BONDED WINE STORAGE ADDENDUM

This Addendum describes the terms and conditions for Client's use of WD's Bonded Wine Storage services. All capitalized terms herein retain the same meaning as in the FSA, unless defined otherwise below. In the event of a conflict between the terms of this Addendum and the FSA, this Addendum shall control.

RECITAL

WD holds separate registries with the federal Alcohol and Tobacco Tax and Trade Bureau ("TTB") and related state licenses, as a Bonded Wine Cellar ("BWC") at its Fulfillment Centers ("FC") located in Sherwood, Oregon, Paso Robles, California, American Canyon, California, and Farmer's Branch, Texas, wherein it provides its Fulfillment Services, including bonded wine storage of Wine-in-Bond, as defined herein.

SERVICE

- 1. **Definitions:** For the purposes of this Addendum, the following definitions apply:
 - a. "<u>Wine-in-Bond</u>" means Wine in bonded status held under the authority of a federal wine bond under regulations established by U.S. Code of Federal Regulations, Title 27 and the state alcoholic beverage governing authority where the respective FC is located.
 - b. "<u>Tax-paid Wine</u>" means Wine on which any and all Excise Taxes have been reported and paid in full to the governing regulatory authorities.
- 2. **Offering.** As available, WD provides Wine-in-Bond storage services to Client, accepting transfers of Client's Wine-in-Bond to a WD federally registered FC for a Fee and to hold it in bonded status under WD's registry until that time when it is either (i) transferred to tax-paid status; or (ii) removed while still in-bond from the FC to another qualified federally bonded wine facility as designated by Client.

3. Receipt of Product.

- a. <u>Documentation</u>. All Wine-in-Bond received into a WD FC must include the following information on the bill of lading:
 - i. The federally issued Registry Number of the bond holder from where it is being received;
 - ii. Name and address of origination point;
 - iii. Identification of the Wine: Vintage, varietal, and appellation;
 - iv. Type: Still, Sparkling (Natural or Artificial), or Dessert (Fortified)
 - v. Packaging: Case Goods or Bulk;
 - vi. Quantity (in gallons or portions thereof to two decimals);
 - vii. Alcohol-by-volume.
- Inter-Warehouse Transfers/Storage. WD reserves the right to transfer, at our cost, and store at Client cost using standard Wine-in-Bond LTS rates as described in Section 5 below, Wine-in-Bond at other WD bonded FC locations.
- 4. **Excise Taxes.** Client is responsible for the reimbursement of any and all federal and/or state excise taxes incurred on Wine removed from Wine-In-Bond status to Tax-paid status while at WD's FC at the current government rate, subject to Client's production volume and the respective Wine's excise tax classification.
 - a. <u>Small Winery Tax Credit</u>. In accordance with the Craft Beverage Modernization Act ("CBMA"), if Client is eligible for a wine tax credit, it shall present proof of such eligibility to WD prior to the Wine's removal from in-bond status to tax-paid status so that WD may claim the wine tax credit on behalf of Client. Failure to provide such proof shall result in the Wine incurring the excise tax at the full rate for its classification.

b. <u>Tax Payments</u>. Excise taxes incurred for Wine removed from WD's bond during any particular month will be invoiced to the Client monthly following payment of the taxes. Payment by Client for all such taxes incurred shall be due within twenty (20) calendar days of the invoice date.

5. Wine-in-Bond Storage Costs; IN and OUT

- a. <u>Costs</u>. Wine-in-Bond storage expressly requires Client to "opt-in" to Long-term Storage ("LTS") rates at the list price per the standard Rate Sheet of the FSA.
- b. <u>IN and OUT</u>. Inventory IN and OUT fees apply to Wine-in-Bond (except for WD-initiated Inter-Warehouse Transfers), when applicable, per the standard Rate Sheet of the FSA.

Both Parties have negotiated this Addendum freely and in good faith with the opportunity for the assistance of their counsel, acknowledge having read all of its terms, and fully understand that they are each obligated to fulfill the promises they have made to each other.

WINEDIRECT, INC.	CLIENT
Signature:	Signature:
Name:	Name:
Title:	Title: