

GRGICH HILLS
ESTATE



WHOLESALE POLICY
Terms & Conditions
Distributor Policy

GRGICH HILLS ESTATE - TERMS AND CONDITIONS

Dated 5/1/10

1. Title to GRGICH HILLS ESTATE (or "Seller") Products passes to Buyer when they have been loaded upon a common carrier at GRGICH HILLS ESTATE's premises and risk of loss passes to Buyer upon the earlier of delivery, or placement with a carrier. Buyer shall pay all applicable taxes and shipping costs. Payment for Products is due to GRGICH HILLS ESTATE within 30 days of invoice. Payment shall be by check, EFT, or otherwise as GRGICH HILLS ESTATE may direct in writing. Payments over 30 days shall be subject to interest at 1.5% per 30-day period. GRGICH HILLS ESTATE reserves the right to reassess Buyer's creditworthiness, or require payment CBD or COD, at any time. Buyer acknowledges that these Terms and Conditions constitute a security agreement between GRGICH HILLS ESTATE as secured creditor, and Buyer, as debtor, for the purposes of the Uniform Commercial Code. GRGICH HILLS ESTATE must agree in writing to all bill backs prior to expense being incurred. No bill backs without acceptable supporting documentation shall be accepted or processed more than 90 days from the date of the expense being incurred. Buyer agrees to execute and deliver to Seller such financing statements and other instruments as Seller may reasonably request in order to perfect its security interest. GRGICH HILLS ESTATE is not liable for any incidental, consequential or special damages, interest, costs or expenses or for loss of use or lost profits or wages, incurred by Buyer in any fashion or manner in connection with the sale or use of the goods, whether or not GRGICH HILLS ESTATE knew such damages might be incurred.
2. Distributor buyers shall: (a) possess all necessary state and federal licenses and permits and will keep the same in force; (b) protect GRGICH HILLS ESTATE's trademarks, confidential information and business plans and shall cooperate with GRGICH HILLS ESTATE (at GRGICH HILLS ESTATE's cost) in the defense or prosecution of any action related to GRGICH HILLS ESTATE's trademarks or confidential information; (c) not transfer their rights to distribute GRGICH HILLS ESTATE Products in any way unless they have obtained permission in writing from GRGICH HILLS ESTATE to do so; (d) provide such storage, warehousing, delivery, merchandising, marketing and sales service to GRGICH HILLS ESTATE as shall be necessary to properly market, sell and protect the Products, and (e) provide such depletion, sales and other reports as GRGICH HILLS ESTATE shall from time-to-time request.
3. If the law of the state in which Distributor does business requires procedures, times within which to act, respond to notices or cure defaults other than those set forth in these Terms and Conditions, such laws and regulations shall apply; provided, however, that the obligations, rights and responsibilities of Distributor shall be interpreted as set forth in these Terms and Conditions to the full extent not inconsistent with such law or regulation.
4. California law governs these Terms and Conditions. The term of Distributor's appointment is at-will, is renewable annually on thirty days notice, and may be terminated by GRGICH HILLS ESTATE on thirty days notice at any time. Breach of any promise made by Distributor or failure of Distributor to meet shipment, depletion and account placement requirements mutually agreed to between the parties shall be "good cause" for termination for the purpose of any state law. In the event of any dispute related to GRGICH HILLS ESTATE, GRGICH HILLS ESTATE Products or Distributor's rights to continue distributing GRGICH HILLS ESTATE Products, Distributor agrees that the same shall be resolved by arbitration in San Francisco in accordance with the Comprehensive Rules and Procedures of JAMS or its successor then in effect, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The decision of the arbitrator shall be final and binding on the parties. The arbitrators are not empowered to award damages in excess of compensatory damages, but shall include in the final award an allocation of attorneys' fees, costs and expenses incurred in the arbitration, whether or not such fees, costs and expenses would otherwise be recoverable under applicable statutes and rules of court. The arbitrator shall only be empowered to decide the dispute in accordance with the laws of the State of California. The arbitrator shall render the award in writing, explaining the factual and legal basis for decision as to each of the principal controverted issues. The parties and each of them expressly agree that any petition to confirm, modify or enforce the arbitral award, other than for non-payment of goods sold and delivered, shall be resolved in a State or Federal Court of competent jurisdiction in San Francisco, to which jurisdiction the parties hereby submit.
5. GRGICH HILLS ESTATE reserves the right to establish standards of re-sale for its products that protect the brand image and value and specifically reserves the right to terminate sales to accounts that engage in below-cost price promotions that harm the brand, or in practices (such as bait and switch) that are anti-competitive or violate the law of any state.
6. These Terms and Conditions apply to any goods purchased from GRGICH HILLS ESTATE by Distributor or Buyer; provided, however, that these terms and conditions shall be subject to the terms of any mutually executed written Agreement between Distributor and GRGICH HILLS ESTATE. Distributor or Buyer's submission of a purchase order for any GRGICH HILLS ESTATE product shall constitute agreement to these Terms and Conditions, which may be modified at any time by policies found at GRGICH HILLS ESTATE's website [www.grgich.com].



DISTRIBUTOR POLICIES

This document is designed to clearly outline the policies and procedures involved in doing business with **GRGICH HILLS ESTATE (GHE)**:

TERMS OF SALE

Net 45 days (unless state law dictates otherwise). Title to **GHE** wines passes to buyer when they have been loaded upon a common carrier at GHE's premises and risk of loss passes to Buyer upon the earlier of delivery or placement with a carrier. *Please see the complete terms and conditions for doing business with GHE, which are found on our website at www.grgich.com/trade.*

SAMPLE POLICY

GHE encourages sampling of wines, and will share in field sample expense at 50% of wholesaler's laid-in cost, unless otherwise stipulated. Samples for market work-withs shall also be billed at 50% of wholesaler's laid-in cost. All requests for reimbursement of sample costs **must be accompanied** by a report detailing salesperson and account information. Trade Show and Consumer Event wine expenses shall be billed at 100% laid-in cost for wines pulled from distributor inventory with prior winery written authorization (PO# to be issued).

WINE LIST PARTICIPATION

GHE will participate in the printing costs of wine lists featuring **GHE** wine, not to exceed \$15 per listing per calendar quarter. Duplicate billings for initial placement will only be approved for vintage changes. In addition, all spellings, vintages, and wine descriptions must be accurate. Requests for payment must be accompanied by a copy of the listing. In the interest of conservation, please send only cover and pages listing **GHE** wines.

CHARGEBACKS

GHE utilizes a Purchase Order process for all agree chargebacks **prior** to expense being incurred. Chargebacks for anything outside our normal, listed policy require a Purchase Order number. No bill backs without acceptable supporting documentation shall be accepted. No bill backs shall be processed more than 90 days from the date of the expense being incurred. Any DA/SPA support for BTG or other promotions must be agreed upon in advance, in writing, and registered with our accounting team. These expenses will be shared 50/50 with Distributor. Chargeback invoices for monies due will be reimbursed in the form of a credit memo against purchases or outstanding balance.

UNSALEABLES

GHE unsaleable wine must meet the following requirements: Unsaleable product is defined to be Product that (a) is spoiled, putrid or foul, or (b) has sustained damage to its primary or secondary packaging and is no longer commercially marketable. The party responsible for the unsaleable Product shall be responsible for the costs of collecting (or returning, at GHE's option) such Products from the marketplace. Title of Product passes to Distributor when Product is loaded onto the Distributor's carrier.

Requests for reimbursement for unsaleable wines must include the following and must be discussed with the **GHE** Regional Manager in advance: 1) A detailed description of the wine on the bill back/invoice detailing the vintage, varietal and size, 2) An explanation/description of why the wine was determined unsaleable, 3) Certified Proof of Destruction. Wine approved as unsaleable and as the responsibility of **GHE** may be billed back at 100%. Unsaleable wine which is the responsibility of the Distributor (any damage incurred after the Product has left the **GHE** warehouse in Rutherford, CA) will not be reimbursed.

FISCAL YEAR

GHE operates on a fiscal year starting September 1 and ending August 31. All reporting should be set to those parameters.

INVENTORY REQUIREMENT

GHE requires Distributor to maintain a minimum of 60 – 90 day inventory.

DEPLETION / INVENTORY REPORTS

GHE requests all distributor partners report their monthly detailed sales and ending inventories, by varietal, size, and vintage to BDN by the 5th business day of each month.

ACCOUNTS SOLD

In the interest of supporting your success, **GHE** requests access to monthly accounts sold report. Please include account name, type, address and phone number, the name of the key contact, sales representative and the wine(s) purchased by type and size. Please e-mail in Microsoft Excel format or provide web access.

UPDATED DISTRIBUTOR INFORMATION

GHE requests a quarterly update of your management and sales staff changes. Please include new assignments, territories, home addresses, e-mails, telephone numbers and other pertinent changes that would affect our ability to effectively communicate on a timely basis with your personnel.

We request that on a quarterly basis you provide **GHE** with updated information pertaining to significant changes or opportunities in your market. By sending us key account lists, trade events, charitable auctions, etc. we can be more responsive to your needs.

HOSPITALITY/VIP TOURS

GHE is pleased to be able to extend an opportunity for you, your staff and key customers to enjoy the winery when in the Napa Valley.

Our hospitality staff is available to provide a VIP winery tour and tasting daily at 9:30am with prior appointment. We suggest making an appointment well in advance and then confirming at least 24 hours prior to arrival. Please contact your Regional Sales Manager to make an appointment.

IMPORTANT NUMBERS

Winery Address:

Grgich Hills Estate
P.O. Box 450
1829 St. Helena Highway
Rutherford, CA 94573
BW 4813

Tel: (707) 963-2784

Fax: (707) 963-8725

Case Warehouse:

1829 St. Helena Highway
Rutherford, CA 94573

KEY PERSONNEL

Wine Maker/Proprietor/President	Miljenko "Mike" Grgich.....	mike@grgich.com
Co-Proprietor/Chairman of the Board	Austin Hills	hillsa@grgich.com
Co-Proprietor.....	Mary Lee Strebl	
Co-Proprietor/Vice President, Operations & Sales.....	Violet Grgich.....	violetta@grgich.com
Vice President, Production & Vineyards.....	Ivo Jeramaz	ivo@grgich.com
Accounts Payable	Accounts Payable	ap@grgich.com
Accounts Receivable	Accounts Receivable	ar@grgich.com
Assistant to the President / Export Director	Maryanne Wedner	maryanne@grgich.com
Assistant to Violet Grgich	Renée Keller	renee@grgich.com
Director of Sales	Rebecca Geschwender.....	rebecca@grgich.com
National Sales Manager.....	Carl Russo.....	carl@grgich.com
National Sales Ambassador	Sean Barrett.....	sean@grgich.com
Director of Marketing & DTC.....	Sylvie Schwarze	sylvie@grgich.com
Communications & Marketing Manager.....	Ken Morris.....	ken@grgich.com
Associate Marketing Manager/Events Coordinator.....	Rebecca Johnson	rjohnson@grgich.com
Compliance Specialist / Graphic Design.....	Gail Golden	ggolden@grgich.com
Assistant CA & Export Sales Manager	Kathryn Fletcher	kathryn@grgich.com
DTC & Hospitality Manager.....	Sean Hubbard.....	shubbard@grgich.com
Director of Finance & Administration.....	Mike Mathews	mikemathews@grgich.com
Senior Accountant	Michelle Borzoni	michelle@grgich.com
Accounting Manager	Shannon Wilson	shannon@grgich.com