

Company Shops Market, Inc.

Community Investment Notes

Community Investment Note #2

Community Investment Note #3

Prospectus

Updated as of March 2009

Community Investment Note #2

Community Investment Note #3

About Company Shops Market, Inc. Community Investment Notes

Community Investment Notes (“Community Investment Notes” or “Notes”) are interest bearing notes that are available to local residents interested in investing in Company Shops Market. These notes are an instrumental part of the on-going financing of Company Shops Market.

The Community Investment Notes program allows individuals to invest directly in a socially, economically, and environmentally responsible business in their community. The proceeds will be used to start our community-owned enterprise, Company Shops Market.

- Community Investment Note #2 has a term of 10 years, a minimum principal amount of \$20,000.00, and pays a potentially below market fixed rate of interest between 0% and 5%. Interest is paid annually, and upon maturity your principal investment, plus accrued interest, is returned.
- Community Investment Note #3 has a term of 5, 6, 7, 8, 9, or 10 years, and a minimum principal amount of \$2,000.00. The Notes pay investors a potentially below market fixed rate of interest between 0% and 4% (4% available for ten (10) year term only). Interest is paid annually, and upon maturity your principal investment plus accrued interest is returned.
- Community Investment Notes are not FDIC insured.
- Community Investment Notes are not tax-deductible. You are required to pay income tax on interest earned.
- Community Investment Notes are only available to North Carolina residents or entities.

Company Shops Market, Inc.

contact@companyshopsmarket.coop

Prospectus for
Community Investment Notes
Updated March 2009
Community Investment Note #2
Community Investment Note #3

INVESTORS SHOULD READ THIS PROSPECTUS IN CONJUNCTION WITH THE DISCLOSURE ACCOMPANYING THE COMMUNITY INVESTMENT NOTES SUBSCRIPTION AGREEMENT WHICH MAY BE OBTAINED FREE OF CHARGE BY CONTACTING COMPANY SHOPS MARKET AT THE ADDRESS OR TELEPHONE NUMBER ON THE BACK PAGE OF THIS GUIDE.

THIS PROSPECTUS TO COMMUNITY INVESTMENT NOTES CONTAINS ALL OF THE REPRESENTATIONS BY COMPANY SHOPS MARKET INC. (“COMPANY SHOPS MARKET” OR “CSM”) CONCERNING THIS SECURITY OFFERING.

INVESTORS ARE CAUTIONED NOT TO RELY ON ANY INFORMATION NOT EXPRESSLY SET FORTH IN THIS PROSPECTUS. PERSONS ARE ADVISED TO READ THIS PROSPECTUS CAREFULLY PRIOR TO MAKING ANY DECISION TO PURCHASE THESE SECURITIES.

THIS PROSPECTUS DOES NOT CONSTITUTE THE OFFER OR THE SOLICITATION OF AN OFFER TO SELL TO ANY PERSON OR ENTITY IN ANY STATE OR OTHER POLITICAL JURISDICTION IN WHICH SUCH SECURITY OFFER OR SOLICITATION MAY NOT BE LAWFULLY MADE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE SECURITY OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DISCLOSURE DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE OFFERED UNDER AN EXEMPTION FROM FEDERAL REGISTRATION PURSUANT TO SECTION 3(a)(11) OF THE SECURITIES ACT OF 1933 AND RULE 147 OF THE SECURITIES ACT OF 1933; HOWEVER, THE SECURITIES AND EXCHANGE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THESE SECURITIES ARE EXEMPT FROM REGISTRATION. UNDER THIS EXEMPTION, AND THE TERMS OF THE COMMUNITY INVESTMENT NOTES PROGRAM, PURCHASES AND RE-SALES ARE RESTRICTED TO NORTH CAROLINA RESIDENTS. THUS, PURCHASERS OF THESE SECURITIES ARE PROHIBITED FROM

RESELLING THEIR SECURITIES TO ANYONE OUTSIDE THE STATE OF NORTH CAROLINA. ADDITIONALLY, PURCHASERS ARE RESTRICTED FROM RESELLING THESE SECURITIES TO NORTH CAROLINA RESIDENTS FOR A PERIOD OF ONE YEAR FROM THE DATE OF ISSUANCE OF THESE SECURITIES BY COMPANY SHOPS MARKET, INC.

THESE SECURITIES ARE OFFERED UNDER AN EXEMPTION FROM STATE REGISTRATION PURSUANT TO SECTION 78A-16(14) OF THE NORTH CAROLINA SECURITIES ACT; HOWEVER, THE STATE OF NORTH CAROLINA HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THESE SECURITIES ARE EXEMPT FROM REGISTRATION.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE NORTH CAROLINA SECURITIES ACT. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FEDERAL AND STATE SECURITIES LAWS MAY AFFECT COMPANY SHOPS MARKET'S ABILITY TO CONTINUE TO SELL COMMUNITY INVESTMENT NOTES.

THESE SECURITIES ARE BEING OFFERED BY THE ISSUER AS FURTHER DISCUSSED BELOW UNDER "DISTRIBUTION".

Company Shops Market Community Investment Notes

PROSPECTUS

Community Investment Note #2

Community Investment Note #3

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OFFERING SUMMARY

Overview

Company Shops Market seeks investments from North Carolina residents through the purchase of Community Investment Notes.

Community Investment Note #2 with a minimum principal amount of \$20,000.00 for a 10 year term, with interest between 0% and 5%. Interest accrues quarterly and CSM plans to make interest-only payments annually, and return the investor's principal, and accrued interest, when the note matures.

Community Investment Note #3 for a minimum principal amount of \$2,000 for 5, 6, 7, 8, 9, or 10 year terms, with interest between 0% and 4 % (4% interest rate available for ten (10) year term only). Interest accrues quarterly and CSM plans to make interest-only payments annually, and return the investor's principal, and accrued interest, when the note matures.

Uses of Proceeds

The purpose of Community Investment Notes is to realize Company Shops Market's mission of being a hub of the local, sustainable food economy and modeling successful cooperative business practices. Upon determination by the Board of Directors to be prudent to do so, the proceeds will be invested in the on-going operations and capital needs of Company Shops Market.

Investments

Investments can be made by completing a Community Investment Note Subscription Agreement or contacting Sharon Dent, Board President of Company Shops Market at (336) 584.3388.

Please read all materials carefully before you invest or send money.

History

Company Shops Market is cooperative corporation formed in August 2007 with the goal of establishing an employee and consumer owned cooperative retail store to sell primarily local, natural and organic foods and products and to create a model for cooperative, locally based development. It has obtained a market feasibility report and has contracted to purchase a building at 268 East Front Street in downtown Burlington, North Carolina for the establishment of a retail store. As of this date, Company Shops Market has not opened a retail store.

What is a cooperative corporation?

Cooperatives are corporations organized differently from other for-profit corporations: For example, rather than having multiple shares, each person can buy only one share in the corporation, and each shareholder has one vote that can be exercised at owners' meetings.

About Community Investment Notes

Community Investment Notes are a financial vehicle for North Carolina residents or entities to make investments directly in Company Shops Market. All of the current Board members, individually or through their related entities, have purchased Community Investment

Notes for at least \$5,000 each, or have otherwise made loans to Company Shops Market for at least \$5,000.

Community Investment Notes are unsecured obligations and are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by any federal or state agency. Additionally, no reserve fund has or will be established by Company Shops Market to provide for the repayment of the Notes. Principal repayments and interest payments will be dependent solely upon the financial condition and strength of Company Shops Market. Therefore, the relative risk level may be higher for these notes than for other similar securities. (See section titled "Description of the Notes", heading "Overview" and the heading "Risk Factors", below for a discussion of investment risk levels).

RISK FACTORS

THE FOLLOWING PARAGRAPHS DESCRIBE VARIOUS RISK FACTORS ASSOCIATED WITH YOUR INVESTMENT. HOWEVER, NOTHING CONTAINED HEREIN, OR IN THE SUBSCRIPTION AGREEMENT, OR THE COMMUNITY INVESTMENT NOTE, SHOULD BE CONSTRUED AS PROHIBITING YOU, THE INVESTOR, FROM PURSUING AND EXERCISING ANY AND ALL RIGHTS AND REMEDIES AS MAY BE AVAILABLE AT LAW OR IN EQUITY.

Lack of Current Operations Company Shops Market is currently in the stage of gathering community support for a consumer cooperative in Alamance County. The goal of Company Shops Market is to open a retail store in Alamance County by approximately late 2009 or early 2010. However, a number of factors, including the ability to raise capital, community support, and other general economic factors will directly impact the success and viability of this venture. It is possible that the Company Shops Market consumer cooperative store will not open. In the event that the store does not open, investors should be aware that there is a risk that the investor could lose all or part of their investment. If Company Shops Market determines that it cannot open a retail store, investors will be reimbursed, if at all, on a pro-rata basis.

Liquidity Company Shops Market plans to use the proceeds of Community Investment Notes for start-up funds and to purchase fixed assets, so the funds are therefore illiquid. Although Company Shops Market intends to have funds on hand to repay the Notes upon maturity, there can be no assurance that delays in repayments will not occur. Early redemption may be possible in case of an emergency, but Company Shops Market is not legally obligated to redeem a Community Investment Note prior to its maturity.

Repayment

There are, as with any investment, risks associated with an investment in Community Investment Notes. While Company Shops Market will make every good faith effort to meet its repayment obligations, there can be no guarantee that it will be able to do so. Community Investment Notes therefore are suitable only for persons or entities of adequate means who can bear the economic risk of losing their investment.

Investors can only expect to be paid from Company Shops Market, and not from any other entity or person.

Forward Looking Statements

This Prospectus contains forward-looking statements that involve risks and uncertainties. Company Shops Market's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in these risk factors and elsewhere in this Prospectus.

Public and Secondary Markets

The nature of this program does not afford the opportunity of a public or secondary market. Consequently the purchase of Community Investment Notes should be viewed as an investment to be held to maturity. (See discussion in section "Description of the Notes" under "Secondary market", below)

Subordination

Community Investment Notes are unsecured and are subordinate to future Company Shops Market bank or other secured debt.

State Regulations

Changes in state laws, rules or regulations regarding the sale of securities may make it more costly and difficult for Company Shops Market to offer and sell Community Investment Notes in the future. Such an occurrence could result in the decrease in the amount of Community Investment Notes sold by Company Shops Market. To the extent that Company Shops Market is dependent upon the proceeds from future sales of Community Investment Notes to make principal and interest payments on its outstanding indebtedness, a substantial decrease in such sales could affect its ability to meet its obligations. However, at this time Company Shops Market does not contemplate or foresee curtailing or eliminating the sale of Community Investment Notes.

Interest Rates

Investors should be aware that the interest rates offered by Company Shops Market for Community Investment Notes may vary from time to time, and currently investors choose interest rates ranging from 0-4% on Community Investment Note #3 and between 0-5% on Community Investment Note #2. Investors should be aware that if commercial rates rise, Company Shops Market is not legally obligated to redeem the principal or exact a partial withdrawal of a Community Investment Note prior to its maturity. Furthermore, the interest rates of these notes may not be as high as those of other financial institutions offering similar securities.

Default Rollover

Upon maturity of a Community Investment Note, the default option is to renew both principal and interest unless an investor specifies other instructions in response to a maturity notice. The original interest rate offering may not be available at maturity, and the renewed interest rate offering could be lower than the original. If you do not take any action, your money will be reinvested at the current interest rate (the interest rate established for notes on the date your money is reinvested) for the same time period as the previous Note.

Change in Operations

Once operational, Company Shops Market is not obligated to continue offering Community Investment Notes or to continue its operations or its existence as a cooperative corporation. Any such change in its operations or status could have a negative impact on its ability to pay Community Investment Notes. Company Shops Market has no plans to significantly modify its present plan of action.

Tax Consequences

The principal amount of a Community Investment Note is not tax-deductible. Federal and State Income Tax is due on the interest earned. Persons considering the purchase of Notes should consult their own tax advisors concerning the United States federal income tax and North Carolina state income tax consequences to them in light of their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction. (See section titled “Description of the Notes” under the heading “Interest and Tax Reporting.”)

Social Mission

Company Shops Market’s mission is a social mission. Its business focus is to provide a benefit for the community, not solely to make a profit for its owners. Business decisions may be at odds with maximizing profitability.

Bank Loan Restrictions

Company Shops Market’s establishment requires bank loans which will have certain covenants and restrictions, including restrictions on additional borrowing that could make it difficult to borrow additional money in the future should the need arise, and restrictions preventing the redemption of Notes and payment of interest if bank loan payments are not met.

Business Interruption

Company Shops Market is subject to delays in establishing operations as well as interruption of its business due to power outages, severe weather, and other potential disruptions. Once the store opens, such disruptions can result in store closures and stock loss. Suppliers of additional inventory may also be affected by interruption of the transportation system, which may have a materially adverse effect on normal sales levels and profitability. These disruptions could have an adverse effect on Company Shops Market’s future sales and profitability.

Reliance on Key Management

Company Shops Market has a dedicated, experienced, and diversely-skilled Board. The loss of the services of key Board or management figures in the future could have a material adverse effect on Company Shops Market's business and financial condition. Company Shops Market will designate a General Manager prior to the opening of the retail store.

Board of Directors

A Board of Directors sets overall policy, appoints the General Manager, and monitors the operations of Company Shops Market. The initial directors serve 2 or 4 year terms with all subsequent terms being for 3 years. There are always 2 consumer owner representatives seated on the board. Directors may not serve more than six consecutive years. Due to the elective structure of the Board, there is no guarantee that there will be long-term continuity of leadership, or that competent directors will be elected to replace retiring directors.

Litigation

Although there is currently no litigation with respect to Company Shops Market, it could potentially be the subject of various lawsuits arising in the ordinary course of business. In addition, Company Shops Market faces the inherent risk of exposure to product liability claims in the event that the use of the product it sells results in injury. Company Shops Market's business and financial condition could be materially and adversely affected by legal and settlement expenses in the event of such lawsuits.

Competition

Although, at this time, there is no other retail grocery store in Alamance County with the same model adopted by Company Shops Market, there can be no assurance that such a grocery store will not be opened in the future and be competitive with Company Shops Market. Further, any store selling products similar to our products and services are competition with Company Shops Market and can affect the profitability of Company Shops Market.

DESCRIPTION OF THE NOTES

Overview

Community Investment Notes are an investment opportunity created by Company Shops Market to efficiently channel local investment into an economically, socially, and environmentally responsible business. Community Investment Notes pay a fixed possibly below-market rate of interest, determined at the time the investment is made, for the term of the Notes.

Community Investment Notes are unsecured obligations and are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by any federal or state agency.

Currently, each of the board members have purchased Community Investment Notes for at least a principal amount of at minimum of \$5,000, or have otherwise made loans to Company Shops Market for at least \$5,000.

Subordination and Seniority

Community Investment Notes are subordinate to future Company Shops Market bank or other secured loans and are senior to Company Shops Market co-op ownership shares. **THIS MEANS, AMONG OTHER THINGS, THAT A BANK OR OTHER SECURED CREDITORS MAY HAVE TO BE PAID FIRST, AHEAD OF COMMUNITY INVESTMENT NOTE HOLDERS.**

How to Invest

Community Investment Note #3 may be purchased in amounts of a minimum of \$2,000 for a term of either 5, 6, 7, 8, 9, or 10 years. Interest rates are possibly below-market, currently ranging between 0-4% (4% reserved for ten (10) year term only), and will be paid as simple interest and paid annually. At maturity the principal will be returned with the final interest payment.

Community Investment Note #2 may be purchased in a minimum amount of \$20,000 for a ten year term for a potentially below market interest rate of between 0-5%. Interest will be paid as simple interest and paid annually. At maturity, the principal will be returned with the final interest payment.

Administration

All investor funds will be maintained by Company Shops in a segregated interest-bearing account until the Board of Directors determines that it is in the best interest of Company Shops Market to utilize those funds for business and operational purposes. Community Investment Notes are issued, and begin to accrue interest, upon the deposit of funds made available to Company Shops Market by the investor. The maturity date of a Community Investment Note will correspond to the last day of the quarter of the investment for the number of years specified.

Increasing an Investment

Investors may add to an existing Community Investment Note in amounts of \$1,000 or greater on Community Investment Note #3, and \$5,000 or greater on Community Investment Note #2 at any time. Such increases will be added to the Community Investment Note at its existing term and interest rate.

The Notes are subject to optional prepayment, in whole, or from time to time, in part.

Renewals

Investors will be notified 45 days prior to maturity on the Community Investment Note asking if they wish to renew the investment. Instructions will be given for redemption.

Minimum Account Balance The minimum account balance for Community Investment Note #3 is \$2,000. The minimum account balance for Community Investment Note #2 is \$20,000.

Secondary Market The nature of this program is one that does not afford the opportunity of a secondary market. Consequently, the purchase of Community Investment Notes should be viewed as an investment to be held to maturity as investors may not be able to sell any Community Investment Notes purchased for emergency purposes or otherwise.

Interest Payment and Tax Reporting Interest will be paid annually based on a simple interest calculation. Company Shops Market will mail you a Form 1099 in January of each year indicating the interest paid on your investment in the prior year. These investments are not tax deductible. Federal and state tax is due on the interest earned on the Community Investment Note. Consult your tax advisor regarding the effect on your taxes, if any, of accepting a possibly below-market rate of return on your investment.

DISTRIBUTION

Company Shops Market, as the issuer of Community Investment Notes, is serving as the sole distributor of the notes.

USE OF PROCEEDS

Company Shops Market plans to use the proceeds of the Notes, initially, as start up funds for the evaluation of feasibility and formation of a consumer cooperative store, to assist with cash flow, to build reserves and to be able to respond to capital needs that arise. Once a location is acquired, the proceeds of the Notes shall be used for building acquisition and upfit costs, purchase of equipment and inventory, and payment of salaries and other expenses related to the opening and operation of a retail grocery store.

Report on Activity Investors will receive periodic statements from Company Shops Market regarding the uses of Community Investment Notes. When operations are established, Company Shops Market will publish an Annual Report which will include the most recently reviewed financial statements and will be sent to all investors within 120 days of the fiscal year end. Company Shops Market will also provide additional reports, available upon request, to investors and other interested parties.

DESCRIPTION OF THE ORGANIZATION

Community Investment Notes are issued by Company Shops Market, a North Carolina cooperative corporation established August 13, 2007. Company Shops Market is dedicated to the mission of a local, sustainable food economy and modeling successful cooperative business practices.

BOARD OF DIRECTORS

Company Shops Market has a Board of Directors that is responsible for the overall policy and direction of Company Shops Market.

Sharon Dent - Board President
Rusty Holt - Board Treasurer
Eric Henry - Board Secretary
Caroline Ansbacher
Sam Moore
Charles Sydnor
Patrick Harman
Bill Moser
Robert E. Hykes

Company Shops Market's mailing address is P.O. Box 152, Elon, North Carolina, 27244, or as shall be changed by the Board of Directors. Company Shops Market does not yet have a physical office location, but is under contract to purchase property at 268 East Front Street, Burlington, North Carolina. The phone number is (336) 314-1972. Sharon Dent is the Board President and is responsible for providing information about Community Investment Notes. Company Shops Market will hire a General Manager prior to the opening of the retail store.

INVESTOR GUIDE

Interest rates vary depending on the terms you select. Call Company Shops Market for the current rates of interest for Community Investment Notes. Company Shops Market reserves the right to alter the offered rate structure for Community Investment Notes from time to time as it deems necessary. However, the rate of return will always remain fixed throughout the term of the Community Investment Note once purchased.

To invest, complete a Community Investment Note Subscription Agreement. Confirmation of your investment will be sent to you upon receipt by Company Shops Market of complete materials and payment. Telephone inquiries about your investment can be made by calling Sharon Dent, Board President at (336) 584.3388.

Self-Directed IRAs

A self-directed IRA may not invest in a Community Investment Note.

Redemption

Community Investment Notes may be redeemed at the time of maturity. You will be sent a written notice 45 days prior to the maturity date of your Community Investment Note, and may be called. The

notice and caller will ask if you are interested in redeeming the Community Investment Note or wish to reinvest for another specified time period. If you do not take any action, your money will be reinvested at the current interest rate (the interest rate established for notes on the date your money is reinvested, which can be less) for the same time period as the previous Note.

Limitations on Resale

Purchasers of Community Investment Notes are prohibited from offering or reselling their securities for a period of one year from the date of issuance of these securities by Company Shops Market, Inc., except in the event that the purchaser moves his/her residence outside the State of North Carolina (See “Moving out of State” below).

In any event, transfer to any person or entity residing outside the State of North Carolina is prohibited. In the event that the subscriber moves his or her or its residency or domicile outside the State of North Carolina, Company Shops Market has the option to repurchase the Investment Note, and if Company Shops Market exercises its option, the original investor must transfer his Investment Note to Company Shops Market (in which event transfer is immediately effective, but repayment may be made by Company Shops Market within six months of transfer, yet interest shall continue to accrue.) The investor must notify Company Shops Market once he or she or it is no longer a North Carolina resident or entity.

Moving out of State

In the event the original investor moves his or her or its primary residence or domicile outside the State of North Carolina before maturity of the Investment Note, Company Shops Market has the option to repurchase the Investment Note, and if Company Shops Market exercises its option, the original investor must transfer his or her or its Investment Note back to Company Shops Market. In that event, the transfer of the note shall be immediately effective, but repayment may be made over a six month period. The investor must notify Company Shops Market once he or she or it is no longer a North Carolina resident or entity.

Death of an Investor

In the event of the death of the original investor, the investor may designate a beneficiary of this investment provided that the designated beneficiary must be a resident of North Carolina and will receive interest payments (if any) and repayment of the principal investment plus accrued interest according to the original terms agreed upon. If the individual designated as the beneficiary is not a resident of North Carolina at the time of the investor’s death, or if the original investor chooses not to designate a beneficiary, the estate of the original investor must sell or transfer the Note back to Company Shops Market. Company Shops Market will re-purchase the Note from the estate within 60 days of a demand from the estate administrator for an amount equivalent to principal plus interest accrued through the date of re-purchase.

For more information on Company Shops Market, Inc.
Community Investment Notes Program contact:

Sharon Dent (336) 584.3388

contact@companyshopsmarket.com

To invest or service existing Community Investment Notes, contact:

Sharon Dent (336) 584.3388
Company Shops Market, Inc.
P.O. Box 152
Elon, North Carolina 27244

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