

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) April 7, 2005**

**CONSTELLATION BRANDS, INC.**  
**(Exact name of registrant as specified in its charter)**

<b><u>Delaware</u></b> (State or other jurisdiction of incorporation)	<b><u>001-08495</u></b> (Commission File Number)	<b><u>16-0716709</u></b> (IRS Employer Identification No.)
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**370 Woodcliff Drive, Suite 300, Fairport, New York 14450**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (585) 218-3600

Not applicable  
(Former name or former address, if changed since last report)

**Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):**

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a.12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT**

At meetings held on April 7 and 8, 2005, the Human Resources Committee (the "Committee") of the Board of Directors (the "Board") of Constellation Brands, Inc. (the "Company") and the Board, as indicated, took the following actions with regard to certain compensatory arrangements for certain of the Company's senior management personnel, including its executive officers.

Approval of Fiscal 2006 Base Salaries

The Committee set annual base salaries, for the fiscal year ending February 28, 2006 ("FY 2006"), for certain of the Company's senior management personnel, including its executive officers. The following table sets forth the annual base salary levels for Fiscal 2006 of those executive officers identified below:

<b><u>Name And Position</u></b>	<b><u>FY 2006 Base Salary</u></b>
Richard Sands, Chairman of the Board and Chief Executive Officer	\$ 1,000,000
Robert Sands, President and Chief Operating Officer	\$ 820,000
Stephen B. Millar, Chief Executive Officer, Constellation Wines*	\$ 726,294*
Alexander L. Berk, Chief Executive Officer, Constellation Beers and Spirits	\$ 584,768
Thomas S. Summer, Executive Vice President and Chief Financial Officer	\$ 441,334

\* Mr. Millar is paid in Australian dollars. The amount appearing in this table has been converted into United States dollars at a conversion rate of Australia A\$1 = US\$ 0.79.

FY 2005 Incentive Awards

The Committee determined the amount to be paid as annual incentive awards under the Company's Annual Management Incentive Plan (the "Annual Bonus Plan") in accordance with its 2005 Fiscal Year Award Program (the "2005 Bonus Program"). With respect to the Company's executive officers, the amounts of awards were calculated in accordance with the terms of the 2005 Bonus Program based on three variables: the participant's management position, salary and achieved Company performance for the plan year. Awards were based on a percentage of base salary. Performance targets are based on operating income, using the first-in, first-out method of accounting for inventory valuation before adjustments are made for reserves. The following table sets forth cash payments to those executive officers identified below in respect of their annual incentive awards for the fiscal year ended February 28, 2005 ("FY 2005"):

<b><u>Name</u></b>	<b><u>Award</u></b>
Richard Sands	\$ 1,154,250
Robert Sands	\$ 911,250
Stephen B. Millar*	\$ 631,876*
Alexander L. Berk	\$ 630,200
Thomas S. Summer	\$ 412,478

\* Mr. Millar is paid in Australian dollars. The amount appearing in this table has been converted into United States dollars at a conversion rate of Australia A\$1 = US\$ 0.79.

Criteria for 2006 Fiscal Year Incentive Awards

The Committee adopted the 2006 Fiscal Year Award Program (the “2006 Bonus Program”) establishing the criteria and the targets under the Annual Bonus Plan for FY 2006. Awards will be based on a percentage of base salary, depending upon the participant's management position, and achieved performance. With respect to the Company's executive officers, performance will be based solely upon achieved Company performance for the plan year, with potential awards ranging from a minimum of 15% to a maximum of 200% of base salaries for executive officers. The amount of awards will be calculated based on the same variables used in the 2005 Bonus Program and summarized above, including performance targets being based on operating income, using the first-in, first-out method of accounting for inventory valuation before adjustments are made for reserves.

Stock Option Awards

The Committee awarded options to purchase shares of its Class A Common Stock under its Amended and Restated Long-Term Stock Incentive Plan (the “Stock Plan”) to certain of its management personnel, including its executive officers. The form of Memorandum attached as an Exhibit 99.1 to this Report and incorporated herein by reference sets forth the terms and conditions of awards under the Stock Plan. The following table sets forth information regarding grants to those executive officers identified below:

<b>Name</b>	<b>Number Of Stock Options (1) (3)</b>	<b>Exercise Price Per Share (2)(3)</b>
Richard Sands	78,100	\$ 54.47
Robert Sands	64,000	\$ 54.47
Stephen B. Millar	32,400	\$ 54.47
Alexander L. Berk	26,900	\$ 54.47
Thomas S. Summer	20,300	\$ 54.47

(1) Each of the options granted has a 10-year term, subject to earlier termination upon the occurrence of certain events related to termination of employment. The options become fully exercisable on April 7, 2009 provided that the option holder remains employed on that date. The options may also become exercisable, in whole or in part, if the option holder remains employed when the Company attains the following stock price levels: (a) 25% become exercisable if the per share closing price for the Class A Common Stock exceeds \$62.64 for 15 consecutive trading days; (b) an additional 25% become exercisable if the per share closing price for the Class A Common Stock thereafter exceeds \$72.04 for 15 consecutive trading days; and (c) the remaining 50% become exercisable if the per share closing price for the Class A Common Stock thereafter exceeds \$82.85 for 15 consecutive trading days. Under the terms of the Stock Plan, options become fully exercisable immediately in the event of a change in control.

(2) The exercise price is equal to the closing price of the Class A Common Stock on the New York Stock Exchange on April 7, 2005.

(3) As previously announced, the Company's Board of Directors approved a two-for-one stock split to be distributed in the form of a stock dividend on, or about, May 13, 2005, to stockholders of record on April 29, 2005. Pursuant to the terms of the stock split, each holder of Class A Common Stock will receive one additional share of Class A Common Stock for each share of Class A Common Stock held as of the record date. The number of stock options and the exercise price per share set forth in the table do not reflect the impact of this stock split.

Third Amendment to Supplemental Executive Retirement Plan

The Board approved the Third Amendment to the Company's Supplemental Executive Retirement Plan (“SERP”). This amendment permanently suspends any further deferral of benefits under the SERP for executive officers after December 31, 2004 and transfers any unvested benefits accrued by executive officers under the SERP prior to December 31, 2004 to the 2005 SERP (discussed below) effective as of April 8, 2005. This amendment also merges benefits from another non-qualified deferred compensation plan assumed by the Company in its acquisition of The Robert Mondavi Corporation into the SERP for administrative convenience. This amendment is intended to segregate SERP benefits that are not required to comply with Section 409A of the Internal Revenue Code (as added by the American Jobs Creation Act of 2004) from deferrals of compensation that are subject to the new rules under Section 409A. A copy of the Third Amendment as approved by the Board is filed as Exhibit 99.2 hereto and incorporated herein by reference.

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Adoption of 2005 Supplemental Executive Retirement Plan

The Board also adopted a new 2005 Supplemental Executive Retirement Plan (the “2005 SERP”) effective as of April 8, 2005 to replace the SERP with respect to compensation deferred after December 31, 2004 and unvested amounts transferred from the SERP. Federal tax laws limit the amount of benefits that may be provided under the Constellation Brands, Inc. 401(k) and Profit Sharing Plan (“401(k) Plan”) in order to maintain its favorable tax-qualified status. The 2005 SERP makes participants whole for certain employer contributions that are not provided under the 401(k) Plan due to limitations under Section 401(a)(17) and Section 415 of the Internal Revenue Code. Amounts deferred under the 2005 SERP are credited with earnings under investment options as permitted by the Company from time to time. Amounts under the 2005 SERP generally vest as provided under the 401(k) Plan, except that all benefits fully vest upon a Change in Control (as defined in the 2005 SERP), and are distributed to participants in a manner intended to comply with distribution requirements under Section 409A of the Internal Revenue Code. A copy of the Company’s 2005 Supplemental Executive Retirement Plan as adopted and approved by the Board is filed as Exhibit 99.3 hereto and is incorporated herein by reference.

Further Information

Additional information regarding compensation awarded to certain of the Company’s executive officers for FY 2005 will be provided in the Company’s proxy statement for the Company’s 2005 annual meeting of stockholders, which is expected to be filed with the Securities and Exchange Commission in June 2005.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

(c) The following exhibits are furnished as part of this Form 8-K

No.   Description

- 99.1 Form of Terms and Conditions Memorandum with respect to the Company's Long-Term Stock Incentive Plan.
  - 99.2 Third Amendment to the Company's Supplemental Executive Retirement Plan.
  - 99.3 2005 Supplemental Executive Retirement Plan of the Company.
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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

CONSTELLATION BRANDS, INC.

Date: April 13, 2005

By: /s/ Thomas S. Summer  
Thomas S. Summer, Executive Vice President  
and Chief Financial Officer

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**Exhibit Number** **Description**

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|-------|---|
| (1)   | UNDERWRITING AGREEMENT<br><br>Not Applicable.   |
| (2)   | PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION<br><br>Not Applicable.  |
| (3)   | ARTICLES OF INCORPORATION AND BYLAWS<br><br>Not Applicable.   |
| (4)   | INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES<br><br>Not Applicable.  |
| (7)   | CORRESPONDENCE FROM AN INDEPENDENT ACCOUNTANT REGARDING NON-RELIANCE ON A PREVIOUSLY ISSUED AUDIT REPORT OR COMPLETED INTERIM REVIEW<br><br>Not Applicable. |
| (14)  | CODE OF ETHICS<br><br>Not Applicable.   |
| (16)  | LETTER RE CHANGE IN CERTIFYING ACCOUNTANT<br><br>Not Applicable.  |
| (17)  | CORRESPONDENCE ON DEPARTURE OF DIRECTOR<br><br>Not Applicable.  |
| (20)  | OTHER DOCUMENTS OR STATEMENTS TO SECURITY HOLDERS<br><br>Not Applicable.  |
| (23)  | CONSENTS OF EXPERTS AND COUNSEL<br><br>Not Applicable.  |
| (24)  | POWER OF ATTORNEY<br><br>Not Applicable.  |
| (99)  | ADDITIONAL EXHIBITS   |
| 99.1  | Form of Terms and Conditions Memorandum with respect to the Company's Long-Term Stock Incentive Plan.   |
| 99.2  | Third Amendment to the Company's Supplemental Executive Retirement Plan.  |
| 99.3  | 2005 Supplemental Executive Retirement Plan of the Company.   |
| (100) | XBRL-RELATED DOCUMENTS<br><br>Not Applicable.   |



[LOGO]

## CONSTELLATION

### MEMORANDUM

#### TERMS AND CONDITIONS OF STOCK OPTIONS

(Date: \_\_\_\_\_)

The CONSTELLATION BRANDS, INC. Long-Term Stock Incentive Plan, as amended from time to time (the "Plan"), enables Constellation Brands, Inc. (the "Company") to grant stock options to purchase Class A Common Stock, par value \$.01 per share, of the Company (a "Share" or the "Shares") to employees and non-employee directors of the Company or any of its subsidiaries (each, when granted a stock option, an "Optionee"). The stock options represented by this Memorandum and the accompanying award letter (respectively, the "Options" and the Memorandum and accompanying award letter, together, the "Documents") are subject to all of the terms and conditions contained in the Documents. By accepting delivery of the Documents, the Optionee agrees to be bound by the terms and conditions of the Documents.

1. Term of Options. The Options, granted on (Date: \_\_\_\_\_) (the "Date of Grant"), will terminate and expire, to the extent not previously exercised, at 5:00 p.m. Eastern Time on (Date plus 10 years: \_\_\_\_\_), or such earlier date upon which the Options, or portion thereof, terminate or expire pursuant to the terms of the Plan (the "Expiration Date").
2. Exercise of Options.
  - (a) The Options may be exercised in whole or in part at any time on or after (Date plus 4 years: \_\_\_\_\_) (the "Vesting Date"), unless they become exercisable on an earlier date as indicated in Subsections 2(a)(i), (ii) and (iii) below, but no Options may be exercisable after the Expiration Date.
    - (i) If, prior to the Vesting Date, the Fair Market Value of a Share equals or exceeds \$\_\_\_\_\_ for fifteen (15) consecutive days on which the Shares are traded on the New York Stock Exchange or a national securities exchange (each, a "Trading Day"), then 25% of the number of shares subject to the Options (the "Option Shares") shall become exercisable. The date on which such acceleration occurs is hereafter referred to as the "First Acceleration Date".
    - (ii) If, after the First Acceleration Date and prior to the Vesting Date, the Fair Market Value of a Share equals or exceeds \$\_\_\_\_\_ for fifteen (15) consecutive Trading Days, then an additional 25% of the Option Shares shall become exercisable (so that a total of 50% of the Option Shares will be exercisable). The date on which such acceleration occurs is hereafter referred to as the "Second Acceleration Date".
    - (iii) If, after the Second Acceleration Date and prior to the Vesting Date, the Fair Market Value of a Share equals or exceeds \$\_\_\_\_\_ for fifteen (15) consecutive Trading Days, then the remaining 50% of the Option Shares shall become exercisable (so that 100% of the Option Shares will be exercisable).
  - (b) The Optionee can exercise Options by complying with the provisions of the Plan and by following instructions provided in materials distributed by the Company. The exercise price, \$\_\_\_\_\_ per share (the "Exercise Price"), for the number of Option Shares being purchased and any related withholding tax obligations may be paid by the Optionee by (i) delivery of cash, money order or a certified or cashier's check; (ii) tendering previously acquired Shares, as provided for in the Plan; (iii) delivery of irrevocable instructions to a broker or other agent acceptable to the Company to promptly sell a sufficient portion of Shares received under the Option and to deliver to the Company the appropriate amount of proceeds; and/or (iv) any other payment method that is established by the Company (which payment method may be restricted or eliminated from time to time by the Company, in its sole discretion).
  - (c) The Company will, without transfer or issue tax to the Optionee, issue and cause to be delivered to the Optionee a certificate or certificates for the number of Option Shares purchased as soon as reasonably practicable after the Optionee has appropriately exercised any Options. The Company is not required to issue Shares to the Optionee until all obligations to withhold taxes have been resolved to the satisfaction of the Company.
3. Termination of Relationship.
  - (a) Acceleration upon Termination of Relationship. Subject to Section 3(c)(iii) below, if an Optionee's employment with the Company or the subsidiary by whom the employee is employed (the "Employer") terminates for reasons of Retirement (as defined in the Plan), Disability (as defined in the Plan) or death, all the unvested Option Shares shall become immediately vested and exercisable on the date of Retirement, date of Disability or date of death.



- (b) Duration of Exercise Following Termination of Relationship. Subject to Section 3(c) below, Options which have vested prior to the termination of the Optionee's employment with the Employer may be exercised as follows:
- (i) within thirty (30) days after the date on which the Optionee's employment with the Employer terminates (the "Termination Date"), except as otherwise provided in Subsections 3(b)(ii), (iii) and (iv) below;
  - (ii) if the Optionee's employment with the Employer terminates as a result of the Optionee's Retirement, within one (1) year after the date of Retirement;
  - (iii) if the Optionee's employment terminates as a result of a Disability, within one (1) year after the date of Disability; or
  - (iv) if the Optionee's employment terminates as a result of death, within one (1) year after the date of death by the Optionee's designated beneficiary, legal representative or permitted transferee.
- (c) Limitations on Exercise Following Termination of Relationship.
- (i) The time periods set forth in Section 3(b) above are subject to the restriction that Options may not be exercised after their Expiration Date.
  - (ii) The time periods set forth in Section 3(b) are also subject to the restriction that no Option may be exercised by any person if the Optionee (i) is, or at any time after the date of grant has been, in competition with the Company or its affiliates, or (ii) has been terminated by the Employer for Cause, as defined in the Plan.
  - (iii) Except as otherwise provided by the Committee administering the Plan or by an employment agreement between the Optionee and the Employer, (i) the only Options that may be exercised after the Termination Date, date of Retirement, date of Disability or date of death (as applicable, the "Event Date") are those Options that were exercisable by the Optionee on the Event Date; and (ii) any Options which are not exercisable on the Event Date will automatically terminate on the Event Date.
  - (iv) Any Options which are exercisable on the Event Date, but which are not exercised within the applicable period specified in Section 3(b) above, will automatically terminate at the end of that applicable period.
4. Adjustments for Certain Events. The number and kind of unexercised Options and the Exercise Price of such Options are subject to adjustment in the event that certain transactions are taken by the Company which affect the Company's Shares.
5. Type of Options. The Options are nonqualified stock options granted pursuant to Section 5 of the Plan.
6. No Transfer of Options. Unless transferability is authorized by the Option grant or otherwise permitted by the Committee, Options are not transferable by the Optionee other than (i) by will or the laws of descent and distribution, or (ii) pursuant to a domestic relations order. Because of laws affecting the transferability of the Option Shares, the Optionee should understand the securities laws and other implications of any transfer of Options.
7. General Restriction on Issuance of Stock Certificates. The Company may require information or documents which enable it to insure compliance with any law or Rules (as defined in the Plan) of the Securities and Exchange Commission or any other governmental authority having jurisdiction under the Plan before it delivers any certificate upon the exercise of any Options. If at any time the Committee administering the Plan shall determine that the listing, registration or qualification of the Option Shares under any state or federal law or other applicable Rule, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of the granting of the Options or the issue or purchase of Shares thereunder, such Options may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.
8. Limitation on Sale or Disposition of Option Shares. If the Committee determines that the ability of the Optionee to sell or transfer Option Shares is restricted, then the Company may place a restrictive legend on certificates representing such Option Shares. If a legend is placed on an Optionee's certificate, the Optionee may only sell the Option Shares represented by such certificate in compliance with such legend.
9. Incorporation of Plan. The Options are subject to the terms and conditions of the Plan, which are incorporated herein by reference. The Company, upon request, will provide a copy of the Plan to the Optionee. To the extent that the terms and conditions of the Documents are inconsistent with the Plan, the provisions of the Plan shall control.

10. Applicable Times and Dates. All references to times and dates in the Plan and in documents relating to the Plan refer, respectively, to Eastern Standard Time (or Eastern Daylight Savings Time, as appropriate) in the United States of America and to dates in New York State based on such Eastern Standard Time (or Eastern Daylight Savings Time, as appropriate).

**THIRD AMENDMENT TO THE CONSTELLATION BRANDS, INC.**  
**SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

**WHEREAS**, Constellation Brands, Inc. (the "Company") maintains the Constellation Brands, Inc. Supplemental Executive Retirement Plan (the "SERP") for the benefit of a select group of management or highly compensated employees of the Company and certain of its affiliates; and

**WHEREAS**, under Section 4.1 of the SERP, the Company, by action of the Board of Directors of the Company on February 14, 2005, is authorized to amend the SERP, and the Company has determined that amendment of the SERP now is necessary and desirable;

**NOW, THEREFORE**, that pursuant to the power reserved to the Company under Section 4.1 of the SERP, and by virtue of the authority delegated to the undersigned officer by resolution of the Board of Directors of the Company, the SERP as previously amended, is hereby further amended, effective April 8, 2005, in the following particulars:

1. By adding the following as the last sentence of Section 1.1 of the SERP:

"Effective as of April 8, 2005, amounts deferred (within the meaning of Code Section 409A) under the Robert Mondavi Corporation Retirement Restoration Plan (the 'Mondavi Plan') prior to January 1, 2005 were merged into this SERP."

2. By adding the following Section 1.4 to the SERP:

"Code Section 409A Grandfathered Status. Compensation deferred (within the meaning of Code Section 409A) on or before December 31, 2004 is eligible for exemption from Code Section 409A by reason of the statutory grandfather clause set forth in section 885(d) of the American Jobs Creation Act of 2004, Pub. L. No. 108-357, 118 Stat. 1418 (2004). The Company believes that all amounts deferred under the SERP or transferred to the SERP from the Mondavi Plan are eligible for the grandfather clause and intends to preserve the grandfathered status of such amounts. No 'material modifications,' as that term is used for purposes of the Code Section 409A grandfather clause, shall be made to the SERP after October 3, 2004, unless permitted by Internal Revenue Service Notice 2005-1 or subsequent guidance."

3. By adding the following after the last sentence of Section 2.1 of the SERP:

"No person shall be an Active Participant after the Plan Year ended February 29, 2004."

4. By replacing Section 2.4 of the SERP with the following:
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"2.4 Vested Amounts. Except as otherwise provided herein, a Participant shall be vested in his SERP Account to the same extent that he is vested in his Employer Basic Contribution Account under the Plan.

Any amount credited to a Participant's SERP Account that was not deferred and vested as of December 31, 2004 ('Post-2004 Deferrals') shall be transferred to the Constellation Brands, Inc. 2005 Supplemental Executive Retirement Plan (the "2005 SERP"), effective as of April 8, 2005. Such transferred Post-2004 Deferrals shall be considered a contribution to, and shall be payable under the terms of, the 2005 SERP."

5. By replacing the first sentence of Section 2.5(b) of the SERP with the following:

"Notwithstanding anything in this Section 2.5 to the contrary and except as provided in Section 2A.6(d), in the event of the occurrence of a Change in Control with respect to the Company, Participants shall be 100% vested in their SERP Accounts, the SERP shall be terminated with respect to each Participant, and the entire SERP Account of each Participant, whether or not in pay status, shall be distributed to the Participant promptly in the form of a lump sum distribution."

6. By adding the following Section 2A to the SERP, immediately after Section 2:

"Section 2A

Merger of the Robert Mondavi Corporation Retirement Restoration Plan

2A.1 Merger. Effective April 8, 2005 (the "Mondavi Merger Date"), the portion of the Mondavi Plan attributable to amounts that were deferred (within the meaning of Code Section 409A) thereunder prior to January 1, 2005 will merge into, be transferred to and become payable under the terms of the SERP and will be held, invested and administered pursuant to the provisions of the SERP.

The purpose of this Article is to set forth special provisions that will apply with respect to individuals who are participants in the Mondavi Plan immediately prior to the Mondavi Merger Date ('Mondavi Participants'). Notwithstanding any other provision of the SERP to the contrary, the following provisions of this Article will apply with respect to all Mondavi Participants and will supersede any other provisions of the SERP to the extent they are inconsistent with this Section 2A.

2A.2 Participation. Each Mondavi Participant on the Mondavi Merger Date will automatically become a Participant in this SERP after the Mondavi Merger Date. No other employee of The Robert Mondavi Corporation who was not a Mondavi Participant on the Mondavi Merger Date will be eligible to participate in the SERP.

2A.4 Accounts. Amounts transferred from the Mondavi Plan that were attributable to each Mondavi Participant's 'Grandfathered Account' under the Mondavi Plan will be held and invested in such Mondavi Participant's SERP Account under this SERP.

Mondavi Participants for whom amounts are transferred under this Article will at all times be fully vested in their SERP Accounts.

2A.5 Income Credits. Each Mondavi Participant's SERP Account shall be credited with Income Credits pursuant to the terms and provisions of Section 2.3 of the SERP, except that the balance transferred to the Mondavi Participant's SERP Account from his Grandfathered Account under the Mondavi Plan (the 'Transferred Balance') shall be treated as the Annual Benefit Credits for purposes of the application of Section 2.3.

2A.6 Payment of Benefit. Notwithstanding the provisions of Section 2.5, a Mondavi Participant will receive the value of his SERP Account in accordance with the following provisions, which are substantially the same as the payment provisions that applied to the Mondavi Participant's accounts under the Mondavi Plan:

- (a) Timing. A Mondavi Participant shall be entitled to receive the vested balance in his SERP Account upon termination of employment with or retirement from the Company.
- (b) Form. Payment shall be made in accordance with the election form, if any, that the Mondavi Participant completed upon commencement of participation in the Mondavi Plan, on which he elected to receive his vested account balance in a single lump sum payment or in substantially equal installments (paid at least annually) over a period of five, ten or fifteen years. The Mondavi Participant may annually change his election regarding the form of payment by submitting a new election form to the Company, provided that any such change of election shall not be effective until the first day of the Plan Year immediately following the Plan Year in which the new election form is received by the Company. The most recently effective election shall govern the form of payment to the Mondavi Participant. If a Mondavi Participant does not elect a form of payment, then his vested account balance shall be paid in a single lump sum. Payment to the Mondavi Participant shall be made or commence no later than 60 days after the date on which the Participant terminates or retires. In addition, upon the request of a

Mondavi Participant who is receiving installment payments, the Board in its sole discretion and without any obligation to do so, may direct that the payment be accelerated such that the remaining account balance shall be paid in a single lump sum.

- (c) Payment at Death. If the Mondavi Participant dies before payment of his account balance has been made or commenced, such account balance shall be paid to the Mondavi Participant's Beneficiary in the form elected by the Mondavi Participant on the election form with the most receive effective date; except that if the Mondavi Participant did not elect a form of payment, if the Beneficiary is the Mondavi Participant's estate, or if requested by the Beneficiary and permitted by the Board in its sole discretion, payment shall be made to the Beneficiary in a single lump sum. Payment to the Beneficiary shall be made or commence no later than 60 days after the date on which the Company receives evidence satisfactory to the Company of the Mondavi Participant's death. If the Mondavi Participant dies after installment payments to the Mondavi Participant have commenced but before payment of the full account balance has been made to the Mondavi Participant, the remaining installments shall be paid to the Beneficiary; except that if the Beneficiary is the Mondavi Participant's estate or if requested by the Beneficiary and permitted by the Board in its sole discretion, payment shall be accelerated and the remaining account balance shall be paid in a single lump sum.
- (d) Change in Control. Section 2.5(b) of the SERP shall not apply with respect to the Mondavi Participants' SERP Accounts.

\* \* \*

**IN WITNESS WHEREOF**, on behalf of the Company, the undersigned officer has executed this amendment this 8th day of April, 2005.

CONSTELLATION BRANDS, INC.

By: /s/ W. Keith Wilson  
Its: Executive Vice President and  
Chief Human Resources Officer





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**CONSTELLATION BRANDS, INC.**

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**2005 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

**THE CONSTELLATION BRANDS, INC.**

**2005 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

**Article 1**

**INTRODUCTION**

**1.1 THE SERP AND ITS EFFECTIVE DATE.** Constellation Brands, Inc. (the "Company") has adopted, effective April 8, 2005 (the "Effective Date"), the Constellation Brands, Inc. 2005 Supplemental Executive Retirement Plan (the "SERP"), as set forth herein.

**1.2 PURPOSE.** The Company maintains the Constellation Brands, Inc. 401(k) and Profit Sharing Plan (the "Plan"). Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the "Code") limits to \$210,000 (in 2005, as adjusted in subsequent years by the Secretary of the Treasury) the amount of compensation which may be taken into account for a year under a qualified plan ("Compensation Limit") and Code Section 415 limits the annual additions, including employer contributions, that may be made to an employee's account under a qualified plan (the "Section 415 Limit"). In addition, other limits may apply to limit or reduce the contributions that may be made to an employee's account under the Plan.

The Employee Retirement Income Security Act of 1974, as amended ("ERISA") permits the provision of benefits under an unfunded plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The purpose of the SERP is to provide to those employees of the Company or a Related Business, as defined in the Plan, who are selected by the Company from year to year, benefits which would be provided under the Plan without regard to the Compensation Limit or the Section 415 Limit, or other limits with respect to certain Company contributions under the Plan. In no case, however, may any Company contribution to the SERP relate to, or be determined with respect to, any elective contributions made by any employee to the Plan.

**1.3 DEFINED TERMS.** Except as otherwise indicated, capitalized terms used in this plan document which are not defined herein have the same meaning as the same terms in the Plan.

**1.4 PLAN ADMINISTRATION.** The SERP shall be administered by a committee (the "Committee") consisting of one or more individuals appointed by the Board of Directors of the Company. The Committee shall have, to the extent appropriate, the same powers, rights, duties and obligations with respect to the SERP as the Committee under the Plan has with respect to the Plan. In the event that the Board of Directors does not appoint a Committee, the Company shall act as the Committee.

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## Article 2

### PARTICIPATION AND BENEFITS

**2.1 ELIGIBILITY FOR BENEFITS.** A person for whom an account is established at any time under the SERP (a "SERP Account") shall be a participant in the SERP (a "Participant") for purposes of receiving distributions, maintaining account balances and being credited with net earnings, gains and losses until all amounts credited to his or her SERP Account have been distributed or forfeited. The Company, in its discretion, may select the employees of the Company or a Related Business who shall receive Annual Benefit Credits, as defined in Section 2.3, under the SERP for a Plan Year (the "Active Participants"). The Company may, in its discretion, designate an employee as an Active Participant for the purpose of receiving credits with respect to some types of contributions under the Plan and not other types of contributions; furthermore, the Company need not provide to all Active Participants credits with respect to the same types of contributions under the Plan. A person who becomes an Active Participant shall remain a Participant until all amounts credited to his or her SERP Account have been distributed or forfeited, whether or not such person is selected as an Active Participant for a subsequent Plan Year.

**2.2 INITIAL ACCOUNT BALANCES.** Each Participant's SERP Account shall be credited as of the Effective Date with such amount, if any, as is deemed to be transferred from such Participant's account under the Constellation Brands, Inc. Supplemental Executive Retirement Plan or the Robert Mondavi Corporation Retirement Restoration Plan, as applicable (the "Transferred Balance").

**2.3 AMOUNT OF BENEFIT CREDITS.** The amount credited to an Active Participant's SERP Account for a Plan Year ("Annual Benefit Credits") shall equal (a) the amount, if any, of Employer Basic Contributions and Employer Supplemental Contributions the Active Participant would have received under the Plan for that Plan Year if he or she had received Employer Basic Contributions and Employer Supplemental Contributions with respect to his or her base compensation above the Compensation Limit at the same rate that he or she received Employer Basic Contributions and Employer Supplemental Contributions under the Plan with respect to his or her Compensation not greater than the Compensation Limit and if the Section 415 Limit did not apply, and (b) such other amounts as the Company shall from time to time, in its discretion, determine to credit to the Active Participant's SERP Account with respect to other limited or reduced contributions under the Plan, except that in no case shall any contribution or benefit provided under the SERP be contingent upon, or determined with respect to, an elective contribution made by any employee to the Plan.

**2.4 INCOME CREDITS.** Each Participant's SERP Account shall be credited as of each Valuation Date with net earnings, gains and losses ("Income Credits") in an amount equal to the amount which such account would have earned, gained or lost if at all times, from the first business date the Transferred Balance, if any, was credited to the Participant's SERP Account and from the first business date Annual Benefit Credits, if any, were credited to the Participant's SERP Account, such amounts were fully invested as provided in the following paragraph.

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From time to time the Company shall determine the method of determining Participants' Income Credits under the SERP. The Company may, in its discretion, determine Income Credits by treating the Participants' SERP Accounts as if invested in a manner designated by the Company or by permitting Participants to self-direct the manner in which their Income Credits are to be determined from among such deemed investment options, and in accordance with such rules and procedures, as the Company shall from time to time determine. Any changes which the Company shall make in the method for determining Income Credits shall be determined and announced to Participants in advance of the date it becomes effective and shall represent a rate which the Company could, ignoring the effect of federal, state and local income taxes, replicate by investing its assets in available markets if it chose to do so.

**2.5 VESTING.** Except as otherwise provided herein, a Participant shall be vested in his or her SERP Account as follows: (a) he or she shall be vested in any Transferred Balance to the same extent he or she would have been vested in such amount under the Constellation Brands, Inc. Supplemental Executive Retirement Plan or under the Robert Mondavi Corporation Retirement Restoration Plan, as applicable, (b) he or she shall become vested in one-fifth of any Annual Benefit Credit made to his or her SERP Account on each of the first five anniversaries of the date such credit is made to the SERP Account, and (c) he or she shall be vested in any Income Credits to the same extent he or she is vested in the Transferred Balance or in the Annual Benefit Credits to which such Income Credits relate.

**2.6 PAYMENT OF BENEFITS.** Payments of the vested amount credited to a Participant's SERP Account, including the total of any vested Transferred Balance, any vested Annual Benefit Credits, and any vested Income Credits and other earnings, shall be made as follows:

**(a) DISTRIBUTIONS.** Except as provided in Section 2.6(b) a Participant's vested SERP Account shall be paid in a lump sum in cash promptly after the date of his or her separation from service, within the meaning of Code Section 409A(a)(2)(A)(iv) ("Separation Date"). The unvested portion of the Participant's SERP Account shall be forfeited on the Separation Date.

In the event that a Participant is an employee of a Related Business, other than the Company, and 50 percent or more of the combined voting power of the Related Business becomes owned by an entity or person that is not a Related Business or substantially all of the assets of the Related Business are sold, conveyed or otherwise transferred to a person or entity that is not a Related Business, the Participant shall be 100% vested in his or her SERP Account and the Participant's entire SERP Account shall be distributed to the Participant promptly in the form of a lump sum distribution, to the extent that such distribution is permitted under Code Section 409A. Notwithstanding the preceding sentence, such vesting and distribution shall only occur if neither the Company nor an entity that is a Related Business after such transaction employs the Participant after such transaction.

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**(b) SPECIFIED EMPLOYEES.** If the Participant is a specified employee, as that term is used in Code Section 409A(a)(2)(B)(i), then no distribution shall be made to him or her until the date which is six months after his or her Separation Date, unless otherwise permitted by Code Section 409A or by Internal Revenue Service guidance issued thereunder. Notwithstanding the foregoing, the unvested portion of such Participant's SERP Account shall be forfeited on the Separation Date.

**(c) CHANGE OF CONTROL.** Notwithstanding anything in this Section 2.6 to the contrary, in the event of the occurrence of a Change of Control with respect to the Company all Participants shall be 100% vested in their SERP Accounts, the SERP shall be terminated and the entire SERP Account of each Participant, whether or not in pay status, shall be distributed to the Participant promptly in the form of a lump sum distribution. For this purpose a "Change of Control" shall mean an event which (i) is described in Code Section 409A(a)(2)(A)(v) and (ii) satisfies either of the following:

(1) A change in the ownership of the Company. A change in the ownership of the Company is deemed to occur on the date that any one person, or more than one person acting as a group (as described below), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company. However, if any one person or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Company. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this Section 2.6(c)(1). This Section 2.6(c)(1) applies only when there is a transfer or issuance of stock of the Company and the stock remains outstanding after the transaction.

Persons will not be considered to be acting as a group solely because they purchase or own stock of the Company at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a person, including an entity, owns stock in the Company and another corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar transaction with the Company, such shareholder is considered to be acting as a group with other shareholders of the other corporation only with respect to their ownership interest in that corporation prior to the transaction.

Notwithstanding the foregoing, a Change of Control shall not occur upon the transfer of voting securities of the Company among or between persons or, if such persons are individuals, members of their immediate family, or between trusts or other entities controlled by or operated for the benefit of such individuals or members of their immediate family, who own more than 50 percent of the total voting power of the

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Company, or upon the transfer of voting securities of the Company among or between the Company and a Related Business or two or more Related Businesses.

For purposes of the preceding paragraph, the term "immediate family" shall include the spouse and the lineal ascendants and descendants of an individual and the spouses of such lineal ascendants and descendants and the other individuals who share a common parent or grandparent with such individual and the spouses of such individuals. Adopted children shall be considered as the descendants of their adoptive parents and their parents' parents in the same manner as would be the biological children of such parents.

(2) The sale of all or substantially all of the Company's assets. A sale of all or substantially all of the Company's assets occurs on the date that any one person or persons acting as a group acquire (or have acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to all or substantially all (and in no case less than 40%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. A transfer of assets to an entity that is controlled by the shareholders of the Company immediately after the transfer, or a transfer of assets by the Company to any of the following, are not considered to be a sale of all or substantially all of the Company's assets for purposes of this 2.6(c)(2): (A) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock; (B) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Company; or (D) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (C). For purposes of this 2.6(c)(2) and except as otherwise provided, a person's status is determined immediately after the transfer of the assets. For example, a transfer to a corporation in which the Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the transaction is not treated as a sale of all or substantially all of the assets of the Company.

**2.7 BENEFICIARY DESIGNATION.** A Participant's vested SERP Account shall be paid to the beneficiary properly designated by the Participant in the manner established by the Committee to receive his or her SERP Account hereunder. Such distribution shall be made in a lump sum distribution. If the Participant fails to properly designate a beneficiary hereunder, including if the Participant's designated beneficiary predeceases him or her, upon the Participant's death the vested SERP Account shall be paid to the person or entity which is the Participant's beneficiary under the Plan, whether by designation of the Participant or by the terms of the Plan.

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**2.8 VALUATION OF ACCOUNTS.** The value of a Participant's vested SERP Account shall be determined as of the Valuation Date immediately preceding the date on which a distribution is made to such Participant, based upon the value which the SERP Account would have if at all times it were earning the rate of return specified by the Company or were fully invested in the investment options designated by the Company or selected by the Participant, pursuant to Section 2.4.

**2.8 FUNDING.** Benefits payable under the SERP to any person shall be paid directly by the Company. The Company shall not be required to fund, or otherwise segregate assets to be used for payment of benefits under the SERP. While the Company may make investments in amounts equal or unequal to amounts payable hereunder, the Company shall not be under any obligation to make such investments and any such investments shall remain an asset of the Company subject to the claims of its general creditors. Notwithstanding the foregoing, the Company may maintain one or more trusts to hold assets to be used for payment of benefits under the SERP; provided that the assets of each trust shall be subject to the creditors of the Company in the event the Company becomes insolvent (as defined in such trust) and provided that any such trust must comply with the requirements of Code Section 409A. Any payments by such a trust to a Participant (or to the beneficiary of a Participant) under the SERP shall be considered payment by the Company and shall discharge the Company of any further liability under the SERP to the extent of the payments made by such trust.

### Article 3

#### MISCELLANEOUS

**3.1 EMPLOYMENT RIGHTS.** Status as a Participant and/or as an Active Participant shall not be construed to give any employee the right to be retained in the service of the Company or any Related Business or any right to any benefits not specifically provided by the SERP.

**3.2 INTERESTS NOT TRANSFERABLE.** Except as to withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time under the SERP shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefits, whether currently or thereafter payable, shall be void. No benefit shall, in any manner, be liable for or subject to the debts or liabilities of any person entitled to such benefits. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber his or her benefits under the SERP, or if by reason of his or her bankruptcy or other event happening at any time, such benefits would devolve upon any other person or would not be enjoyed by the person entitled thereto under the SERP, then the Company, in its discretion, may terminate the interest in any such benefits of the person entitled thereto under the SERP and hold or apply them to or for the benefit of such person entitled thereto under the SERP or his or her spouse, children or other dependents, or any of them, in such manner as the Company may deem proper.

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**3.3 UNCLAIMED AMOUNTS.** Unclaimed amounts shall consist of the amounts of the SERP Accounts of a Participant which cannot be distributed because of the Committee's inability to locate the payee, after a reasonable search, within a period of two (2) years after the benefits become distributable under Article 2, as set forth herein. Unclaimed amounts shall be forfeited at the end of such two-year period. These forfeitures shall reduce the obligations of the Company under the SERP. After an unclaimed amount has been forfeited, the Participant or beneficiary, as applicable, shall have no further right to his or her SERP Account.

**3.4 CONTROLLING LAW.** The law of the State of New York, except its law with respect to choice of law, shall be controlling in all matters relating to the SERP to the extent not preempted by ERISA.

**3.5 NUMBER.** Words in the plural shall include the singular and the singular shall include the plural.

**3.6 ACTION BY AN EMPLOYER.** Except as otherwise specifically provided herein, any action required of or permitted by the Company under the SERP shall be by resolution of the Board of Directors of the Company or person(s) authorized by resolution of the Board of Directors of the Company.

**3.7 TAXES.** The Company shall have the right to require Participants to remit to the Company an amount sufficient to satisfy applicable federal, state, and local tax withholding requirements, and to deduct from all payments made pursuant to the SERP amounts sufficient to satisfy such withholding requirements.

#### **Article 4**

#### **AMENDMENT AND TERMINATION**

**4.1 COMPANY AUTHORITY TO AMEND.** The Company intends the SERP to be permanent, but reserves the right at any time by action of its Board of Directors to modify, amend or terminate the SERP, provided however, that if a Participant has a SERP Account, benefits provided under Section 2.1 shall constitute an irrevocable obligation of the Company as applicable, to the same extent that such SERP Account, had it been an account under the Plan, would have been an irrevocable obligation of the Plan.

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Executed in multiple originals this 8th day of April, 2005.

CONSTELLATION BRANDS, INC.

By: /s/ W. Keith Wilson  
Its: Executive Vice President and  
Chief Human Resources Officer