

WILLAMETTE VALLEY VINEYARDS INC  
Form DEF 14A  
June 20, 2008

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  X

Filed by a Party other than the Registrant  O

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
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Willamette Valley Vineyards, Inc.  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

**Notice of the Annual Meeting of Stockholders**

**To be held July 20, 2008**

Dear Shareholders,

You are cordially invited to the 2008 Annual Meeting of Shareholders the ( Annual Meeting ) of Willamette Valley Vineyards, Inc., which will be held at our winery, 8800 Enchanted Way S.E., Turner, Oregon 97392, on Sunday, July 20, 2008, 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 2009 Annual Meeting or until his or her successor is elected and qualified;
2. 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 has fixed May 22, 2008 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

Edgar Filing: WILLAMETTE VALLEY VINEYARDS INC - Form DEF 14A

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. Whether or not you plan to attend, 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 9th, 2008**

---

TABLE OF CONTENTS

	Page
<u>INTRODUCTION</u>	2
<u>BOARD OF DIRECTORS COMMITTEES</u>	6
<u>DIRECTOR COMPENSATION</u>	6
<u>COMMUNICATION TO THE BOARD OF DIRECTORS</u>	7
<u>CODE OF ETHICS</u>	7
<u>EXECUTIVE COMPENSATION</u>	7
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.</u>	9
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	10
<u>SECTION 16 REPORTS</u>	10
<u>COMPENSATION COMMITTEE REPORT</u>	11
<u>AUDIT COMMITTEE REPORT</u>	11
<u>ELECTION OF DIRECTORS (PROPOSAL NO. 1)</u>	12
<u>SHAREHOLDER PROPOSALS AND NOMINATIONS OF DIRECTORS</u>	12
<u>OTHER MATTERS</u>	13
<u>COST OF SOLICITATION</u>	13
<u>ADDITIONAL INFORMATION</u>	13

**PROXY STATEMENT**

**for the**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 20, 2008**

**INTRODUCTION**

**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 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 20, 2008 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) elect eight members of the Board of Directors,
- (ii) 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 9, 2008.

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.

**Solicitation, Voting and Revocability of Proxies**

The Board of Directors has fixed the close of business on May 22, 2008 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 2,796 beneficial holders holding 4,842,828 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

## Edgar Filing: WILLAMETTE VALLEY VINEYARDS INC - Form DEF 14A

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 non-revoked 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. 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 19th, 2008. 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, un-revoked proxies will be voted at the Annual Meeting.

Proxies 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. Broker non votes (i.e., the submission of a proxy by a broker or nominee specifically indicating the lack of discretionary authority to vote on the matter) will not be treated as present for purposes of determining whether there is a quorum for the Annual Meeting unless the broker is given discretion to vote on at least one matter on the agenda.

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.

#### **ELECTION OF DIRECTORS (PROPOSAL NO. 1)**

At the Annual Meeting eight directors will be elected, each for a one-year term. Unless otherwise specified on the proxy, it is the intention of the persons named in the proxy to vote the shares represented by each properly executed proxy for the election as directors the persons named below as nominees. The Board of Directors believes that the nominees will stand for election and will serve if elected as directors. However, if any of the persons nominated by the Board of Directors fails to stand for election or is unable to accept election, the proxies will be voted for the election of such other person as a majority of the independent members of the present Board of Directors may recommend. There is no cumulative voting for election of directors. Directors are elected by a plurality of votes; therefore, the eight persons receiving the most votes, even if less than a majority of the votes cast, will be elected directors. Abstentions or failure to vote will have no effect on the election of directors, assuming the existence of a quorum.

The following table sets forth the names of the Board of Directors, nominees for election as a director, and each such person's age at March 31, 2008 and position with the Company.

<b>Name</b>	<b>Position(s) with the Company</b>	<b>Age</b>
James W. Bernau***	Chairperson of the Board, President and Director	54
James L. Ellis***	Secretary and Director	63
Sean M. Cary	Director	34
Thomas M. Brian**	Director	59
Delna L. Jones****	Director	67

Edgar Filing: WILLAMETTE VALLEY VINEYARDS INC - Form DEF 14A

Craig Smith**	Director	61
Betty M. O'Brien*	Director	64
Stan G. Turel*****	Director	60

---

\*Member of the Compensation Committee

\*\*Member of the Audit Committee

\*\*\*Member of the Executive Committee



## Edgar Filing: WILLAMETTE VALLEY VINEYARDS INC - Form DEF 14A

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. In 1988, Mr. Bernau co-founded the Company 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.

**James L. Ellis.** Mr. Ellis has served as a member of the Board of Directors since July 1991 and as Secretary since June 1997. Mr. Ellis has served as the Company's Director of Human Resources since January 1993 and as Vice President /Corporate since 1998. 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.

**Sean M. Cary.** Mr. Cary was elected to the Board of Directors in 2007. Mr. Cary is the Chief Financial Officer of Cascade Structural Laminators, a laminated beam manufacturer headquartered in Eugene, Oregon. Previously, Mr. Cary served as the 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.

**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 eighteen years.

**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. Currently Ms. Jones is President of Delna Jones and Associates, an independent consulting firm. Ms. Jones was elected in 1998 and served as a County Commissioner for Washington County, Oregon from 1998 to 2000. Ms. Jones has 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.

**Craig Smith.** CPA, MBA, JD. Mr. Smith was appointed to the Board of Directors on September 24, 2007. Mr. Smith is the Vice President/Chief Financial Officer of Chemeketa Community College in Salem, Oregon. He was an Adjunct Professor at the Atkinson Graduate School of Management at Willamette University, as well as Managing Partner of a large, local 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.

**Betty M. O Brien.** Ms. O Brien 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 has served as a Director since November of 1994. Mr. Turel is 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 TV companies during the 80's and 90's which were eventually sold to several public corporations. Mr. Turel is a pilot, was a former delegate to the White House Conference on Small Business and held positions on several state and local Government committees.

The Board of Directors met seven times during 2007, each Director attended at least 75% of all meetings. A majority of the Company's directors are independent as that term is used under applicable SEC and NASDAQ rules and regulations. The independent Directors held two meetings in 2007. Mr. Smith, appointed to the Board in September of 2007, was required to attend one Board Meeting and one Audit Committee meeting in 2007, he attended all required meetings.

#### **Board of Directors Committees**

The Board of Directors acts as a nominating committee for selecting nominees for election as directors. The Board of Directors has appointed a standing Audit Committee that, during the year ended December 31, 2007, conducted four meetings. The elected members of the Audit Committee are Craig Smith, Chair, Thomas M. Brian, and Stan G. Turel. Since September 24, 2007, Chairperson Craig Smith has been designated by the Board of Directors as the audit committee financial expert under SEC rules. The Audit Committee is responsible for engaging the Company's Independent Registered Public Accounting Firm, and reviews the scope of the independent annual audit, the independent accountants' letter to the Board of Directors concerning the effectiveness of the Company's internal financial and accounting controls and the Board of Directors' response to that letter, if deemed necessary. The Board of Directors also 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. During the fiscal year ended December 31, 2007, the Compensation Committee held two meetings. The members of the Compensation Committee currently are Betty M. O Brien, Chair, Stan Turel, and Delna Jones. In 1997 the Board appointed an Executive Committee, members are: James Bernau, James Ellis, and Stan Turel. Delna Jones was appointed to the Committee in 2007. The Executive Committee held two meetings during 2007.

#### **Code of Ethics**

## Edgar Filing: WILLAMETTE VALLEY VINEYARDS INC - Form DEF 14A

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.  
8800 Enchanted Way SE  
Turner, OR 97392  
Attention: Corporate Secretary

## **BOARD OF DIRECTORS COMMITTEES**

### **Nominating Committee**

The Board of Directors acts as a Nominating Committee for selecting nominees for election as directors. Given its size, the Board believes it functions best as the Nominating Committee. 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. Nominations of candidates by shareholders of the Company to be considered by the Committee for membership on the Board of Directors may be submitted at any time, if such nominations are made pursuant to timely notice in writing to the Board Secretary. See Shareholder Proposals and Nominations below. The current nominees were selected by the independent members of the Board of Directors, which selection was ratified by the entire Board of Directors. The Nominating Committee does not currently have a charter.

### **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 does not use consultants in determining executive compensation. During the fiscal year ended December 31, 2007 the Compensation Committee held two meetings. The members of the Compensation Committee are Betty M. O'Brien, Chair, Stan Turel and Delna Jones, all independent directors. A copy of the Committee's charter can be found on the Company's website, [www.WillametteValleyVineyards.com](http://www.WillametteValleyVineyards.com).

### **Executive Committee**

In 1997 the Board appointed an Executive Committee, members are: James Bernau, James Ellis, Delna Jones and Stan Turel. The Executive Committee held two meetings during 2007. All members were present.

## **Audit Committee**

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. The members of the Audit Committee are Craig Smith, Tom Brian, and Stan G. Turel, all are independent directors. 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, 2007 and all members attended the meetings. A copy of the Audit Committee charter can be found at our website, [www.WillametteValleyVineyards.com](http://www.WillametteValleyVineyards.com).

## **DIRECTOR COMPENSATION**

The members of the Company's Board of Directors do not receive cash compensation for their service on the Board, but are 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 the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standard (SFAS) No. 123R, Share-Based Payment, 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.

As of the end of the fiscal year, the directors held the following outstanding options to purchase Common Stock: Mr. Bernau, 143,000; Mr. Ellis, 76,000; Mr. Brian, 22,000; Mr. Cary, 2,083; Ms. Jones 26,000; Ms. O'Brien, 33,000 and Mr. Turel, 10,517.

### **COMMUNICATION 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.

### **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.  
8800 Enchanted Way SE  
Turner, OR 97392  
Attention: Corporate Secretary

### **EXECUTIVE COMPENSATION**





**Summary of Cash and Certain Other Compensation**

The following table sets forth certain information concerning compensation paid or accrued by the Company, to or on behalf of the Company's Primary Executive Officer, James W. Bernau (the named executive officer) for the years ending December 31, 2007 and 2006. Except for Mr. Bernau, no officer, director or other employee of the Company received total compensation in excess of \$100,000, as calculated pursuant to Instruction 1 to Item 402(a)(2) of Regulation S-B.

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Bernau, James W., President, Chief Executive Officer and Chairman	2007	162,511	40,502					10,645	213,658
	2006	162,511	39,475					17,129	219,115

**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 \$162,511 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 and his family live 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.

**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. For a detailed review of the Stock Incentive Plan please see Section 8 of the Notes to the Financial Statement.

**Option Exercises and Holdings**

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, 2007.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

Edgar Filing: WILLAMETTE VALLEY VINEYARDS INC - Form DEF 14A

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

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

The following table sets forth certain information with respect to beneficial ownership of the Company's Common Stock as of March 31, 2008, by (i) each person who beneficially owns more than 5% of the Company's Common Stock (ii) each Director of the Company (iii) each of the Company's named executive officers, and (iv) all directors and executive officers as a group.

	Number of Shares Outstanding Stock	Percent of Shares Beneficially Owned
James W. Bernau President/CEO, Chair of the Board 2545 Cloverdale Road Turner, OR 97392	580,096(1)	12.0%
James L. Ellis Secretary, Director 7850 S.E. King Road Milwaukie, OR 97222	81,300(2)	1.7%
Thomas M. Brian Director 7630 SW Fir Tigard, OR 97223	22,000(3)	**
Delna L. Jones Director 14480 SW Chardonnay Ave Tigard, OR 97224	27,800(4)	**
Sean M. Cary Director 3188 Blacktail Drive Eugene, OR 97405	16,000(5)	**
Betty M. O'Brien Director 22500 Ingram Lane NW Salem, OR 97304	41,150(6)	**
Stan G. Turel Director 2125 NE 11 <sup>th</sup> Place Bend, OR 97701	36,517(7)	**
Craig Smith Director 367 Sanrodee Drive Salem, OR 97317	0	**
Jeff Fox CFO/Controller 14940 Seal Rock Ave NE Aurora, OR 97002	0	**
All Directors, executive officers and persons owning 5% or more as a group (7 persons)	804,863(8)	16.55%

\*\* Less than one percent.



- (1) Includes 143,000 shares issuable upon exercise of options exercisable within 60 days of March 31, 2008.
- (2) Includes 76,000 shares issuable upon the exercise of options exercisable within 60 days of March 31, 2008.
- (3) Includes 22,000 shares issuable upon the exercise of options exercisable within 60 days March 31, 2008.
- (4) Includes 26,000 shares issuable upon the exercise of options exercisable within 60 days March 31, 2008.
- (5) Includes 2,083 shares issuable upon the exercise of options exercisable within 60 days March 31, 2008.
- (6) Includes 33,000 shares issuable upon the exercise of options exercisable within 60 days March 31, 2008.
- (7) Includes 10,517 shares issuable upon the exercise of options exercisable within 60 days March 31, 2008.
- (8) Includes 241,900 shares issuable upon exercise of options exercisable within 60 days March 31, 2008.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**



## Edgar Filing: WILLAMETTE VALLEY VINEYARDS INC - Form DEF 14A

In 2007, the Company entered into a long-term lease for Elton vineyards which consists of 60 acres of mature grapevines, of which approximately 42 acres are Pinot Noir. The agreement was for an initial 10 year lease with the option to renew for 4 successive terms of 5 years each, plus a first right of refusal on the property's sale.

The Company believes that the transactions set forth above were made on terms no less favorable to the Company than could have been obtained from unaffiliated third parties. All future transactions between the Company and its officers, directors, and principal shareholders will be approved by a disinterested majority of the members of the Affiliated Transactions Committee of the Company's Board of Directors, and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

The following directors are independent as the term is defined by NASDAQ rules: Thomas M. Brian, Delna L. Jones, Betty M. O'Brien, Craig Smith and Stan G. Turel.

### SECTION 16 REPORTS

Section 16(a) of the Exchange Act requires the Company's directors and officers, and persons who own more than ten percent (10%) of a registered class of the Company's equity securities, to file initial reports of ownership and report of changes in ownership with the Commission. Such persons also are required to furnish the Company with copies of all Section 16(a) reports they file.

Based solely on its review of the copies of such reports received by it with respect to fiscal year 2007, or written representations from certain reporting persons, the Company believes that all filing requirements applicable to its directors, officers and persons who own more than ten percent (10%) of a registered class of the Company's equity securities have been complied with for fiscal 2007.



### COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors is tasked with administering the Company's 1992 Stock Incentive Plan as amended. The Committee and the Board believe that equity-based compensation ensures that the Company's employees, directors and distributors have a continuing stake in the long-term success of the Company. All options granted by the Company are typically granted with an exercise price equal to the market price of the Company's Common Stock on the date of grant and, accordingly, will only have value if the Company's stock price increases. All options have an individual vesting schedule and a term of ten years, except in the case of shareholders who hold a 10% or more of Company stock, in which case the term is 5 years and the grant price must be 10% over market on the day of grant. The Committee met two times in 2007, per its Charter, it reviewed the current compensation for the CEO and it approved the performance bonus of \$40,502 for the CEO (see section Executive Compensation ). The Committee also awarded a series of small share grants totaling 850 shares to employees and distributors; no options were awarded in 2007.

Betty O'Brien, Chairperson, Stan Turel, Delna Jones Compensation Committee 2007

### AUDIT COMMITTEE REPORT

The general purpose of the Audit Committee is to assist the Board of Directors in the exercise of its fiduciary responsibility of providing oversight of the Company's financial statements and the financial reporting processes, internal accounting and financial controls, the annual independent audit of the Company's financial statements, and other aspects of the financial management of the Company. The Audit Committee is appointed by the Board of Directors. All committee members are financially literate.

Audit Fees: The aggregate fees billed by Moss Adams for the audit of the Company's annual financial statements and related services reasonably related to the performance of the audit for the fiscal year ended December 31, 2007 were \$265,968 AND December 31, 2006 were \$104,787. The fees related to the 2007 year-end audit have not been fully billed. The Company estimates another \$50,000 in fees is pending.

Audit-Related Fees: Moss Adams did not bill the Company for any assurance and related work in fiscal year 2007 and fiscal year 2006.

Tax Fees: Moss Adams did bill the Company for tax compliance, tax advice and tax planning in fiscal year 2007. Moss Adams' fees in connection with federal and state tax returns, which were billed in 2007, were \$5,367, or 3% of the aggregate fees billed for professional services by Moss Adams in 2007 and were \$19,535 or 12% for professional services by Moss Adams in 2006. The Fee related to the preparation of the 4<sup>th</sup> quarter estimated tax payments and 2007 Income Tax Returns have not been billed and we estimate another \$20,00 in fees are pending.

Other Fees: Moss Adams did not bill the Company for any other products or services in fiscal year 2007.

## Edgar Filing: WILLAMETTE VALLEY VINEYARDS INC - Form DEF 14A

Pre-Approval Policies: It is the policy of the Company not to enter into any agreement for Moss Adams to provide any non-audit services to the Company unless (a) the agreement is approved in advance by the Audit Committee or (b) (i) the aggregate amount of all such non-audit services constitutes no more than 5% of the total amount the Company pays to Moss Adams during the fiscal year in which such services are rendered, (ii) such services were not recognized by the Company as constituting non-audit services at the time of the engagement of the non-audit services and (iii) such services are promptly brought to the attention of the Audit Committee and prior to the completion of the audit were approved by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee. The Audit Committee will not approve any agreement in advance for non-audit services unless (1) the procedures and policies are detailed in advance as to such services, (2) the Audit Committee is informed of such services prior to commencement and (3) such policies and procedures do not constitute delegation of the Audit Committee's responsibilities to management under the Securities Exchange Act of 1934, amended. To date, the Audit Committee has not established such policies and procedures because we do not intend to have our auditors provide any non-audit services in the foreseeable future. If our intentions

change, the Audit Committee will adopt the appropriate pre-approval policies and procedures as outlined above.

Specific Audit Committee Actions Related to Review of the Company's Audited Financial Statements: In discharging its duties, the Audit Committee, among other actions, has (i) reviewed and discussed the audited financial statements to be included in the company's Annual Report on Form 10-KSB for the twelve months ended December 31, 2007 with management, (ii) discussed with the Company's independent auditors the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards, AU380) related to such financial statements, (iii) received the written disclosures and the letter from the Company's independent accountants required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*) and has discussed with the independent accountant the independent accountant's independence, and (iv) based on such reviews and discussions, the Audit Committee has recommended to the Board of Directors that the audited financial statements be included in the company's Annual Report on Form 10-KSB for the twelve months ended December 31, 2007.

Craig Smith, 2007 Audit Committee Chairperson, Stan Turel, and Tom Brian

#### **ELECTION OF DIRECTORS (PROPOSAL NO. 1)**

At the Annual Meeting eight directors will be elected, each for a one-year term. Unless otherwise specified on the proxy, it is the intention of the persons named in the proxy to vote the shares represented by each properly executed proxy for the election as directors the persons named below as nominees. The Board of Directors believes that the nominees will stand for election and will serve if elected as directors. However, if any of the persons nominated by the Board of Directors fails to stand for election or is unable to accept election, the proxies will be voted for the election of such other person as the majority of the independent members of the Board of Directors may recommend. There is no cumulative voting for election of directors. Directors are elected by a plurality of votes; therefore, the eight persons receiving the most votes, even if less than a majority of the votes cast, will be elected directors. Abstentions or failure to vote will have no effect on the election of directors, assuming the existence of a quorum. The Board of Directors unanimously recommends a vote **FOR** this proposal.

#### **SHAREHOLDER PROPOSALS AND NOMINATIONS OF DIRECTORS.**

The independent members of the Board of Directors select and recommend to the Board of Directors for approval nominees for director and committee member positions. The Board then considers the recommendation of these directors and decides which nominees to present to the Company's shareholders for election to the Board of Directors.

Proposals by shareholders intended to be presented for action, including proposed nominees for election to the Board of Directors, at the 2009 Annual Meeting of shareholders must be received by the Company at its principal executive offices, 8800 Enchanted Way S.E., Turner, Oregon 97392, not later than January 1, 2009. It is suggested that such proposals be submitted by Certified Mail-Return Receipt Requested. The SEC has amended Rule 14a-4(c) under the Exchange Act that governs the Company's use of discretionary proxy voting authority with respect to shareholder proposals that are not included in the Company's proxy solicitation materials pursuant to Rule 14a-8 of the Exchange Act. Therefore, in the event a shareholder does not notify the Company by at least April 23, 2009 (which is 45 days before the date the Company mails its proxy material for the prior year's annual meeting of shareholders (which date is expected to be on or about June 9, 2008 for the Company's 2008 Annual Meeting) of an intent to present such a proposal at the Company's 2009 Annual Meeting, the Company's management proxies will have the right to exercise their discretionary authority in connection with the matter submitted by the stockholder, without discussion of the matter in the proxy statement.

Shareholders who wish to submit a proposed nominee for election to the Board of Directors of the Company for consideration by the Nominating and Corporate Governance Committee should send written

notice to the Chairman of the Board of Directors, Willamette Valley Vineyards, Inc., 8800 Enchanted Way S.E., Turner, Oregon 97392 within the time periods set forth above. Such notification should set forth all information relating to the proposed nominee, as is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act. This includes the proposed nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; the name and address of such shareholder or beneficial owner on whose behalf the nomination is being made; and the number of shares of the Company owned beneficially and of record by such shareholder or beneficial owner. The Nominating and Corporate Governance Committee will consider shareholder nominees on the same terms as nominees selected by the Nominating and Corporate Governance Committee.

#### **OTHER MATTERS**

As of the date of this Proxy Statement, Management and the Board expects to have a recommendation on auditor selection for shareholder ratification by the annual meeting. If any other matters not now known are properly brought before the meeting, the persons named in the accompanying proxy will vote such proxy in accordance with the determination of a majority of the Board of Directors.

#### **COST OF SOLICITATION**

The cost of soliciting proxies will be borne by the Company. In addition to use of the mails, proxies may be solicited personally or by telephone by directors, officers and employees of the Company, who will not be specially compensated for such activities.

#### **ADDITIONAL INFORMATION**

A copy of the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2007 accompanies this Proxy Statement. The Company is required to file an Annual Report on Form 10-KSB with the Securities and Exchange Commission. Shareholders may obtain, free of charge, a copy of the Form 10-KSB by writing to James L Ellis, Secretary, Willamette Valley Vineyards, Inc., 8800 Enchanted Way S.E., Turner, Oregon 97392, or they may access a copy through links provided on the Company's web site: [www.WillametteValleyVineyards.com](http://www.WillametteValleyVineyards.com). The information on the Company's website is not part of this Proxy Statement.

By Order of the Board of Directors

James W. Bernau

Chairperson of the Board

June 9, 2008



**WILLAMETTE VALLEY VINEYARDS, INC.**

**Proxy Ballot**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

The undersigned shareholder of Willamette Valley Vineyards, Inc., an Oregon corporation (the Company) hereby appoints James W. Bernau and James L. Ellis, or either of them, with full power of substitution in each, as proxies to cast all votes which the undersigned shareholder is entitled to cast at the Annual Meeting of Shareholders (the Annual Meeting) to be held on Sunday, July 20, 2008 at 1 p.m., local time, at Willamette Valley Vineyards located at 8800 Enchanted Way SE, Turner, Oregon 97392 and any adjournments or postponements thereof upon the following matters:

**1. Election of eight directors, each for a one-year term.**

**FOR** the nominees  
listed below  
(except as indicated below):

**WITHHOLD AUTHORITY**  
to vote for all  
nominees listed below:

**NOMINEES:**

**James W. Bernau • James L. Ellis • Thomas M. Brian, Sean M. Cary**

**Delna L. Jones • Betty M. O'Brien • Craig Smith • Stan G. Turel**

Instruction: To withhold authority to vote for any nominee, write that nominee's name(s) in this space:

---

**2. In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting or any adjournments or postponements thereof.**

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. UNLESS DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED IN PROPOSAL 1, AND IN ACCORDANCE WITH THE RECOMMENDATION OF A MAJORITY OF THE BOARD OF DIRECTORS AS TO OTHER MATTERS.

The undersigned hereby acknowledges receipt of the Company's Proxy Statement and hereby revokes any proxy or proxies previously given.

Edgar Filing: WILLAMETTE VALLEY VINEYARDS INC - Form DEF 14A

**Please sign exactly as your name appears on your Stock Certificate.** If shares are registered in more than one name, the signatures of all persons are required. A corporation should sign in its full corporate name by a duly authorized officer, stating his/her title. Trustees, guardians, executors and administrators should sign in their official capacity, giving their full title as such. If a partnership, please sign in the partnership name by authorized person(s).

If you receive more than one Proxy Ballot, please sign and return all such ballots in the enclosed envelope.

PLEASE SIGN, DATE AND RETURN THIS PROXY BALLOT TODAY, USING THE ENCLOSED ENVELOPE. THIS PROXY MAY BE REVOKED AT ANY TIME BY YOU BEFORE IT IS VOTED AT THE ANNUAL MEETING.

*Typed or printed name*

*Date*

*Typed or printed name*

*Date*

*Authorized signature*

*Authorized signature*

*Title or authority, if applicable*

*Title or authority, if applicable*

---