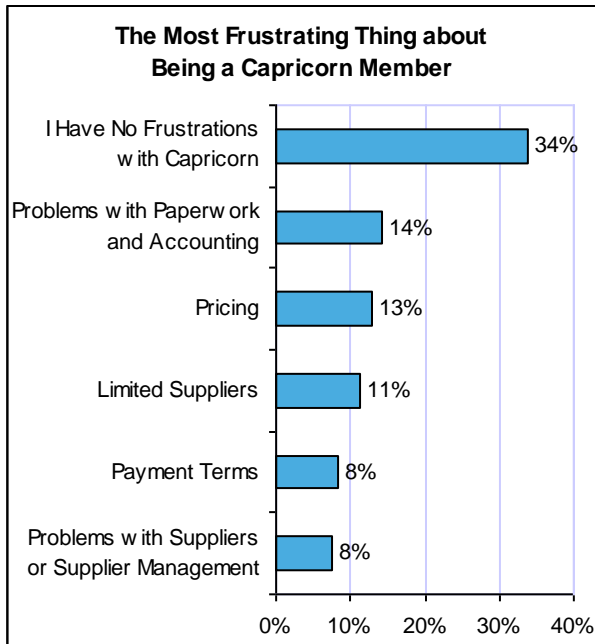
“They just slowly build in the background, every year they pay good dividends, then the dividends add to your share total, then next term you buy more parts adding more shares & get paid a larger dividend every time. Once they get up your dividends get larger & larger. How can you go wrong? If I knew they paid so good I would have added a cash injection to speed up the process at the beginning.”

“The shares are a bonus for simply purchasing what I already purchase and get rewarded for doing so; they cost me nothing

“It’s a form of savings and shares are something that you are not liable to touch on a day or even yearly basis. They accumulate and build up a nice nest egg for something in the future.”

Member Needs and Frustrations

Capricorn members did not hesitate to communicate things that they believe should be improved about Capricorn.



Paperwork

Several members expressed concern about paperwork such as late invoices, incorrect invoices or delayed processing of credits. These problems have a negative impact on productivity and cash flow and dilute the Capricorn promise to make it easier for members to do business. For example, one member said,

“When parts are not credited properly or there are issues with goods supplied, you

pay for them at the end of the month regardless.”

Pricing

Approximately 13% of respondents also have concerns about pricing being non-competitive. Here is what some members had to say:

“...not knowing if you are getting the best rate.”

“I feel parts pricing could be better.”

“At times I’m able to get better pricing going direct.”

Payment Terms

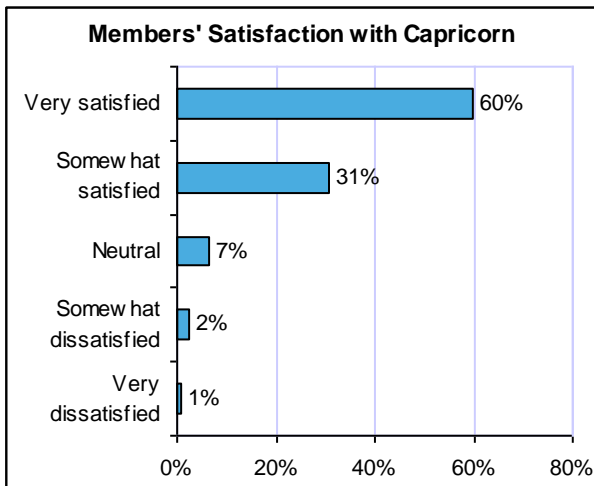
Some respondents expressed concern about the 30-day payment terms in light of cash flow challenges that have affected so many members in the current economic environment.

Here is an example of a member comment about payment terms:

“That we cannot adjust the amount that is taken from our account each month and sometimes credits do not come through until the following month - have since found out that we can adjust the amount by sending an e-mail to our area rep.”

Member Satisfaction and What Would Improve It

Although most members are satisfied with the service that Capricorn offers its members, there are areas where owners believe that improvements can be made. A total of 60% of the respondents to the questionnaire indicated that they are very satisfied with their affiliation with the co-op and 31% said they were somewhat satisfied. Approximately 10% were neutral or dissatisfied.



Members had many suggestions for areas in which Capricorn service could be improved.

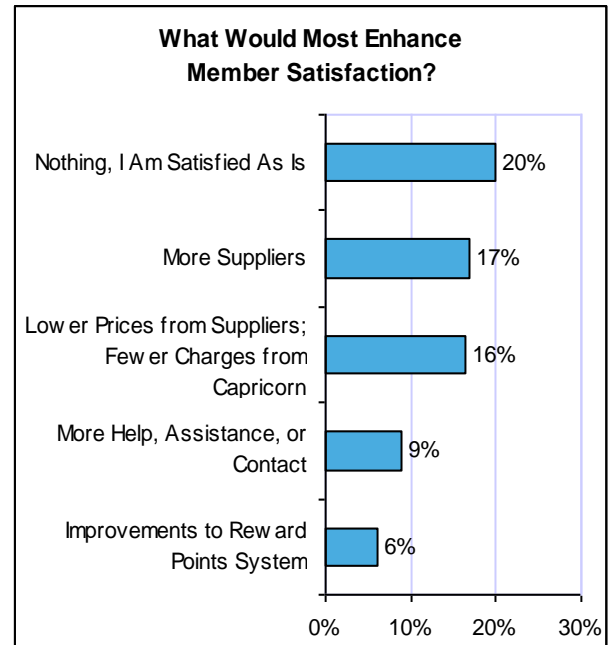
Suppliers

The most popular suggestion was for Capricorn to add more approved suppliers. Some members expressed concern about a shortage of suppliers of certain types of parts or in specific geographic areas. Many members said that they would, in fact, purchase more through the Capricorn system if the cooperative had more suppliers that suited their needs.

Other Members expressed that they would like to see more competitive pricing.

Here are some of your comments:

“Being able to pay the account with a credit card; More incentives to earn more points; Being able to transfer points monthly to



shares; More and varied suppliers; More partner and member activities; Better dinner dances - Has been the same for years. I haven't been to the last two, as they have become a repeat.”

“I am a one-man workshop and now have an apprentice. I would like the suppliers to have better discounts. We compete with auto one and super cheap so many customers are quite happy to travel to a larger town to get parts. “

“If they could add more suppliers would be good I have a service station so I supply a large range of goods. One of the more expensive things I supply is bottled gas exchange (like all servos) however it is not on Capricorn's list, like PFD groceries.”

Conclusion

We appreciate your sharing with us with us your opinions, your success, your challenges, and your suggestions for improvements. This feedback is helpful and will become an integral part of Capricorn's initiatives as the cooperative moves forward. We understand you are busy and value your participation.