

### Will I get a larger say in the Co-op's governance and operations?

No. The Co-op is founded on the principle of one member-owner, one vote. Class C shares carry no voting rights; no investor will have any more say than any other member-owner.

### Is there a minimum or maximum number of shares I can purchase?

Shares are sold in \$10 increments, so the minimum amount to invest is \$10. The maximum dollar amount that any Co-op member-owner can invest in preferred shares is \$50,000.

### What happens if the Co-op dissolves?

The preferred nature of these shares refers to what would occur in the event that the Co-op was to dissolve. In that case it would have a legal obligation to first pay off any third-party creditors and any outstanding third-party debts, prior to paying member-owners for their preferred shares. Once outstanding debts have been paid, preferred shares would be redeemed.

### How do I buy shares?

There are two requirements to purchase preferred shares:

- You must be a Co-op member-owner.
- You must be a fully vested Fair Share member-owner (investing \$300 in B shares).

If you have met those requirements, you can request a Shareholder Disclosure Statement from our Membership Coordinator. Not a fully vested Fair Share member-owner yet? Our Membership Coordinator can discuss options for becoming a Fair Share member-owner.

## Our Mission

North Coast Co-op is a member-owned organization guided by the cooperative principles. As a leader in our community we emphasize a diverse selection of products while engaging members through consumer education, community building, and environmental responsibility.

## The Seven Cooperative Principles

1. *Voluntary and Open Membership*
2. *Democratic Member Control*
3. *Member Economic Participation*
4. *Autonomy and Independence*
5. *Education, Training, and Information*
6. *Cooperation Among Cooperatives*
7. *Concern for Community*

## Annual Report

Learn how your investment can support the work of the Co-op in our community by reading our Annual Report, available each fall on our website.



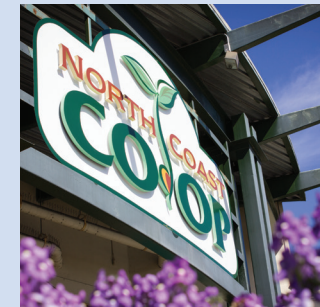
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# Investing in Your Co-op

## Frequently Asked Questions



Your Guide to:  
Non-Transferrable  
Non-Voting Preferred  
Class C Shares



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For more information about investing in your Co-op, contact our Membership Coordinator:

(707) 502-3555 x135

- or -

membership@northcoast.coop

# Non-Transferrable Non-Voting Preferred Class C Shares FAQs

## What is a preferred share?

North Coast Cooperative preferred shares are dividend-bearing investments and are referred to as Class C Shares.

- Class C Shares pay a dividend based on the size of the investment and not on the amount of patronage made at the Co-op.
- Class C Share purchases are voluntary investments made at each member-owner's discretion – no member-owner is required to purchase preferred shares as a condition of membership in the Co-op.
- Class C Shares carry no voting rights.

## Why is the Co-op offering preferred shares?

This offering provides member-owners the opportunity to invest funds in our local business, know how their money is being used, and earn a competitive return on their investment.

## How does my investment benefit the Co-op?

The Co-op benefits by lowering its financing costs. The dividend rates that it pays on preferred shares are lower than the interest rates it would pay on bank loans.

## What are the risks of this investment?

The preferred shares are not insured and, like nearly all investments, have an element of risk. Detailed information, including risk factors, is included in the Shareholder Disclosure Document.

## How do I learn about the specific details of the offering?

Prior to purchase you will receive a Shareholder Disclosure Document providing detailed financial information, and including background on the Co-op's plans, its financial history and its financial projections. The Shareholder Disclosure Document has been reviewed by the California Department of Business Oversight as part of its process of granting the Co-op a permit to offer the shares for sale to its member-owners.

## Who determines the dividend rate and what is it?

California law requires the Co-op's Board of Directors to set a rate which is appropriate to maintain the financial integrity of the Co-op. After studying and comparing rates on financial products offered by financial institutions in the area, the Board's Finance Committee makes a recommendation *quarterly* to the Board of Directors on the rates. The Board makes the final decision on rates.

## How does the rate compare with other investments?

The rate offered by the Co-op is competitive with investment products offered by credit unions and banks. A preferred stock investment in your cooperative is significantly different from such a public offering inasmuch as it is non-transferable and is not insured. We urge you to compare the rates on this offering with other investments and to read and understand the Shareholder Disclosure Document.

## How will I receive my dividends?

Each quarter the Co-op's Board will decide if dividends will be paid for the following quarter. Dividends accrue quarterly and are paid out annually in April or May, following the Co-op's fiscal year-end. If the total amount of a shareholder's annually accrued dividends is less than \$50 the earned dividends will accumulate in the shareholder's account. If the annually accrued dividend is greater than \$50, a check will be issued for the accrued dividend.

## Can I pull my funds out at any time?

While there are no fixed terms on Class C shares, the Co-op has up to one year from the date of receiving a shareholder's written notice of their intent to sell the share back to the Co-op to pay the redemption amount (the purchase price plus unpaid dividends accruing up to the date of payment).

## How secure is my money?

Like any investment there is risk and these investments are not insured. If the Co-op were to experience significant economic difficulty your entire investment might be lost. However, the Co-op's operation and finances are controlled by the member-owners, through the Board of Directors, and membership is informed of how its investments are being re-invested into the well-being of the Co-op and community through the Co-op's Annual Report.

## What are the tax implications of my investment?

Dividends earned on preferred shares are considered to be taxable income. Shareholders will receive IRS 1099 forms when applicable.

## Will I receive regular statements about my investments?

Statements are sent out to shareholders after the end of each quarter (June, September, December and March). These statements indicate the total number of shares held in the shareholder's account as well as dividends earned that quarter and any share transactions for the year.

## Will my investment be made public to other member-owners or anyone?

No, the Co-op's privacy policy applies. Your investment will not be disclosed to any other owners or third parties. Information about your share account is kept private and is only accessible by authorized Co-op staff.