

Recording Requested By And  
 After Recording Return To:  
 E. & J. Gallo Winery  
 Grower Relations Department  
 P.O. Box 1130  
 Modesto, CA 95353

COPY

Contract No. 54215

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**GRAPE PURCHASING CONTRACT**

Effective Date: March 17, 2008

**Slater Farms, Inc.** ("Seller") hereby contracts to sell, and **E. & J. Gallo Winery**, a California corporation ("Buyer"), hereby contracts to purchase, subject to the terms and conditions of this contract ("Contract"), all grapes of the listed varieties grown on the land ("Property") leased, managed or owned by Seller, located at Exhibit A in Yolo County, California, APN No Exhibit A, Appellation Clarksburg/Yolo. The legal description of the Property is attached as Exhibit A, which is incorporated herein by this reference \_\_\_\_\_

Variety	Planted Acres	Contracted Tons	Price/Ton at Base °Brix	Base °Brix	Min. °Brix	Max. °Brix	°Brix Penalty, Buyer's Schedule
Pinot Noir	103	824	██████	24-25.5	23.5	----	Minus 1.5%/0.1 Brix below base Buyer's Schedule

To be planted in 2008

**TERM:** This Contract commences on the Effective Date and terminates upon the completion of the year 2020 harvest ("Expiration Date"). **(The following three sentences are part of this Contract only if the following box is checked):**  
 (Evergreen): This Contract automatically shall be extended after the Expiration Date unless canceled by either party by notice delivered to the other party. Such notice provided by Buyer will be effective upon the completion of the \_\_\_\_\_ harvest following such notice. Such notice provided by Seller will be effective upon the completion of the \_\_\_\_\_ harvest following such notice.

**PRICE:** Buyer shall pay Seller for grapes meeting the requirements of this Contract the following (check one of the following boxes). The price calculated under the option that is checked shall be referred to as the "Contract Price."  
 (Greater of contract price or cash price option): The greater of (1) the above price/ton, less the °Brix penalty, if any, plus the °Brix premium, if any, or (2) the cash price Buyer generally pays under one year contracts in State District 17 for grapes used for the same program and of the same variety, °Brix and quality for that year ("Cash Price"). The Cash Price does not include the above °Brix penalty or premium unless such penalty or premium is set forth in the applicable one year contracts. If this is an evergreen contract, Buyer shall pay the Cash Price for grapes delivered between the Expiration Date and the effective date of any notice of termination.  
 (Fixed price option): The above price/ton, less the °Brix penalty, if any, plus the °Brix premium, if any.

**PAYMENT TERMS:** For each variety delivered under this Contract, Buyer must pay Seller (check one of the following):

- a) within 45 days of Buyer's receipt of notice from Seller that Seller has delivered the final load of that variety.
- b) the January following delivery.
- c) other: \_\_\_\_\_

Buyer may deduct from amounts due hereunder any deficiency of or amounts owed by Seller to Buyer under this Contract or any other contract. Payments will be based on the net weight to be determined after deducting the weight of all material other than grapes ("MOG"), as determined by a certified weighmaster at the designated winery.

**PAYEE NAME & ADDRESS:** All net payments due to Seller under this Contract will be made by check made payable and mailed to Seller's address indicated on the last page of this Contract, except as otherwise provided in this section: \_\_\_\_\_ % of the net payments to: \_\_\_\_\_ % of the net payments to:

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

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

**HARVEST AND DELIVERY:** Buyer will provide Seller with the schedule for harvest and delivery of each variety. Buyer's harvest schedule shall be based upon the grape flavor characteristics Buyer establishes in its sole discretion for Buyer's program for which the grapes will be used for that crush year. Buyer may reject any grapes not harvested and delivered according to such schedule and not delivered within 5 hours of harvest. Seller shall not trample the grapes during loading and shall load the grapes into containers that contain only one variety and that are suitable for protecting the grapes until delivery to Buyer. Seller agrees to deliver at Seller's expense to a winery designated by Buyer, and Seller assumes all risk of loss until grapes are delivered and accepted at the designated winery.

The parties agree that any failure to deliver the grapes herein contracted for would cause Buyer substantial damages which would be difficult or impossible to determine. If Seller fails to deliver, or fails to cause Seller's successor in interest to deliver, grapes required to be delivered under this Contract, Buyer may: (1) require specific performance of Seller's obligations hereunder; or (2) collect from Seller or Seller's successor as liquidated damages, and not as a penalty, an amount equal to 25% of the per ton Cash Price multiplied by the tonnage not delivered; and (3) (in addition to or in lieu of either of the above remedies) terminate this Contract after learning of such failure effective either immediately (if Buyer does not seek a remedy under (1) or (2) above) or effective as of any year after the year for which specific performance or liquidated damages is sought.

In the event Seller delivers or attempts to deliver any grapes purporting to be under this Contract which are not both of a variety and from the land designated by this Contract, Buyer at its option may terminate this Contract effective at any time after learning of such delivery by providing written notice to Seller.

**CULTURAL PRACTICES:** Seller agrees to use commonly accepted cultural and farming practices and methods that (1) comply with all applicable laws, regulations and governmental requirements, and (2) produce grapes for high quality wines and that satisfy the quality requirements for Buyer's program for which the grapes are purchased. The following require Buyer's prior consent in each instance and in each year: (1) Any significant change in any such commonly accepted practice or in any practice set forth in Seller's farm management plan (if any) delivered to Buyer on or before the Effective Date (including but not limited to changes regarding trellising, spacing, grafting, pruning, training, crop loading or thinning, canopy management, irrigation, and harvesting method) that might affect the quality and/or quantity of the grapes covered by this Contract; (2) any change in any variety of grapes grown on the land covered by this Contract; (3) implementation of cultural practices that encourage a crop before the third leaf; (4) mechanical harvesting; or (5) the application of any product containing elemental sulfur after the commencement of veraison or such earlier time to be determined by Buyer.

Buyer at its sole discretion may require leaf pulling, shoot thinning and/or mechanical harvesting in any year.

Seller agrees that the contracted tons are the tons that can be produced for high quality table wines and that overcropping will adversely affect the quality of the grapes and wine. Seller, therefore, agrees not to use cultural practices that encourage a crop larger than the contracted tons.

Buyer shall have the right to prohibit or in any way restrict the use of any chemical or substance in Seller's vineyard that Buyer in its sole discretion determines might affect the marketability of Buyer's products (including but not limited to wine, wine coolers, concentrate, brandy and their by-products). Within 10 calendar days of Buyer's request, Seller agrees to provide Buyer with copies of all pesticide use reports pertaining to Seller's grapes submitted by Seller or on Seller's behalf to the county agricultural commissioner.

Buyer's representative has the right to enter and inspect the vineyard and may offer advice concerning cultural practices. The provision, acceptance, or rejection of advice concerning cultural practices shall not render Buyer responsible in any respect for the condition of Seller's vineyard or the grapes, nor shall it in any respect obligate Buyer to purchase grapes from Seller. Seller shall remain solely responsible for the condition of its vineyard and for delivering grapes meeting the requirements, conditions, and terms of this Contract. Buyer's representative cannot bind Buyer, and no inspection or test of grapes in the field shall constitute acceptance by or be binding on Buyer in any way.

**GRAPE QUALITY:** Seller warrants and represents, and it is Seller's sole responsibility to ensure, that all grapes delivered to Buyer under this Contract: (1) will be sound, fully mature, of characteristic color for that variety, free from mildew, insects, volatile acid smell, waterberry, and second crop, and also free of excessive sunburn, stress, raisining, and any other defect that could adversely affect the quality of table wine made from the grapes, all as determined by Buyer; (2) will have the flavor characteristics and be of the quality and character required for high quality wines and Buyer's program for which the grapes will be used for that crush year; and (3) will not be adulterated or misbranded, will not be articles which are prohibited under the provisions of the Federal Food, Drug and Cosmetic Act from being introduced into interstate commerce, and will in all respects comply with any and all applicable laws, regulations, and standards, including but not limited to those relating to the use of agricultural chemicals and pesticides or residues. If any governmental official or agency questions whether grapes delivered by Seller have complied with all such laws and regulations, Buyer may withhold payment for Seller's grapes until a determination has been made. Seller will be fully liable for any losses incurred by Buyer due to grapes delivered by Seller that are in violation of any laws or regulations or any prohibition or restriction imposed by Buyer pursuant to this paragraph, including but not limited to those pertaining to pesticides or chemical residues or tolerances. This Grape Quality section shall survive the termination or expiration of this Contract.

**INSPECTIONS:** Load acceptability and/or price adjustments will be based on inspections. Either party may, at its sole expense, request a second inspection. Measurement of °Brix and defects (including but not limited to rot, mold, MOG) requiring governmental inspection will be made upon delivery by the appropriate government inspector ("Inspector"). Buyer will determine all other quality factors and defects by inspection made by any person selected by Buyer. Maximum rot and mold for each load is 1 % by weight. Maximum MOG for each load is 1.5% by weight.

Seller agrees and consents to the use of any test or procedure currently used by the Inspector or Buyer or which later will be used by the Inspector or Buyer during this Contract. Buyer will notify Seller prior to harvest in the year any new tolerance or standard is first to become effective.

**EXCESS TONNAGE AND NONCONFORMING GRAPES:** The amount by which the actual tons exceeds the contracted tons grown for any variety in any year shall be referred to as the "Excess". Any grapes that do not comply with all requirements of this Contract shall be referred to as "Nonconforming Grapes".

In the event the tonnage for a variety grown in any year exceeds the contracted tonnage for such variety or any grapes delivered do not conform to all of the requirements of this Contract, Buyer shall have the option to either 1) purchase the Excess or the Nonconforming Grapes at the Contract Price, (2) reject the Excess, (3) reject the entire load containing Nonconforming Grapes, (4) reject the Nonconforming Grapes portion of the load, (5) exercise a right of first refusal to purchase all or any portion of the Excess or Nonconforming Grapes, or (6) purchase the Excess or the Nonconforming Grapes at a mutually agreed upon price.

As to any grapes initially rejected by Buyer pursuant to this section, Seller shall promptly notify Buyer of any bonafide offer to purchase all or any such portion of the Excess or Nonconforming Grapes, which notice shall set forth the price, quantity, date of delivery (collectively, "Terms") and identity of the offeror. If within 24 hours of such notice Buyer indicates its agreement to purchase the grapes pursuant to the Terms, Seller shall sell and Buyer shall buy such grapes pursuant to the Terms and all other terms and conditions of this Contract. If Buyer does not indicate its agreement within said 24 hours, Seller thereafter shall have the right to sell the Excess or Nonconforming Grapes to the same offeror pursuant to the Terms.

Seller is not relieved of delivering all other contracted grapes that do meet the requirements of this Contract. If, in any two consecutive years, 20% of the grapes of any variety set forth above fail to meet the requirements of this Contract or if the tonnage grown for any variety exceeds the contracted tonnage by more than 20%, Buyer shall have the right to terminate this Contract as to said variety by giving 90 days prior written notice to Seller.

**ASSIGNMENTS:** This Contract and the covenants contained herein shall run with the land and shall bind both parties, their heirs, representatives, successors and assigns, whether partial or entire. If at any time Seller ceases to be in full charge of grape production on the Property, whether because of sale, lease, or foreclosure, or any other reason, or there is a significant change in ownership or management of Seller or the vineyard: (1) Seller shall notify Buyer within 30 days of any such event; (2) for contracts subject to the Cash Price option, Buyer shall thereafter pay the Cash Price; and (3) anytime after receiving notice of such event, Buyer shall have the right to terminate this Contract.

**FORCE MAJEURE:** If the business of either party is interfered with by any reason beyond such party's reasonable control, which prevents performance of this Contract, such party may cancel this Contract for the period of time affected thereby with no obligation to deliver, accept, or pay for undelivered grapes.

**SEVERABILITY:** If any part of this Contract is found to be illegal or unenforceable, all of the remaining parts shall be considered severable, shall remain in full force and effect, and shall be enforceable.

**NOTICES:** All communications, notices, approvals and consents (collectively, "Communications") shall be in writing, and shall be deemed to have been given and to be effective (i) on the day it is hand delivered, deposited with an express or courier service, faxed (confirmed) or e-mailed (confirmed), or (ii) if only mailed, on the fourth (4<sup>th</sup>) business day after being deposited in the United States Postal Service first class mail as registered or certified mail, postage prepaid, return receipt requested. Communications must be addressed to the other Party as indicated on the last page of this Contract. Either Party may, by notice to the other, change its address, e-mail address, or facsimile number for receiving Communications.

**INDEMNIFICATION:** Seller will promptly reimburse Buyer for any damage to Buyer's equipment or property caused by the actions or negligence of Seller, including but not limited to damage or injury caused by the presence of any foreign objects or MOG in loads of Seller's grapes delivered to Buyer. Seller shall indemnify, defend (with counsel selected by Buyer) and hold Buyer harmless from and against any damage, claims, liabilities and costs, including reasonable attorneys' fees, or losses of any kind or nature whatsoever, which may in any way arise from the actions, negligence or omissions of Seller or any breach of this Contract by Seller. This indemnification provision shall survive the termination or expiration of this Contract.

**NONDISCRIMINATION:** The nondiscrimination and affirmative action provisions of Executive Order 11246 (41 C.F.R. Section 60-1.4(a) (1-7)) and its implementing regulations (41 C.F.R. Part 60-2), the Vietnam Era Veteran's Readjustment Assistance Act of 1974, 38 U.S.C. Section 4212, and its implementing regulations (41 C.F.R. Part 60-250), and the Rehabilitation Act of 1973 and its implementing regulations (41 C.F.R. Part 60-741), are incorporated herein by specific reference, and Seller shall comply with them, if and to the extent they are applicable.

**RIGHTS ARE CUMULATIVE:** All rights and remedies (including termination and rejection rights) specified in this Contract are cumulative, and do not limit or affect either of the party's other rights and remedies at law or equity, including but not limited to the right to terminate this Contract in the event of a material breach.

**DISPUTES:** Any controversy or claim arising out of or relating to the subject matter of this Contract shall be (1) settled by binding arbitration in Modesto, California in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and (2) governed by and construed in accordance with the laws of the State of California. All disputes shall be heard and determined by a single arbitrator; provided however if either party alleges damages exceeding \$250,000, then the dispute shall be heard and determined by a panel of three arbitrators at the request of either party in the demand or answer. Any cause of action between the Parties, whether under this Contract, to obtain a judgment upon any arbitration award, or otherwise, may be brought only in a court having jurisdiction and venue in Modesto, California. Each Party waives any objection on the basis of personal jurisdiction or venue.

**OTHER REPRESENTATIONS AND WARRANTIES OF SELLER:** Seller represents and warrants that (a) all grapes are Seller's sole property and are not and will not be subject to any other sale or contract to sell or to any other encumbrance except none; (b) Seller is authorized to enter into this Contract; (c) the person signing on behalf of Seller is authorized to execute this Contract on behalf of Seller; (d) the attached legal description is the correct legal description for the land subject to this Contract; and (e) all owners in fee simple absolute of the Property consent to and have signed this Contract.

**ENTIRE AGREEMENT, WAIVER AND MODIFICATIONS:** This Contract includes the following addendum (if any), which is incorporated herein by this reference: Exhibit A ("Addendum"). The terms of the Addendum control over any contrary terms of this Contract. This Contract supersedes any and all negotiations, discussions, representations, understandings or agreements. This Contract (including the Addendum, if any) is the final expression of the agreement and the complete and exclusive statement of the terms of the agreement. No delay or omission in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver. No waiver of any breach or condition shall be effective, and no alteration, modification, extension or amendment shall be effective unless in writing signed by the Seller and by either a Vice President or a President of Buyer.

I have read this Contract (including the Addendum, if any). I represent and warrant that I have been duly authorized to sign this Contract on behalf of Seller. I understand that this Contract will not be binding on Buyer unless it is signed by a Vice President or President of Buyer.

Seller: Slater Farms, Inc.  
(print Seller's full legal name)  
By: Thomas J Slater  
(Seller's signature)  
Print Name: Thomas J. Slater  
Print Title: Owner  
Sellers Address: 51379 Central Ave.  
Clarksburg, CA 95612  
Seller's Fax: \_\_\_\_\_  
Seller's E-Mail: \_\_\_\_\_

Seller: \_\_\_\_\_  
(print Seller's full legal name)  
By: \_\_\_\_\_  
(Seller's signature)  
Print Name: \_\_\_\_\_  
Print Title: \_\_\_\_\_

Recommended by Dennis Ulmer  
(Print Buyer's Representative's name)

Dennis Ulmer  
(Buyer's Representative's signature)

APPROVED E. & J. GALLO WINERY ("BUYER")  
By: Gregory Coleman  
Name: Gregory Coleman  
Title: VP Grower Relations

Mailing Address: Attn.: Grower Relations Department, P.O. Box 1130, Modesto, CA 95353  
Hand Delivery: Attn.: Grower Relations Department, 600 Yosemite Blvd., Modesto, CA 95354  
Fax: 209-342-1600 E-Mail: \_\_\_\_\_

**The following section needs to be completed and signed only if the persons or entities listed as the Seller do not constitute all of the owners of the Property:**

I/we represent and warrant that I/we am/are the sole owner(s) ("Owner") in fee simple absolute of the Property (or if the Owner is an entity, I am authorized to sign leases and similar documents encumbering the Property and to consent to this Contract on behalf of the Owner). Owner consents to this Contract and all future amendments executed by Seller and Buyer, except that any amendment extending the term of this Contract requires Owner's further written consent:

Owner: \_\_\_\_\_  
(print Owner's full legal name)  
By: \_\_\_\_\_  
(Owner's signature)  
Print Name/Title: \_\_\_\_\_  
Owner's Address: \_\_\_\_\_

Owner: \_\_\_\_\_  
(print Owner's full legal name)  
By: \_\_\_\_\_  
(Owner's signature)  
Print Name/Title: \_\_\_\_\_  
Owner's Address: \_\_\_\_\_

Exhibit A  
Contract # 54215

YOLO-10

**Location**

Southwest corner of Duck Lane and Clarksburg Rd.

**Legal Description**

A portion of the NW ¼ and the SE ¼ of Section 32, T7N, R4E, MDB&M

**APN #** 43-16-24

---

*Thomas J Slater for Slater Farms Inc*      *MAR. 17, 2008*  
Seller: Thomas J. Slater for Slater Farms, Inc.      Date

---

Seller

Date

**E. & J. Gallo Winery**

*Gregory Coleman*      *3/31/08*  
Buyer      Date  
Gregory Coleman, V.P. Grower Relations

# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of San Joaquin

On 3-17-08 before me, Cheri Moore, Notary Public  
(Here insert name and title of the officer)

personally appeared Thomas Slater

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

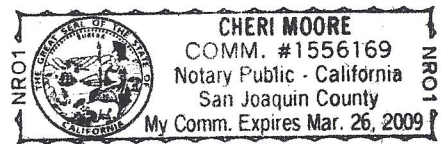
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Cheri Moore

Signature of Notary Public

(Notary Seal)



## ADDITIONAL OPTIONAL INFORMATION

### INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

DESCRIPTION OF THE ATTACHED DOCUMENT

Grape Purchasing Contract  
(Title or description of attached document)

#54215 and Exhibit A  
(Title or description of attached document continued)

Number of Pages 5 Document Date 3-17-08

(Additional information)

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, is/are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

CAPACITY CLAIMED BY THE SIGNER

Individual (s)

Corporate Officer

\_\_\_\_\_ (Title)

Partner(s)

Attorney-in-Fact

Trustee(s)

Other \_\_\_\_\_

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Stanislaus }

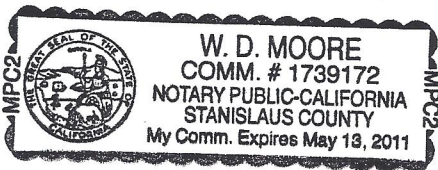
On April 1, 2008 before me, W.D. Moore, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Gregory Coleman  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature W.D. Moore  
Signature of Notary Public

### OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

#### Description of Attached Document

Title or Type of Document: Grape Purchasing Contract #54215

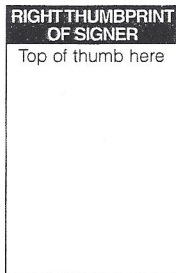
Document Date: March 17, 2008 Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

#### Capacity(ies) Claimed by Signer(s)

Signer's Name: \_\_\_\_\_

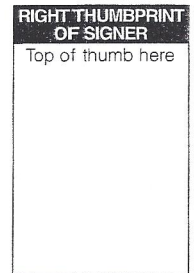
- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_