

WILLAMETTE VALLEY VINEYARDS INC  
Form DEF 14A  
June 07, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
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Willamette Valley Vineyards, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Notice of the Annual Meeting of Stockholders

To be held Sunday July 11, 2010

Dear Shareholders,

You are cordially invited to the 2010 Annual Meeting of Shareholders the (“Annual Meeting”) of Willamette Valley Vineyards, Inc., which will be held at our winery at 8800 Enchanted Way S.E., Turner, Oregon 97392, on Sunday, July 11, 2010, beginning at 1:00 p.m., local time. The Annual Meeting will be held for the following purposes:

1. To consider and vote upon a proposal to elect eight members to our Board of Directors, each to hold office until the 2011 Annual Meeting or until his or her successor is elected and qualified;
2. To ratify the appointment by the Board of Directors of Moss Adams LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2010; and
3. To transact such other business as may properly come before the meeting or any postponements or adjournments of the meeting.

The foregoing items of business are more fully described in the Proxy Statement that accompanies this Notice.

Our Board of Directors fixed May 13, 2010 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and any postponements or adjournments of the meeting, and only shareholders of record at the close of business on that date are entitled to this notice and to vote at the Annual Meeting. A list of shareholders entitled to vote at the Annual Meeting will be available at the meeting and at our offices for ten days prior to the meeting.

We hope that you will use this opportunity to take an active part in our affairs by voting on the business to come before the Annual Meeting, either by executing and returning the enclosed Proxy Ballot or by casting your vote in person at the meeting. An electronic version of the 2010 Proxy and Annual Report is available at this web address: [www.proxyvote.com](http://www.proxyvote.com). Whether or not you plan to attend in person, please sign, date and return the enclosed proxy in the envelope provided. The prompt return of your proxy card will assist us in preparing for the Annual Meeting. If you receive more than one proxy card because you own shares registered in different names or addresses, each proxy card should be completed and returned.

BY ORDER OF THE BOARD OF DIRECTORS

Jim Bernau  
President and Chairperson of the  
Board of Directors

Turner, Oregon  
June 1st, 2010

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PROXY STATEMENT  
for the  
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 11, 2010

1. INTRODUCTION

1.1 General

This proxy statement (the "Proxy Statement") and the accompanying proxy ballot are being furnished to the shareholders of Willamette Valley Vineyards, Inc., an Oregon corporation (the "Company"), as part of the solicitation of proxies by the Company's Board of Directors (the "Board") from shareholders of record of outstanding shares of the Company's common stock, no par value (the "Common Stock"), for use in voting at the Company's Annual Meeting of Shareholders to be held on July 11th, 2010 at 1:00 PM at Willamette Valley Vineyards, 8800 Enchanted Way SE, Turner, Oregon 97392 and at any adjournments or postponements thereof (the "Annual Meeting").

At the Annual Meeting, shareholders will be asked to consider and vote upon the following:

- (i) To elect eight members of the Board of Directors, each to hold office until the 2011 Annual Meeting or until his or her successor is elected and qualified;
- (ii) To ratify the appointment by the Board of Directors of Moss Adams LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2010; and
- (ii) To transact such other business as may properly come before the meeting or any adjournments thereof.

This Proxy Statement, together with the enclosed proxy ballot, is first being mailed to the Company's shareholders on or about June 1st, 2010.

Your vote is important. Accordingly, whether or not you plan to attend the Annual Meeting, please sign and return the proxy ballot as soon as possible. Shares can be voted at the Annual Meeting only if the holder is present in person or by proxy. If you receive more than one proxy card because your shares are registered in different names or at different addresses, please sign and return each such proxy so that all of your shares will be represented at the Annual Meeting.

1.2 Solicitation, Voting and Revocability of Proxies

The Board of Directors has fixed the close of business on May 13, 2010 as the record date for the determination of the shareholders entitled to notice of and to vote at the Annual Meeting. Accordingly, only holders of record of Common Stock at the close of business on such date will be entitled to vote at the Annual Meeting, with each such share entitling its owner to one vote on all matters properly presented at the Annual Meeting. On the record date, there were 5,015 registered and or beneficial holders holding 4,888,979 shares of Common Stock. The presence, in person or by proxy, of a majority of the total number of outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting.

Each enclosed proxy gives discretionary authority to the persons named therein with respect to any amendments or modifications of the Company proposals and any other matters that may be properly proposed at the Annual Meeting. The shares represented by all valid unrevoked proxies returned in time to be voted at the Annual Meeting will be voted in accordance with the instructions marked therein. EXECUTED BUT UNMARKED PROXIES WILL BE VOTED FOR THE ELECTION OF THE DIRECTORS NAMED IN THE PROXY AND FOR THE RATIFICATION OF THE COMPANY'S AUDITORS. If any other matter(s) properly comes before the Annual Meeting, the proxies solicited hereby will be exercised in accordance with the reasonable judgment of the proxy holders named therein. If the meeting is adjourned or postponed, your shares will be voted by the proxy holders on the new meeting date as well, unless you have revoked your proxy instructions before that date. Under Oregon law,

shareholders are not entitled to dissenters' rights with respect to any of the proposals set forth in this Proxy Statement.

The presence of a shareholder at the Annual Meeting will not automatically revoke such shareholder's proxy. A shareholder may, however, revoke a proxy at any time prior to its exercise by filing a written notice of revocation with, or by delivering a duly executed proxy bearing a later date to: Board Secretary, Willamette Valley Vineyards, Inc., 8800 Enchanted Way S.E., Turner, Oregon 97392, or by attending the Annual Meeting and voting in person. Attending the Annual Meeting in and of itself will not revoke previously given proxies. In order to be effective, all revocations and later-filed proxies not delivered in person at the Annual Meeting must be delivered to the Company at the address listed above not later than 5:00 p.m. local time, on Saturday, July 10th, 2010. A shareholder who attends the meeting need not revoke a previously executed proxy and vote in person unless the shareholder wishes to do so. All valid, unrevoked proxies will be voted at the Annual Meeting.

A proxy marked as abstaining will be treated as present for the purpose of determining whether there is a quorum for the Annual Meeting, but will not be counted as voting on any matter as to which abstinence is indicated. A Broker "non vote," which occurs when a broker or other nominee holder, such as a bank, submits a proxy representing shares that another person actually owns, and that person has not given voting instructions on a non-routine matter or matters to the broker or other nominee holder, will be treated as present for purposes of determining whether there is a quorum for the Annual Meeting.

The Company will pay the cost of its proxy solicitation. In addition to the use of the mails, proxies may be solicited personally, by telephone or by email by directors, officers and employees of the Company, who will not be specially compensated for such activities. Your cooperation in promptly completing and returning the enclosed proxy to vote your shares of Common Stock will help to avoid additional expense.

If you are a shareholder of record and you plan to attend the Annual Meeting, please indicate this when you vote. If you are a beneficial owner of shares of Common Stock held by a bank, broker or other nominee, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from the bank, broker, or other nominee are examples of proof of ownership. If you want to vote in person your shares of Company's Common Stock held in street name, you will have to obtain a proxy, executed in your favor, from the holder of record. You may be asked to provide proof of identification to gain entry to the Annual Meeting.

### 1.3 Directors and Executive Officers

The following table sets forth the names of each of our named executive officers and each of the members of the Board of Directors, each of whom is a nominee for election as a director for a one-year term, and each such person's position with the Company and age.

Name	Position(s) with the Company	Age
James W. Bernau ***	Chairperson of the Board, President and Director	56
R. Steven Caldwell	Chief Financial Officer	54
Craig Smith **	Secretary and Director	63
Thomas M. Brian **	Director	61
Sean M. Cary	Director	36
James L. Ellis ***	Director	65
Delna L. Jones * ***	Director	69
Betty M. O'Brien *	Director	66
Stan G. Turel * ** ***	Director	62

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\*Member of the Compensation Committee

\*\*Member of the Audit Committee

\*\*\*Member of the Executive Committee

All directors hold office until the next annual meeting of shareholders or until their successors have been elected and qualified. Executive officers are appointed by the Board of Directors and serve at the pleasure of the Board of Directors. Set forth below is additional information as to each director and executive officer of the Company.

James W. Bernau. Mr. Bernau has been President and Chairperson of the Board of Directors of the Company since its inception in May 1988. Willamette Valley Vineyards was originally established as a sole proprietorship by the



Oregon winegrower in 1983, and he co-founded the Company in 1988 with Salem grape grower, Donald Voorhies. From 1981 to September 1989, Mr. Bernau was Director of the Oregon Chapter of the National Federation of Independent Businesses, "NFIB", an association of 15,000 independent businesses in Oregon. Mr. Bernau has served as the President of the Oregon Winegrowers Association, the Treasurer of that association's Political Action Committee and the Chair of the Promotions Committee of the Oregon Wine Advisory Board, the State of Oregon's agency dedicated to the development of the industry. In March 2005, Mr. Bernau received the industry's Founder's Award for his service.

R. Steven Caldwell, CPA. Mr. Caldwell was selected as the Chief Financial Officer of Willamette Valley Vineyards, Inc. on May 24, 2010 after serving as the Controller since November 30th, 2009. Previously, from 2004 to 2009, Mr. Caldwell served as the Chief Financial Officer/Controller for Bend Tarp & Liner, Inc. based in Central Oregon. The principal business of Bend Tarp and Liner, Inc. is the fabrication and distribution of pond and lake liners throughout the United States and overseas. Prior to his tenure at Bend Tarp and Liner, Mr. Caldwell worked in public accounting, most recently with the Salem, OR firm of Brenner & Co., serving as a technical reviewer in the tax division. None of his previous employments were with companies that are a parent, subsidiary or other affiliate of Willamette Valley Vineyards. Mr. Caldwell is a Certified Public Accountant, licensed in the state of Oregon since May of 1995 and holds a Bachelor of Science Degree in Business Administration with an accounting concentration from Oregon State University.

Craig Smith, CPA, MBA, JD. Mr. Smith has served as a Director since October 2007 and as Secretary since January, 2010. Mr. Smith, retired in December 2009 after 23 years as now retired, was the Vice President/Chief Financial Officer of Chemeketa Community College in Salem, Oregon a position he held since June of 1986. He was an Adjunct Professor at the Atkinson Graduate School of Management at Willamette University, as well as Managing Partner of Faler Grove Miller and Smith a large Salem Oregon CPA firm. He has served on many State of Oregon commissions, and he has served as the Board Chairperson for many of the local non-profit and educational institutions including the Salem Keizer School Board, Chemeketa Community College Board of Education, State Fair Dismissal Appeals Board, Mid-Willamette Valley Council of Governments, Oregon School Boards Association and the United Way. Mr. Smith is an active member of the Oregon State Bar and a Certified Public Accountant. Mr. Smith is an independent director as defined under NASDAQ rules.

Thomas M. Brian. Mr. Brian was appointed to the Board of Directors in June of 2004. Mr. Brian has served as Chairman of the Washington County Board of Commissioners since 1999. Previously, he served for 10 years in the Oregon House of Representatives. While in the legislature, Mr. Brian was Chairman of the Revenue Committee and served on the Judicial and Ways and Means Committees. He also served 10 years as City Councilor and Mayor of Tigard, OR. Mr. Brian has successfully owned and operated a commercial/industrial real estate company for nineteen years.

Sean M. Cary. Mr. Cary was elected to the Board of Directors in 2007. Mr. Cary is the Corporate Controller of National Warranty Corporation, a Eugene, Oregon based provider of finance and insurance products sold through automobile dealers located in the Pacific Northwest, a position he has held since November of 2008. Previously, Mr. Cary served as the CFO of Cascade Structural Laminators, a laminated beam manufacturer headquartered in Eugene, Oregon from July 2007 to September of 2008 and prior to that as Controller of Willamette Valley Vineyards. Mr. Cary served in the U.S. Air Force as a Financial Officer. Mr. Cary holds a Master of Business Administration degree from the University of Oregon and a Bachelor of Science Degree in Management from the U.S. Air Force Academy.

James L. Ellis. Mr. Ellis, a founding shareholder of the Company, has served as a Director since July 1991. Mr. Ellis retired from full time duties with the Company in July of 2009 and currently works part-time on selected projects. Mr. Ellis previously served as the Company's Director of Human Resources from 1993 to 2009. He also served as the Company's Secretary from 1997 to 2009, and Vice President /Corporate from 1998 to 2009. From 1990 to 1992, Mr. Ellis was a partner in Kenneth L. Fisher, Ph.D. & Associates, a management-consulting firm. From 1980 to 1990, Mr. Ellis was Vice President and General Manager of R.A. Kevane & Associates, a Pacific Northwest personnel-consulting firm. From 1962 to 1979, Mr. Ellis was a member of and administrator for the Christian Brothers of California, owner of Mont La Salle Vineyards and producer of Christian Brothers wines and brandy.

Delna L. Jones. Ms. Jones has served as a Director since November 1994. Ms. Jones resigned from the Board in December of 2002 having moved to Southern California and was reappointed by the Board in March of 2005 having returned to Oregon. From January of 2004 to present, Ms. Jones has served as President of Delna Jones and

Associates, an independent consulting firm. Ms. Jones also currently serves as the Chair of the Oregon Ethics Commission. Ms. Jones was elected in 1998 and served as a County Commissioner for Washington County, Oregon from 1998 to 2000. Ms. Jones previously served as project director for the Capital Center, an education and business consortium from 1994 to 1998. From 1985 to 1990, Ms. Jones served as Director of Economic Development with US West Communications. Beginning in 1982, she was elected six times to the Oregon House as the State Representative for District 6. During her tenure, she served as the Assistant Majority Leader; she also chaired the Revenue and School Finance committee, and served on the Legislative Rules and Reorganization committee and the Business and Consumer Affairs committee.

Betty M. O'Brien. Ms. O'Brien, a founding shareholder of the Company, has served as a Director since July 1991. Ms. O'Brien is co-owner of Elton Vineyards L.L.C., a commercial vineyard located in Eola Hills in Yamhill County, Oregon and established in 1983. Ms. O'Brien was the Executive Director of the Oregon Wine Board from 2001 to 2004. Ms. O'Brien was employed by Willamette University as its Director of News and Publications from 1988 to 2000. She is a member of the Oregon Winegrowers Association, having previously served as its President and Treasurer and as a director. Ms. O'Brien is a member of the Vineyard Management/Winemaking Program Advisory Committee at Chemeketa Community College (CCC). She headed a wine industry task force developing a new wine marketing program and curriculum leading to a two-year degree at CCC. She now teaches Introduction to Wine Marketing. She serves as Chair of the Board of Directors of LIVE (Low Input Viticulture and Enology).

Stan G. Turel. Mr. Turel, a founding shareholder of the Company, has served as a Director since November of 1994. From 2001 to present, Mr. Turel has served as President of Turel Enterprises, a real estate management company managing his own properties in Oregon, Washington and Idaho. Prior to his current activities, Mr. Turel was the Principal and CEO of Columbia Turel, (formally Columbia Bookkeeping, Inc.) a position which he held from 1974 to 2001. Prior to the sale of the company to Fiducial, one of Europe's largest accounting firms, Columbia had 26,000 annual tax clients including 4,000 small business clients. Additionally Mr. Turel successfully operated as majority owner two cable television companies during the 1980's and 1990's which were eventually acquired by other corporations. Mr. Turel is a pilot, has previously served as a delegate to the White House Conference on Small Business and has previously held positions on several state and local Government committees.

#### 1.4 Board and Committee Meeting Attendance

The Board of Directors met four times during 2009. Each director attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings of each committee on which each director served.

#### 1.5 Annual Meeting Attendance

Although we do not have a formal policy regarding attendance by members of the Board of Directors at our annual meeting of shareholders, directors are encouraged to attend the annual meetings. All eight of our directors attended the Company's 2009 annual meeting of shareholders.

#### 1.6 Independence

The Board of Directors has determined that each of our directors other than Mr. Bernau, Mr. Ellis and Mr. Cary is "independent" within the meaning of the applicable rules and regulations of the SEC and the director independence standards of The NASDAQ Stock Market, Inc. ("NASDAQ"), as currently in effect. Furthermore, the Board of Directors has determined that each of the members of the Compensation and Audit Committees of the Board of Directors is "independent" under the applicable rules and regulations of the SEC and the director independence standards of NASDAQ, as currently in effect. The Board of Directors does not have a separate standing Nominating Committee. Consistent with NASDAQ rules, only independent directors participate in meetings where the Board of Directors meets as the Nominating Committee. The independent directors held two meetings in 2009.

#### 1.7 Committees of the Board of Directors

##### Compensation Committee

The Board of Directors has appointed a Compensation Committee, which reviews executive compensation and makes recommendations to the full Board regarding changes in compensation, and also administers the Company's 1992 Stock Incentive Plan. Executive officers do not play a role in determining executive compensation. The Compensation

Committee does not delegate any of its duties, and it may use consultants in determining executive compensation. The Compensation Committee met two times in person or by telephone conference in 2009. The members of the Compensation Committee are Betty M. O'Brien, Chair, Stan Turel and Delna Jones. All members of the Compensation Committee are independent under the applicable rules and regulations of the SEC and the director independence standards of the NASDAQ Stock Market, as currently in effect. A copy of the Compensation Committee's charter can be found on the Company's website, [www.WillametteValleyVineyards.com](http://www.WillametteValleyVineyards.com).

#### Audit Committee

The Company has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The members of the Audit Committee are Thomas M. Brian, Craig Smith, and Stan G. Turel. All members of the Audit Committee are independent as defined under the applicable rules and regulations of the SEC and the director independence standards of the NASDAQ Stock Market, as currently in effect. The Audit Committee oversees our financial reporting process on behalf of the Board of Directors and reports to the Board of Directors the results of these activities, including the systems of internal controls that management and the Board of Directors have established, our audit and compliance process and financial reporting. The Audit Committee, among other duties, engages the independent public accountants retained as the registered public accounting firm, pre-approves all audit and non-audit services provided by the independent public accountants, reviews with the independent public accountants the plans and results of the audit engagement, considers the compatibility of any non-audit services provided by the independent public accountants with the independence of such auditors and reviews the independence of the independent public accountants. Mr. Smith is designated by the Board of Directors as the “audit committee financial expert” under SEC rules. The Audit Committee conducted four meetings in the year ended December 31, 2009 and all members attended all of the meetings. A copy of the Audit Committee charter can be found at our website, [www.WillametteValleyVineyards.com](http://www.WillametteValleyVineyards.com).

#### Audit Committee Financial Expert

Chairperson Craig Smith serves as the Audit Committee’s financial expert. Mr. Smith is independent as defined under the applicable rules and regulations of the SEC and the director independence standards of the NASDAQ Stock Market as currently in effect.

#### Nominating Committee

The Board of Directors performs the function of a Nominating Committee for selecting nominees for election as directors. Given its size, the Board believes that it performing this function is a pragmatic and realistic approach. Consistent with NASDAQ rules, the independent members of the Board of Directors select and recommend to the full Board of Directors for approval nominees for director positions. The Board then determines whether to approve of such nominations and present them to the Company’s shareholders for election to the Board of Directors. In seeking nominees, the Board looks for qualified candidates that will meet the oversight and financial expertise needs of the Company. The Board also looks for nominees who will meet the independent qualifications necessary to meet current standards of independence. While not maintaining a specific policy on Board diversity requirements, the Board believes that diversity is an important factor in determining the composition of the Board and, therefore, seeks a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and to enhance the diversity of the Board. The Board, functioning as the Nominating Committee, annually evaluates the Board’s composition. This evaluation enables the Board to update the skills and experience they seek in the Board as a whole, and in individual directors, as the Company’s needs evolve and change over time and to assess the effectiveness of efforts at pursuing diversity.

Nominations of candidates by shareholders of the Company to be considered by the Committee for membership on the Board of Directors may be submitted if such nominations are made pursuant to timely notice in writing to the Board Secretary. For more information, please see the information provided under the heading “Shareholder Proposals and Nominations” below. The current nominees were selected by the independent members of the Board of Directors, which nominees were ratified by the entire Board of Directors. The Nominating Committee does not currently have a charter or formal policy with respect to the consideration of director candidates recommended by shareholders. The reason for not having such a formal policy is that the current approach has functioned well and therefore no formal policy has been deemed necessary.

## Executive Committee

In 1997 the Board appointed an Executive Committee, its members are: James Bernau, James Ellis, Delna Jones and Stan Turel. One of the principle charters of the Executive Committee is to review and approve all proposed purchases over \$50,000.00. The Executive Committee held two meetings during 2009.

## 1.8 Leadership Structure of Board of Directors

Currently, the Company's President Mr. Bernau also serves as its Chairman of the Board. The Board believes the interests of all shareholders are best served at the present time through a leadership model with the same person holding the positions of President and Chairman of the Board.

The Company's President possesses an in-depth knowledge of the Company, its operations, and the array of challenges to be faced, gained through over 25 years of successful experience in the industry. The Board believes that these experiences and other insights put the President in the best position to provide broad leadership for the Board as it considers strategy and as it exercises its fiduciary responsibilities to its shareholders.

Further, the Board has demonstrated its commitment and ability to provide independent oversight of management. All directors other than Mr. Bernau, Mr. Ellis, and Mr. Cary are independent, and 100 percent of the Compensation and Audit Committee members are independent. Each independent director may call meetings of the independent directors, and may request agenda topics to be added or dealt with in more detail at meetings of the full Board or an appropriate Board committee.

#### 1.9 Role of Board of Directors in Risk Oversight

The entire Board and each of its standing committees are involved in overseeing risk associated with the Company. The Board monitors the Company's governance by regular review with management and outside advisors. The Board and the Audit Committees monitor the Company's liquidity risk, regulatory risk, operational risk and enterprise risk by regular reviews with management and external auditors and other advisors. In its periodic meetings with the independent accountants, the Audit Committee discusses the scope and plan for the audit and includes management in its review of accounting and financial controls, assessment of business risks and legal and ethical compliance programs. As part of its responsibilities as set forth in its charter, the Compensation Committee reviews the Company's executive compensation program and the associated incentives to determine whether they present a significant risk to the Company. Based on this review, the Compensation Committee concluded that the Company's compensation policies and procedures are not reasonably likely to have a material adverse effect on the Company.

#### 1.10 Director Compensation

The following table sets forth information concerning compensation of our directors other than Mr. Bernau for the fiscal year ended December 31, 2009.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
James L. Ellis	0	0	0	0	0	0	0
Sean M. Cary	2,000	0	0	0	0	0	2,000
Thomas M. Brian	0	0	0	0	0	0	0
Delna L. Jones	0	0	0	0	0	0	0
Craig Smith	600	0	0	0	0	0	600
Betty M. O'Brien	2,200	0	0	0	0	0	2,200
Stan G. Turel	2,000	0	0	0	0	0	2,000

(1) The amounts provided in this column represent the aggregate grant date fair value of option awards granted to our directors in the fiscal year ended December 31, 2009 as calculated in accordance with FASB ASC Topic 718, Stock Compensation. The aggregate number of option awards outstanding for each director as of December 31,



2009 is as follows: Mr. Ellis – 81,130, Mr. Cary – 16,000, Mr. Brian – 22,000, Ms. Jones – 27,800, Mr. Smith – 0, Ms. O'Brien – 40,700, and Mr. Turel – 37,517.

The members of the Company's Board of Directors received cash compensation for their service on the Board in 2009, and were reimbursed for out-of-pocket and travel expenses incurred in attending Board meetings. Under the Company's Stock Incentive Plan adopted by the shareholders in 1992 and further amended by the shareholders in 1996, beginning in 1997 an option to purchase 1,500 shares of Common Stock is granted to each Director for service on the Board during the year. This option was increased to 4,000 per year when the 50-share grant per Director's meeting was discontinued for the year 2000 and beyond. In December 2005, each Director was granted 14,000 options for service during 2005. In the foreseeable future, as a result of FASB ASC Topic 718, Stock Compensation, requiring all share-based payments to be recognized as expenses in the statement of operations based on their fair values and vesting periods, the Company does not intend to issue stock options to the Directors for their service.

In January of 2009 the Board of Directors upon recommendation of the Compensation Committee who sought outside counsel regarding revision of the Company's Board Compensation Plan, adopted the final version of the revised WVV Board Member Compensation Plan. Under the terms of the plan, any Board member can elect not to receive any or all of the compensation components and the Board reserves the right to suspend this plan at any time depending on the effects of the economy on the Company. The basic elements of the plan are: \$1,000 yearly stipend for service on the Board, \$500 per Board meeting attended in person, \$250 per Board meeting via teleconference, \$200 per committee meeting in person and \$100 per committee meeting via teleconference. A set per diem for expenses associated with meeting attendance, as well as, a yearly wine and glassware allowance were also approved.

1.11 Communications to the Board of Directors

The Board of Directors welcomes and encourages shareholders to share their thoughts regarding the Company. Towards that end, the Board of Directors has adopted a policy whereby all communications should first be directed to the Company's Secretary. The Secretary will then distribute a copy of the communication to the Chairman of the Board, the Chairperson of the Audit Committee and the Company's outside counsel. Based on the input and decision of these persons, along with the entire Board of Directors if it is deemed necessary, the Company will respond to the communication. Shareholders should not communicate directly with any other individual officer or director unless requested to do so.

1.12 Code of Ethics

The Company adopted a code of ethics applicable to its Chief Executive Officer, CFO/Controller and other finance leaders, which is a "code of ethics" as defined by applicable rules of the Securities and Exchange Commission. Amendments to the code of ethics or any grant of a waiver from a provision of the code of ethics requiring disclosure under applicable SEC rules, if any, will be disclosed on our website at, [www.WillametteValleyVineyards.com](http://www.WillametteValleyVineyards.com).

Any person may request a copy of the code of ethics, at no cost, by writing to us at the following address:

Willamette Valley Vineyards, Inc.  
 Attention: Corporate Secretary  
 8800 Enchanted Way SE  
 Turner, OR 97392

2. EXECUTIVE COMPENSATION

2.1 Summary Compensation Table

The following table sets forth certain information concerning compensation paid or accrued by the Company, to or on behalf of the Company's principal executive officer, James W. Bernau and former principal financial officer, Jeffrey J. Fox (the "Named Executive Officers") for the years ending December 31, 2009 and 2008. No other officer, director or other employee of the Company other than Mr. Bernau and Mr. Fox received total compensation in 2009 in excess of \$100,000. In accordance with Item 402(m) of Regulation S-K, Mr. Bernau and Mr. Fox were the only executive officers of the Company for whom disclosure is required during this period.

SUMMARY COMPENSATION TABLE

		Nonqualified		
	Stock	Non-Equity	All	
	Option	Incentive	Plan	Other
		Plan	Compensation	

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Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Awards (\$)	Awards (\$)	Compensation (\$)	Earnings (\$)	Compensation (\$)	Total (\$)
Bernau, James W., President, Chief Executive Officer and Chairman	2009	173,379	43,653	-	-	-	-	5,663	222,695
	2008	167,840	41,960	-	-	-	-	14,476	224,276
Fox, Jeffrey J. Chief Financial Officer	2009	113,031							113,031

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2.2 Bernau Employment Agreement

The Company and Mr. Bernau are parties to an employment agreement dated August 3, 1988 and amended in February 1997 and again amended in January of 1998. Under the amended agreement, Mr. Bernau is paid an annual salary of \$173,379 with annual increases tied to increases in the consumer price index. Pursuant to the terms of the employment agreement, the Company must use its best efforts to provide Mr. Bernau with housing on the Company's property. Mr. Bernau lives in the mobile home free of rent and must continue to reside there for the duration of his employment in order to provide additional security and lock-up services for late evening events at the Winery and Vineyard. The employment agreement provides that Mr. Bernau's employment may be terminated only for cause, which is defined as non-performance of his duties or conviction of a crime.

2.3 Stock Options

In order to reward performance and retain high-quality employees, the Company often grants stock options to its employees. The Company does not ordinarily directly issue shares of stock to its employees. Options are typically issued at a per share exercise price equal to the closing price as reported by the Capital Market at the time the option is granted. The options vest to the employee over time. Three months following termination of the employee's employment with the Company, any and all unexercised options terminate.

2.4 Outstanding Equity Awards at Fiscal Year-End

The following table provides information, with respect to the Named Executive Officer, concerning exercised options during the last fiscal year and unexercised options held as of December 31, 2009.

Name	Option Awards			Stock Awards					
	Equity	Equity		Equity Incentive Plan Awards: Number of	Market	Value of	Equity Incentive Plan Awards: Number of	Market or Payout Value of	
	Incentive Plan Awards: Number of	Incentive Plan Awards: Number of		Unearned	Value of	Unearned	Unearned	Unearned	
	Options	Options	Options	Shares, Units or Other Rights that Have Not	Shares or Units of Stock that Have Not	Shares, Units or Other Rights that Have Not	Shares, Units or Other Rights that Have Not	Shares, Units or Other Rights that Have Not	
	(#)	(#)	(#)	Options	Price	Expiration Date	Vested	Vested	
	Exercisable	Unexercisable	Options	Price	Expiration Date	Vested	Vested	Vested	

Bernau, James						
2/11/2005	75,000	-	-	3.289	2/11/2010	- -
8/1/2005	4,000	-	-	4.136	8/1/2010	- -
12/27/2005	64,000	-	-	5.50	12/27/2010	- -

2.5 Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information with respect to beneficial ownership of the Company's Common Stock as of May 27, 2010, by (i) each person who beneficially owns more than 5% of the Company's Common