

## Subscription Agreement

LUCKY CITY BREWING CO-OP

Series A Preferred Shares

I am investing in Series A Preferred Shares as follows:

\_\_\_\_\_ shares of Series A-2 (2% dividend) Preferred Shares at \$100.00 per share for a total purchase price of: \$ \_\_\_\_\_

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: \_\_\_\_\_

PREFERRED SHARES HAVE NOT BEEN REGISTERED, QUALIFIED, APPROVED OR DISAPPROVED UNDER ANY FEDERAL OR STATE SECURITIES LAW, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE REGULATORY AUTHORITY PASSED UPON THE 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. THE SALE OF THESE SECURITIES IS LIMITED TO LUCKY CITY BREWING CO-OP MEMBERS ONLY. EXCEPT, IN THE DISCRETION OF THE CORPORATION, AND UNDER A CALL OPTION IN CONNECTION WITH THESE SECURITIES.

PRIOR TO ANY TRANSFER OF ANY SHARES OF PREFERRED STOCK, THE OWNER MUST FIRST OFFER THE CORPORATION THE RIGHT OF PURCHASING SUCH SHARES UNDER THE SAME TERMS AS OFFERED TO ANY BONA FIDE THIRD PARTY PURCHASER NOT RELATED TO THE OWNER, BUT, IN NO EVENT, FOR A PRICE PER SHARE GREATER THAN THE PURCHASE PRICE PAID TO LUCKY CITY BREWING CO-OP PER SHARE.

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 THE PROSPECTUS, THE ARTICLES OF INCORPORATION 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 PREFERRED SHARES CERTIFICATE, 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

PREFERRED SHARES ARE SUBORDINATE TO ALL CORPORATE BANK OR OTHER OBLIGATIONS, AND ARE SENIOR TO THE CORPORATION'S (CO-OP OWNERSHIP SHARES (COMMON STOCK). THIS MEANS, AMONG OTHER THINGS, THAT THE BANK OR OTHER LOANS MAY HAVE TO BE PAID FIRST, AHEAD OF PREFERRED SHAREHOLDERS.

The 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. 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 a citizen of the United States, at least 18 years of age.

3. 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.

4. I have been informed and I am aware that any dividend declared on the investment may not be paid out to individual investors after the end of the year for which the dividend is applicable.

5. 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.

6. 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.

7. 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.

8. 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

has been direct communication between representatives of the Corporation and me and have been 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. I may choose to designate a beneficiary of this investment in the event of my death. My beneficiary 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.

Beneficiary

Name: \_\_\_\_\_

\_\_\_\_\_

Beneficiary

Address: \_\_\_\_\_

\_\_\_\_\_

Beneficiary Phone

Number: \_\_\_\_\_

\_\_\_\_\_

Beneficiary Social Security

Number: \_\_\_\_\_

\_\_\_\_\_

Investor Signature

Date