

DISTRIBUTION AGREEMENT

AGREEMENT made as of the ____ day of _____, 20____, by and between *NAME OF SUPPLIER*, having its business address at _____ (hereinafter referred to as "SUPPLIER") and *NAME OF DISTRIBUTOR*, having its principal place of business at _____ (hereinafter referred to as "DISTRIBUTOR").

W I T N E S S E T H

WHEREAS

A. SUPPLIER is the producer of certain wines from the state of *STATE* as more particularly identified on the price list attached hereto, and made a part hereof, as schedule A (hereinafter referred to as the "Products");

B. DISTRIBUTOR desires to secure from SUPPLIER, and SUPPLIER is willing to grant to DISTRIBUTOR, the exclusive right to sell and distribute SUPPLIER'S Products in the United States of America with the exception of the state of *STATE* and direct retail, airline or consumer sales and sales exported out of the country from SUPPLIER'S *STATE* winery (hereinafter referred to as the "Territory").

NOW THEREFORE, it is mutually agreed as follows:

1. SUPPLIER hereby appoints DISTRIBUTOR as its sole and exclusive distributor for the term of this Agreement for the sale and distribution of the Products in and throughout the Territory. DISTRIBUTOR will maintain, or cause to be maintained, a sales staff for the distribution of products handled by DISTRIBUTOR, including the Products, and DISTRIBUTOR shall use its best efforts to promote the sale and distribution of SUPPLIER'S Products.

2. SUPPLIER will not ship the Products, or any other wines bearing the same or similar trademark, signature or identification anywhere on the package, to the Territory except under the order or by the direction of DISTRIBUTOR. It will refer to DISTRIBUTOR any and all orders or inquiries for the Products that it may receive for shipment to the Territory, or orders which are intended for eventual shipment to the Territory.

3. SUPPLIER will fill promptly and to the best of its ability all orders for the Products received from DISTRIBUTOR. The price to DISTRIBUTOR shall be based on delivery to DISTRIBUTOR'S warehouse and shall include a mutually negotiated delivered price to said warehouse. SUPPLIER and DISTRIBUTOR shall negotiate any price increases for the Products at least 60 days prior to the effective date of any such increase. DISTRIBUTOR shall have the right to order one months supply of the Products at the current price prior to any increase. Payment in U.S. dollars shall be made by DISTRIBUTOR 90 days from the date of delivery to DISTRIBUTOR'S warehouse.

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4. DISTRIBUTOR and SUPPLIER shall agree on an annual basis, or more frequently if required, as to the prices at which DISTRIBUTOR shall sell the Products to its customers. SUPPLIER will furnish to DISTRIBUTOR, promptly upon request, any and all authorizations that may be required by any governmental authority in connection with the sale and distribution of the Products in the Territory, provided that SUPPLIER is responsible for obtaining or maintaining said authorizations.

5. Pursuant to paragraphs 3 and 4 hereof, SUPPLIER and DISTRIBUTOR shall agree on SUPPLIER'S price to DISTRIBUTOR and DISTRIBUTOR'S price to its customers. In the event that SUPPLIER and DISTRIBUTOR cannot agree on either price within 30 days of commencement of the negotiations, the prices then in effect for each of said prices will be increased by an amount equal to the change in the Consumer Price Index-All US over a period of months equal to the number of months since the last price increase for each price.

6. SUPPLIER warrants, represents and agrees that all shipments of the Products sold or shipped under this Agreement shall be of first quality, suitable for beverage consumption, properly bottled and packaged in **STATE**, free from foreign matter, whether or not prejudicial to health, and will be bottled and packaged in conformity with applicable laws, regulations and requirements in effect within the Territory.

7. SUPPLIER will, upon demand, promptly execute such documents and perform such acts as may be necessary so as to prevent any products labeled in imitation or simulation of the Products from being distributed in the Territory.

8. The term of this Agreement shall be for a period of two years commencing on **DATE**, and terminating on **DATE**, and shall thereafter continue in effect unless either party shall notify the other of its intention to terminate this Agreement by giving at least 12 months written notice prior to any specified termination date. Either party shall have the option to terminate this Agreement after six months of the notice period by paying to the other party a sum equal to one-half of the case volume of the previous calendar year multiplied by **\$DOLLAR** per case. However, in the event of a breach of any of the terms and provisions of this Agreement, either party may terminate this Agreement by giving the other party 90 days written notice provided said notice shall set forth the breach being claimed as the basis for termination. If the offending party cures the breach being claimed within said 90-day period, the notice of termination shall be void and this Agreement shall continue in full and force and effect.

9. Notwithstanding the provisions of paragraph 7 hereof, SUPPLIER shall have the right to terminate this Agreement upon 60 days written notice in the event that DISTRIBUTOR shall:

- a. be declared bankrupt or enter a voluntary petition for bankruptcy or in any way enter into a compromise or agreement for the benefit of its creditors;
- b. fail to meet at least 90 percent of the mutually agreed upon sales performance goals set forth in Schedule B, attached hereto and made a part hereof;

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- c. fail to maintain in good standing all Federal and state licenses and permits necessary for the proper conduct of its business;
- d. change or in any way be affected by a change in the majority ownership of its business.

10. DISTRIBUTOR, upon request from SUPPLIER, will furnish SUPPLIER with available sales and depletion reports and details of all promotional and sampling programs with respect to the Products. DISTRIBUTOR will discuss with SUPPLIER any proposed changes in its distributor network at least 30 days prior to any such change.

11. Upon termination of this Agreement by either party, SUPPLIER shall repurchase, or cause its successor representative to purchase, as of said termination date, DISTRIBUTOR'S then existing inventory of SUPPLIER'S Products at DISTRIBUTOR'S laid-in cost, provided DISTRIBUTOR has properly stored and maintained the inventory of the Products in a saleable condition.

12. This Agreement is the entire agreement between the parties, cannot be changed orally, and neither party has made any representations or promises to the other which are not expressed in this Agreement.

13. No waiver of a breach of the terms of this Agreement shall be effective unless made in writing, and no such waiver shall be deemed a waiver of any other existing or subsequent breach. No modification of this Agreement shall be of any effect unless set forth in writing.

14. All the provisions of this Agreement are made subject to all applicable laws, regulations, rules or requirements of the Government of the United States of America or agencies of said Government, and in the performance of this Agreement, each of the parties hereto agrees to comply therewith.

15. All notices shall be sent prepaid either by mail or facsimile addressed to the respective parties at the address hereinabove set forth, unless they shall otherwise notify in writing.

16. This Agreement is an ***STATE*** contract and shall be governed by and construed in accordance with the laws of the state of ***STATE***. Any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in ***STATE*** in accordance with the rules of the American Arbitration Association then in effect, and judgment upon the award rendered by the arbitrator or arbitrators shall be final and binding upon the parties hereto.

17. If arbitration is required to enforce or to interpret a provision of this Agreement, or otherwise arises with respect to the subject matter of this Agreement, the prevailing party shall be entitled, in addition to, other rights and remedies that it may have, to reimbursement for its expenses incurred with respect to that action, including court costs and reasonable attorneys' fees at trial, on appeal, and in connection with any petition for review.

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18. This Agreement shall not be assigned by either party hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

SUPPLIER

DISTRIBUTOR

By: _____

By: _____

Title: _____

Title: _____