

ACCURACY OR 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 OFFERING OR 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. ("THE CORPORATION") EXCEPT, IN THE DISCRETION OF THE CORPORATION, IN THE EVENT THAT THE PURCHASER MOVES HIS OR HER OR ITS RESIDENCE OR DOMICILE OUTSIDE THE STATE OF NORTH CAROLINA.

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, THE CORPORATION HAS THE OPTION, AND IF THE CORPORATION EXERCISES ITS OPTION, THE SUBSCRIBER MUST TRANSFER HIS OR HER OR ITS INTEREST TO THE CORPORATION (IN WHICH EVENT TRANSFER IS IMMEDIATELY EFFECTIVE, BUT REPAYMENT MAY BE MADE BY THE CORPORATION WITHIN SIX MONTHS OF TRANSFER). THE INVESTOR MUST NOTIFY THE CORPORATION WHEN HE OR SHE OR IT IS NO LONGER A RESIDENT OF NORTH CAROLINA

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 STRICT RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THIS AGREEMENT, AND IN ACCORDANCE WITH THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTHING CONTAINED HEREIN, OR IN THE PROSPECTUS, OR 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

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.

COMMUNITY INVESTMENT NOTES ARE SUBORDINATE TO FUTURE CORPORATE BANK OR OTHER SECURED LOANS AND ARE SENIOR TO THE CORPORATION'S CO-OP OWNERSHIP SHARES. **THIS MEANS, AMONG OTHER THINGS, THAT THE BANK OR OTHER SECURED LOANS MAY HAVE TO BE PAID FIRST, AHEAD OF NOTEHOLDERS.**

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 Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933. I further understand that these Notes are being sold to me in reliance on the exemption from registration on the ground that the offering involved is being made only to residents of North Carolina. I further understand that I may be restricted from the transfer or resale of my Community Investment Notes. I will make no sale or transfer of these Notes 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 Notes are being sold to me in reliance on an exemption from federal registration, I am prohibited from offering or reselling these securities to anyone 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. 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 or domicile if an entity outside the State of North Carolina before the maturity of the Note, I *must* sell or transfer my Note back to the Corporation 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 or a domestic entity.
3. I am a citizen of the United States, at least 18 years of age, and a bona fide resident and domiciliary (not a temporary or transient resident or domiciliary) of the State of North Carolina and I have no intention of becoming a resident or domiciliary 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 loan. 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 the interest on the investments will accrue, but will not be paid out to individual investors until January 15 following the date of issuance of the investment.
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 loan 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 and my representatives, if any, together 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 Note contain all of the representations of the Corporation.
10. I am making this investment in the Notes 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 loan represents for me a long-term investment, the primary benefit of which is intended to be the interest 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 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 my death, or if I choose not to designate a beneficiary, I understand that my estate must sell or transfer the Note back to the Corporation. The Corporation will re-purchase the Note from my estate within 60 days of a demand from my estate administrator for an amount equivalent to principal plus interest accrued through the date of sale.

Beneficiary Name: _____

Beneficiary Address: _____

Beneficiary Phone Number: _____

Beneficiary Social Security Number: _____

Investor Signature

Date

Investor Signature

Date

Please send check and completed Subscription Agreement to:

Company Shops Market, Inc.
P.O. Box 152
Elon, North Carolina 27244

Attention: Sharon Dent

ACCEPTED BY:

COMPANY SHOPS MARKET, INC.

By: _____

Date: _____