

Company Shops Market, Inc.

SUBSCRIPTION AGREEMENT

Series A Preferred Shares

I am investing in Series A Preferred Shares as follows:

_____ shares of Series A-0 (0% dividend) Preferred Shares at \$200.00 per share for a total purchase price of:

\$ _____ (\$200.00 minimum purchase – 1 share)

_____ shares of Series A-1 (1% dividend) Preferred Shares at \$200.00 per share for a total purchase price of:

\$ _____ (\$2,000.00 minimum purchase – 10 shares)

_____ shares of Series A-2 (2% dividend) Preferred Shares at \$200.00 per share for a total purchase price of:

\$ _____ (\$2,000.00 minimum purchase – 10 shares)

_____ shares of Series A-4 (4% dividend) Preferred Shares at \$200.00 per share for a total purchase price of:

\$ _____ (\$2,000.00 minimum purchase – 10 shares)

_____ shares of Series A-5 (5% dividend) Preferred Shares at \$200.00 per share for a total purchase price of:

\$ _____ (\$20,000.00 minimum purchase – 100 shares)

If payment is in the form of the conversion of a Community Investment Note to at least an equal amount of Preferred Shares, please also attach the original Community Investment Note as payment.

Name in which Securities should be issued: _____

Investor's Name: _____
First Middle Initial Last

Investor's Social Security or Taxpayer ID No. _____

Address: _____

City: _____ State: _____ Zip: _____

Home phone (required) (_____) _____ Business Phone (_____) _____

Email: _____

(COMMON STOCK). THIS MEANS, AMONG OTHER THINGS, THAT THE BANK OR OTHER LOANS MAY HAVE TO BE PAID FIRST, AHEAD OF PREFERRED SHAREHOLDERS.

Each investor executing this Subscription Agreement (“Investor”) hereby makes the following representations and warranties with the express intention that they be relied upon by the Corporation in determining each Investor’s suitability to invest money in the Corporation:

1. I am fully aware that the Preferred Shares have not been registered with the Securities and Exchange Commission under the Securities Act of 1933. I further understand that these Preferred Shares are being sold to me in reliance on the exemption from registration on the ground that the offering involved is being made only to holders of Common Stock (owner shares) of the Company who are residents of North Carolina. I further understand that I may be restricted from the transfer or resale of my Preferred Shares. I will make no sale or transfer of these Preferred Shares that is in violation of the Securities Act of 1933, the North Carolina Securities Act or the Corporation’s Bylaws, as they shall be amended from time to time.
2. I am fully aware that because these Preferred Shares are being sold to me in reliance on an exemption from federal registration, I am prohibited from offering or reselling these securities to anyone that is outside the State of North Carolina. I further understand that I am prohibited from offering or reselling these securities to a North Carolina resident for a period of one year from the date of the issuance by the Corporation of these securities and that the Corporation has a right of first refusal of any resale of these securities. I further understand that I may be subject to this resale restriction for an indefinite period of time. I further understand that if I move my primary residence outside the State of North Carolina, I *must* sell or transfer my Preferred Shares back to the Corporation at the original Purchase Price if the Corporation exercises its option as set forth herein. Additionally, I am aware that I must immediately notify the Corporation once I am no longer a resident of North Carolina.
3. I am a citizen of the United States, at least 18 years of age, and a bona fide resident (not a temporary or transient resident) of the State of North Carolina and I have no intention of becoming a resident of any other state.
4. I recognize that investing money in the Corporation involves a degree of risk, and I have taken full cognizance of and understand all of the risk factors related to the Preferred Shares. Specifically, I recognize that the Corporation has not yet established, and may never establish, a consumer cooperative retail store, and that I may lose all or part of my investment.
5. I have been informed and I am aware that any dividend declared on the investment may not be paid out to individual investors under after the end of the year for which the dividend is applicable.
6. I have adequate means for providing for my current needs and possible personal contingencies and have no need in the foreseeable future for liquidity in my investment to the Corporation. My financial responsibility, measured by my net worth and after tax income, is such that my investment in the Corporation is not material when compared to my total financial capacity.
7. Considering all relevant factors in my financial and personal circumstances, I am able to bear the economic risk if my investment in the Corporation should ultimately prove to be worthless. My investment will not exceed 10% of my personal net worth.
8. I have sufficient knowledge and experience in financial, business, and tax matters to be capable of evaluating the merits and risks of an investment in the Corporation and to make an informed investment decision with respect thereto.
9. In making my decision to make this investment, I have relied upon independent investigations made by me. I have been provided with all materials and information requested by me and there has been direct communication between representatives of the Corporation and me if I have so chosen. I have been given the opportunity to make any further inquiries I may desire concerning the operations of the Corporation. However, I understand that the Prospectus, this Subscription Agreement, and the Preferred Share certificate contain all of the representations of the Corporation.
10. I am making this investment in these Preferred Shares for my own account and for investment purposes only and have no intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision thereof. The Preferred Shares represent for me a long-term investment, the primary benefit of which is intended to be the dividend, if any, derived therefrom as well as the betterment of the community.

11. I am aware that no federal or state agency has made any finding or determination as to the fairness of this investment, nor any recommendation or endorsement of this investment.
12. I recognize that the Internal Revenue Code of 1986, as amended, and the regulations promulgated there under may be further amended or changed at any time in such a manner as to deprive the Corporation and its shareholders of tax benefits which they otherwise would be entitled to receive.
13. I acknowledge that I have received, read, am familiar with and understand the Prospectus furnished in connection with this offering prior to the execution of this Subscription Agreement. I further understand that the provisions of this Subscription Agreement are in addition to those terms, covenants, and conditions as shall be set forth in the Prospectus and the Corporation's Articles of Incorporation and Bylaws, as they shall be amended from time to time.
14. I may choose to designate a beneficiary of this investment in the event of my (and my spouse's) death. My beneficiary must be a resident of North Carolina and will receive dividend payments (if any) and repayment of the original purchase price of the investment, if the Corporation exercises that option, 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 my death, or if I choose not to designate a beneficiary, I understand that my estate must sell or transfer the Preferred Shares back to the Corporation. The Corporation will re-purchase the Preferred Shares from my estate within 60 days of a demand from my estate administrator for an amount equivalent to the original purchase price.

Beneficiary Name: _____

Beneficiary Address: _____

Beneficiary Phone Number: _____

Beneficiary Social Security Number: _____

Investor Signature

Date

Investor Signature

Date

Please send check (and/or original Community Investment Note if converting) and completed Subscription Agreement to:

Company Shops Market, Inc.
P.O. Box 848
Burlington, North Carolina 27216

Attention: Sharon Dent

ACCEPTED BY:

COMPANY SHOPS MARKET, INC.

By: _____

Date: _____

Sharon J. Dent, President