

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

BALLETO RANCH, INC

AND

UNITED FARM WORKERS OF AMERICA, AFL-CIO

SEPTEMBER 28, 2003 TO SEPTEMBER 27, 2007

1. RECOGNITION

The Employer and the Union after negotiating in good faith have come to the following understanding covering wages, hours, conditions of employment, and other benefits for the agricultural workers of the Employer. The parties agree that it is their intent and the spirit of this Agreement to benefit all phases of agricultural employment, the agricultural workers as well as the Company. Both the Employer and the Union hereby pledge that they will cooperate with each other in good faith for the best interests of all concerned.

Both the Employer and the Union will make known to the agricultural workers the obligations of the parties set forth in this Agreement, and in addition, the Company shall so inform its supervisors.

Neither the Company nor any of its representatives will take any action to disparage, denigrate or subvert the Union. Neither the Union nor any of its representatives will take any action to disparage, denigrate or subvert the Company.

The Union and the Company agree with the objective of a fair day's work for a fair day's pay. The Union and the Company further agree with the objective of a safe, productive and incentive based work environment. In accordance with these objectives, the agricultural workers recognize their obligations in carrying out their job responsibilities and assignments.

1.11 PARTIES TO CONTRACT

The Employer entering into this Agreement is Balletto Ranch, Inc., herein called "Employer" or "Company".

1.12 OBLIGATIONS OF EMPLOYER AND UNION

The Company will make known to all agricultural workers, supervisors and officers, its policies and commitments as set forth below with respect to recognition of the Union and will encourage agricultural workers in the bargaining unit to give utmost consideration to supporting and participating in collective bargaining and contract administration functions.

The Company shall not interfere with the internal business of the Union. The Union shall not interfere with the operations or business of the Employer.

The Company further recognizes the rights and obligations of the Union as the sole and exclusive bargaining agent to negotiate wages, hours and conditions of employment and to administer this agreement on behalf of agricultural workers. The Company recognizes it cannot make any individual agreements with any agricultural workers.

1.13 UNION PARTY TO CONTRACT

The Union entering this Agreement is the United Farm Workers of America, AFL-CIO called "Union" or "UFW" herein.

1.14 BASIS FOR RECOGNITION SPECIFIED

The UFW was certified to represent all agricultural workers of the Employer in the state of California by the Agricultural Labor Relations Board on August 5, 1998 in case name Balletto Ranch, Inc. Case number 98-RC-2-SAL. The agricultural employees covered by this Agreement are those employed by the Company working in the job classifications attached hereto and those added, if any, by the mutual written agreement of the parties.

1.15 RECOGNITION OF UNION IN NEW LOCATIONS

If the Employer extends its operations in California, this Agreement shall cover agricultural workers employed by the Company in such locations.

1.16 EMPLOYEES EXCLUDED FROM BARGAINING UNIT

The term "agricultural worker" shall mean persons performing agricultural labor in the field or in support of such labor, but does not include security guards, management trainees, clerical, office, sales or supervisory workers who have the authority to hire, transfer, suspend, layoff, recall, promote, discharge, assign, reward or discipline other agricultural workers or the responsibility to direct them or adjust their grievances or effectively recommend such action, if, in connection with the foregoing, the exercise of such authority is not of a merely routine or clerical in nature, but requires the use of independent judgment.

1.17 ASSIGNABILITY OF CONTRACT

All of the terms and provisions of this Agreement shall be binding upon the Company and its successor and assigns. In the event the business is taken over by receivership or bankruptcy, the terms and conditions of this agreement shall be honored by such trustees and included in appropriate agreement before the court.

1.18 APPLICATION OF EMPLOYEE HANDBOOK

The terms and conditions of the Company's Employee Handbook apply to agricultural workers except where the terms therein are inconsistent with this Agreement, in which case, the terms of this Agreement shall govern.

2. UNION SECURITY

2.11 UNION SHOP

The Company will advise new agricultural workers that it is a condition of their employment that they must become a member of the Union within seven (7) days of the effective date of this Agreement, or seven (7) days after the beginning of their employment, whichever is later, and to remain a member of the Union in good standing.

2.12 PENALTY FOR FAILURE TO MAINTAIN UNION MEMBERSHIP

Any agricultural worker who fails to become a member of the Union within the time limit set forth herein, or who fails to pay the required, periodic dues or assessments as prescribed by the Union pursuant to the provisions of the Union's constitution, shall be immediately discharged or suspended upon written notice from the Union to the Employer. The Union shall be the sole judge of the good standing of its members.

2.13 ITEMS AND AMOUNT SUBJECT TO CHECK-OFF

The Company agrees to deduct from each agricultural worker's pay all periodic dues and assessments, as required by the Union and communicated to the Company in writing. The Company shall make such deductions upon presentation by the Union of an individual authorization signed by each agricultural worker, directing the Company to make such deductions. The Company shall make deductions from the agricultural worker's pay for that payroll period in which it is submitted, provided that it is submitted at least five (5) days in advance of the close of the pay period, and periodically thereafter as specified on the authorization so long as such authorization is in effect. The Union shall provide authorization forms for all dues and assessment payroll deductions.

2.14 CHECK-OFF AUTHORIZATION FORMS

The Company will cause new agricultural workers to sign the membership applications and dues check-off authorization forms not later than seven (7) calendar days following the beginning of employment. Within seven (7) calendar days of hiring new worker(s), the Company will send the Union completed membership applications and authorizations for check-off deductions for each agricultural worker on the payroll. The Union will provide the Company with completed membership applications and authorizations for check-off deductions within ten (10) days of signing of the Agreement for each agricultural worker then on the payroll.

2.15 ADMINISTRATION OF CHECK-OFF

The Union will notify the Company in writing of the amount of deductions within two (2) days of the execution of this Agreement and fourteen (14) days before the effective date of any changes.

2.16 TRANSMITTAL OF DEDUCTION TO UNION

Withheld deductions are to be mailed to the Union, Attention: Financial Department, P.O. Box 62, Keene, California 93531, within two (2) working days of the day the payroll checks are distributed to the employees.

2.17 UNION REPRESENTATIVE

It is mutually agreed that the prompt adjustment of grievances and the proper administration of this Agreement is desirable in the interest of sound relations between agricultural workers and the Company. To that end, the Union shall designate a Union Representative and an alternate at each of the Company's ranches. In the event that either (1) the Union Representative or the alternative is no longer an active status employee of the Company, or (2) the Union wishes to change its designated Representative or alternate, then the Union shall notify the Company, in writing, of the replacement representative within seven (7) calendar days prior to the replacement. No agricultural worker shall serve as a Union Representative if he or she is the only employee in a given classification. The Union Representative shall be recognized by the Company as the official representative of the Union, and shall be compensated by the Company while performing his/her duties pursuant to this Agreement at the rate which he/she would have received had he/she worked at his/her regular job classification during that time. The initial meeting between the Union Representative and any agricultural employee shall take place during the non-working hours of both employees. The Union Representative shall so conduct his/her affairs so that no overtime work shall be performed, and shall make every effort to conduct his/her Union business in a way which least interferes with the business of the Company and the productive time of workers.

The Company shall not interfere with or hinder any Union representative in the performance of his/her duties. The Union representative shall not interfere with the Company's operations or the direction of the work force by the supervisors.

2.18 UNION ACCESS TO COMPANY PROPERTY

Duly authorized and designated representatives of the Union shall have right of access to Company premises covered by this Agreement in connection with the conduct of normal Union affairs in administration of this Agreement, provided that there shall be no interference with the productive activities of any workers. In most cases, at least 24 hours before a Union representative enters the Company's premises to contact any agricultural worker, and in no event less than two hours prior, such representative shall notify the Company of his or her intended presence on the premises and of the specific times and duration and number of the proposed contacts. Up to two Union representatives shall have the right to enter each ranch at any one time for the purposes of contacting agricultural workers.

Unless the Union specifically notifies the Company in advance, such contact shall take place in the parking lot or lunchrooms only. All such contact must take place during non-working hours.

2.19 BULLETIN BOARD

The Company will supply the Union bulletin board space in Agricultural employee lunchrooms.

2.20 INDEMNIFICATION

The Union shall indemnify and hold the Company harmless from and against any and all claims, demands, suits, or other forms of liability that may arise out of or by reason of action taken by the Company to comply with any of the provisions of this Article 2.

3. HIRING

3.11 REFERRAL HIRING PROVISIONS

When new or additional agricultural workers are needed after initial efforts (no more than ten (10) calendar days) to recruit have failed, the Company will inform the Union of the amount of agricultural workers needed and type of work to be done and will consider qualified applicants referred by the Union along with other qualified applicants. Neither the Company nor the Union shall discriminate against any worker in referral or hiring because of race, disability, age, creed, color, religion, sex, political belief, Union activity, sexual preference, national origin, or any other protected criteria. It is agreed that this obligation includes, but is not limited to the following: hiring, placement, recruitment, and advertising or solicitation of applicants for employment.

4. SENIORITY

4.1 DEFINITION OF SENIORITY

All agricultural employees shall be "temporary" until they attain seniority. Seniority shall be obtained by working thirty (30) days within a one hundred twenty (120) calendar day period. Temporary employees may be disciplined or discharged during the temporary period without recourse to the Dispute Resolution Procedure. Upon completion of thirty (30) work days within the one hundred twenty (120) calendar day temporary period, the employee shall be placed on the applicable seniority list retroactive to the employee's first day of hire.

Agricultural workers are not eligible for fringe benefits until they have obtained seniority and meet the specific requirements of each benefit plan.

4.11 WORKERS HIRED THE SAME DAY

In the event that 2 or more workers are hired the same day the worker with the lowest four digits of his/her social security number shall have the highest seniority.

4.12 LOSS OF SENIORITY

Seniority shall be lost for the following reasons:

- Voluntarily quitting;
- Failure to report to work for three (3) consecutive work days without notice or with notice but without good cause;
- Discharge for just cause;
- When recalled following a layoff, failure to timely report back to work after notice to the agricultural worker.
- Failure to report to work at the termination of a leave of absence or vacation without an approved extension or other reasons satisfactory to the Company. Securing other employment during a leave of absence is not a satisfactory reason.
- When a agricultural worker leaves the bargaining unit to accept a permanent supervisory position with the Company.

The Company will provide to the Union on a quarterly basis, a list of agricultural workers by name, social security number, seniority date, and job classification, whose seniority was lost during the prior quarter pursuant to this Article 4.12.

No agricultural employee shall suffer any loss of seniority, compensation or benefits due to any changes in the employee's name or social security number, provided that the new social security number is valid and the employee is authorized to work in the United States.

4.13 PERIODIC REVISION OF LIST

The Company will furnish the Union with two (2) copies of a seniority list every three (3) months. The Company shall maintain all seniority lists by classification in order of seniority within the classification. All seniority lists shall include the agricultural worker's name, social security number, classification seniority date, and current address and phone number.

All initial seniority lists shall be prepared within seven (7) calendar days of execution of this Agreement. The initial seniority list shall be approved and initialed by both the Union and the Employer and attached hereto.

If a question arises concerning the accuracy of the lists, the Union and the Company shall attempt to resolve the dispute as expeditiously as possible, in accordance with the Dispute Resolution procedure.

4.14 ROLE OF SENIORITY IN LAYOFF

Agricultural workers having seniority shall be laid-off in accordance with the seniority list within their classification, those having the least seniority being laid off first.

Each agricultural worker shall supply at the time of layoff, the exact address and telephone number where he/she wishes to receive notice of recall and, thereafter, the agricultural worker shall be responsible for notifying the Company in writing of any such change of address or telephone number.

In cases of crews performing general labor, layoffs may be by entire crew without regard to individual seniority. Such provisions will not be used for more than five (5) calendar days (excluding Sundays).

4.15 ROLE OF SENIORITY IN REHIRING

Whenever the Company recalls agricultural workers, the Company shall recall agricultural workers in order of classification seniority with those with the highest classification seniority recalled first.

4.16 NOTICE OF RECALL

The Company, when anticipating the recall of seniority agricultural workers, shall notify the agricultural workers not less than seven (7) calendar days prior to the estimated starting day of work. A written notice shall be mailed by First Class mail to the agricultural worker at his/her last known address. The names and addresses of those agricultural workers who are mailed recall notices will be provided to the Union, upon the Union's written request.

The Company shall send the notice to the address supplied by each agricultural worker on layoff, advising him/her of the estimated date on which his/her classification will begin work. The notice shall advise the agricultural worker that the exact date and time on which work will begin can be obtained by phoning the Company office at (707) 523-2983. The notice shall further advise the agricultural worker that if he/she is unable to report to work on the date specified, he/she shall inform the Company by telephone at (707) 523-2983 or in writing to P. O. Box 2579, Sebastopol, California, and that his/her failure to timely report for work will result in his/her loss of seniority and termination.

Upon the Union's written request, the Company shall make available to the Union the names of all agricultural workers to whom recall notices were sent and the anticipated starting date. The Company shall make available to the Union, at the Union's request, any notice of recall that has been returned with Post Office notice of nondelivery.

During the operating season, when a layoff occurs that is fifteen (15) days or less, and the agricultural worker has been given a specific report back date, no written notice of recall shall be required.

Whenever there is a recall and fewer than the expected number of employees return to work, the Company may call additional agricultural workers forty-eight (48) hours prior to the estimated starting day of work.

4.17 POSTING REQUIREMENTS

When the Company creates a new job or there is an opening in a classification with a higher pay than the general labor rate, the job will be posted.

4.18 LENGTH OF POSTING

Such posting shall remain on the bulletin board for seven (7) calendar days. All applications must be received within the posting period in order to be eligible. The posting period shall be extended for another two (2) days if the Company receives no satisfactory qualified applicants during the initial posting.

4.19 TRIAL PERIOD AFTER PROMOTION

Agricultural workers who are promoted to another job will be given a reasonable period, up to a maximum of thirty (30) calendar days, to adjust to his/her new duties. If he/she does not perform the job in a satisfactory manner, he/she shall return to his/her former classification and pay after that period of up to thirty (30) calendar days.

4.20 RIGHT TO RETURN TO FORMER JOB

Agricultural workers failing to qualify for a job acquired under section 4.19 shall be restored to their former job and pay with no loss of seniority.

4.21 TRAINING

The Company agrees to provide on-the-job training for agricultural workers in the bargaining unit in an effort to fill expected vacancies in such jobs so the agricultural workers will have the opportunity to learn the necessary skills. The Company will determine the timing and number of programs, the curriculum to be used, and the timing and number of vacancies. Agricultural workers who successfully complete such training and desire consideration for placement in higher job classifications may follow the bidding procedure outlined above.

4.22 RESIGNATION/REHIRE

Agricultural workers who desire to terminate their employment shall give their supervisor a minimum of three (3) days advance notice of intention to terminate. All accumulated pay which has not been received by the employee will be paid within 48 hours (excluding Saturday, Sunday and Holidays), provided that all Company-issued property is returned in good condition.

An employee who quits (which includes walking off the job without notice) but does not give the minimum three (3) days notice of intention to terminate is not eligible for rehire for a period of one (1) year from the date of termination. At the sole discretion of the Company, this may be waived in exceptional circumstances. Employees discharged for cause are not eligible for rehire.

5. NO STRIKE - NO LOCK OUT CLAUSE

5.11 STRIKE

Employees covered by this Agreement shall not engage in any strike, slowdown, work stoppage or boycott, or any type of activity which creates the same effect, during the term of this Agreement. The Union agrees that a violation of this Article 5.11 may cause the Company irreparable harm and injury and that in the event the Union or any agricultural worker violates this Article 5.11, the Company may obtain a temporary restraining order and/or injunctive relief in addition to any relief to which it may be entitled under this Agreement.

5.12 LOCK OUT

The Company agrees not to engage in any lockout during the term of this Agreement so long as no agricultural workers are engaged in any strike, work stoppage or boycott during the term of this Agreement.

5.13 UNION

The Union shall do everything in its power to stop any conduct by its members which is in violation of this Article 5.

6. DISPUTE RESOLUTION PROCEDURE

6.11 DISPUTE RESOLUTION PROCEDURE

The parties agree that all disputes which arise between the Company and the Union out of the interpretation or application of this Agreement shall be subject to the Dispute Resolution Procedure. The parties further agree that the Dispute Resolution Procedure shall be the exclusive remedy with respect to any dispute arising under this Agreement.

6.12 Processing of grievances following the initial communication between the employee and the Union Representative shall be during working time. When grievances require more than an oral response, the aggrieved employee shall have the right to be present at each step of the Dispute Resolution Procedure, without loss of pay. In grievances involving more than one (1) employee, only one (1) such employee may be present at the Dispute Resolution Procedure. It is agreed that the Union Representative authorized by the Union shall be present throughout each step, when necessary, without loss of pay.

6.13 The time limits herein specified may be extended only by written mutual agreement of the parties. Failure by the Union to comply with the time limits of the Dispute Resolution Procedure shall constitute a withdrawal of the grievance with prejudice. If the Company fails to comply with the time limits of the Dispute Resolution Procedure, the grievance shall be granted in favor of the Union. Grievances dropped by the Union or the Company within

five (5) days prior to mediation are deemed withdrawn without prejudice to their respective positions on a similar matter in the future. Withdrawal later than five days prior to mediation is with prejudice.

6.14 First Step: Any grievance arising under this Agreement shall be promptly taken up orally between the Company representative involved and the Union Representative. They shall use their best efforts to resolve the grievance informally. If the grievance is not resolved in the first step, it may be referred to the second step if the specific nature of the grievance is timely presented to the Company in writing which specifies the event giving rise to the grievance, the date upon which the event occurred, the names of the persons involved, any witnesses and the specific provision of the Agreement alleged to have been violated. Failure to file and serve a grievance in writing within twelve (12) calendar days (excluding any rain days not worked by any agricultural workers) from the event giving rise to the grievance or the date upon which the aggrieved party knew or should have known of the occurrence of such event shall constitute a waiver of such grievance. A grievance over a discharge shall be filed and served in writing within seven (7) calendar days (excluding any rain days not worked by any agricultural workers) from the date of discharge.

6.15 Second Step: Not later than five (5) calendar days after the written grievance is filed, the Union Representative and the Company representative delegated to resolve such matters shall meet and use their best efforts to settle the grievance. The Company or Union, as the case may be, shall give a written decision, to the grieving party, including reasons for the decision within four (4) calendar days after the second step meeting. If the grievance is not resolved at this step, the grieving party may appeal to the third step by requesting mediation in accordance with the time limits specified below.

6.16 Third Step: Within ten (10) working days from delivery of the written second step response, the grieving party may choose to send written notice to the other party of its intent to request mediation. If the parties have not mutually agreed to a mediator, the parties shall request a panel of seven (7) mediators' names from the State Mediation and Conciliation Service. After receipt of the list, the parties shall attempt to agree upon a mediator from such list. If they are unable to agree, names will be stricken from said list in the following manner. The party to strike first shall be selected by a coin toss, and the parties shall alternatively strike names. The name remaining after each party has stricken three (3) shall be the designated mediator.

6.17 The mediator shall listen to both sides, counsel and suggest according to the discussion and evidence of issues presented. The mediator will use his/her best efforts to persuade both parties to come to an agreement. If no agreement has been reached after six (6) hours (or fewer as mutually agreed by the parties) of discussions, the mediator shall issue an advisory opinion. The parties hereto agree to stipulate to that opinion as being final and binding on the Company, the Union and the employee(s). The mediator shall have no authority to modify, amend, change, alter, or waive any provision of this Agreement. The mediator shall have the authority to revoke or modify any form of discipline and to award back pay if he/she so determines. The mediator shall have access to the Company or Union

property as necessary and relevant to the specific grievance, providing no interference with the regular business or operations of either party results.

6.18 It is agreed that a grievance may, upon mutual agreement, be expedited to mediation. Under such circumstances, after a grievance has been reduced to writing in accordance with this Article, the grieving party may request a second step meeting within three (3) working days. The responding party shall provide an answer in writing, if denied, within two (2) working days from the close of the grievance meeting. Within three (3) working days from delivery of the written response, the grieving party may then request, with notice to the responding party, that the grievance be referred to expedited mediation. If such a grievance is brought to mediation, it is agreed that it will take priority as to holding an investigation hearing and issuance of a decision over any other case. The duties and the authority of the mediator shall be the same as under section 6.18 of this Article 6.

The mediator shall have the authority to issue a bench decision and award and shall submit to the parties a signed and written decision and award within forty-eight (48) hours of the close of expedited hearing.

6.19 All expenses and fees of the mediator, and the cost of the hearing room, shall be borne equally by the parties if there is an agreed-upon resolution. Each party shall pay the cost of presenting its own case. The fees of any interpreter shall be borne by the party requiring the interpreter.

7. DISCIPLINE AND DISCHARGE

7.1 DISCHARGE

7.11 GENERAL STATEMENT OF GROUNDS FOR DISCHARGE

No agricultural worker shall be disciplined or discharged except for just cause.

7.12 CONDUCT STANDARDS

The Union acknowledges and accepts that the Company takes the position that violation of any of the Conduct Standards contained in the Company's Employee Handbook constitutes just cause for the discipline imposed for the violation. The Company acknowledges and accepts that the Union may take the position during a grievance proceeding or in mediation that the discipline imposed for violation of the Conduct Standards does not constitute just cause for the discipline imposed. It shall then be for the mediator to attempt to resolve the matter, subject to the limitations set forth in Article 6.

7.13 NOTICE TO UNION

The Company agrees that when an employee is terminated, he/she shall be given a notice stating the reasons for the termination. A copy of the notice shall be mailed to the Union no later than forty eight (48) hours after the termination.

7.14 STATUTE OF LIMITATIONS

Warning notices issued by the Employer imposing disciplinary action for violations of Company rules shall have no force or effect after the later of: (1) twelve (12) calendar months, or (2) six (6) months active work status from the date the violation for which such notice was issued.

7.15 ACKNOWLEDGMENT

The agricultural worker shall acknowledge, by signature, the receipt of a written warning. Such acknowledgment is in no way an admission of guilt.

8. LEAVES OF ABSENCE

8.1 RULES GOVERNING LEAVE

The rules regarding leaves of absence are covered in the Company's Employee Handbook and, for agricultural workers, also include the terms set forth below.

8.11 REQUEST FOR LEAVE

An agricultural worker shall be granted a leave of absence without pay for up to twenty (20) calendar days upon written request for bonafide personal reasons as business conditions allow. The consent of the Company will not be unreasonably withheld. Applications for leave of absence without pay shall be made to the Company at least one (1) week in advance of the effective date of the leave of absence. Leaves which are requested on the same date for the same date of absence shall be granted based on seniority and as business conditions allow. Any other leave will be granted on a first-come, first-served basis, as business conditions allow. Any such leaves shall not constitute a breach of the agricultural worker's seniority. Requests for personal leaves of one (1) day or less may be made one day in advance when circumstances justify such short notice. Use of one personal leave in a given year does not eliminate the ability of that employee to apply for and be granted additional personal leaves in that same year, as business conditions allow.

No leave shall be granted for the purpose of seeking or being employed by a different employer. Employees seeking other employment or being employed while on a Company-approved leave forfeit their right to reinstatement.

8.12 EMERGENCY LEAVE

Agricultural workers will be allowed up to seven (7) days emergency leave without pay. Such leave shall be for reasons such as, but not limited to, death or serious illness in the employee's immediate family. An emergency leave may be granted in conjunction with a personal leave, as business conditions allow.

8.13 LONG TERM UNION LEAVE

At the written request of the Union, a leave of absence without pay shall be granted to Union employees to perform functions on behalf of the Union. The leave of absence may be granted for a period of one (1) year, renewable for up to one (1) additional year upon proper application. Seniority shall not be broken but shall be suspended by reasons of such leaves.

8.14 SHORT TERM UNION LEAVE

A leave of absence without pay shall be granted not to exceed three (3) consecutive working days per request to conduct Union business. This request must be provided by the Union to the Company at least two (2) days prior to the day on which such leave commences. Such leaves shall be limited to no more than 8% of the agricultural work force. Only one worker from each classification (excluding the general labor classification) shall be allowed this leave at any given time.

8.15 MEDICAL AND FAMILY LEAVE

In the event of illness or injury, agricultural employees will be granted leaves of absence in accordance with state and federal law. The provisions of the Company's Employee Handbook covering Leaves of Absence shall apply to any request for medical or Family Leave. Seniority will not accumulate during any leave longer than fourteen (14) days other than for a job-related illness or injury.

8.16 ELIGIBILITY REQUIREMENTS

The Company may require substantiation of illness or injury by medical certificate or other adequate proof of illness. Use of a leave of absence for any purpose other than for the reason authorized shall constitute revocation of the leave of absence and cause for discharge. The Company will comply with all applicable laws regarding reinstatement following leave.

8.17 FUNERAL LEAVE

The Company will grant to seniority agricultural workers a maximum of three (3) consecutive working days off with pay for time required to be absent from work because of a death in the immediate family of an employee so long as the employee timely returns to work following the funeral leave. Pay for hourly agricultural workers under this Article is equivalent to the regular straight time hours the employee's crew worked during the employee's absence. Pay for piece rate employees under this Article is based on the employee's average daily earnings for the previous week. The term Immediate family is defined to include the mother, father, brother, sister, spouse, child, mother-in-law, or father-in-law of the employee. The Company may require a death certificate or other valid evidence of death and relationship of the deceased to the agricultural employee as a condition of receiving paid funeral leave.

9. WORKING CONDITIONS AND SAFETY

9.11 COMPLIANCE WITH HEALTH AND SAFETY STATUTES

The Company, the Union and agricultural employees will comply with all applicable laws relating to the health and safety of agricultural workers.

9.12 SAFETY EQUIPMENT AND TOOLS

All Company vehicles and equipment used by and around agricultural workers shall be maintained and operated in a safe condition at all times. Agricultural employees shall at all times comply with this Article 9.12.

Tools and equipment and protective garments historically necessary to perform the work and/or to safeguard the health or to prevent injury to agricultural workers, shall be provided, maintained, and paid for by the Company. Employees shall at all times take all reasonable and prudent steps to consistently and properly protect the health and safety of themselves and other workers and protect the property of the Company.

Agricultural workers shall be responsible for returning all such tools, equipment, and garments that are checked out to them, but shall not be responsible for accidental breakage or normal wear and tear. Agricultural workers shall be charged actual cost of equipment that is not accidentally broken and not returned. Receipts for returned equipment shall be given to the agricultural worker by the Company.

9.13 MEDICAL CARE FOR ACCIDENTS AND MINOR ILLNESS

The Company shall make the necessary provisions for the safety and health of its employees and will maintain adequate medical and first aid services to care for accidents and minor illness occurring while at work. Employees shall make proper use of such medical and first aid services.

9.14 TRANSPORTATION FURNISHED

Any agricultural worker who becomes sick or injured during working hours and requests transportation to a nearby doctor's office or medical facility, may be provided with transportation by the Company.

9.15 SERVICES AVAILABLE TO AGRICULTURAL WORKERS

There shall be adequate toilet facilities, separate for men and women, in the field readily accessible to agricultural workers, that will be maintained by the Company in a clean and sanitary manner. These may be portable facilities and shall be maintained at the ratio of one for every twenty (20) agricultural workers or fraction thereof. Doors on portable

toilets shall have latches. Hand washing facilities, soap, and paper towels shall be provided. Employees shall use their best efforts to assist in keeping the facilities used by them clean and orderly.

Each place where work is performed shall be provided with suitable, cool, potable drinking water in a location convenient to agricultural workers. Water shall be provided in cool clean cans or equivalent containers. Individual drinking cups shall be provided at all times. Employees shall dispose of such cups properly.

9.16 MAINTENANCE OF STANDARDS

The Company agrees that all conditions of employment for agricultural workers relating to earnings, hours of work and working conditions shall be maintained at no less than the highest standards in effect as of the date of this Agreement. This Article 9.16 shall not in any way prohibit the Company from taking any actions permissible under the other provisions of this Agreement.

10. MANAGEMENT RIGHTS

10.11 MANAGEMENT RIGHTS

It is the intention hereof that all of the rights, powers, prerogatives, and authorities of the Company are retained except those specifically abridged or modified by this Agreement including, but not limited, to those set forth in this Article.

It shall be the exclusive responsibility of the Company to hire, promote, direct, supervise, maintain discipline and efficiency (including assignment, transfer and layoff), to make work and safety rules, to determine the size and number of crews and hours of work and to determine employee performance levels. It shall be the exclusive responsibility of the Company to determine whether an employee shall be paid on piece rate or hourly rate, so long as the procedures for setting the piece rate described in Article 10.12 below are followed.

It shall be the exclusive responsibility of the Company to determine the types and amounts of products, the number of acres to be grown or harvested, the schedules of production, the methods, processes and means of production or harvest and the nature of equipment or machinery used.

The Company's failure to exercise the rights reserved to it, or its exercise of them in a particular way, shall not be deemed a waiver of said rights or of its right to exercise them in some other way not in conflict with the express terms of this Agreement.

10.12 NEW CLASSIFICATIONS OR COMMODITIES

New job classifications or commodities or material changes in the operations of existing job classifications or commodities shall be established and made effective by the Company in accordance with the following procedure:

- (a) The Company shall notify the Union in writing of new job classifications or piece rate commodities or of material changes in existing job classifications or piece rate commodities at least ten (10) days in advance of the date on which the new classification or commodity or the change in an existing job classification or commodity is to become effective.
- (b) The Company and the Union shall meet within five (5) days after notice is received to negotiate the wage and/or piece rate.
- (c) If the Union and the Company cannot reach an agreement on the wage and/or piece rate, the Company may make the change effective and the matter may be submitted to mediation as provided for in Article 6 of this Agreement, which shall decide the dispute as to the wage and/or piece rate. The sole and only scope of such mediation shall be the wage and/or piece rate.

11. OVERTIME

11.11 OVERTIME RULES

Overtime will be worked only when necessary. Employees are required to work necessary overtime. Overtime pay will be paid at one and one half (1-1/2) times the employee's regular rate of pay for all hours worked over ten in one day and for all hours worked on the seventh consecutive work day in one work week. Overtime earnings while working by piece rate shall equal at least 1.5 times the piece rate minimum base wage.

Each work week shall commence on Monday and end on Sunday.

12. NON-PRODUCTIVE TIME

12.11 LUNCH PERIOD

Meal time shall be one-half (1/2) hour and is not compensated for nor counted as hours worked. The Company shall not use the meal time breaks for the purpose of moving the agricultural workers to another job-site, or any other related work activity.

12.12 REST PERIODS DURING REGULAR SHIFTS

On each shift of the day, there shall be a twelve (12) minute rest period for each four (4) hours worked without deduction in pay.

12.13 WAITING TIME PAY

All agricultural workers shall be paid for all the time required by the Company to wait on the job. Hourly workers shall be paid their regular hourly rate; piece rate workers shall be paid the piece rate minimum base wage.

12.14 REPORTING TIME

An agricultural worker paid on an hourly or piece rate basis who is required to report to work and does report and is furnished no work or less than four (4) hours of work shall be paid for four (4) hours of work. Hourly workers shall be paid their regular hourly rate; piece rate workers shall be paid the piece rate minimum base wage. This section shall not apply where work covered by this Agreement is delayed or cannot be carried out because of rain, frost, government condemnation of crop, or other causes beyond the control of the Company.

13. VACATIONS

13.11 VACATION

Agricultural workers who work through harvest and with at least 750 hours of uninterrupted service in the prior year shall receive 2% of their total gross wages at the end of the harvest season as vacation pay. Otherwise eligible employees leaving before the end of the harvest season shall accrue vacation pay if and only if they give at least 72 hours advance notice of termination.

14. HOLIDAYS

14.11 DAYS OBSERVED AS PAID HOLIDAYS

Agricultural workers on active status with at least 750 hours of uninterrupted service in the prior year and who work their regularly scheduled days before and after each holiday shall receive pay for the following holidays:

1. NEW YEARS DAY
2. CESAR CHAVEZ DAY, MARCH 31
3. THANKSGIVING DAY
4. CHRISTMAS DAY
5. MEMORIAL DAY
6. LABOR DAY
7. 4th OF JULY

14.12 PAY FOR HOLIDAY NOT WORKED

Eligible hourly workers shall receive 10 hours pay of their normal rate of pay for each of the above mentioned holidays. Eligible piece rate workers shall be paid 10 hours at the piece rate minimum base wage.

14.13 PAY FOR HOLIDAY WORK

Any work performed on the above listed Holidays shall be paid for at a rate of one and one-half (1-1/2) times their regular rate of pay.

15. MEDICAL PLAN

15.11 KAISER PERMANENTE MEDICAL PLAN

The Company shall, commencing on September 28, 2003, and on the first day of the month following completion of the temporary period, for each agricultural employee on active status who has completed his or her temporary period, contribute 70% of the cost of Kaiser Permanente Health Plan coverage for each eligible employee and that employee's spouse and dependent children, so long as the employee pays 30% of the cost of such coverage through a payroll deduction. The coverage for eligible employees' children between the ages of 1 and 18 years of age shall include a dental and vision care plan so long as the plan provided to the Union is available for such children. A copy of each Summary Plan Description has been provided to the Union and employees electing coverage.

16. PENSION PLAN

16.1 JUAN DE LA CRUZ PENSION PLAN

16.11 The Company shall, commencing on January 1, 1999, contribute to the *Juan De La Cruz Farm Workers Pension Plan* \$.10 per hour for every hour worked by each agricultural worker who has completed the temporary period.

16.12 MONTHLY REPORT

The payment described in Article 16.11 and a monthly summary report containing dates of payroll periods, names of workers, social security numbers, total hours worked per agricultural worker, hourly rate of contribution, total amount of contributions, total amount of contributions per agricultural worker, and total count of agricultural workers shall be forwarded to the administrator of Juan De La Cruz Pension Plan not later than the fifteenth day of the month following each month at Bankers Trust Company Banker Hill, Finance Station, P.O. Box 712039, Los Angeles, Ca 90071.

16.13 INDEMNIFICATION

The Union shall indemnify and hold the Company harmless from and against any and all claims, demands, suits, or other forms of liability that may arise out of or by reason of the administration of the **Juan De La Cruz Farm Workers Pension Plan**.

17. WAGES

17.11 HOURLY WAGES

The wage rates set forth below shall apply as of September 28, 2003 to all agricultural workers hired following execution of this Agreement:

JOB CLASSIFICATION

Tractor Driver I will receive a .25 cents per hour per year raise during the term of the Agreement on its anniversary date.

Tractor Driver II will receive a .35 cents per hour per year raise during the term of the Agreement on its anniversary date.

Tractor Drivers III and IV will receive a .50 cents per hour per year raise during the term of the Agreement on its anniversary date.

All other job classifications will receive a 2.5% increase per hour per year for years 2003, 2004, 2005 during the term of the Agreement on its anniversary date, and a 3% increase per hour per year for years 2006 and 2007 during the term of this Agreement on its anniversary date.

Agricultural workers in any of the above classifications shall from time to time do picking or any other work needed by the Company.

18. UNION LABEL

18.11 USE

The parties recognize the value and importance of the Union label. The parties wish to insure that the public will not be defrauded by misuse of the Union label. The Company shall be free to choose to use the Union label at any time during the term of this Agreement.

The Union label and Union seal are and shall remain the sole property of the Union. During the term of this Agreement, the Company shall be entitled to the use of said label and seal.

In this regard the Company shall not sell, transfer, or assign its right to use said label or seal except upon written permission of the Union. The color, size and placement of the label or seal on particular packages or containers shall be determined by the Company.

19. HARVEST

2% increase per ton on each year of the Agreement.

Tractor Drivers will receive the average daily rate based on price per ton. Truck Drivers will receive the average daily rate based on price per ton. Size of the crews will be 8-14 workers. Crews will be determined by workers before the harvest season and blocks will be distributed equally. Copies of grape tags will be included with paychecks. Company will provide a "leafer" in circumstances it deems appropriate.

20. DURATION

20.11 DURATION

This Agreement shall be in full force and effect for a period of five years from the date it is executed. This Agreement shall automatically renew itself upon expiration of this Agreement unless either of the parties shall have given notice in writing to the other party sixty (60) days prior to the expiration, requesting negotiations for a new agreement, together with thirty (30) days prior written notice to the State Conciliation Service. During this sixty (60) day period all terms and conditions of this Agreement shall remain in full force and effect.

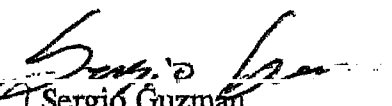
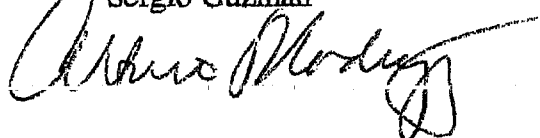
ACKNOWLEDGMENT


During the negotiations resulting in this Agreement, the Company and the Union each had the unlimited right and opportunity to make demands and proposals with respect to any subject matter as to which the California Agricultural Labor Relations Act imposes an obligation to bargain. This Agreement contains the entire understandings, undertaking, and agreement of the Company and the Union, after the right and opportunity, and finally determines all matters of collective bargaining for its term. All prior agreements, written or verbal between the Company and the Union or any other labor organization are, with the execution of this Agreement null and void. No amendment to this Agreement shall be valid unless it is in writing, signed by the Union and the Company.

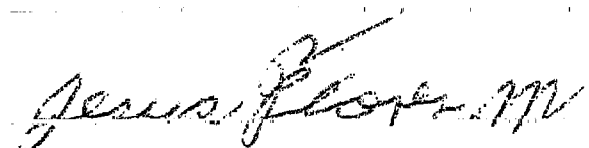
This Agreement is effective on this 28th day of September, 2003.

United Farm Workers of America, AFL-CIO

Balletto Ranch, Inc.

By: 
Sergio Guzman


By: 
John Balletto, President


Jesus Flores
Antonio Garcia
Ricardo Vallejo

**LETTER OF UNDERSTANDING REGARDING DRUG AND ALCOHOL POLICY AND
BALLETTO RANCH, INC., AGRICULTURAL EMPLOYEES**

The Union acknowledges and accepts that the Company takes the position that violation of any of the Company's Drug and Alcohol Policy constitutes just cause for discipline. The Company acknowledges and accepts that the Union may take the position during a grievance proceeding or in mediation that the discipline imposed for violation of the Drug and Alcohol Policy does not constitute just cause for discipline. It shall then be for the mediator to attempt to resolve the matter, subject to the limitations set forth in Article 6.

If the Company has good cause to believe that an agricultural employee has violated the Drug and Alcohol Policy, the worker will be sent home for a first offense.

For the second such occurrence during the statute of limitations period set forth above, the Company shall have the right to require the agricultural worker to submit to a drug and/or alcohol test. If the agricultural worker refuses to submit to the test, such refusal shall constitute insubordination and is just cause for termination. If the agricultural worker admits to the consumption or the possession of drugs or alcohol or being under the influence of either, the Company shall not be required to have the agricultural worker tested.

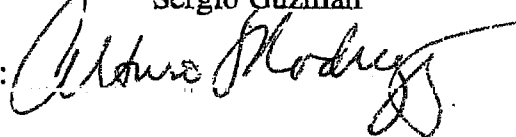
This Letter of Understanding is effective on this 28th day of September, 2003.

United Farm Workers of America, AFL-CIO

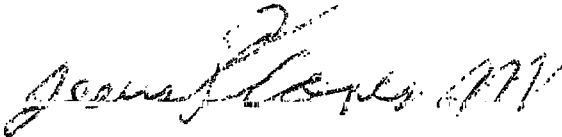
Balletto Ranch, Inc.

By: 
Sergio Guzman

By: 
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By: 

Antonio Garcia



Ricardo Vallejo