

**COLLECTIVE BARGAINING
AGREEMENT**

Between

GALLO VINEYARDS, INC.

&

**UNITED FARM WORKERS OF
AMERICA, AFL-CIO**

2005-2008

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PREAMBLE

This Collective Bargaining Agreement (hereinafter referred to as the "Agreement") is by and between **GALLO VINEYARDS, INC.** (hereinafter referred to as the "Company") and **THE UNITED FARM WORKERS OF AMERICA, AFL-CIO** (hereinafter referred to as the "Union") and said Agreement shall operate for the purpose of establishing uniform wages, hours, and working conditions as hereinafter defined:

The parties agree as follows:

ARTICLE 1

RECOGNITION

1.1 The Company does hereby recognize the Union as the sole labor organization representing all of the Company's agricultural employees (hereinafter called "workers") in the unit set forth in the Agricultural Labor Relations Board's certification in Case No. 94-RC-5-SAL. In the event the Agricultural Labor Relations Board certifies other Sonoma County employees not here included within the certified unit, such additional employees shall be included under the terms of this Agreement. The term "worker" shall not include office, confidential, and sales employees, clerical employees, security guards, interns, family members of management, researchers, viticultural technicians, and supervisory employees who have the authority to hire, transfer, suspend, layoff, recall, promote, discharge, assign, reward or discipline other workers, or the responsibility to direct them or adjust their grievances, or recommend such action if, in connection with the foregoing, the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

1.2 The Company further recognizes the rights and obligations of the Union to negotiate wages, hours and conditions of employment and to administer this Agreement on behalf of covered workers.

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

1.4 Neither the Company nor its representatives will interfere with the right of any worker to join and assist the Union.

1.5 Both parties recognize that they should fulfill their respective obligations in an atmosphere of mutual respect.

ARTICLE 2

UNION SECURITY

2.1 Union membership shall be a condition of employment. Each worker shall be required to become a member of the Union immediately following seven (7) continual workdays after the beginning of employment, or seven (7) workdays from the date of the signing of this Agreement, whichever is later, and to remain a member of the Union in good standing. The Union shall be the sole judge of the good standing of its members. Any worker who fails to become a member of the Union within the time limit set forth herein, or who fails to maintain his membership in good standing, shall be immediately discharged upon written notice from the Union to the Company, and shall not be re-employed until written notice from the Union to the Company of the worker's good standing status.

2.2 The timely payment or tendering of dues, initiation fees and assessments to the Union in amounts customarily, uniformly and regularly charged by the Union shall constitute the sole criterion upon which "good standing," as that term is used in this Agreement, shall be determined.

2.3 Company agrees to furnish to Union in writing, within one (1) week after the execution of this Agreement, a list of its workers giving the names, addresses, social security numbers and types of job classifications.

2.4 Company agrees to deduct from each worker's pay initiation fees, all periodic dues customarily, uniformly or regularly charged or assessments as required by Union upon presentation by the Union of individual authorizations signed by the workers directing Company to make such deductions. Company shall make such deductions from worker's pay for the payroll period in which it is submitted, provided it is submitted in advance of the close of the pay period, and periodically thereafter as specified on authorization so long as such authorization is in effect and shall remit monies weekly.

2.5 The Company shall provide a monthly summary report as soon as possible, but not later than the twentieth day of the month following the ending date of the previous month's pay period, containing the names of the workers, social security numbers, payroll periods covered, gross wages, total hours worked per worker, total number of workers and amount of Union dues deducted during such pay periods from each worker. Union will furnish the forms to be used for authorization and will notify the Company in writing of dues, assessments and initiation fees within seven (7) days of the execution of this Agreement and seven (7) working days before the effective date of any change.

2.6 The Company will advise new workers that it is a condition of their employment that they must become and thereafter remain members in good standing in the Union immediately following ten (10) continual days after the beginning of their employment. The Company shall furnish workers' membership applications and dues checkoff authorization forms as provided by the Union.

2.7 Union shall indemnify and hold 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 Company for the purpose of compliance with any of the provisions of this article.

ARTICLE 3

HIRING

3.1 Company recalls of seniority workers shall be pursuant to Section 4.6 of Article 4 - Seniority.

3.2 The Company will make available to Union, in writing within seven (7) days thereafter, the names, social security numbers, date hired, and job classifications of all new workers hired; provided however, that the Union shall be entitled, acting on its own, to ascertain such information from such workers at any time after twenty-four (24) hours following the hiring of such workers; provided further, that work is not interrupted.

3.3 The Company shall comply with Article 9 - No Discrimination. The Company and the Union are concerned about favoritism and pledge to work together to eliminate favoritism. No applicant will be discriminated against on the basis of the location of their residence, including, but not limited to, Sonoma, Napa, Mendocino and Lake Counties.

3.4 All prospective workers seeking employment with the Company shall fill out and sign an application. Workers are required to furnish correct information. Furnishing the Company with false information on a material issue or item is cause for discipline, including up to immediate discharge upon the Company obtaining knowledge of such false information.

3.5 Applications shall include the prospective employee's name, address, social security number, telephone number, if any, and job classification. Applications shall be in English and Spanish and such other language as may be needed. Applications shall be evaluated in the order in which they are received. The Company will hire qualified applicants on a first come first served basis subject to the eighteen (18) workday probationary period set forth in Section 4.1. The Company shall reasonably determine whether an applicant is qualified. The Company may condition any offer on the employee passing a physical and a drug screen, as well as a DMV/criminal check.

3.6 Upon reasonable notice, Union Representatives shall have access to applications on file with the Company.

3.7 The Company shall, at the time of hiring, comply with provisions of Article 2 - Union Security.

3.8 If the Company has difficulty locating applicants, it will provide the ranch committee at least forty-eight (48) hours' notice before the time workers are needed, except in cases where changes in weather or other factors affecting the timing of anticipated work make this much advance notice impractical. When it is not possible for the Company to give forty-eight (48) hours' notice as for example, during harvest, the Company will give the Union as much notice as possible.

ARTICLE 4

SENIORITY

4.1 After a worker has worked for the Company for at least eighteen (18) workdays within a forty (40) calendar day period, he or she shall acquire seniority on the eighteenth (18th) day of work retroactive to this date of hire. The first eighteen (18) days of work shall be considered a probationary period. The Company shall have the right to discharge any employee during such probationary period without recourse to the grievance or arbitration procedure or any other legal procedure.

Seniority shall be defined in two (2) ways: (1) length of service with the Company, and (2) length of service with the Company in a classification higher than general labor.

4.2 Seniority (and employment) shall be lost for the following reasons:

4.2.1 Voluntary quitting.

4.2.2 Discharge for just cause.

4.2.3 After recall by the Company as specified in Section 4.6.3, the worker fails to report to work on the date specified on the notice of recall.

4.2.4 When the worker fails to report to work at the termination of a leave of absence or vacation without an extension approved in writing by ranch management that is made in advance of the date the employee was required to report to work. If the employee is unable to receive a written copy of the extension, it shall be given to the ranch committee.

4.2.5 When any worker leaves the bargaining unit to accept a supervisory or other position with the Company outside the bargaining unit.

4.2.6 Violating Company work rules that result in actual termination.

4.2.7 Failure to report to work for two (2) days unless excused by this Agreement or applicable law. This shall not prohibit the Company from disciplining employees who fail to report to work as directed.

4.2.8 Seniority within a job classification may be lost where a worker fails to perform at the required skill level for the classification. In such event, the worker will be returned to his former classification without loss of his/her Company seniority.

4.3 Layoffs.

When the lack of work requires reduction in force, layoffs will be by seniority order with the employee with the lowest classification seniority laid off first; provided, however, that the employees retained are qualified to perform the duties involved with the remaining work. A person laid off from a position higher than general labor shall utilize his or her Company seniority for general labor work.

4.4 The filling of vacancies, new jobs, promotions within the bargaining unit, demotions (non-discipline), shall be on the basis of seniority; provided however, the worker is qualified to perform the job, meets all job requirements, passes a Company test for the position in question and is able to do the work. The first sixty (60) workdays of employment in the new position shall be considered a trial period. The Company may return such employee to his previous position within such trial period for poor work performance, failure to meet job requirements or qualifications, or any other non-discriminatory reason.

4.5 Whenever a job opening occurs in any classification on the wage scale, except for general labor and harvesting, the Company shall post notice of this job opening on a designated bulletin board. Such posting shall be made at least seven (7) workdays before the vacancy is filled. Qualified seniority workers desiring consideration for the higher rated job will register by signing the posted notice. The Company may fill the job opening on a temporary basis during the posting period. Temporary openings, such as those created by a worker's approved leave of absence, are not subject to posting; nor would any unexpected job opening anticipated to last less than twenty-four (24) working days.

4.6 Recall.

4.6.1 When anticipating recall of seniority workers after a layoff of one (1) month or more, the Company (not less than two (2) weeks prior to the estimated starting date, or as soon as possible in the event of an unanticipated recall) shall notify the workers of the estimated starting date. When notices of recall cannot be given two (2) weeks in advance, the recalled workers shall be given as much notice as possible, but in no case less than forty-eight (48) hours. Provided, however, that if the layoff has been one (1) month or less, the Company may recall employees before the forty-eight (48) hours specified above by telephoning the employee with notice to the Ranch Committee for assistance in the recall.

4.6.2 Specific notices of recall after a layoff of over one (1) month shall be in written form. All notices shall be sent by Certified Mail. The Company shall make available to the Union a recall list and returned letters and envelopes upon request.

4.6.3 All notices will be mailed by the Company to the worker's address which appears on the workers written application for employment or written change of address. It is the worker's responsibility to notify the Company in writing of any change of address in writing on Company provided forms. Only written changes are effective. It is a condition of employment for all employees to provide a complete, accurate and up to date address that the Company may use to recall employees from layoff. The Company may rely upon the latest address provided by the employee in writing on the Company provided forms. The

recall notice shall either specify a return date or set forth a methodology from which the specified return date can be determined.

4.7 Seniority lists shall be agreed upon at the execution of this Agreement. Beginning with the signing of this Agreement and each quarter thereafter, the Company shall provide the Union with up-to-date seniority lists showing the name of each worker, his seniority date, social security number and job classification. The Company shall also post the seniority lists in a conspicuous place for examination by the workers and the Union Ranch Committee. The Union may review the accuracy of the seniority list and present to the Company any errors it may find on such list.

4.8 Notwithstanding any other provision of this article, all seniority shall be lost by any employee who does not work for the Company in any 12 month period, starting with the implementation of this Agreement except as required by law.

4.9 When an employee is assigned to a particular job at a ranch, the employee shall complete that assignment and may not be bumped from that job for four (4) days by a person with more seniority.

4.10 Assignments.

4.10.1 Specialty Job Classes: Workers who have seniority in specialty job classifications such as shop, tractor driver, pump operator, heavy equipment operator and pruning shall work in the job classification and/or job assigned by the Company for the period of time assigned. This shall apply to all employees in such specialty classifications, including those who have multiple job classifications.

4.10.2 General Labor and Non-Specialty Classification Assignments: The Company maintains the right to assign workers as needed to hourly work on the basis of seniority. When piece work, other than pruning, is available, employees shall be assigned to piece work by seniority with the highest seniority being assigned first, provided they have the qualifications to perform the work. When the Company does not have sufficient employees to perform non-specialty hourly assignments because employees are working by the piece rate, the Company shall assign employees to hourly work in reverse order of seniority with the lowest seniority employee selected first.

ARTICLE 5

GRIEVANCE AND ARBITRATION

5.1 The following grievance and arbitration provisions shall be effective upon execution of this Agreement and shall continue for the duration of the Agreement. The parties to this Agreement 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 grievance and arbitration procedure. The parties further agree that, except as specifically provided within a specific article of this Agreement, the grievance procedure of this Agreement shall be the exclusive remedy with respect to any disputes arising under this Agreement, and no other

remedies shall be utilized by any person with respect to any dispute involving this Agreement until the grievance procedure has been exhausted.

5.2 Grievances dropped by either party prior to an arbitration hearing shall be considered as withdrawn without prejudice to either party's position on a similar matter in the future.

5.3 Step One. Any grievance arising under this Agreement shall be immediately taken up between the Company supervisor, the affected worker, and the Union Representative involved. They shall use their best efforts to resolve the grievance. In the event the grievance is not immediately satisfactorily resolved the grieving party shall reduce the grievance to writing and set forth the information specified below. A grievance regarding discharge must be filed in writing within five (5) calendar days of the occurrence of the grievance. All other grievances must be filed in writing within ten (10) calendar days of the occurrence of the grievance.

The failure of the grieving party to file a grievance within the time limits specified in this section shall waive the grievance.

All written grievances shall include the following information:

5.3.1. Section or sections of Agreement alleged to have been violated.

5.3.2. Action or actions claimed to have violated Agreement.

5.3.3. Remedies sought.

5.3.4. Persons involved in the grievance, including witnesses and management personnel responsible for actions that led to the grievance.

5.4 Step Two: Any grievance not resolved in Step 1 shall be discussed in a meeting between the Union and the Company representative delegated to resolve such matters not later than fifteen (15) calendar days after the filing of the grievance. If the grievance is not satisfactorily resolved in such meeting, the party receiving the grievance shall give a written response to the other regarding its position including reasons for denial within fifteen (15) calendar days from the close of the Step Two meeting. If the party receiving the grievance fails to respond, the grievance is deemed denied and the grieving party must move to Step Three within thirty (30) calendar days of the Step 2 meeting.

5.5 Step Three: If the grieving party is not satisfied with the written response or there is no response, it must file a written notice to the other party within ten (10) calendar days of the Step 2 meeting. Failure to file within said time period shall waive the grievance. If timely written notice of appeal is given, the matter shall be referred to arbitration. The arbitrator shall consider and decide the grievance referred to him/her. The arbitrator shall not have the authority or jurisdiction to modify, add to, or detract from, or alter any provision of this Agreement.

The decision of the arbitrator shall be final and binding on the Company, the Union and the workers.

All expenses and salaries of the arbitrator shall be shared equally by the parties. Each party shall pay the cost of presenting its own case.

5.6 Selection of the Arbitrator: The parties shall jointly request a panel of eleven (11) arbitrators from the Federal Mediation & Conciliation Service.

After receipt of the lists, the parties shall confer by telephone to select an arbitrator. If the parties cannot agree upon the selection of an arbitrator, then they shall turn to the list of arbitrators received under procedure of the above section. The person to strike first shall be the grieving party. The name remaining after each party has struck five (5) names shall be the person designated as arbitrator.

ARTICLE 6

STRIKES AND LOCKOUTS

6.1 There shall be no strikes, work stoppages, slowdowns, boycotts, job or economic action, interruptions of work or other interference with the conduct of the Company's business by the Union or workers, nor shall there be any lockouts by the Company. There also shall be no such conduct at the homes of the owners and managers of the Company and their family members or at the premises of Company's parent companies or affiliated entities. Provided, however, that this provision shall not prohibit the Union from organizing a separate bargaining unit of the Company under the Agricultural Labor Relations Act.

6.2 If any of said events occur, the officers and representatives of Union and/or Company, as the case may be, shall do everything within their power to end or avert such activity.

6.3 The Company may discipline or discharge ("Disciplinary Action") any workers who engage in any of the activities referred to above. In the event of an arbitration concerning disciplinary action taken by the Company against a worker for violation of this article, the arbitrator's authority shall be strictly limited to determining whether the worker in fact violated any provision of this article. If the arbitrator finds that the worker violated any provision of this Article 6, the arbitrator shall not have authority to modify the discipline imposed.

6.4 Nothing in this Collective Bargaining Agreement shall preclude the Company or the Union from seeking direct enforcement of this article by way of any legal and/or equitable relief in court.

6.5 The Company agrees that any employee may pass through any lawful primary picket line at the Company's premises provided that the picket line has been sanctioned by the Union.

ARTICLE 7

UNION ACCESS TO COMPANY PROPERTY

7.1 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 legitimate Union business regarding the administration of this Agreement; provided that there shall be no interference with the productive activities of the workers.

7.2 Unless an emergency exists, Union Representatives shall give the Human Resources Department 24 hours advance notice of their intention to take access to Company property. In all cases, such representative shall notify the Human Resources Department in advance of his or her intended presence on the premises, their destination, the time they will take access, the duration of the visit, the number of proposed contacts and which designated check-in place they will be using. A reasonable number of Union Representatives shall have the right to enter the Company's premises at any one time under conditions set forth in this article; provided that the number of Union Representatives shall not exceed one (1) per crew or a maximum of four (4) per ranch and the Representatives shall provide evidence that they are bona fide Union employees. Union Representatives shall sign in with Company security at the Dry Creek Ranch or the designated Company representative at Laguna Ranch and provide the above required information upon request to any Company supervisor or security officer. The Company will advise the Union of the name and telephone number of the designated Company representative for Laguna Ranch upon actual receipt of notice of the Union's intent to take access as provided above.

7.3 The Union shall advise the Company of the names of its duly authorized and designated representatives in writing. Such notice shall be effective upon receipt by the Company.

ARTICLE 8

DISCHARGE AND DISCIPLINE

8.1 The Company shall have the sole right to discipline and discharge workers for just cause. No worker shall be disciplined or discharged except for just cause except as provided for in this Agreement.

8.2 In the event that the Company determines that a discharge may be warranted by a worker's misconduct, the Company shall notify the Union Representative before such worker is discharged. Within forty-eight (48) hours after any discharge, the Union Representative will be notified in writing of the reasons for such discharge.

8.3 Attached hereto and made a part of this Agreement as **Exhibit C** are the Company's work rules. **Exhibit C** shall not be construed to be all inclusive and the Company shall have the right to discipline, suspend or discharge employees for just cause for other infractions not specifically designated in **Exhibit C**.

8.4 The steward or other Union Representative shall have the right to interview workers in private regarding discharges, and to be present during any investigating interview if requested by the employee.

ARTICLE 9

DISCRIMINATION

9.1 In accord with the policies of the Company and the Union, it is agreed that there shall be no discrimination against any worker because of race, age, creed, color, religion, sex, political belief, national origin, mental or physical disability, sexual preference, taking a leave of absence provided for by law, language spoken or Union activity.

ARTICLE 10

LEAVES OF ABSENCE

10.1 Except as otherwise required by law, a leave of absence without pay not to exceed thirty (30) days per year may be granted by applying to and receiving approval from the Company. In the event more employees request leave for personal reasons than can be spared by the Company at one time, such leaves, to the extent they are granted by the Company, shall be granted according to Company seniority, with precedence over seniority being applicable only in cases of requests for emergency leave. The determination of the number of employees that are granted a leave of absence at any one time shall be within the Company's discretion.

10.2 All leaves of absence must be in writing on forms furnished by the Company and signed by a Company representative, and the employee requesting such leave, in triplicate - one copy for the employee, one for the Union and one for the Company.

10.3 The Company may fill vacancies resulting from leaves of absence it grants with temporary or other employees without adherence to the seniority provisions of this Agreement. If the employee on such leave who is classified above general labor fails to return therefrom, the opening shall be filled according to Article 4 - Seniority.

10.4 Employees on leave of absence may return to work prior to the end of the leave granted only at the option of the Company unless work is available.

10.5 Leaves of absence shall not be granted for, or used by, employees who work elsewhere, or employees who engage in any other business or work.

10.6 Leaves of absence required by the Family and Medical Leave Act and the California Family Rights Act shall be granted as required by law. The Company family and medical leave policy is attached hereto as **Exhibit D** and made a part of this Agreement.

10.7 Maternity leave shall be granted as required by law. The Company's maternity leave policy is attached hereto as **Exhibit E** and is made a part of this Agreement.

10.8 Leaves of absence shall be granted for U.S. military service according to applicable law.

10.9 Leaves for Union Business.

10.9.1 If a worker (not to exceed three (3)) is appointed or elected to conduct Union business, the Company shall, upon two (2) weeks written notice from the Union to the Company, grant a leave of absence not to exceed one year, which shall be extended on request, provided the worker shall be continuously conducting Union business. A minimum of ten (10) days written notice will be given to the Company when the worker is to return to work.

10.9.2 A temporary leave of absence for Union business, without pay and not to exceed three (3) days shall be granted under the following conditions:

10.9.2.1 Written notice, including name and department, shall be given by the Union to the Company at least one (1) week prior to the start of the leave.

10.9.2.2 Such leaves of absence shall not be granted to more than five (5) percent of the workers currently working.

10.9.2.3 Union leaves shall be without pay and without loss of seniority.

10.9.2.4 The Company shall have the right to refuse to grant such leave where it would adversely affect Company operations.

10.10 Educational Leave. The Company agrees to provide an unpaid leave of absence to employees who enroll in any of the following curriculum:

10.10.1 Training courses that are relevant to the work performed at the ranch

10.10.2 ESL and citizenship classes

This section shall be limited to a maximum of two (2) work hours twice a week for the duration of the course. At least thirty (30) days advance notice is required and such leave shall be limited to a maximum of twenty (20) employees at any one time. The Company may require documentation of the curriculum and attendance at such classes.

10.11 All leaves of absence are without pay or benefit unless required by law. Seniority shall continue to accumulate during approved leaves of absence.

ARTICLE 11

SUPERVISORS

11.1 Interns, researchers, viticultural technicians and family members of management shall be allowed to perform bargaining unit work. Supervisors and foremen may perform bargaining unit work, provided such work by each supervisor and foreman is limited to two hundred (200) hours per calendar year. In addition, supervisors and foremen may do

training and handle emergencies if such may be necessary even if it is bargaining unit work.

ARTICLE 12

HEALTH AND SAFETY

12.1 The Company and Union are interested in the health and safety of workers while working with the Company. It is understood and agreed that it is necessary in the sophisticated farming practices of today that certain agricultural chemicals must be used for the control of pests and growth of the product. The Company will comply with all applicable laws relating to the health and safety of farm workers. The Company agrees to comply with SB198 regarding an Injury and Illness Prevention Program. The Company shall maintain in its office and shall have available to its supervisors the following information, and shall make such information available to the Union upon request as required by law:

12.1.1 Location of field treated with registered materials;

12.1.2 Name of such material used by brand name and chemical name and registration number;

12.1.3 Date and time such material was applied and its formulation;

12.1.4 Amount of such material applied and its formulation and concentration;

12.1.5 Method of application;

12.1.6 Applicator's name and address, if any; and

12.1.7 Safe re-entry date and time after application.

12.2 The Company will comply with all legal requirements concerning notification to workers of the use of agricultural chemicals. Re-entry into treated fields including sulfur shall be in accordance with label requirements. Workers shall be advised of applicable re-entry periods. No worker shall be required to re-enter a field during the prohibited period unless proper protective gear is provided, nor shall the worker refuse to re-enter thereafter.

12.3 Any worker who is working in the immediate area where agricultural chemicals have been recently applied, and an incident has occurred where a worker's health has been adversely affected by any agricultural chemicals shall be immediately transported when necessary, at the worker's request, to the nearest medical facility for testing and treatment as determined by a doctor.

12.4 Upon the request of the Union, a Health and Safety Committee shall be formed, which shall consist of not more than three (3) members from the Union and three (3) members from the Company. The Committee shall meet at the request of either party at such times and places as are mutually acceptable. The Company shall not compensate Union committee members for time spent at such committee meetings. The Committee

may discuss, exchange information and make recommendations to the Company and the Union on health and safety issues which affect the workers. The Company shall make the final determination concerning any recommendation of the Committee.

12.5 No worker shall be required to work in any situation which would immediately endanger his or her health or safety.

12.6 The Company may promulgate safety rules and policies at its discretion to promote worker safety.

12.7 In accordance with law, there shall be adequate toilet facilities, separate for men and for women in the field readily accessible to workers that will be maintained in a clean and sanitary manner. Doors on portable toilets shall have latches. Hand washing facilities, soap and paper towels shall be provided.

12.8 Each place where there is work being performed shall be provided with suitable, potable drinking water convenient to workers. Water shall be provided in legally required containers. Individual paper drinking cups shall be provided. The Company will designate certain faucets for drinking water only.

12.9 Tools and equipment and protective garments to perform the work and/or to safeguard the health of or to prevent injuries to a worker's person as listed below shall be provided, maintained and paid for by the Company. Workers shall be responsible for returning all such equipment that was checked out to them, but shall not be responsible for normal wear and tear. Workers shall be charged actual cost for excessive breakage beyond normal wear and tear and for equipment that is not returned. Receipts for returned equipment shall be given to the worker by the Company. The Company and the Union have agreed that the following tools, equipment and protective garments are to be provided: rubber boots for irrigators and those temporarily assigned to irrigation work; pruning shears; required protective gear for workers involved in spraying or dusting; hard hats for driving stakes hydraulically; gloves for picking or for handling stakes and wires in the installation and repair and maintenance of trellises, stakes, wires and posts. Supervisors will have files available for use as appropriate for sharpening shears when needed; no Company shears will be sharpened except with Company files.

12.10 Adequate first aid supplies shall be provided. Each crew shall have access to a first aid kit.

12.11 If a worker who becomes injured or ill on the job during working hours, the Company may send such worker to the nearest Company approved doctor's office or medical facility. In such cases, the Company will provide transportation when appropriate. Payment for such time shall only be in accordance with Section 19.1 of this Agreement.

12.12 All Company vehicles used by workers shall be maintained and operated in safe condition at all times. The Company shall provide a form for the reporting of necessary equipment repairs.

12.13 No employee shall remove or damage any safety device or equipment nor shall any employee misappropriate or intentionally or negligently damage any tools, machinery, equipment or protective garments issued by the Company. Any employee who violates this section or refuses to comply with safety rules and regulations promulgated by the Company from time to time shall be subject to discipline which may include discharge.

ARTICLE 13

MANAGEMENT RIGHTS

13.1 All the functions, rights, powers and authority of the Company which it possessed prior to election which resulted in the certification of the Union, or prior to this Agreement, are recognized by the Union as being retained by the Company to the extent they are not modified by this Agreement, including, but not limited to, the exclusive right to direct the workforce, determine reasonable standards of performance, the hours of work, job assignments, job content, the means and accomplishment of any work, the determination of size of crews or the number of employees to be employed and their classifications in any operation, the right to decide the nature of equipment, machinery, method, or process and to introduce, change or discontinue equipment, machinery, methods, or process, the right to determine the type, amount and extent of crops and acreage to be farmed, grown or harvested, the right to promulgate work and safety rules, the right to enter into or drop out of joint and/or grower arrangements of any sort with any party, and the right to make all decisions which are necessary to the efficient and/or economical operation of its business.

13.2 The Company shall also have the right to close, liquidate, combine or transfer any operation or work performed by the Company or any facility operated by the Company, or any part thereof, or to move or relocate any such operation or facility and the Company shall notify the Union and negotiate the effects of such decisions.

13.3 Subcontracting shall be governed by Article 16. Piece Rates shall be governed by Exhibit B.

ARTICLE 14

NEW OR CHANGED CLASSIFICATIONS

14.1 In the event the Company hereafter establishes within the bargaining unit a new classification or changed classification with new job content substantially and materially different than existing or previously existing job content, or substantially and materially different container, commodity or operation, the Company will give the Union written notice before such new or changed classification and the rate of pay is put into effect. Upon written request made by the Union within fifteen (15) calendar days after receipt of such notice, the Company will meet and confer with the Union to study the matter for seven (7) days, or such longer period as the Company and the Union agree in writing is appropriate. Any unresolved dispute concerning the appropriateness of the rate assigned by the Company may be made the subject of a grievance which shall be presented directly to the arbitration step of the grievance procedure within ten (10) calendar days of the conclusion of the meeting period of this Section 14.1.

14.2 Work shall continue at the rate and under the conditions determined by the Company pending resolution of any such grievance. If it is established that the Company's determination was erroneous because the new job does not bear a fair relationship to other jobs at substantially the same rate of pay within the bargaining unit, subject to equitable considerations, adjustments pursuant to arbitration shall be made effective from the time the new rate was established.

ARTICLE 15

BULLETIN BOARDS

15.1 The Company will provide a bulletin board at each ranch upon which the Union may post notices concerning wages, hours or work, conditions of employment and meetings. No notices that denigrate the Company or the Union will be placed upon the bulletin board.

ARTICLE 16

LABOR CONTRACTORS AND SUBCONTRACTING OF WORK

16.1 The Company shall have the right to utilize labor contractors or subcontractors if all fully qualified direct hire seniority employees that are available for recall are working or have been offered work or if the Company decides an emergency exists or specialized equipment or skills are required.

16.2 The provisions of this Collective Bargaining Agreement shall apply to employees of labor contractors while working on the Company's ranches covered by this Agreement as follows:

16.2.1 Labor contractor employees shall have the same wage rates as direct hire employees as set forth in **Exhibit A - Wages** and **Exhibit B - Piece Rates** attached herein.

16.2.2 In lieu of Article 3 - Hiring Labor Contractors hired by the Company shall agree not to discriminate as provided by Article 9 - Discrimination, in hiring for assignment to Company Ranches and to comply with Article 3 Section 3.2.

In lieu of Article 4 - Seniority, Labor Contractors hired by the Company shall recall and lay off employees from work on the Company's Ranches using seniority and probation systems established by each Labor Contractor.

Article 5 - Grievance and Arbitration and Article 8 - Discharge & Discipline, shall apply only to suspensions and terminations of employees of Labor Contractors who have passed their probationary periods and as to such employees only to suspensions or terminations prompted by work-related incidents occurring while on the job performing Company-related work. Labor Contractor employees who have passed their probationary period may also utilize the Grievance procedure for seniority disputes involving layoff or recall to work opportunities on Company premises.

16.2.3 Labor contractor employees shall be excluded from all provisions of the Agreement related to insurance (including health, vision, dental and life insurance), pension plan, leaves of absences (paid and unpaid), vacations and holidays.

16.2.4 All other articles of the Agreement shall apply to Labor Contractor workers in the same manner as direct hired employees.

16.3 Qualified employees of Labor Contractors currently working on Company's ranches shall have first priority in hiring. Such direct hired employees shall be then subject to all terms of the Agreement (including the 18 day probationary period) and the seniority date shall be the date of hire as a direct hire employee. If an employee of a Labor Contractor who has seniority with a Labor Contractor is hired directly by the Company but fails to pass the Company's probationary period, they may return to their previous position with the Labor Contractor if the Labor Contractor they hold seniority with is still working for Company at the time of their return.

ARTICLE 17

AGRICULTURAL CONTRACTS

17.1 It is recognized by Company and Union that various types of legal entities are used by the agricultural industry, including partnership, joint venture and other legal contractual arrangements, in the growing, harvesting and selling of agricultural crops.

17.2 In the event the Company enters into a partnership, joint venture, or other legal contractual relationship with another party for the developing, preparation, growing, harvesting or selling of a crop, Union agrees not to interfere with or prevent in any manner the development, preparation, growing, harvesting or selling of any of the crops in which Company may have such an interest.

17.3 Nothing in the above language will preclude the Union from exercising its rights to represent or organize workers under the Agricultural Labor Relations Act.

ARTICLE 18

LOCATION OF COMPANY OPERATIONS

18.1 The Company shall provide the Union, upon request, maps and exact locations of the Company's agricultural operations in Sonoma County covered by the certification issued in ALRB Case No. 94-RC-5-SAL for use by Union Representatives pursuant to Article 7 of this Agreement, Union Access to Company Property.

ARTICLE 19

INJURY ON THE JOB

19.1 Whenever a worker is injured on the job to the extent medical attention is received, the Company shall pay the balance of the day of injury, if the worker is sent home by the doctor. The injured worker shall receive his/her regular hourly rate of pay.

ARTICLE 20

WAGES, HOURS & OVERTIME

20.1 Daily and Weekly Overtime: The Company shall comply with all applicable laws governing overtime.

20.2 Work Week: Each work week shall commence on Monday and end on Sunday of the same week.

20.3 Rest Periods: Workers shall have paid rest periods of ten (10) minutes each which insofar as practical shall be in the middle of each continuous four (4) hour work period or major portion thereof.

20.4 Meal Periods: Mealtime breaks shall be one-half (1/2) hour and not compensated for nor counted as hours worked under the provisions of this Agreement.

20.5 Paydays: The Company shall make every effort to have paychecks available each Thursday at the ranch office from 4:30 p.m. to 6:30 p.m. Checks that are not picked up by the employee on Thursday will be distributed at the work site on Friday. Employees shall not leave assigned work to pick up paychecks.

20.6 Day of Rest: Taking into consideration the needs of the employer, each employee shall be entitled to one (1) full day, twenty four (24) hours off work without pay each work week. Insofar as possible, the work shall be arranged so that each employee will have Sunday off, harvest and protection of the crop and its quality excluded.

20.7 Notice of Saturday Work: The Company will insofar as possible notify employees on Thursday if Saturday work will be required during the same work week. This provision shall not apply during critical periods such as harvest or where the Company cannot reasonably anticipate Saturday work requirements.

20.8 Night Shift Premium: A night shift premium of fifty cents (\$.50) per hour shall apply to all employees for hours worked between the hours of 9 p.m. and 6 a.m.

20.9 Reporting Pay Guarantees:

20.9.1 A worker who is required to report for work and does report and is furnished no work shall be paid at least four (4) hours at the worker's hourly rate of pay for the job they were called for.

20.9.2 If workers commence work and they are furnished less than four (4) hours of work, hourly paid workers shall be paid at least four (4) hours that day at the hourly rate of pay for the job they were called for.

20.9.3 This section shall not apply where work covered by this Agreement is delayed or cannot be carried out because of weather conditions (including, but not limited to, rain or frost), acts of God, government condemnation of crop, or other causes beyond the control of the Company.

20.9.4 Any call may be rescinded by notification to employees at least two (2) hours prior to the time scheduled for reporting to work.

20.10 Time and Manner of Wage Payment: The Company shall keep full and accurate records, including total hours worked, total wages and total deductions. Workers shall receive a copy of the itemized deduction, hourly rates, hours worked and total wages, including piece rate or incentive rate, each payday. At the end of each pay period, the original foreman's record shall be available at the Company's office where a Union representative may review such records at reasonable times provided this does not interfere with Company business.

20.11 Wage Rates: Workers shall be paid the rate of pay applicable to the job being performed for the hours that they work in such job. Provided, however, that a worker who is classified as a tractor driver 2 and two of the following classifications - pruner, irrigator, pump operator, backhoe 1, backhoe 2 and truck driver - shall be paid at least the tractor driver 2 rate of pay for all hours worked. The company will encourage employees to train for additional job classifications so that they can obtain rate protection.

20.12 Nothing contained in this article shall constitute a guarantee of employment for any number of hours per day or per week.

ARTICLE 21

VACATIONS

21.1 Vacation pay shall be granted to seniority workers who qualify for such vacations. Vacation pay shall be computed on the basis of the appropriate percentage of the worker's gross earnings from the Company in the preceding calendar year prior to the payment of the vacation benefit. Calendar year in this section means January 1 through December 31.

21.2 A worker who has worked at least six hundred fifty (650) hours in the prior calendar year with the Company and has maintained his/her seniority with the Company up to and including December 31 will qualify for an amount equal to two percent (2%) of the worker's total gross earnings as vacation pay and one week of vacation time off.

21.3 A worker who has worked six hundred fifty (650) hours in the prior calendar year and who has two (2) or more years seniority with the Company will qualify for an amount equal to four percent (4%) of the worker's total gross earnings as vacation pay and two (2) weeks of vacation time off.

21.4 A worker who has worked six hundred fifty (650) hours in the prior calendar year and who has ten (10) or more years' seniority with the Company will qualify for an amount equal to six percent (6%) of the worker's total gross earnings as vacation pay and three (3) weeks of vacation time off.

21.5 Vacation pay shall be deemed due and payable on the last payday of January of each year.

21.6 Any worker who quits or is terminated shall receive his appropriate vacation benefit allowance in accordance with the above section.

21.7 Vacation schedules shall be mutually agreed upon. If, in the judgment of the Company, more workers want a particular vacation period than can be reasonably spared, the worker with the highest seniority shall have first preference for the vacation period.

ARTICLE 22

BEREAVEMENT PAY

22.1 As compensation for earnings lost while on authorized leave to make arrangement and/or attend the funeral services of a member of the worker's immediate family (father, mother, child, brother, sister, spouse, mother-in-law, father-in-law, grandfather, grandmother, grandchildren, son-in-law, daughter-in-law), any currently employed seniority worker shall receive compensation equal to the wages actually lost because of absence, not to exceed three (3) days wages. A day's wages is defined as nine (9) hours pay at the employee's regular hourly rate of pay. The Company may require a death certificate or other evidence of death and proof of attendance at the funeral.

ARTICLE 23

HOLIDAYS

23.1 Commencing with the effective date of this Agreement, the following shall be paid holidays:

23.1.1 New Year's Day

23.1.2 Good Friday

23.1.3 Memorial Day

23.1.4 July 4th

23.1.5 Labor Day

23.1.6 Thanksgiving Day

23.1.7 Day after Thanksgiving Day

23.1.8 Christmas Day

23.2 An employee shall receive nine (9) hours pay at the employee's regular hourly rate of pay on the day previous to holiday. Employees on piece rate are paid the general labor rate of pay.

23.3 When the holiday falls on Sunday, the following Monday shall be observed as a holiday.

23.4 To be eligible for a paid holiday not worked, the worker must work all scheduled hours on the scheduled workdays both immediately before and after the holiday. A worker must also have worked four (4) days within the last eight (8) workdays immediately preceding the holiday. A worker who reports for work on such workdays immediately before and after the holiday, but who works less than the full number of scheduled hours on the day before and the day after the holiday, must provide valid written documentation to the Company in support of his reasons why he/she only worked a partial day in order to be eligible to receive holiday pay. The Company shall apply reasonable standards in determining what to accept as valid written documentation. Probationary employees are not eligible for holidays.

23.5 A worker who is laid off more than one (1) week prior to a paid holiday will not be eligible for holiday pay.

23.6 Employees on a leave of absence are not entitled to holiday pay.

23.7 Holiday pay shall be issued to all workers as specified herein as soon as possible after the holiday, but in no event later than two (2) weeks after the end of the payroll period in which the worker qualifies for the holiday.

ARTICLE 24

JURY DUTY PAY

24.1 A seniority worker who has worked at least five (5) days during the two (2) weeks preceding the day in which a worker is first called for jury duty shall receive the benefit of this policy. A worker will be paid jury duty pay for any days of work missed due to the performance of such service up to a maximum of five (5) days in any two (2) year period. Jury duty pay is defined as the difference between the fees received by such worker for performing such service and what he would have received had he worked for the Company with his regular crew. To receive pay under this provision, the worker must provide the Company with a copy of the official notice summoning him to appear and documentary evidence of the amount of fees received from performing such services. If the worker is released from jury duty by 12:30 p.m. of any given day, the worker shall return to work for the balance of the workday.

ARTICLE 25
MEDICAL PLAN

25.1 Current Direct-Hire Employees: Commencing on October 1, 2005 and continuing during the term of this agreement, the Company agrees to provide the same or similar benefits as Western Growers Assurance Trust Affinity Plan – Option A (WGA Plan) for eligible direct-hire employees and their families. An eligible direct-hire employee is an employee who is a participant in the California Growers Plan as of the date this Agreement is signed, who has worked fifty (50) hours in the previous calendar month and who pays the Employee contribution rate specified below, including any increase required. Eligibility for medical insurance is established each month. Employees who are eligible for the WGA Plan but decline to participate may elect to participate in the RFK Plan as provided in Paragraph 25.2.1 below. The amount of Employee contribution to be paid by eligible employees shall be deducted from each employee's pay on a weekly basis.

- 25.1.1. \$11.33 – employee only
- 25.1.2. \$20.53 – employee plus one dependent
- 25.1.3. \$26.68 – employee plus two dependents

The Company agrees to pay all increases in premiums for the first year of the Agreement. For each increase in premium during the remainder of the Agreement, eligible employees will pay an additional contribution amount which equals the lower of one half (1/2) of any increase in premium, or ten percent (10%) of the Employee's contribution rate as of the date of the increase.

25.2 RFK Plan:

25.2.1 Beginning on the first day of the month following the date of the signing of this agreement, the Company will contribute \$1.2970 to the Robert F. Kennedy Farm Workers Medical Plan for each hour of work for direct-hire employees who are not participating in the WGA Plan and who elect RFK. The Company will only pay hourly contribution amounts to the RFK Plan on employees who elect RFK.

25.2.2 The Company agrees to pay the required contribution to maintain the current level of benefits, provided however, the maximum increase in hourly contribution amounts the Company shall be required to make shall be seven percent (7%) in September of each year after 2005 for the duration of this Agreement. The maximum contribution amounts shall be deemed the "annual cap."

25.2.3 If further contributions are necessary to maintain the current level of benefits, the Company will deduct any difference above the annual cap from the employee's wages and will remit the same to the RFK Medical Plan unless the employees covered by the RFK Plan agree to modifications of the RFK Plan before the effective date of the increase which reduce the Company's contribution to or below the annual cap.

25.2.4 For the increase in contribution to take effect on the dates specified, the Company must receive written notice from the Plan Administrator (on behalf of the Board of Trustees and the Union) specifying the amount, effective date, and basis thereof, which notice must be received no later than thirty (30) days prior to the desired effective date of the increase.

25.2.5 Within seven (7) working days after the close of each payroll period, the Company will remit the appropriate summary reports and monies for the RFK plan to the Union at an address designated by the Union. The parties agree that the Company's obligation under this article is complete upon the submission of appropriate summary reports and monies on a monthly basis and therefore, the Union agrees to indemnify and hold the Company harmless from any and all claims, lawsuits, administrative proceedings and/or other actions brought in any forum by anyone regarding the RFK plan and its operation, including any damages, cost of suit and reasonable attorneys' fees.

ARTICLE 26

PENSION

26.1 The Company agrees to continue to contribute to the California Grower Foundation Pension Plan (CGF Plan) for qualified employees at the contribution rate designated by the Plan to fund the current benefit in accordance with rules designated by the Plan. Direct hired employees are qualified for contributions once they are on the Company's payroll. In the event the CGF Plan makes changes in its Pension Plan, which are unacceptable to the Company, the Company shall have the right to withdraw from the CGF Plan and implement a defined contribution rate plan at a contribution rate not less than fifteen cents (\$.15 per) per hour.

ARTICLE 27

SAVINGS CLAUSE

27.1 In the event any portion of this Agreement shall become ineffective as the result of any applicable local, state or federal law, only that portion of this Agreement so affected shall be ineffective; in no event shall the fact that a portion of this Agreement be not applicable or illegal in accordance with such laws render the remainder of this Agreement ineffective or work a termination.

ARTICLE 28

MODIFICATION

28.1 No provision or term of this Agreement may be amended, modified, changed, altered or waived except by written document executed by the parties hereto.

ARTICLE 29

SUCCESSORSHIP

29.1 The Company will give notice of the existence of this Agreement to any purchaser, transferee, lessee, or assignee of the operation covered by this Agreement or any part thereof. Such notice will be in writing, with a copy to the Union, at the time the seller, transferor, or lessor executes a contract or transaction as herein described. The Company shall also notify the Union in writing of such sale or transfer at the time an agreement is executed, and shall comply with its obligation under W.A.R.N. (29 USC §2101 *et seq.*).

ARTICLE 30

MISCELLANEOUS

30.1 This Agreement and the addenda and supplements hereto constitute the sole and entire existing agreement between the parties hereto and supersede all prior agreement between the parties hereto and supersede all prior agreements, oral or written, between the Company and the Union, and express all obligations of, and restrictions imposed on, the Company during its term.

30.2 The parties acknowledge that, during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by the Agricultural Labor Relations Act from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement, and therefore each waives the right to further bargaining on any subject, whether covered or not covered in this Agreement, for the full term hereof.

ARTICLE 31

DURATION OF AGREEMENT

This Agreement shall be in full force and effect effective with the date of execution to and including thirty (30) months from the date of execution. This Agreement shall automatically be renewed from year to year unless either of the parties shall have given notice in writing to the other party sixty (60) days prior to the expiration or on any anniversary date thereafter, 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.

GALLO VINEYARDS, INC.

UNITED FARM WORKERS OF
AMERICA, AFL-CIO

By: Mano Gallo

By: Arturo Rodriguez

Date Signed: 9-23-05

Date Signed: 9/23/05

By: *Tanis yb*

Date Signed: *9/23/05*

By: *Casimiro Alvarez*

Date Signed: *9/23/05*

BARGAINING COMMITTEE:

By: *Antonio C. Mera*

By: *CELSO GONZALEZ*

By: *MARTIN GONSALES*

By: ~~*[Signature]*~~ *PERKOFF*

By: *Antonio Solano*

By: *JERONIMO PALAFOX B*
Remigio Valentin


Teodoro Soloxio 

EXHIBIT A

HOURLY CLASSIFICATION AND WAGE RATES

| <u>Ranch Classifications</u> | <u>Date of Signing</u> | <u>1 Year from Date of Signing</u> | <u>2 Years from Date of Signing</u> |
|--|------------------------|------------------------------------|-------------------------------------|
| General Labor | \$ 8.59 | \$ 8.85 | \$ 8.98 |
| Pruner Hand | \$ 8.86 | \$ 9.13 | \$ 9.27 |
| Pruner Machine | \$ 9.07 | \$ 9.34 | \$ 9.48 |
| Chainsaw | \$ 9.28 | \$ 9.56 | \$ 9.70 |
| Pump | \$ 10.72 | \$ 11.04 | \$ 11.21 |
| Irrigator | \$ 9.80 | \$ 10.09 | \$ 10.24 |
| Backhoe 1 | \$ 10.82 | \$ 11.14 | \$ 11.31 |
| Backhoe 2 | \$ 12.82 | \$ 13.20 | \$ 13.40 |
| Truck Driver | \$ 13.35 | \$ 13.75 | \$ 13.96 |
| Tractor 1 | \$ 9.80 | \$ 10.09 | \$ 10.24 |
| Tractor 2 | \$ 10.72 | \$ 11.04 | \$ 11.21 |
| Machine Harvest Operator (self-propelled) | \$ 12.29 | \$ 12.66 | \$ 12.85 |

Shop and Heavy Equipment

The following are pay ranges for the Thirty (30) month period. Individual wage rates will be determined by the Company in accordance with past practice.

Shop \$ 9.50 - \$30.00

Heavy \$10.50 - \$30.00

Bonus:

Labor Contractor employees will receive a return to work bonus if they worked 650 hours or more in the previous season and return to work at the beginning of the next operating season. The return to work bonus is \$400.00. The bonus shall be paid on the first paycheck upon returning to work the next operating season. In the event an eligible employee who presents himself for work and is not assigned work at the Company or, the Labor Contractor for whom they work for is not retained by the Company, that employee shall receive the return to work bonus. The Company and the Union will agree on a procedure to notify and pay such employees. Employees who are terminated for cause in the previous season are not bonus-eligible. The first return to work bonus shall be paid in 2006 based upon hours worked in calendar year 2005.

**EXHIBIT B
SCHEDULE OF PIECE RATES**

2005 HARVEST (Piece rates shall be retroactive to beginning of 2005 harvest.)

| TONS PER ACRE | CHARDONNAY SEMILLON SANGIOVESE | PETITE VERDOT PINOT NOIR CABERNET SAUVIGNON SAUVIGNON BLANC | MERLOT | CABERNET FRANC | NAPA GAMAY ZINFANDEL PETITE SIRAH |
|---------------|--------------------------------------|---|---------|-------------------|---|
| 5 or more | \$55.00 | \$70.00 | \$65.00 | \$60.00 | \$45.00 |
| 4.0 - 4.99 | \$60.00 | \$75.00 | \$70.00 | \$65.00 | \$50.00 |
| 3.0 - 3.99 | \$65.00 | \$80.00 | \$75.00 | \$70.00 | \$55.00 |
| 2.0 - 2.99 | \$70.00 | \$85.00 | \$80.00 | \$75.00 | \$60.00 |
| 1.0 - 1.99 | \$80.00 | \$95.00 | \$90.00 | \$85.00 | \$70.00 |

2006 HARVEST

| TONS PER ACRE | CHARDONNAY SEMILLON SANGIOVESE | PETITE VERDOT PINOT NOIR CABERNET SAUVIGNON SAUVIGNON BLANC | MERLOT | CABERNET FRANC | NAPA GAMAY ZINFANDEL PETITE SIRAH |
|---------------|--------------------------------------|---|---------|-------------------|---|
| 5 or more | \$60.00 | \$75.00 | \$70.00 | \$65.00 | \$50.00 |
| 4.0 - 4.99 | \$65.00 | \$80.00 | \$75.00 | \$70.00 | \$55.00 |
| 3.0 - 3.99 | \$70.00 | \$85.00 | \$80.00 | \$75.00 | \$60.00 |
| 2.0 - 2.99 | \$75.00 | \$90.00 | \$85.00 | \$80.00 | \$65.00 |
| 1.0 - 1.99 | \$85.00 | \$100.00 | \$95.00 | \$90.00 | \$75.00 |

2007 HARVEST

| TONS PER ACRE | CHARDONNAY SEMILLON SANGIOVESE | PETITE VERDOT PINOT NOIR CABERNET SAUVIGNON SAUVIGNON BLANC | MERLOT | CABERNET FRANC | NAPA GAMAY ZINFANDEL PETITE SIRAH |
|---------------|--------------------------------------|---|----------|-------------------|---|
| 5 or more | \$65.00 | \$80.00 | \$75.00 | \$70.00 | \$55.00 |
| 4.0 - 4.99 | \$70.00 | \$85.00 | \$80.00 | \$75.00 | \$60.00 |
| 3.0 - 3.99 | \$75.00 | \$90.00 | \$85.00 | \$80.00 | \$65.00 |
| 2.0 - 2.99 | \$80.00 | \$95.00 | \$90.00 | \$85.00 | \$70.00 |
| 1.0 - 1.99 | \$90.00 | \$105.00 | \$100.00 | \$95.00 | \$80.00 |

Other piece rates will be determined by the Company and announced to the employees prior to the time they enter the field and begin working. The Company shall closely evaluate the field conditions and will consider vine vigor, spacing, training practices and timing when determining rates. There shall be a piece rate minimum wage equal to the General Labor rate set forth in this Agreement.

EXHIBIT C

WORK RULES

Category I Offenses: The following violations of Company policy may result in immediate termination of employment without any prior written or oral warning:

1. Violation of the Company's workplace violence policy, drug or alcohol policy or anti-discrimination policy. (See attached booklet entitled *Gallo Vineyards, Inc. Workplace Violence, Drug & Alcohol and Anti-Discrimination Policies.*)
2. Insubordination to Company supervisors and managers;
3. Dishonesty or theft of Company or employee property;
4. Gross negligence or intentional destruction of Company property or equipment;
5. Falsifying Company documents;
6. The commission of any felony or a misdemeanor involving the use of violence or weapons;
7. Any violation of Article 6 - Strikes and Lockouts of this Agreement;
8. Falsifying an injury, filing a false worker's compensation claim;
9. Sexual harassment;
10. Willful falsification of employment records or any other Company records, which includes providing the Company with false or misleading information on application forms and timecards;
11. Malicious abuse or damage to Company property or the property of another employee or visitor. Graffiti on walls of restrooms, Company buildings, or other property, is forbidden;
12. Failure to report accidents or injuries;
13. Trespassing on Company property after normal work hours; and/or
14. For reasons stated in Sections 4.2.2 through 4.2.7 of this Agreement.

Category II Offenses: The following offenses may result in discipline or discharge depending on the severity of the offense:

1. Driving vehicles into work areas in an unsafe manner or at excessive speeds;
2. Leaving work without prior approval from your supervisor;

3. Gambling on Company premises;
4. A violation of the Company's safety rules;
5. Unauthorized soliciting or collecting for any purpose while on Company time or in Company work areas;
6. Release of confidential information to unauthorized personnel;
7. Absence from duty on available working days, without prior notice to and permission from your immediate supervisor;
8. Engaging in unauthorized activities while on duty, such as sleeping, etc.;
9. Unauthorized use of Company vehicles or equipment;
10. Littering or deliberately creating or contributing to unsanitary conditions at any Company location;
11. Having visitors without permission in work areas during work hours;
12. Failure to complete work as assigned by your supervisor or refusing to follow instructions;
13. Tardiness or absence;
14. Eating or drinking in non-designated areas;
15. Interference with any employee in the performance of duties; and/or
16. Poor work performance.

EXHIBIT D

FAMILY & MEDICAL LEAVE POLICY

Family Care or Medical Leave Defined. The Company will provide an unpaid family care or medical Leave of Absence for any employee who has at least twelve (12) months service and has worked twelve hundred and fifty (1250) hours during the previous twelve (12) month period. If the employee has worked the required time for the Company, the reasons for requesting a family care or medical leave will determine whether the employee will receive such a leave. The following are reasons that will entitle an employee to a family care or medical leave.

- Leave for reason of the birth of a child of the employee;
- Leave for reason of the placement of a child with the employee in connection with the adoption or foster care of a child;
- Leave for a serious health condition of a dependent child of the employee;
- Leave to care for a parent or spouse who has a serious health condition; and
- Leave because of a serious health condition of the employee which prevents the employee from performing the essential functions of their position.

Maximum Amount of Family Care or Medical Leave. The maximum amount of time for family care or medical leave is three (3) months (12 work weeks) during a twelve (12) month period. This twelve-month period is a rolling period and dates back from the date leave is first used. Leaves for the birth of a child or the placement of a child must be completed within twelve (12) months following the birth or placement of the child. When both spouses work for the Company, the maximum combined amount of leave for the birth or placement of a child or to care for a parent is twelve (12) weeks in a twelve (12) month period. Intermittent leaves or leaves on a reduced work schedule are not permitted after the birth or placement of a child, unless the Company approves intermittent leaves in advance. This does not apply where the employee's child or the employee has a serious health condition requiring treatment. Leaves for the other reasons specified in the section above can be intermittent or on a reduced work schedule when medically necessary.

Position will be Held Open. At the termination of the leave, the employee will be returned to their former position or an equivalent one unless the employee's position has been eliminated. No break in service or loss of seniority occurs during the family care or medical leave. Employees on leave because they have a serious health condition must provide a release to return to work, signed by a health care provider.

Serious Health Condition Defined. A serious health condition requires inpatient care, subsequent treatment in connection with inpatient care, or continuing treatment by a health care provider. It includes absences which are on a recurring basis for treatment or recovery. Minor illnesses of brief durations (3 days or less) are not serious health conditions. Examples of serious health conditions are heart conditions, stroke, cancer,

back injuries, pneumonia, emphysema, severe morning sickness, prenatal care, childbirth and recovery from childbirth. Serious health conditions do not include absence for substance abuse (except where treatment by a health care provider is sought), or routine physical exams.

Health Care Providers' Certificate Required for Family Care Leave. Employees are required to provide the Company with a certificate from a health care provider which certifies that the leave is required. Employees requesting a leave to care for other family members are required to provide a health care providers' certificate which states that the employee is needed to care for the individual requiring care. In the case of an employee's illness, a health care provider certification is also required. The certificate must state that the employee is unable to perform the essential functions of the job. In the case of a serious health condition of the employee, the Company may require the employee to be examined by a different physician at the Company's cost. The exact information required is set forth on a form which will be provided to you.

Notice Required. Employees are required to give the Company thirty (30) days' advance notice of the date that their family cares or medical leave will commence, unless the event that gives rise to the need for the leave was unforeseeable, in which case the employee shall give as much notice as practicable of the date when leave will be required. When planning medical treatment, employees are requested to consult with our Human Resources Manager in order to make a reasonable schedule, so as to not disrupt our operations, subject to the approval of your doctor.

Interpretations of this Family Care or Medical Leave policy shall be governed by state and federal law.

Medical Insurance Coverage. Employees on family care or medical leave who are covered by a Company-sponsored group health plan will continue to be covered during the time they would have been working for the Company, absent the family care or medical leave. If the employee was paying a co-payment prior to the family care or medical leave for coverage on the Company-sponsored group health plan, the employee is required to continue to make the co-payment to maintain coverage while on family care or medical leave. The Company is not required to cover employees who do not make the requisite co-payment for insurance. Employees who do not return to the Company's employ after a family or medical leave shall reimburse the Company for all medical premiums paid on their behalf during the family care or medical leave.

Family care or medical leave is unpaid, and no benefits shall accrue during the period of the leave. However, employees may use any accrued vacation or sick time during such leave. Employees wishing to take a family or medical leave must fill out a request form and provide the required medical certification. These forms are available at the office and should be completed and submitted to your supervisor.

EXHIBIT E

PREGNANCY DISABILITY LEAVE

Any employee who is disabled because of pregnancy or a pregnancy-related condition is entitled to up to four (4) months disability leave (88 working days for full-time employees). This leave may be taken intermittently or all at once when medically advisable. During the disability leave, the employee is entitled to use whatever accrued vacation or sick benefits are available, but such benefits cannot be used to extend the four (4) month leave.

Such leave of absence is without pay, and no benefits shall accrue during the period of the leave.

Upon the completion of the disability leave, the employee shall be entitled to return to the same job previously held, unless the job has been eliminated for business reasons or because preserving the employee's job would substantially undermine the Company's ability to operate safely and effectively which would justify not making the same position available. Under such circumstances, the employee shall be entitled to a comparable position, if any exist at the time reinstatement is requested.

Employees must provide at least thirty (30) days' advance notice of the need for pregnancy leave if it is foreseeable. If thirty (30) days is not practicable, as much notice as is practicable should be given. Employees desiring a pregnancy leave must fill out a request form and provide a doctor's certification stating, (i) the commencement date; (ii) duration of such leave; and (iii) an explanatory statement that due to the disability, the employee is unable to work at all or is unable to perform one or more of the essential functions of her position without undue risk to herself, the successful completion of her pregnancy or to other persons. Forms are available at the office and should be completed and submitted to your supervisor.

Employees who are eligible for our family and medical leave policy may be provided with up to twelve (12) weeks of coverage under our medical plan subject to the requirements and conditions of the "medical insurance coverage" section of our family and medical leave policy. The first twelve (12) weeks of leave for such employee is counted toward the employee's FMLA leave entitlement under federal law, but not to leave under the California Family Rights Act (CFRA). CFRA leave is a separate and distinct entitlement from a pregnancy disability leave under this section. Employees may, under certain conditions, be eligible for twelve (12) additional weeks of CFRA leave at the end of the employee's pregnancy disability or at the end of four (4) months pregnancy disability leave under this section, whichever occurs first.

Pregnancy Accommodation. In lieu of a pregnancy leave of absence, a pregnant employee may request a transfer to a less strenuous or less hazardous position. If such a transfer can be reasonably accommodated, a pregnant employee will be transferred for the duration of her pregnancy, provided that she submits a written request for such transfer, and, in addition, furnishes a doctor's written certificate attesting that the transfer request is upon doctor's advice. However, the Company will not undertake to create additional employment within the Company that would not otherwise be created to meet its own

business needs, nor will the Company be required to discharge any employee, transfer any employee with more seniority than the pregnant employee, or to promote an employee who is not qualified to perform the job. Upon transfer, an employee will receive the salary and benefits which are regularly provided to employees in the position to which the employee has been transferred.

SIDE LETTER RE: 16.2 SENIORITY/PROBATION

This side letter is to establish standards for the Seniority/Probationary Systems for compliance with Article 16, Section 16.2 regarding Labor Contractors Seniority/Probationary Systems.

1. Employees of Labor Contractors are given notice of a recall based on date of hire.

2. Layoffs are made based on either:

(a) the order in which employees of the Labor Contractor arrive at the designated place of employment on a first to arrive last to be laid off basis; or

(b) layoffs are made in reverse order of the date of hire - last to be hired, first to be laid off.

3. As to probation, an employee of a Labor Contractor shall be on probation for the first thirty (30) days the employee works on any of the eight (8) Company ranches following the date this Agreement goes into effect.

4. As to reporting, the Labor Contractor will be asked to provide a list of names of their employees working on the Company ranches (including hire dates), which will be sent to the Union at pruning and harvest.

GALLO VINEYARDS, INC.

By: Matthew Gallo

Date Signed: 9-23-05

UNITED FARM WORKERS OF
AMERICA, AFL-CIO

By: Antonio Blodig

Date Signed: 9/23/05

By: Tania

Date Signed: 9/23/05

By: Casimiro Alvarez

Date Signed: 9/23/05

BARGAINING COMMITTEE:

By: Antonio C. Meza

By: _____

By: CELSO GONZALEZ

By: MARTIN GONZALES

By: ~~ANTONIO SOLANO~~ JERONIMO B.

By: ANTONIO SOLANO

JERONIMO PALAFOX B

REMIGIO VALENTIN

TEODORO SOLOXIO ~~(S)~~

SIDE LETTER RE: SETTLEMENT OF DISPUTES

1. The parties agree that there are charges and other proceedings pending with the Agricultural Labor Relations Board (ALRB) they wish to resolve with the exception of 03-CE-09-SAL (30 ALRB No. 2)
2. Except for 03-CE-09-SAL (30 ALRB No. 2), the parties specifically agree to request withdrawal of all unfair labor practice charges filed with the ALRB and not to file any new charge, lawsuit or other proceeding based on any action or inaction that occurred prior to the effective date of this Agreement.
3. The Appeal of the ALRB's decision in 03-CE-09-SAL that is currently pending in the Third Appellate District (i.e. Gallo Vineyards, Inc. v. ALRB and United Farm Workers of America, case number C048387, and Roberto Parra v. ALRB and United Farm Workers of America, case number C048405) and other proceedings regarding the decertification will continue and not be affected by this Agreement.

GALLO VINEYARDS, INC.

UNITED FARM WORKERS OF AMERICA,
AFL-CIO

By: *Martin J. ...*

Date Signed: 9-23-05

By: *Arturo ...*

Date Signed: 9/23/05

By: *Tami ...*

Date Signed: 9/23/05

By: *Cosmin ...*

Date Signed: 9/23/05

BARGAINING COMMITTEE:

By: *Antonio C. Meza*

By: *COISO ...*

By: *Tedoto Soloxin*

~~By: [Signature]~~ ... T. ...

By: Antonio Solano

By: JERONIMO PALAFOX B.
Remigio Valentin

SIDE LETTER RE: SPECIAL SKILLED WORKERS

This side letter modifies this Agreement only to the extent provided for herein.

The Company and the Union agree that in order for the Company to attract and maintain highly skilled employees, it may be required in certain situations to provide increased wages and/or different or additional benefits to such employees. It is therefore agreed that the Company may provide increased wages and/or different or additional benefits to highly skilled employees than those provided for in this Agreement and that such action shall not be deemed a violation of this Agreement. In the event of an increase in wages, such increase in wages shall be equally improved for the group of similarly qualified workers in a particular job classification.

GALLO VINEYARDS, INC.

By: *M. Gallo*

Date Signed: 9-23-05

UNITED FARM WORKERS OF AMERICA, AFL-CIO

By: *Arturo Rodriguez*

Date Signed: 9/23/05

By: *Tania*

Date Signed: 9/23/05

By: *Casimiro Alvarez*

Date Signed: 9/23/05

BARGAINING COMMITTEE:

By: *Antonio C. Meza*

By: *ROSA GONZALEZ*

By: *MARTIN GONZALEZ*

By: ~~*[Signature]*~~ *Teodoro H.*

By: *Antonio Solano*

By: *JERONIMO PALAFOX B.*

Teodoro Solano
Remigio Valentin