MUTUAL RELEASE AND SETTLEMENT AGREEMENT

This Mutual Release and Settlement Agreement is entered into as of September ____, 2003 by and between Duckhorn Wine Company ("Duckhorn") (Duckhorn Wine Company was previously called St. Helena Wine Co., Inc.) and Duck Walk Vineyards Inc. ("Duck Walk").

RECITALS

An action is pending in the United States District Court for the Eastern District of New York identified as Duck Walk Vineyards, plaintiff vs. St. Helena Wine Co., Inc., dba Duckhorn Vineyards, defendant; and St. Helena Wine Co., Inc. dba Duckhorn Vineyards, counterclaim-plaintiff vs. Duck Walk Vineyards, Inc. counterclaim-defendant, as action No. CV-01-4896 (ADS) (MLO) (the "Legal Action").

The Legal Action contains allegations, among other matters, of Federal Trademark Infringement, Unfair Competition, Declaratory Relief and Trade Libel arising out of the tradenames or trademarks of plaintiff and defendant.

Duckhorn and Duck Walk desire to completely resolve and settle any and all claims, rights and actions, whether arising in contract, tort or statute relating to or arising from the allegations in the Legal Action and release the disputes and claims between them on the terms and conditions set forth herein.

AGREEMENT

For good and valuable consideration the parties agree as follows:

1. The litigation pending as Duck Walk Vineyards Inc. versus St. Helena Wine Co., Inc. dba Duckhorn Vineyards and St. Helena Wine Co., Inc. dba Duckhorn Vineyards versus Duck Walk Vineyards, by counterclaim, being known as CV-01-4896(ADS)(MLO) in the United States District Court for the Eastern District of New York will be fully dismissed with prejudice, provided only that such Court shall retain jurisdiction to enforce all of the terms of this Agreement.

2. Duck Walk Vineyards, Inc. shall not in any one calendar year produce and/or bottle and/or authorize production and/or bottling of more than 84,000 gallons (the "Gross Production") where the word "Duck " and/or the image or picture of ducks will be employed on the label except as part of the corporate name "Duck Walk Vineyards, Inc.", in accordance with paragraph 3, is placed upon the bottles in conformity with BATF regulations from time to time. The Gross Production shall be bottled in 1.5 liter, 750 ML and/or 375 ML bottles. Duck Walk Vineyards, Inc. shall not sell more than 50% of the annual Gross Production outside of the States of New York, New Jersey and Connecticut, or sell to restaurants, or others, where it will be served or resold outside of the States of New York, New Jersey and Connecticut. Notwithstanding the

foregoing, such limitations contained in this paragraph shall not apply to Duck Walk's Blueberry Port and Boysenberry dessert wines.

3. The words "The Hamptons", "South Hamptons, "South Fork" and/or "Long Island" or other geographic designation of like import as may be approved by BATF (the prefatory language) shall be added on the front label of all of the Gross Production. Such words will be added to the front label immediately above the words "Duck Walk" or other use of the word "Duck" in size and font lettering reasonably legible to persons looking at the front label, and in accordance with approval by BATF. Notwithstanding the foregoing, the annual production of Blueberry Port may be sold with labels which do not have the prefatory language preceding the name Duck Walk Vineyards otherwise required by this paragraph 3. The picture or logo of "ducks" on the Duck Walk labels shall be the picture or depiction, or such similar pictures or depictions, as shown on the labels attached hereto as Exhibit A.

4. Duck Walk Vineyards, Inc. may retain and continue to use its corporate name "Duck Walk Vineyards, Inc." on wine labels as required by BATF from time to time and consistent with its current usage on the labels, attached as Exhibit A hereto, including those which do not contain the word 'duck' other than in the corporate name Duck Walk Vineyards, or pictures or images of ducks and in its advertising and publication for the purpose of identifying the producer of the wine, but shall take all reasonable action so that such name will not appear on restaurant wine lists without the prefatory language. Duck Walk Vineyards, Inc. may also use the label names referred to in paragraph 3 (with the prefatory language) for such purposes.

5. Both parties may register and use their trademarks and trade names, without objection from the other party, provided such trademark and trade name is in accordance with the terms and restrictions set forth in this Settlement Agreement.

6. Notwithstanding any other terms Duck Walk Vineyards, Inc. may promote, sell, advertise, market and distribute wines with labels using the words Duck Walk Vineyards without the prefatory language which are from a vintage prior to 2004 (i.e. through the 2003 vintage).

7. Duck Walk will not subcontract to any other winery to produce wines under the name Duck Walk or otherwise using the words "Duck" or pictures or images of ducks which would violate the terms of this Settlement Agreement.

8. Duck Walk Vineyards, Inc. shall not produce any wines that uses the word "duck" or images of duck which bears an appellation from any California region and will not indicate anywhere on the labels that any wine was derived from California grapes. No varietal wine, including but not limited to Merlot, Cabernet Sauvignon, Chardonnay, and/or Pinot Noir, shall be produced by Duck Walk Vineyards, Inc. utilizing any wine grapes or grape juices from California at any time.

9. ~~The parties will, upon the request of either party, p~~repare and issue a joint press release as part of the Settlement Agreement. Such press release shall reasonably describe the Settlement Agreement and acknowledge that all parties are satisfied with the Settlement Agreement terms. Neither party shall disparage the other party or their products, nor specifically refer to the other party in its advertising or promotions. Except for the joint press release the parties shall not discuss the matters between them publicly or prepare or distribute other press releases regarding the issues raised in the legal action. Other than as set forth above it is not intended that there be any restrictions on the advertising or promotions undertaken by either party.

10. Duck Walk Vineyards, Inc., its successors and assigns will provide Duckhorn with reasonable information on an annual basis, if requested, for the purpose of verifying its compliance with the production limitations, label language and other terms set forth in this Settlement Agreement. Any information so provided shall be deemed proprietary and confidential as that term is defined in the Protective Order executed and filed in this action and may not be disclosed to any third party except to the Court for purposes of enforcing this agreement.

11. Released Matters. Duckhorn and Duck Walk, for themselves, their heirs, successors, officers, directors, administrators, executors, assigns, agents, servants, shareholders, employees and representatives (hereinafter collectively referred to as "Releasors"), each hereby release, acquit and forever discharge the other party and the other party's representatives, agents, servants, employees, officers, directors, shareholders, heirs, successors, administrators, executors, predecessors, and assigns (hereinafter collectively referred to as "Releasees") of and from any and all actions, causes of action, claims, accountings, demands, damages (including reputation damages), costs, losses, expenses, liabilities, attorneys' fees, court costs and debts whatsoever, in law or in equity, and liabilities of every kind and nature, which Releasors can, shall or may have against Releasees on account of any matter or thing which will or has happened, developed, or occurred, whether known or unknown, suspected or unsuspected, which any party may now have, or have ever had relating to the allegations in the Legal Action, (the "Released Matters").

12. Integrated Agreement. The parties hereby agree that no representation or promise not expressly contained in this Settlement Agreement has been made and further acknowledge that Releasors and Releasees are not entering into this Settlement Agreement on the basis of any promise or representation, express or implied, not otherwise contained herein. This Settlement Agreement supersedes any prior agreement and contains the entire agreement between the parties hereto, and the terms hereof are contractual and not mere recitals. Any modification hereto must be by written instrument executed by all parties.

13. Binding Agreement. This Settlement Agreement is binding on Duckhorn and Duck Walk, their representatives, partners, heirs, successors, officers, directors, administrators, executors, assigns, agents, servants, shareholders and employees.

14. Authorization. Each party hereto represents and warrants: (1) that he, she, or it has been duly authorized to execute and deliver this Settlement Agreement and to act in any

manner both necessary and prior to the exercise of the power to execute and deliver this Settlement Agreement; and (2) this Settlement Agreement constitutes the valid and binding obligation of such party hereto, enforceable against such party in accordance with its terms.

15. Costs and Attorney Fees. Each party shall bear all attorneys' fees and costs arising form the actions of its own counsel with regard to the Legal Action, this Settlement Agreement, and all Released Matters. In the event that it shall be necessary for any party hereto to institute legal action to enforce any of the terms and conditions or provisions contained herein, or for any breach thereof, the prevailing party in any such action shall be entitled to recover its attorney fees incurred in such action from the other party.

16. Ownership. Duckhorn and Duck Walk warrant and represent to each other that they are the sole and lawful owners of the right, title and interest in and to all matters released in this Settlement Agreement, and they have not, and will not in the future, assign, hypothecate, transfer, nor purport to do so, in any manner, to any entity, person, or corporation, any right, claim, demand, or cause of action based on, or arising out of or in connection with, any matter, fact or things described in the paragraphs above.

17. No Admission of Liability. This is a compromised settlement of disputed claims. No party to this Settlement Agreement admits any liability to any other party by executing this Settlement Agreement.

18. Rules of Construction. The parties to this Settlement Agreement and their counsel have reviewed this Settlement Agreement and specifically agree that any rule of construction, to the effect that ambiguities are to be resolved against the drafting party, shall not apply to the interpretation of this Settlement Agreement.

19. Counterparts. This Settlement Agreement may be signed in counterparts, all of which together shall constitute a single Settlement Agreement.

20. Independent Advice of Counsel. The parties hereto represent and declare that in executing this Settlement Agreement they relied solely upon their own judgment, belief, and knowledge, and the advice and recommendations of their own judgment, belief, and knowledge, and the advice and recommendations of their own independently selected counsel concerning the nature, extent, and duration of its rights and claims. The parties acknowledge that they and their respective counsel have had adequate opportunity to make whatever investigation or inquiry they deem necessary or desirable in connection with the subject matter of this Settlement Agreement prior to the execution hereof. In executing this Settlement Agreement, no party has relied upon, or been influenced to any extent whatsoever in executing the same by any representations or statements covering any matter made by any other party hereto or by any person representing any other party hereto.

21. Voluntary Agreement. The parties hereto, and each of them, further represent and declare that they have carefully read this Settlement Agreement and know the contents thereof and that they signed the same freely and voluntarily.

22. Defense to Suit. Each party hereto agrees that this Settlement Agreement may be pleaded by either of them as a full and complete defense to and may be used as the basis for an injunction against any action, suit, or other proceeding which may be instituted, prosecuted, or attempted by the other party, or any person, firm, corporation, or organization on that party's behalf, wherein the claim concerns any fact related to the Legal Action insofar as allowed by law.

23. Invalidity of Agreement. Should any provision of this Settlement Agreement be held invalid or illegal, such illegalities shall not invalidate the whole of this Settlement Agreement, but rather this Settlement Agreement shall be construed as if it did not contain the illegal part, and the rights and obligations of the parties shall be construed and enforced accordingly.

24. Fulfillment of Terms. Each Party to this Settlement Agreement agrees to execute such other and further papers and documents as may be necessary and proper in order to fulfill the terms and conditions of this Settlement Agreement.

25. Notices. All notices, requests, demands and other communications under this Settlement Agreement shall be in writing and delivered by personal delivery, mail, overnight courier or telecopy. Such communications shall be deemed given, if by personal delivery, when received; if by mail, when received by United States Postal Service Certified or Registered mail (postage prepaid and Return Receipt requested); or if by overnight courier or telecopy, when delivered to such courier or sent by telecopy (provided that the party giving such communication has confirmation of such courier delivery or telecopy delivery, and in each case, addressed to the party to whom notice is to be given as set forth below):

DUCKHORN:

Mr. Daniel Duckhorn
Mr. Alex Ryan
Duckhorn Vineyards
1000 Lodi Lane
St. Helena, California 94574

Telephone: (707) 963-7108
Facsimile: (707) 963-7595

DUCK WALK

Herodotus Damianos, M.D.
Duck Walk Vineyards, Inc.
591 Bicycle Path – Suite A
Port Jefferson Station, NY 11776

with a copy to:

Steven R. Schlesinger, Esq.
Linda S. Agnew, Esq.
Jaspan Schlesinger Hoffman LLP
300 Garden City Plaza
Garden City, New York 11530

Telephone: (516)746-8000
Facsimile: (516) 393-8282

Any party may change its address or the individual(s) to whom notice is to be given for purposes of this section by giving the other parties notice of the new address or individual in the manner set forth above, provided that any such notice of change of address or individual shall not be in effect until received.

In witness whereof, the Parties have executed this Settlement Agreement as of the date first above written.

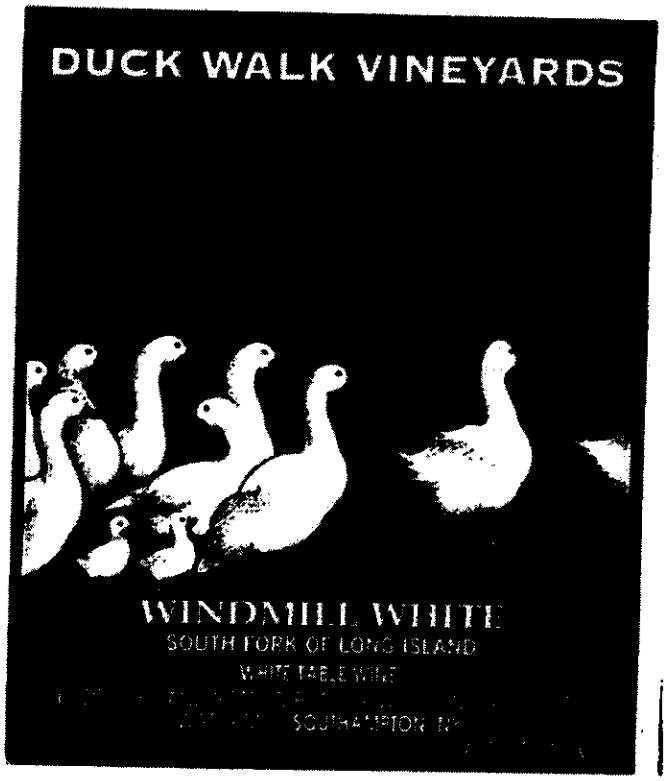
DUCKHORN WINE COMPANY

By: _____
Daniel J. Duckhorn

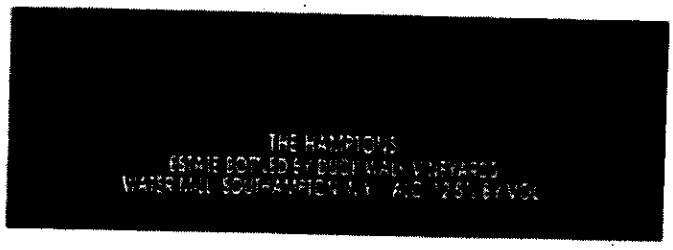
DUCK WALK VINEYARDS, INC.

By: _____
Herodotus Damianos, M.D.

Exhibit A

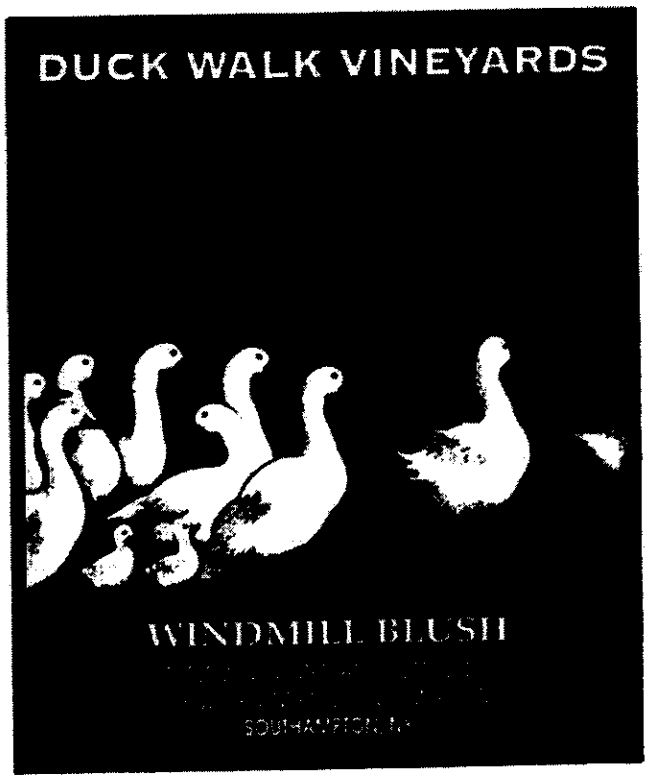

DUCK WALK VINEYARDS
WINDMILL WHITE
SOUTH FORK OF LONG ISLAND

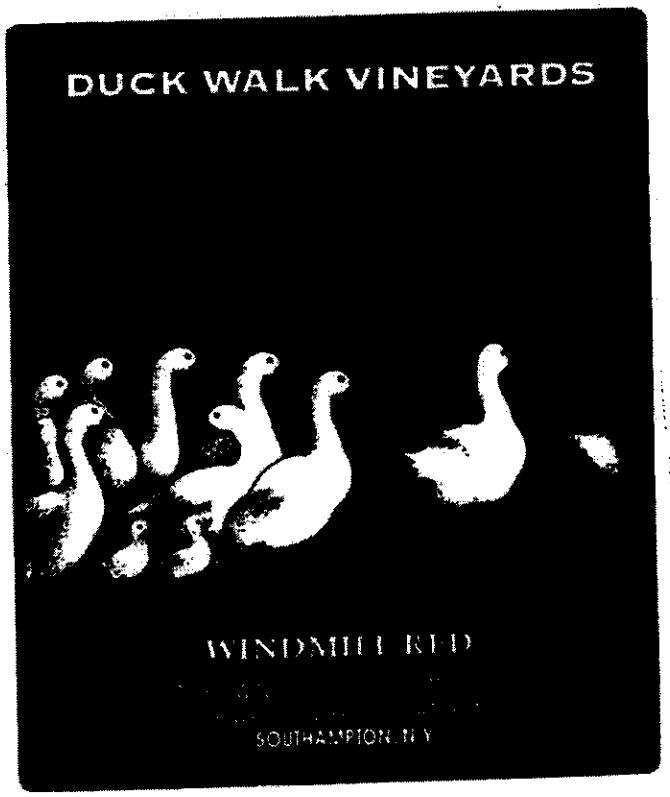


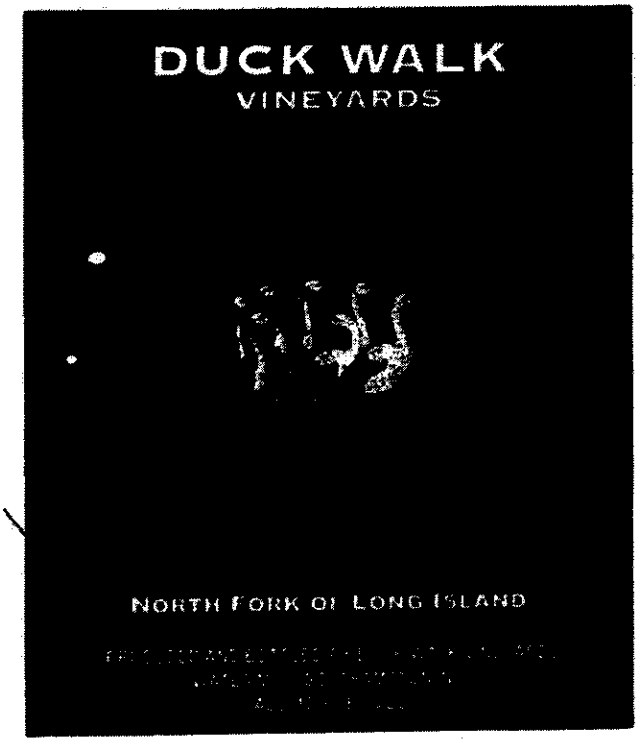

THE HAMPTONS



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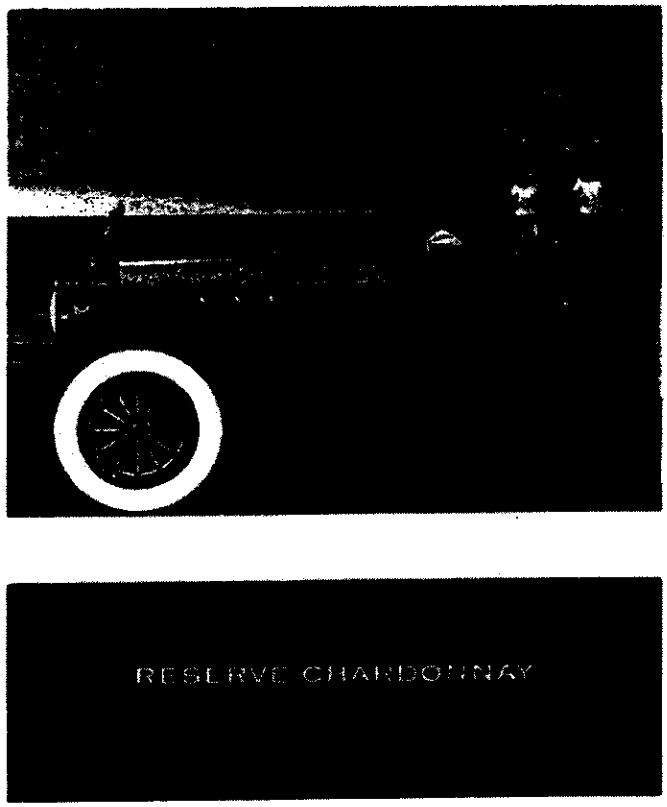

DUCK WALK VINEYARDS
WINDMILL BLUSH

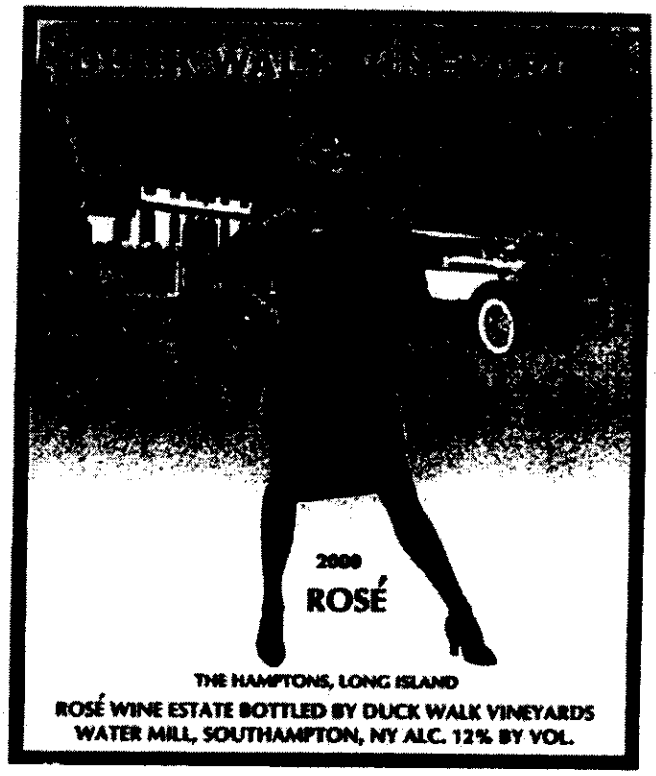

DUCK WALK VINEYARDS
WINDMILL RED
SOUTHAMPTON, N.Y.


DUCK WALK
VINEYARDS
NORTH FORK OF LONG ISLAND



DUCK WALK VINEYARDS
2002
CHARDONNAY


RESERVE CHARDONNAY


2008
ROSÉ
THE HAMPTONS, LONG ISLAND
ROSÉ WINE ESTATE BOTTLED BY DUCK WALK VINEYARDS
WATER MILL, SOUTHAMPTON, NY ALC. 12% BY VOL.



DUCK WALK VINEYARDS

1998

PINOT MEUNIER

THE HAMPTONS, LONG ISLAND

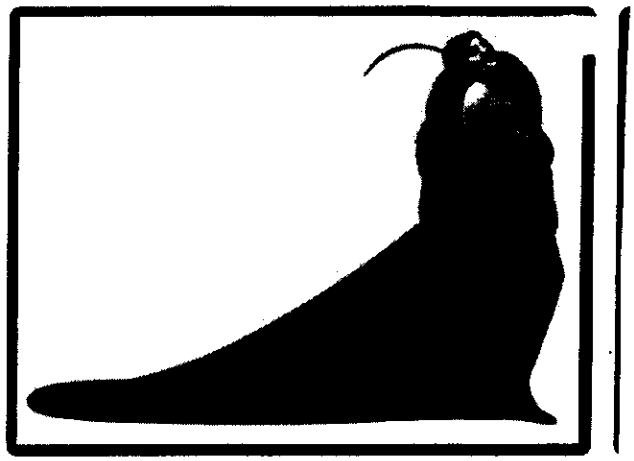
PRODUCED AND BOTTLED BY DUCK WALK VINEYARDS
WATER MILL SOUTHAMPTON, N.Y. A.C. 12.5% BY VOL



DUCK WALK VINEYARDS

MERLOT

NORTH FORK OF LONG ISLAND

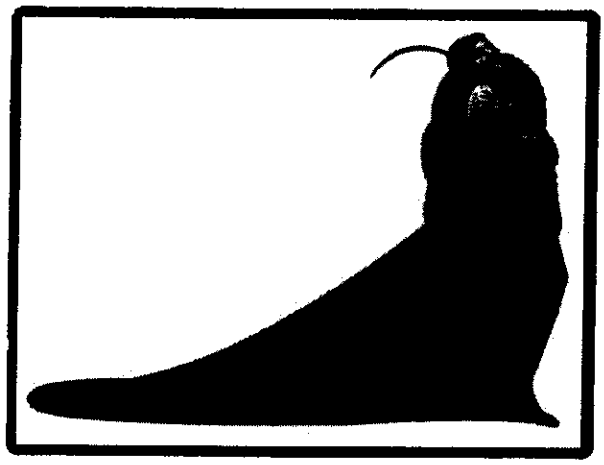


DUCK WALK VINEYARDS

MERLOT

(RESERVE)

NORTH FORK OF LONG ISLAND



DUCK WALK VINEYARDS

MERLOT

SPECIAL VINTNER'S RESERVE

THE HAMPTONS, LONG ISLAND



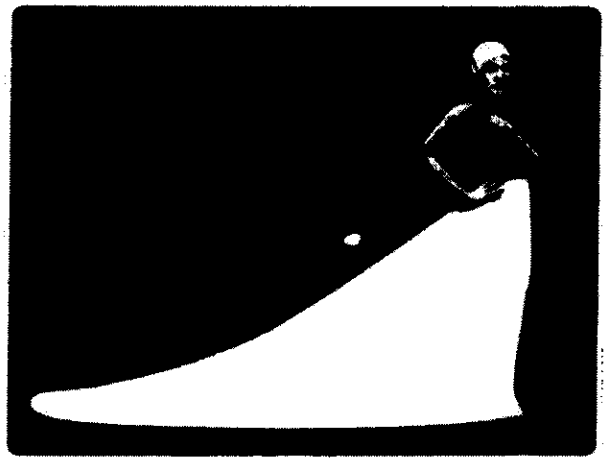
DUCK WALK VINEYARDS

2000

CABERNET SAUVIGNON

NORTH FORK OF LONG ISLAND

PRODUCED AND BOTTLED BY DUCK WALK VINEYARDS
WATER MILL, SOUTHAMPTON, N.Y. A.C. 12.5% BY VOL.



DUCK WALK VINEYARDS

CABERNET SAUVIGNON

RESERVE

NORTH FORK OF LONG ISLAND



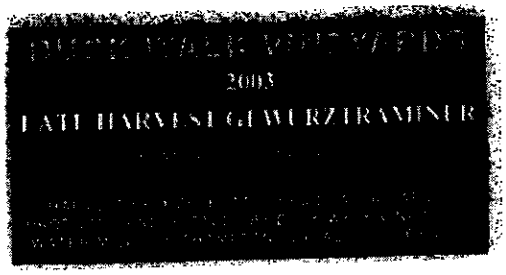
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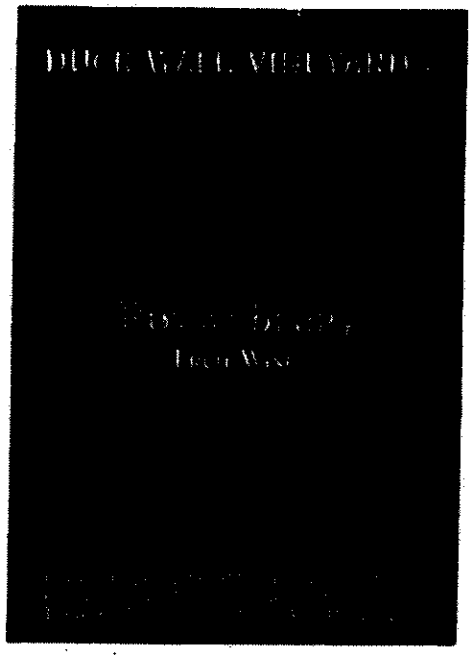
SOUTHAMPTON WHITE

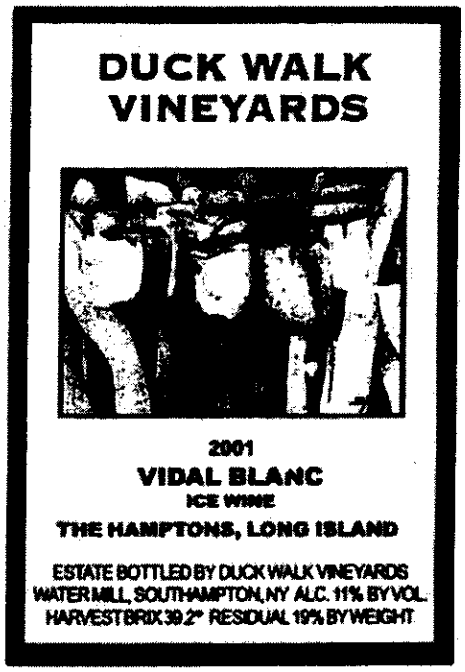
THE HAMPTONS, LONG ISLAND

TABLE WINE ESTATE BOTTLED BY DUCK WALK VINEYARDS INC.
WATER MILL, SOUTHAMPTON, N.Y.




2003
LATE HARVEST GEWURZTRAMINER




DUCK WALK
VINEYARDS
2001
VIDAL BLANC
ICE WINE
THE HAMPTONS, LONG ISLAND
ESTATE BOTTLED BY DUCK WALK VINEYARDS
WATER MILL, SOUTHAMPTON, NY ALC. 11% BY VOL.
HARVEST BRIX 39.2° RESIDUAL 19% BY WEIGHT

