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Onion River Cooperative, dba City Market

Burlington, Vermont

August 28, 2017

**Confidential Offering Memorandum
Member Loan Program
Information for Prospective Lenders**

Offer Expires August 27, 2018

(unless terminated earlier by our Board of Directors in its discretion)

With Supplement No. 1

Extending Expiration Date to March 31, 2018

– and –

Supplement No. 2

**Extending Expiration Date to August 27, 2018 and Accommodating Member Purchases
Through Trusts or Other Corporate Entities**

Offered only to Vermont residents who are Members of Onion River Cooperative

We are offering up to \$2,000,000 of unsecured notes (the “Notes”), of THE ONION RIVER COOPERATIVE, a Vermont non-profit cooperative corporation doing business as City Market (the “Co-Op”). References in this Memorandum to “we,” “our,” and “us” means the Co-op, the Onion River Cooperative.

All of the Notes being offered pursuant to this Confidential Offering Memorandum (the “Memorandum”) are being sold by us during an offering period commencing on the date of this Memorandum and expiring on November 12, 2017, unless extended by the Co-op’s Board of Directors, in its discretion (the “Offering Period”). Unless waived at our discretion, the minimum investment for each investor is \$2,500, except that members who are also store employees will have a \$1,000 minimum individual investment. A Maximum investment for each investor will be limited to \$10,000 unless the investor is a Vermont Certified Investor, in which case the limit is \$25,000 or an Accredited Investor, in which there will be no limit on the amount purchased, all as described in this Memorandum. Amounts lent above the minimum will be in increments \$500.

The offering of the Notes (the “Offering”) is subject to a requirement of a total subscription of \$500,000 (the “Minimum Offering”). Subscription proceeds will be placed in an escrow account with Mascoma Savings Bank until the Minimum Offering is raised. If the Minimum Offering is not raised before the expiration of the Offering Period, the subscription amounts will be returned to the investors without payment of interest. The Notes are being offered only to investors who meet certain minimum qualifications. We reserve the right to approve each investor. See “Plan of Offering.”

The offering of the Notes is only available for Vermont residents who are members of the Co-Op.

The Notes offered under this Memorandum are being offered without registration under the Securities Act of 1933, as amended (the “Securities Act”), and applicable state securities laws in reliance upon an exemption from registration afforded by Section 3(A)(11) of the Securities Act, and applicable state securities laws.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Investing in the Notes involves a high degree of risk. See “Risk Factors.”

Offered only to Vermont residents who meet investor suitability as described herein.

The date of this Memorandum is August 28, 2017

NOTICE TO INVESTORS

This Memorandum may not contain all of the information necessary for you to evaluate an investment in the Notes. You should make your own independent investigation into the merits and risks of an investment in the Notes. We have not authorized any other person to provide you with any information or to make any representations with respect to the Co-op, our business or the Notes other than those contained in this Memorandum. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this Memorandum is current only as of the date on the front cover of this Memorandum. Our business, financial condition and plans may have changed since that date.

We are furnishing this Memorandum to you on a confidential basis solely for the purpose of your consideration of purchasing the Notes. We have not authorized any other person to provide you with different or additional information other than that contained in this Memorandum, incorporated by reference herein, or provided by us in connection with this Memorandum. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that is not provided by us. This Memorandum is submitted in connection with a private placement of securities and may not be reproduced or used, in whole or in part, for any other purpose.

By accepting this Memorandum, you acknowledge and agree that all of the information contained in the Memorandum is confidential. You also agree that: (1) you will not reproduce this Memorandum, in whole or in part; (2) if you do not wish to subscribe to the Notes, you will return this Memorandum to the Co-op as soon as practicable, together with any other material relating to the Co-op that you may have received from the Co-op or any of our affiliates and you will destroy, as soon as practicable, all copies of any analyses, compilations, studies or other documents prepared by you and containing or reflecting any information in the Memorandum or other material; (3) you will hold all such information confidential, except as is necessary for you to consult with your attorney, investment consultant or tax advisor; and you will not use any such information for any purpose other than solely in connection with an evaluation of participating in the Offering; and (4) any proposed actions by you that are inconsistent with the foregoing will require our prior written consent. The foregoing confidentiality restrictions shall not apply to any information that we publicly disclose in the ordinary course of our business.

The Notes will be sold subject to the provisions of a definitive subscription agreement accompanying this Memorandum, containing certain representations, warranties, terms and conditions, attached as Exhibit B (the "Subscription Agreement"). You should invest in the Notes only after a complete and thorough consideration of the contents of this Memorandum, including any documents provided herewith or otherwise incorporated herein, and completion of the Subscription Agreement. In the event of any conflict between statements in this Memorandum and the terms of the Subscription Agreement, the Subscription Agreement will supersede this Memorandum.

The Notes have not been registered under the Securities Act or any state securities laws. The Co-op is relying upon certain exemptions from registration. Accordingly, the purchase of the Notes should be viewed as a long-term investment, and should be considered only by those investors that can afford the loss of some or all of their investment.

Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Investment in these securities involves significant risks and is suitable only for persons who have no need for immediate liquidity in their investment and who can bear the economic risk of a loss of their entire investment.

In making an investment decision, investors must rely on their own examination of the Co-op and the terms of the offering, including the merits and risks involved. The Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation made to the contrary is a criminal offense.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933 and the Vermont Securities Act pursuant to registration or an exemption from registration under such securities laws.

FORWARD-LOOKING STATEMENTS

This Memorandum (including the exhibits which form an integral part hereof and other documents which are incorporated by reference herein) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Rule 175 promulgated thereunder, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 3b-6 promulgated thereunder, that involve inherent risks and uncertainties. Any statements about our plans, objectives, expectations, strategies, beliefs, or future performance or events constitute forward-looking statements. Such statements are identified as those that include words or phrases such as “believes,” “expects,” “anticipates,” “plans,” “trend,” “objective,” “continue” or similar expressions or future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” “may” or similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other important factors that could cause actual results to differ materially from any results, performance or events expressed or implied by such forward-looking statements. Because the risk factors could cause actual results or outcomes to differ materially from those expressed or implied in any forward-looking statements, undue reliance should not be placed on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of future events or developments.

SUMMARY OF THE OFFERING

You should read the following summary of the Offering together with all other information contained in this Memorandum. The following summary is qualified in its entirety by reference to the complete text of the other information and documents described herein.

- Issuer: Onion River Cooperative, a Vermont non-profit cooperative corporation, doing business as City Market.
- The Offering: Our goal is to raise at least \$1,500,000. We are offering up to \$2,000,000 of unsecured promissory notes, and we must sell at least \$500,000 of unsecured promissory notes.
- The Project: Construction and development of a new City Market store in the south-end of Burlington, Vermont along Flynn Avenue.
- Risk Factors: The Notes offered hereby involve a high degree of risk. See “Risk Factors.”
- Eligible Investors: The Notes will be sold only to Vermont residents whom we reasonably believe meet certain suitability standards. Each investor must be a Vermont resident and a member of the Co-op.
- Minimum Purchase: Unless waived at our discretion, the minimum investment for each investor is \$2,500, except that members who are also store employees will have a \$1,000 minimum individual investment.
- Maximum Purchase: The amount of the Notes that may be purchased will be limited to \$10,000 unless such investor either qualifies as an “accredited investor” as that term is defined in Regulation D under the Securities Act, in which case no limit will apply, or as a “Vermont Certified Investor,” in which case the purchase will be limited to \$25,000. Amounts lent above the minimum will be in increments \$500. See “Plan of Offering-Investor Suitability.”
- Resale: The sale of Notes will not be registered under the Securities Act or any state securities laws, and the Notes may not be resold without such registration unless an exemption is available under the provisions of the Securities Act and applicable state securities laws. The Notes will bear appropriate restrictive legends.

About the Co-op

The Onion River Cooperative (the “Co-op” or the “Company”) is a community-owned grocery store serving the greater Burlington community. We began as a buying club in the 1960s and incorporated with the State of Vermont in 1973. Over the years, the Co-op has moved location several times in line with modest incremental growth. However, the most significant change came in 2002, when the Co-op entered into an agreement with the City of Burlington in which we would operate a grocery store on land leased from the City (the Co-op has since purchased the land from the City).

This new location dramatically increased the store’s retail footprint from 6,000 to 12,000 square feet and opened in February 2002. To reflect concerns that the Co-op would be welcoming to and meet the needs of the entire community, the Co-op signed a lease addendum with the City. Some of the provisions included in the lease: the Co-op would offer a line of conventional products, be open 7am to 11pm seven days a week, accept EBT cards as payment, accept coupons, and provide senior discounts. The new store was named City Market, to differentiate it from Onion River Co-op, which exclusively sold natural foods.

The Co-op is Member-owned and democratically governed. Since our move to the downtown location, Membership has grown by over 510%, from less than 2,000 Members to over 12,000 Members. In that same time period, our annual sales have grown over 160%, from less than \$14 million to over \$41 million. The Co-op’s capital needs are provided primarily by our Members, and any realized net earnings are used for the provision and extension of our services. The Co-op’s Global Ends describe our mission:

The Onion River Co-op will be central to a thriving and healthy community, where:

- Consumers have local access to progressive social, environmental and healthful choices;
- Residents enjoy an enhanced quality of life;
- The local food system is strengthened;
- The cooperative model is supported; and
- Our owners have a sense of pride in their cooperative.

The Co-op is incorporated under the laws of the State of Vermont as a cooperative association for the mutual benefit of its Members as patrons of its goods and services. Our corporate status is in good standing.

About the Expansion Project

In June 2015, the Co-op announced that we had signed a purchase and sales agreement with Vermont Railway, Inc. to purchase the 4.494 acre parcel of land at 207 Flynn Avenue in Burlington’s South End. The purchase of this land from Vermont Railway was finalized in June 2016. Based on a market study from 2012, the Co-op has had a long-term plan for building a second store in Burlington’s South End. The goals of expansion were multi-faceted: to promote continued sales growth for the Co-op, improve both the shopping experience of its customers and the efficiency of store operations, and strengthen the Co-op’s position within our community’s food retail market.

Based on the market study, population levels and their demographics in Burlington's South End, and the competitive environment, Burlington's South End was chosen as the optimal location for the Co-op's second store. Our plan is to open the South End store in November 2017 and construction is well underway.

While we were planning for the South End store, the expansion team shared development plans at every Burlington Neighborhood Planning Assembly (NPA) meeting during the fall of 2015 and spring of 2016. The South End store is located within Ward 5 and City Market has engaged at this NPA meeting three times since September 2015 to share development plans, detailed site plans, and updated site plans and traffic studies. The team has also met individually and with small stakeholder groups about plans, both to share information and seek input to improve the process. In April 2016, City Market held two community engagement sessions at the Switchback Taproom on Flynn Avenue. Each meeting was standing room only with over 75 community members in attendance. A detailed presentation was given on the development plans and the community was offered an opportunity to ask any questions and offer additional feedback on the plans. In several rounds of surveys, our Members have overwhelmingly supported our second store plans.

The environmental impacts of the work we've done cleaning up this brownfield site will benefit the entire community, the lake and nearby waterways for generations to come. We have removed buildings containing asbestos; we are removing and containing contaminated soil; and, we are installing systems to ensure that storm water flows into the municipal system, rather than the waterways that lead to the lake. This parcel of land will be entirely revitalized as a community hub after over one hundred years in industrial and manufacturing use.

We've learned plenty of lessons from our experiences in our bustling Downtown store that we'll apply to the construction of the South End store. Customers will enjoy more space in the aisles, more parking, an enhanced bulk section, additional cooler space for perishable items, local juice and espresso options, beautiful local murals on the exterior walls, a children's discovery garden, a teaching kitchen and community room and plenty of space for community members to linger and visit with one another.

Financing the Expansion

The Co-op does not have sufficient cash from reserves and operations to finance the entirety of the expansion, so a mix of funding sources will be used. A key element of this mix is the member loan campaign, which allows our members the opportunity to directly support the Co-op's expansion.

Our goal is to raise at least \$1,500,000 by issuing the Notes. We think that raising \$1,500,000 is an ambitious but reachable goal. If we exceed this target, we are offering up to \$2,000,000 of unsecured notes in this Offering. The more we raise by selling the Notes, the less we will need to rely on bank financing and our cash on hand to finance the new store.

The following is a summary of the anticipated costs and expenses of expansion, and how proceeds of this member loan offering are currently anticipated to be used as part of the funding mix.

Table of Anticipated Uses

Building and Land Improvements	\$11,630,000	57.4%
Equipment	\$2,983,000	14.7%
Site Acquisition	\$2,282,625	11.3%
Professional Services	\$1,220,000	6.0%
Inventory	\$858,000	4.2%
Pre-Opening Staffing & Promotions	\$390,000	1.9%
Pre-Opening Construction Loan Interest & Fees	\$327,000	1.6%
Contingency & Other	\$582,650	2.9%
Total Anticipated Uses	\$20,273,275	100.0%

Table of Anticipated Sources

	<i>Minimum Offering</i>		<i>Target Offering</i>		<i>Maximum Offering</i>	
Bank Construction Loan/Mortgage	\$11,500,000	56.7%	\$11,228,592	55.4%	\$10,728,592	52.9%
Cash From Reserves and Operations	\$6,988,275	34.5%	\$6,259,683	30.9%	\$6,259,683	30.9%
Member Loans	\$500,000	2.5%	\$1,500,000	7.4%	\$2,000,000	9.9%
Sale of Excess Land	\$750,000	3.7%	\$750,000	3.7%	\$750,000	3.7%
Prior Owner Remediation Contribution	\$325,000	1.6%	\$325,000	1.6%	\$325,000	1.6%
Grants (net)	\$110,000	0.5%	\$110,000	0.5%	\$110,000	0.5%
Member Equity	\$100,000	0.5%	\$100,000	0.5%	\$100,000	0.5%
Total Anticipated Sources	\$20,273,275	100.0%	\$20,273,275	100.0%	\$20,273,275	100.0%

About the Member Loan Offering

The Co-op's goal is to raise \$1,500,000 – and, if there is more interest, we will offer up to \$2,000,000 – of unsecured promissory notes with the following terms and fixed interest rates: Class A notes maturing December 31, 2029, bearing interest at 1% per annum; Class B notes maturing December 31, 2023, bearing no interest; Class C notes maturing December 31, 2029, bearing interest at 3.5% per annum; Class D notes maturing December 31, 2027, bearing interest at 3% per annum; Class E notes maturing December 31, 2025, bearing interest at 2.5% per annum; and Class F notes maturing December 31, 2023, bearing interest at 2% per annum.

All of the Notes being offered pursuant to this Confidential Offering Memorandum (the “Memorandum”) are being sold by us during an offering period commencing on the date of this Memorandum and expiring on November 12, 2017 (the “Offering Period”), unless extended at our discretion. Unless waived at our discretion, the minimum investment for each investor is \$2,500,

except that members who are also store employees will have a \$1,000 minimum individual investment. A Maximum investment for each investor will be limited to \$10,000 unless the investor is a Vermont Certified Investor, in which case the limit is \$25,000 or an Accredited Investor, in which there will be no limit on the amount purchased, all as described in this Memorandum. Amounts lent above the minimum will be in increments of \$500.

The offering of the Notes (the “Offering”) is subject to a requirement of a total subscription of \$500,000 (the “Minimum Offering”). Subscription proceeds will be placed in an escrow account with Mascoma Savings Bank until the Minimum Offering is raised. If the Minimum Offering is not raised before the expiration of the Offering Period, unless such Offering Period is extended, the subscription amounts will be returned to the investors without payment of interest. The Notes are being offered only to individual members of the Co-Op who meet certain minimum qualifications. We reserve the right to approve each investor. See “Plan of Offering.”

Risk Factors

We are offering the Notes pursuant to exemptions from federal and state securities registration requirements. The Notes will not be registered. The Notes will be subject to restrictions on transfer. The Notes will be unsecured promissory notes of the Co-op.

Risks Related to our Business and the Project

Construction Risk; Local and State Permits

Completion of construction of the Project is subject to normal risks associated with any significant construction project, including, for example, discovery of matters of environmental concern requiring environmental remediation which could increase costs or impose delays in completing the Project. Default by the general contractor or unavailability of steel and other building materials could cause delay or increased costs, which may adversely impact our operations. The Project will require various state and local permits, the issuance of which is not certain. While the Co-op expects to obtain such needed permits, there is no assurance that all required permits will be obtained. Delay in obtaining permits, or failure to obtain a require permit could will have an adverse impact on the Co-op.

Financing Risk

The Project will be the second store for City Market. The construction of the Project will require a secured loan from a bank in order to fund the majority of the construction costs. The Notes will only fund a portion of the costs. The bank will obtain a mortgage and security interest in the real property for the store as well as other Company assets. A default by the Co-op under such bank loan could result in the foreclosure of the Co-op’s properties, including its real estate and other assets.

The Notes are unsecured, and therefore will be junior in any claim to the assets of the Co-op to support repayment, behind all secured debt, including the bank loan, and prior unsecured debt of the Co-op. No claims are made that the Co-op would have sufficient asset value to provide for repayment of the Notes in the event of a bankruptcy or liquidation of the Co-op.

Competition

Competitors of City Market include but are not limited to local, regional, national and international supermarkets and warehouse membership clubs, natural food stores, specialty stores, and online retailers. Such businesses compete with us not only in the sale of products but also for purchases of products. Some competitors may be aggressive in increasing their range of natural and organic foods and local foods. Competing businesses may have greater financial resources than City Market and may be able to devote greater resources to the sourcing of products and marketing them for sale.

General Economic Conditions

The operating results for City Market may be materially impacted by changes in local, regional and national economic conditions that impact consumer spending. Changes in economic conditions, including changes in employment levels, housing costs, interest rates, tax rates, and energy costs could reduce consumer spending or cause consumers to shift their spending to lower-priced items or shifting to other competitors for lower cost products.

Availability of Products

City Market promotes a strong and sustainable community by supporting local growers and producers. We work to support the local economy and strengthen the local food system. City Market works with many Vermont vendors to feature a wide selection of local and Vermont-made products. Adverse changes in Vermont and the local agricultural community, including changes as the result of natural disasters, could reduce the availability of quality natural and organic local products. Reductions in the source of such local and high-quality products could adversely impact our business. There can be no assurance that quality local products will be available to meet City Market's needs.

Dependence on Key Personnel

The operations of the Co-op are dependent upon the Co-op having qualified personnel to run its stores, serve the Co-op's members and the general public. If we were to lose the services of a significant number of our key employees, or had difficulty recruiting new employees to run our operations, there could be an adverse impact on our operations.

Risks Relating to this Offering

No present public market for the Notes offered hereby exists and there are general restrictions on the resale of the Notes. The ability of any purchase of the Notes to resell their Note will be significantly restricted.

The Notes have not been registered under the Securities Act or registered or qualified under the securities laws of any state. As a consequence, their transferability is restricted, and no transfer of such equity securities may be effected unless the Co-op has received an opinion of counsel reasonably satisfactory to the Co-op to the effect that exemptions from the registration requirements of the Securities Act of 1933, as amended, and all applicable state securities laws, are available. Stop-transfer instructions to the same effect will be issued to the Co-op's transfer agent.

There is no present market, public or otherwise, for the Notes and no such market is likely to develop in the future. Accordingly, any investment in the Co-op cannot be expected to be readily liquidated, if at all, even in an emergency. Further, an investor might be unable to sell their Notes for a price approaching their original investment. An investment in the Notes should therefore be considered a long-term investment.

The interest rates on the Notes was determined by the Co-op

The Co-op established the interest rate to be paid on the Notes. Such determination was established by the Co-op's board of directors and was not based upon any published data or independent financial analysis.

Investors will have no greater rights in management than other members

The purchasers of the Notes will not have any right to participate in the management of the Co-op, separate from their rights held as any other member of the Co-op. The purchase of any Note will not give the purchaser additional rights to participate in the election of directors than those held by a member of the Coop that does not purchase a Note.

Legal and tax advice is not provided by the Co-op to investors

Prospective investors are not to construe the contents of this Memorandum or any prior or subsequent communication from the Co-op or its agents as legal or tax advice. Each prospective investor should consult her or his own counsel and accountant as to legal, tax, and other related matters concerning their purchase and ownership of the Notes.

Suitability Standards

The offering and issuance of the Notes is limited to Members of the Onion River Cooperative who are Vermont residents. The amount an investor may purchase is limited based upon certain categories of investor suitability. These categories are the "Main Street Investor," a "Vermont Certified Investor," and an "Accredited Investor.

Main Street Investor – A Main Street Investor is a potential purchaser of the Notes that is a member of the Onion River Cooperative, a State of Vermont resident, and who does not qualify as a Vermont Certified Investor or an Accredited Investor.

A Main Street Investor is limited to the purchase of no more than \$10,000 of Notes.

Vermont Certified Investor – A Vermont Certified Investor is a potential purchaser of the Notes that is a member of the Onion River Cooperative and a Vermont resident who represents and certifies to the Co-op in writing that: (1) he or she is a natural person whose individual liquid net worth, or joint net worth with that person's spouse, exceeds \$500,000; or (2) he or she is a natural person who had an individual income in excess of \$100,000 in each of the two most recent years or joint income with that person's spouse in excess of \$150,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

As used above, the term “net worth” means the excess of total assets over total liabilities and does not include any investor’s primary residence. Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the purchase of the Notes must not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of the Notes exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability. Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities must be included as a liability.

A Vermont Certified Investor is limited to the purchase of no more than \$25,000 of Notes.

Accredited investor

An Accredited Investor is a potential investor that is a Member of the Onion River Cooperative, a Vermont resident and which represents and certifies to the Co-op in writing that (1) he or she is a natural person who has a net worth or joint net worth with their spouse in excess of \$1,000,000 at the time of their purchase; or (2) they are a natural person who had a individual income in excess of \$200,000 in each of the two most recent years or a joint income with their spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or (3) he or she is director or executive officer of the Co-op.

As used above, the term “net worth” means the excess of total assets over total liabilities and does not include any investor’s residence. In determining income, an investor should add to his or her adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

An Accredited Investor will have no limit on the amount of Notes he or she may purchase.

How to Invest

Subscription Agreement and Procedures

To subscribe for the Notes, you must execute and deliver a Subscription Agreement in the form accompanying this Memorandum. By executing the Subscription Agreement, each investor will represent, among other things, that (a) such investor is acquiring the Notes being purchased for his or her own account, for investment purposes and not with a view towards resale or distribution, and (b) immediately prior to purchase, such investor satisfies the eligibility requirements set forth in this Memorandum. We have the right to revoke the offer and to refuse to sell Notes to a particular investor if the investor does not promptly supply all information requested by us or we disapprove the sale.

An investor in the Notes, pursuant to the Subscription Agreement and applicable law, will not be permitted to transfer or dispose of the Notes, unless they are registered or unless such transaction is exempt from registration under the Securities Act and applicable state securities laws and in the case of a purportedly exempt sale, such investor provides (at our request and at the investor’s own

expense) an opinion of counsel satisfactory to us that the exemption is, in fact, available. The Notes will bear legends relating to such restrictions on transfer.

Subscriptions are not binding on us until we accept them. We may refuse any subscription by giving written notice to the investor by personal delivery or first class mail. In our sole discretion, we may establish a limit on the purchase of Notes by a particular investor.

In order to subscribe for the Notes, you must deliver the following to the Co-op:

1. One executed copy of the Subscription Agreement
2. A check, in the full amount of the funds equal to the aggregate purchase price of the Notes being purchased by the investor, to the following escrow account:

Name: Onion River Cooperative
Account number: 31097202
Bank name: Mascoma Savings Bank
Bank routing number: 211770213

An investor may not revoke a subscription once submitted to the Co-op. The signed Subscription Agreement creates a legally binding contract that obligates an investor to pay the loan amount (as indicated on the lender's Subscription Agreement) and the investor's check will be deposited upon acceptance of the investor's subscription by the Co-op.

This offering will remain open only until the earlier to occur of (1) the maximum offering amount of \$2,000,000 is fully subscribed or (2) November 12, 2017, unless extended by the Co-op's Board of Directors to a date no later than 12 months from the commencement of the offering of the Notes.

Escrow Account

The Offering is subject to a requirement of a total subscription of \$500,000, and subscription proceeds will be placed in an escrow account with Mascoma Savings Bank until such minimum amount is raised. If the Minimum Offering is not raised by November 12, 2017, or such later date as determined by the Co-op's Board of Directors, the subscription amounts will be returned to the investors without payment of interest.

Obtaining Additional Information

Please direct any requests and inquiries regarding this Memorandum to the Co-op as follows:

Allison Weinhagen

Director of Community Engagement
aweinhagen@citymarket.coop

Schedule 1: Financial Statements

A copy of the Co-op's audited financial statements for the most recently completed fiscal year is attached as Schedule 1.

Onion River Cooperative, Inc., D/B/A City Market
Statements of Earnings
Years Ended June 30,

	2016	2015
Net Sales	\$ 41,212,385	\$ 38,988,079
Cost of Sales	<u>25,749,386</u>	<u>24,311,146</u>
Gross Profit	15,462,999	14,676,933
Operating Expenses	<u>13,064,594</u>	<u>12,188,266</u>
Earnings from Operations	2,398,405	2,488,667
Other (Income) Expenses		
Interest income	(35,153)	(26,581)
Interest expense	99,462	103,451
Miscellaneous income, net	(59,633)	(71,997)
Member patronage refunds	<u>1,643,384</u>	<u>1,687,101</u>
	<u>1,648,060</u>	<u>1,691,974</u>
Earnings Before Income Taxes	750,345	796,693
Provision for Income Taxes	<u>290,356</u>	<u>301,432</u>
Net Earnings	<u>\$ 459,989</u>	<u>\$ 495,261</u>

Onion River Cooperative, Inc., D/B/A City Market
Balance Sheets
June 30,

	2016	2015
Current Assets		
Cash	\$ 4,841,861	\$ 5,838,281
Certificates of deposit	2,464,119	2,456,387
Accounts Receivable	63,466	82,211
Inventory	700,642	702,080
Prepaid expenses and other current assets	138,370	133,339
Refundable income tax prepayments	32,946	98,935
Deferred income taxes	108,800	117,800
Total current assets	<u>8,350,204</u>	<u>9,429,033</u>
Property and Equipment, at Cost		
Land	3,282,625	1,000,000
Buildings and improvements	4,902,727	4,855,398
Store equipment	1,981,170	1,776,875
Office equipment, furniture, and fixtures	1,917,258	1,797,756
	<u>12,083,780</u>	<u>9,430,029</u>
Less accumulated depreciation	<u>4,607,934</u>	<u>4,206,436</u>
	<u>7,475,846</u>	<u>5,223,593</u>
Construction in process	719,539	-
	<u>8,195,385</u>	<u>5,223,593</u>
Other Assets		
Deposits on real property acquisition	-	527,843
Investments in cooperative associations	518,202	505,807
Notes receivable - cooperative associations	738,069	688,901
	<u>1,256,271</u>	<u>1,722,551</u>
Total Assets	<u>\$ 17,801,860</u>	<u>\$ 16,375,177</u>
Current Liabilities		
Current maturities of long-term debt	187,238	178,245
Accounts payable	1,590,902	1,218,221
Accrued payroll and benefits	552,589	630,400
Accrued expenses	303,505	264,567
Patronage rebate payable	657,354	927,906
Total current liabilities	<u>3,291,588</u>	<u>3,219,339</u>
Other Accrued Expenses	50,000	100,000
Long-Term Debt, Less Current Maturities	1,694,443	1,879,951
Deferred Income Taxes	243,700	232,700
Member's Equity		
Member shares	1,148,945	1,015,094
Additional paid-in capital	126,920	126,920
Retained patronage	4,766,877	3,781,775
Retained earnings	6,479,387	6,019,398
	<u>12,522,129</u>	<u>10,943,187</u>
Total Liabilities and Member's Equity	<u>\$ 17,801,860</u>	<u>\$ 16,375,177</u>

Exhibit A: FORM OF UNSECURED PROMISSORY NOTE

Member Number _____

Loan Number _____

THIS PROMISSORY NOTE IS SUBJECT TO SIGNIFICANT LIMITATIONS ON RESALE AND MAY ONLY BE RESOLD, IF AT ALL, TO PERSONS WHO ARE CURRENT MEMBERS OF ONION RIVER COOPERATIVE (THE "CO-OP") AND RESIDENTS OF THE STATE OF VERMONT AT SUCH TIME.

THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAS NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS. THIS PROMISSORY NOTE MAY NOT BE SOLD OR TRANSFERRED WITHOUT FIRST OBTAINING THE APPROVAL OF THE CO-OP'S BOARD OF DIRECTORS.

ONION RIVER COOPERATIVE

UNSECURED PROMISSORY NOTE

INTEREST RATE: []%

MATURITY DATE: []

ORIGINAL ISSUE DATE: []

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

FOR VALUE RECEIVED, ONION RIVER COOPERATIVE, a Vermont non-profit cooperative corporation doing business as City Market (the "Co-op"), hereby promises to pay to the order of the Registered Owner of this Note or registered assigns, in lawful money of the United States, the Principal Amount stated hereon on the Maturity Date, together with interest at the Interest Rate stated above, calculated on the basis of a 365-day year for actual days elapsed, at the Interest Rate per annum. Interest shall be payable within thirty (30) days following the end of each calendar year beginning in January 2018. The calculation of interest earned during any partial years will be prorated by the actual number of days elapsed for such years. This Note will bear interest from the Original Issue Date.

In the event that a payment is due on a non-Business Day, the payment due date shall be extended to the next following Business Day. The term "Business Day" means shall mean any day other than a Saturday, Sunday or other day on which banks or credit unions in the State of Vermont are authorized or required by law to be closed.

This Note may be assigned or transferred by the Registered Owner only with the prior written approval of the Co-op and any purported assignment or transfer in violation of this prohibition shall be null and void *ab initio*. Subject to the preceding sentence, the rights and obligations of the Co-op and the Registered Owner of this Note shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

The principal and accrued interest owing under this Note may be prepaid, in whole or in part, without premium or penalty, at any time and without the prior written consent of the Registered Owner.

The Co-op warrants that it is duly incorporated and in good standing under the laws of the State of Vermont. The Co-op further warrants that it is empowered to execute this Note and that this Note has been duly authorized and executed and constitutes a valid and legally binding obligation of the Co-op.

The Co-op agrees to furnish promptly upon request of the Registered Owner a copy of its most recent annual and/or quarterly financial statements..

Each of the following shall be considered an event of default of this Note:

- A. The Co-op fails to make any payment or perform any obligation required under this Note within thirty (30) days of the date when due; and
- B. The Co-op ceases to conduct its normal activities or sells, assigns or otherwise disposes of all or substantially all of its assets or makes an assignment for the benefit of creditors or becomes subject to any proceeding under bankruptcy laws or for the appointment of a receiver or for any other form of debtor relief.

Whenever any event of default occurs and is not remedied to the satisfaction of the Registered Owner, then, or at any time thereafter, the Registered Owner may, by written notice, cause all indebtedness of the Co-op under this Note to become due and payable immediately upon such notice. The Co-op waives all other forms of notice, demand, presentment or protest to which it may otherwise be entitled. No waiver by the Registered Owner of any event of default shall operate as a waiver of any other event of default or of the same event of default on a future occasion.

This Note shall be governed, construed and enforced in accordance with the laws of the State of Vermont without regard to such jurisdiction's conflict of laws principles.

IN WITNESS WHEREOF, the Co-op has executed this Note by its duly authorized representative, as of the Original Issue Date stated above.

Onion River Cooperative

By: _____

Name: _____

Title: _____

Exhibit B: Subscription Agreement

ONION RIVER COOPERATIVE

SUBSCRIPTION AGREEMENT

1. I/we I/we hereby irrevocably subscribe to purchase a promissory note of Onion River Cooperative, a Vermont cooperative association (the “Co-op”) in the amount of _____ dollars (\$_____) (the “Loan Amount”) with the following parameters checked below (which, in combination with the Loan Amount, define the “Loan”)
 - Class A notes maturing December 31, 2029, bearing interest at 1% per annum
 - Class B notes maturing December 31, 2023, bearing no interest
 - Class C notes maturing December 31, 2029, bearing interest at 3.5% per annum
 - Class D notes maturing December 31, 2027, bearing interest at 3% per annum
 - Class E notes maturing December 31, 2025, bearing interest at 2.5% per annum
 - Class F notes maturing December 31, 2023, bearing interest at 2% per annum.
2. Simple interest is payable annually within 30 days of the end of each calendar year. I/we understand that this subscription is contingent upon its acceptance by the Co-op and that the Co-op has the right to accept or reject subscriptions in whole or in part in its sole discretion. If the Co-op does not accept this Subscription Agreement (this “Agreement”) by August 27, 2018, then this Subscription Agreement will automatically terminate and neither the Co-op nor I/we will have any further obligations to the other with respect to this offering.
3. Upon the Co-op’s acceptance of this Subscription Agreement and notice to me/us, I/we agree to deliver the Loan Amount to the Co-op in the form of a check, wire transfer or other negotiable instrument made payable to “Onion River Cooperative” within ten days after the Co-op’s acceptance of this Subscription Agreement. The Co-op will then issue a promissory note to me/us evidencing the Loan and its terms and conditions. I/we understand that the Co-op will rely upon this subscription in entering into contracts and commitments in furtherance of its expansion project.
4. I/we represent that I/we am/are a member in good standing of the Co-op, and that I/we am/are bona fide resident(s) of, and domiciled in, the State of Vermont.
5. If my/our Loan Amount is greater than \$10,000, I/we represent that I/we qualify as a “Vermont Certified Investor” or an “Accredited Investor”, as applicable, and I/we have completed the applicable form provided by the Co-op certifying such status.
6. I/we acknowledge receipt of a copy of the Co-op’s “Member Loan Program: Information for Prospective Lenders” dated August 2017 (the “Solicitation Materials”). I/we have been

furnished with all documents and information relating to the Loan or to the Co-op that I/we have requested. I/we had a reasonable opportunity to ask questions of and receive answers from representatives of the Co-op regarding any additional information desired and either did so or have elected to waive such opportunity.

7. I/we understand that the Loan to be acquired by this subscription involves significant risks, as set forth in the Solicitation Materials, and I/we represent that I/we have read and understand such risks, and have evaluated such risks and determined that the Loan Amount is a suitable investment for me/us and the I/we have sufficient financial resources to be able to bear the risk of an investment in the Loan.
8. I/we represent to the Co-op that I/we am/are making the Loan for my/our personal account and for investment intent without the intention of transferring the Loan. I/we have made no agreement with others regarding the Loan and my/our financial condition is such that it is not likely that it will be necessary to dispose of the Loan in the foreseeable future. I/we have been advised that, in the view of the Securities and Exchange Commission, making a Loan with an intent to dispose of it due to any foreseeable specific contingency, or any change in the condition of the Co-op, or in connection with a contemplated liquidation or settlement of any loan obtained for the making of the Loan and for which the Loan is pledged as security, would represent an intent inconsistent with the representations set forth above.

IN WITNESS WHEREOF, I/we have executed this Subscription Agreement as of the date set forth below:

Primary Subscriber's signature

Co-Subscriber's signature

Primary Subscriber's printed name

Co-Subscriber's printed name

Primary Subscriber's social security number
(will be used for tax reporting purposes)

Co-Subscriber's social security number

Address of Subscribers: _____

Bona Fide Residence: _____

Telephone number: (_____) _____

Date executed: _____

Type of Investor (select one):
(Please see investor guidelines on the following page.)

Main Street Investor

Vermont Certified Investor

Accredited Investor

INVESTOR GUIDELINES

The following summarize the standards for Main Street Investors, Vermont Certified Investors, and Accredited Investors.

Main Street Investor

A Main Street Investor is a potential purchaser of the Notes that is a member of the Onion River Cooperative, a State of Vermont resident, and who does not qualify as a Vermont Certified Investor or an Accredited Investor.

A Main Street Investor is limited to the purchase of no more than \$10,000 of Notes.

Vermont Certified Investor

A Vermont Certified Investor is a potential purchaser of the Notes that is a member of the Onion River Cooperative and a Vermont resident who represents and certifies to the Co-op in writing that: (1) he or she is a natural person whose individual liquid net worth, or joint net worth with that person's spouse, exceeds \$500,000; or (2) he or she is a natural person who had an individual income in excess of \$100,000 in each of the two most recent years or joint income with that person's spouse in excess of \$150,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

As used above, the term “net worth” means the excess of total assets over total liabilities and does not include any investor’s primary residence. Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the purchase of the Notes must not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of the Notes exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability. Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities must be included as a liability.

A Vermont Certified Investor is limited to the purchase of no more than \$25,000 of Notes.

Accredited investor

An Accredited Investor is a potential investor that is a Member of the Onion River Cooperative, a Vermont resident and which represents and certifies to the Co-op in writing that (1) he or she is a natural person who has a net worth or joint net worth with his or her spouse in excess of \$1,000,000 at the time of his or her purchase; or (2) he or she is a natural person who had a individual income in excess of \$200,000 in each of the two most recent years or a joint income with his or her spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or (3) he or she is director or executive officer of the Co-op.

As used above, the term “net worth” means the excess of total assets over total liabilities and does not include any investor’s residence. In determining income, an investor should add to his or

her adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

An Accredited Investor will have no limitation the amount of Notes he or she may purchase.

For Office Use Only:

The foregoing Subscription Agreement is accepted by the Co-op this ____ day of _____, 20__.

Onion River Cooperative

By:

Name:

Title:



82 S. Winooski Ave.
Burlington, VT 05401
802-861-9700
www.citymarket.coop

Onion River Cooperative, dba City Market

Burlington, Vermont

November 7, 2017

**Supplement No. 1 to
Confidential Offering Memorandum
Member Loan Program**

The Board of Directors of THE ONION RIVER COOPERATIVE, a Vermont non-profit cooperative corporation doing business as City Market (the “Co-Op”), has extended the deadline for investors to participate in the Co-Op’s sale of up to \$2,000,000 of unsecured notes (the “Offering”) until March 31, 2018. All references in the Confidential Offering Memorandum dated August 28, 2017 (the “Offering Memorandum”) to an expiration date of November 12, 2017, are hereby deemed amended to refer to an expiration date of March 31, 2018.

All other terms of the Offering remain unchanged. Please refer to the Offering Memorandum for details regarding the Offering.



82 S. Winooski Ave.
Burlington, VT 05401
802-861-9700
www.citymarket.coop

Onion River Cooperative, dba City Market

Burlington, Vermont

March 26, 2018

**Supplement No. 2 to
Confidential Offering Memorandum
Member Loan Program**

I. Extension of Offering Expiration Date

The Board of Directors of THE ONION RIVER COOPERATIVE, a Vermont non-profit cooperative corporation doing business as City Market (the “Co-Op”), has extended the deadline for investors to participate in the Co-Op’s sale of up to \$2,000,000 of unsecured notes (the “Offering”) until **August 27, 2018**. All references in the Confidential Offering Memorandum dated August 28, 2017 (the “Offering Memorandum”) to an expiration date of March 31, 2018, are hereby deemed amended to refer to an expiration date of **August 27, 2018**.

II. Member Investments through Trusts and Corporate Entities

Several members of the Co-Op have expressed an interest in purchasing notes in the Offering through trusts or wholly owned corporate entities. To accommodate members who would like to purchase notes through a trust or corporate entity, the Co-Op is amending the terms of the Offering to permit trusts and corporate entities of Co-Op members to purchase notes; provided that the beneficiaries, in the case of a trust, and the equity owners, in the case of a corporate entity, are Co-Op members, residents of Vermont, and otherwise meet the requirements specified in the Offering Memorandum to participate in the Offering. Members who wish to participate in the Offering through their trusts or corporate entities should also be aware of the standards for such entities to be considered Accredited Investors, Vermont Certified Investors, and Vermont Main Street Investors, definitions of which are included with the subscription agreement. The subscription agreement included as Exhibit C with this Supplement No. 2 should be completed and submitted by those members who would like to purchase notes by means of a trust or corporate entity.

All other terms of the Offering remain unchanged. Please refer to the Offering Memorandum for details regarding the Offering.

Exhibit C: Subscription Agreement – Trust or Corporate Entity of a Member

ONION RIVER COOPERATIVE

SUBSCRIPTION AGREEMENT

1. At my/our direction, _____, a _____ [describe entity] hereby irrevocably subscribes to purchase a promissory note of Onion River Cooperative, a Vermont cooperative association (the “Co-op”) in the amount of _____ dollars (\$_____) (the “Loan Amount”) with the following parameters checked below (which, in combination with the Loan Amount, define the “Loan”)
 - Class A notes maturing December 31, 2029, bearing interest at 1% per annum
 - Class B notes maturing December 31, 2023, bearing no interest
 - Class C notes maturing December 31, 2029, bearing interest at 3.5% per annum
 - Class D notes maturing December 31, 2027, bearing interest at 3% per annum
 - Class E notes maturing December 31, 2025, bearing interest at 2.5% per annum
 - Class F notes maturing December 31, 2023, bearing interest at 2% per annum.
2. Simple interest is payable annually within 30 days of the end of each calendar year. I/we understand that this subscription is contingent upon its acceptance by the Co-op and that the Co-op has the right to accept or reject subscriptions in whole or in part in its sole discretion. If the Co-op does not accept this Subscription Agreement (this “Agreement”) by August 27, 2018, then this Subscription Agreement will automatically terminate and neither the Co-op nor I/we will have any further obligations to the other with respect to this offering.
3. Upon the Co-op’s acceptance of this Subscription Agreement and notice to me/us, I/we agree to deliver the Loan Amount on behalf of the purchasing entity to the Co-op in the form of a check, wire transfer or other negotiable instrument made payable to “Onion River Cooperative” within ten days after the Co-op’s acceptance of this Subscription Agreement. The Co-op will then issue a promissory note to the purchasing entity evidencing the Loan and its terms and conditions. I/we and the purchasing entity understand that the Co-op will rely upon this subscription in entering into contracts and commitments in furtherance of its expansion project.
4. I/we and the purchasing entity represent that (i) I/we constitute all of the beneficiaries of the purchasing entity, if a trust, or all of the equity owners of the purchasing entity, if a corporate entity, (ii) I/we am/are a member in good standing of the Co-op, and (iii) that I/we am/are bona fide resident(s) of, and domiciled in, the State of Vermont.

5. If the purchasing entity's Loan Amount is greater than \$10,000, I/we and the purchasing entity represent that the purchasing entity qualifies as a "Vermont Certified Investor" or an "Accredited Investor", as applicable, and I/we have completed the applicable form provided by the Co-op certifying such status.
6. I/we and the purchasing entity acknowledge receipt of a copy of the Co-op's "Member Loan Program: Information for Prospective Lenders" dated August 2017 (the "Solicitation Materials"). I/we and the purchasing entity have been furnished with all documents and information relating to the Loan or to the Co-op that I/we and the purchasing entity have requested. I/we and the purchasing entity had a reasonable opportunity to ask questions of and receive answers from representatives of the Co-op regarding any additional information desired and either did so or have elected to waive such opportunity.
7. I/we and the purchasing entity understand that the Loan to be acquired by this subscription involves significant risks, as set forth in the Solicitation Materials, and I/we and the purchasing entity represent that I/we and the purchasing entity have read and understand such risks, and have evaluated such risks and determined that the Loan Amount is a suitable investment for me/us and the purchasing entity, and the I/we and the purchasing entity have sufficient financial resources to be able to bear the risk of an investment in the Loan.
8. I/we the purchasing entity represent to the Co-op that I/we the purchasing entity are making the Loan for the purchasing entity's own account and for investment intent without the intention of transferring the Loan. I/we and the purchasing entity have made no agreement with others regarding the Loan and my/our and the purchasing entity's financial condition is such that it is not likely that it will be necessary to dispose of the Loan in the foreseeable future. I/we and the purchasing entity have been advised that, in the view of the Securities and Exchange Commission, making a Loan with an intent to dispose of it due to any foreseeable specific contingency, or any change in the condition of the Co-op, or in connection with a contemplated liquidation or settlement of any loan obtained for the making of the Loan and for which the Loan is pledged as security, would represent an intent inconsistent with the representations set forth above.

[Signature Page Follows]

IN WITNESS WHEREOF, I/we have executed this Subscription Agreement as of the date set forth below:

Name of Purchasing Entity

Type of Entity

Beneficiary / Equity Owner Signature

Beneficiary / Equity Owner Signature

Name(s) of Beneficiaries / Equity Owners: _____

Tax Identification Number of Purchasing Entity: _____

Address of Beneficiaries / Equity Owners: _____

Social Security Number(s) of Beneficiaries / Equity Owners: _____

Bona Fide Residence: _____

Telephone number: (_____) _____

Registered Address of Purchasing Entity: _____

Date executed: _____

Type of Investor (Purchasing Entity) (select one):
(Please see investor guidelines on the following page.)

Main Street Investor

Vermont Certified Investor

Accredited Investor

INVESTOR GUIDELINES

The following summarize the standards for Main Street Investors, Vermont Certified Investors, and Accredited Investors.

Main Street Investor

A Main Street Investor is a potential purchaser of the Notes that is (i) a natural person who is a member of the Onion River Cooperative, and a State of Vermont resident, (ii) a trust if the beneficiaries each meet the requirements of the foregoing clause (i), or (iii) a corporate entity whose equity owners each meet the requirements of the foregoing clause (i), and in each case who does not qualify as a Vermont Certified Investor or an Accredited Investor.

A Main Street Investor is limited to the purchase of no more than \$10,000 of Notes.

Vermont Certified Investor

A Vermont Certified Investor is a potential purchaser of the Notes that is a member of the Onion River Cooperative and a Vermont resident who represents and certifies to the Co-op in writing that: (1) he or she is a natural person whose individual liquid net worth, or joint net worth with that person's spouse, exceeds \$500,000; or (2) he or she is a natural person who had an individual income in excess of \$100,000 in each of the two most recent years or joint income with that person's spouse in excess of \$150,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or (3) he or she is investing through a trust, and the trust has total assets in between \$2,500,000 and \$5,000,000, was not formed for the specific purpose of acquiring the securities offered, and whose purchase is directed by a sophisticated person; or (4) he or she is purchasing through an entity in which all of the equity owners are Vermont Certified Investors.

As used above, the term “net worth” means the excess of total assets over total liabilities and does not include any investor’s primary residence. Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the purchase of the Notes must not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of the Notes exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability. Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities must be included as a liability.

As used above, a “sophisticated person” is a person who is not an accredited investor either alone or with his purchaser representative(s), and has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment.

A Vermont Certified Investor is limited to the purchase of no more than \$25,000 of Notes.

Accredited investor

An Accredited Investor is a potential investor that is a Member of the Onion River Cooperative, a Vermont resident and which represents and certifies to the Co-op in writing that (1) he or she is a natural person who has a net worth or joint net worth with his or her spouse in excess of \$1,000,000 at the time of his or her purchase; or (2) he or she is a natural person who had a individual income in excess of \$200,000 in each of the two most recent years or a joint income with his or her spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or (3) he or she is director or executive officer of the Co-op; or (4) he or she is investing through a trust, and the trust has total assets in excess of \$5,000,000, was not formed for the specific purpose of acquiring the securities offered, and whose purchase is directed by a sophisticated person; or (5) he or she is purchasing through entity in which all of the equity owners are accredited investors.

As used above, the term “net worth” means the excess of total assets over total liabilities and does not include any investor’s residence. In determining income, an investor should add to his or her adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

As used above, a “sophisticated person” is a person who is not an accredited investor either alone or with his purchaser representative(s), and has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment.

An Accredited Investor will have no limitation the amount of Notes he or she may purchase.

For Office Use Only:

The foregoing Subscription Agreement is accepted by the Co-op this ____ day of _____, 20__.

Onion River Cooperative

By:

Name:

Title: