

Dear Allied Member:

May 23, 2001

At a recent meeting of the Board of Directors of Allied Grape Growers held on April 3, 2001, a By-law amendment was proposed and adopted. The amendment revises section 6.09 of the association's By-laws which addresses the association's independence of control regarding grape or grape products handling and marketing, including disputes arising under contracts of sale. In accordance with your Allied membership agreement, you are bound by the association's By-laws and any amendments thereto. Please be advised of the following revision:

Section 6.09 of the association's By-laws that previously read:

"All matters pertaining to the handling and marketing of grapes and grape products shall be transacted solely in the name of the Association or in the name of any agent to or through who said grapes and grape products may be consigned or shipped for handling. The Association may sell and market said grapes and grape products and transfer title thereto, and collect and receipt for the proceeds in its own name exclusively, or in the name of any subagent. No member, by virtue of having furnished any grapes, shall exercise any control over the Association in regard to either the handling or marketing of said products, or the conduct of the business of the Association. In all of said matters the Association may, in good faith, use its own discretion and judgment, free from any direction from the member furnishing the grapes. The member shall not be directly liable under any rules of agency on account of any contract, or contracts, made by the Association in carrying on its business. The Association shall be liable to members only for proceeds actually received by the Association. Claims pertaining to the handling or marketing of grapes, or otherwise arising from the conduct of the business of the Association shall be prosecuted and collected solely in the name of the Association or of any agent through whom said products may be shipped or sold, and all costs of collections may be charged and retained out of moneys recovered."

was amended to its current form on April 3, 2001 to read as follows:

"(a) All matters pertaining to the handling and marketing of grapes or grape products shall be transacted solely in the name of the Association or in the name of any agent to or through whom such grapes or grape products may be consigned or shipped for handling. The Association may sell and market such grapes or grape products and transfer title to them, and collect and receive the proceeds in its own name exclusively, or in the name of any subagent. No member, by virtue of having furnished any grapes, shall exercise any control over the Association in regard to either the handling or marketing of these products, or other conduct of the business of the Association. In all of these matters the Association may, in good faith, use its own discretion and judgment, free from any direction from the member furnishing the grapes. The member shall not be directly liable under any rules of agency on account of any contract, or contracts, made by the Association in carrying on its business. The Association shall be liable to members only for proceeds actually received by the Association.

(b) Any and all claims pertaining to the handling or marketing of grapes or grape products, including but not limited to any dispute arising under a contract of sale with a third party for the purchase of the grapes produced by a member, or otherwise arising from the conduct of the business of the Association, shall be prosecuted, defended, settled, and collected solely in the name of the Association or of any agent through whom such products may be shipped or sold. The Association may, in its discretion, charge and retain out of moneys recovered on the claim, or out of other funds held by the Association on behalf of the member whose grapes are the subject of the claim, the cost (including attorney's fees and other legal expenses) incurred in connection with the claim. No member, by virtue of having furnished any grapes, shall exercise any control over the Association in regard to the claim, and the Association may, in good faith, use its own discretion and judgment, free from any direction from the member furnishing the grapes, concerning the prosecution, defense, settlement, or collection of the claim. The Association shall have no liability to member for any decision made by the Association in connection with the claim, or because of the outcome of the claim, and in case of any disagreement or dissatisfaction the member's sole recourse is to withdrawal from membership in accordance with these By-laws."

If you have any questions regarding this notice of amendment to By-law Section 6.09, please contact Jeff Bitter or Nat DiBuduo in the Allied office and we will be happy to assist you. Thank you.

Sincerely,

Jeff Bitter
Vice President, Operations