

HappyLane LCA Stock Summary

Class A Membership share (\$100 book value)

- One class A share per Member (required)
- Allows member to vote for board members and bylaw changes
- No profit allocations

Class B share (\$10 book value)

- **“Wealth building”** shares; **target returns consistent with residential Real Estate Investment Trusts (REIT’s)**
- Profit allocations contingent on first meeting target returns of Class C preferred shares
- Can be converted to Class C preferred share at any time
- All profits automatically reinvested, not eligible for distributions
- Second priority for redemption (higher risk)

Class C preferred share (\$10 book value)

- **“Income”** shares with **target returns equal or better than 5-year U.S. Treasury**
- Preferred allocations with respect to Class B shares
- Option to reinvest profit allocations or receive as cash distribution (subject to limitations)
- First priority for redemption (lower risk)

Allocation of Profits

Profits are allocated as follows:

- First to all Class C preferred shares (Patronage and Investment) up to a limit of 5% annual return (or the current 5 year Treasury Rate, whichever is higher); **then**
- To all Class B shares (Patronage and Investment) up to 12% annual return; **then**
- 50% of any additional profits are allocated to Patronage shares and the remaining 50% allocated to all shares (Patronage and Investment) allocation among share classes to be determined by the Board.

All shares issued (except Class A) are designated as either Patronage Shares or Investment Shares

Patronage Shares: Can only be sold to Members in proportion to their economic activity with the Cooperative.

Investment Shares: May be sold to any Member at any time consistent with the applicable provisions of the Bylaws.

Shares may only be purchased from or sold to HappyLane LCA and may not be transferred in any other manner