

just local food cooperative

1117 South Farwell, Eau Claire, WI 54701 (715) 552-3366 www.justlocalfood.com



Preferred Stock a community investment opportunity

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Dear Friend:

Just Local Food Cooperative has been working hard with you over the past five years to build a viable local food system. In 2008 we sold over \$550,000 in local food and project sales of nearly one million dollars in 2009!

Just Local Food Cooperative members created Preferred Shares to raise capital for the business. The Co-op will use the invested money to expand services, education and products for members of our greater community. Each share has a par value of \$100 and an annual dividend of 5%. The minimum investment is \$100, which translates into exactly one share of Class C, Series 1 Stock.

For example, a \$500 investment for Class C Series 1 stock will earn \$25 per year. The dividend payment will automatically be reinvested in the form of more stock. This means in the following years, the 5% is calculated on more dollars, also called compound interest. The Board of Directors guarantees that a dividend payment will be declared at least once per year. There are a total of 2,000 shares available in Class C, Series 1.

Preferred shares are more like a Money Market Account (MMA) or a Certificate of Deposit (CD) than a stock that fluctuates on the stock market. There are many MMAs and CDs offered, with a variety of terms. Some current examples are:

MMA under \$10,000, .25% dividend rate
MMA over \$10,000, 1.19% dividend rate
CD, \$100, .75 - 2.75% dividend rate

Just Local Food Co-op
C,1 \$100, 5% dividend rate

Check out the Frequently Asked Questions on the back and call or visit Just Local Food Co-op to speak with Lissa Ziehr or Aaron Ellringer. **Thanks for considering investing your time and money in our cooperative enterprise!**

Ashley Co-op *Jordan RW wife* *Just Ziehr*
AA *Lissa Ziehr* *Cindy Schlosser*

Frequently Asked Questions:

What is a Class C preferred share?

A preferred share of Just Local Food Cooperative is a special type of stock that regularly pays a set amount of money out of cooperative profits called dividends. They are called preferred because they have preference in terms of dividend payments and distributions in case of bankruptcy.

How is interest paid?

Every year the Board of Directors will declare a dividend. The dividend rate for Class C, Series 1 stock is 5%. Interest is compounded annually, and automatically reinvested in the cooperative in your name.

When does it mature?

Class C preferred shares have no fixed maturity date. Shareholders can request to cash out their shares in writing to the Board of Directors at any time, but in order to benefit the cooperative and community, these shares should be considered long term investments.

Will the rate change?

No, the annual dividend rate is fixed at 5%.

Why is Just Local Food offering preferred shares?

The operating money for our cooperative comes from two main sources – profits from the cooperative business and borrowed money. Preferred Shares offer a permanent source of working capital for the cooperative and a flexible financial tool for investors.

What will Just Local Food use the money for?

Just Local Food is always expanding and finding new ways to support our mission. Funds raised will be used for a variety of expenses and investments including things such as property acquisition, equipment purchases, and additional product for customers.

Are shareholders members of the cooperative?

No, shareholders are simply community investors. As a worker owned cooperative the only members are worker/owners that have invested equity in the co-op and possess a Class A share.

Once I own stock, can I vote in JLF elections?

Officially organized as a worker owned cooperative, the only voting members are workers. As always, Just Local Food will continue to listen to the needs of our community, including shareholding investors.

What if Just Local Food Cooperative fails?

As with any stock or bond, the investor is at risk should the company fail. Class C shares do have preference over Class A shares.

How do I get my money back?

Class C Stockholders may request to redeem their stock at any time from the Cooperative's Board of Directors. Any redemption request requires approval of the Cooperative's Board of Directors.

I like what you're doing, can I get a share without collecting interest?

Yes, you can buy shares that do not collect a dividend, and it will help the co-op even more!

Will this affect my taxes?

You will need to consult your tax advisor to learn how these preferred shares might affect your taxes. Just Local Food Cooperative will send out the appropriate forms to shareholders each year they receive a dividend.

What if I move out of state?

If you move, please notify the Just Local Food Cooperative Board of Directors as laws vary by state. You'll need to consult your tax advisor for personal tax consequences.

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