

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under The Securities Exchange Act of 1934
(Amendment No. 2)

The Chalone Wine Group, Ltd.

(Name of Issuer)

Common Stock, no par value

(Title of Class of Securities)

157639105

(CUSIP Number)

Thomas J. Mullin, Esq.
Executive Vice President and
General Counsel
Constellation Brands, Inc.
370 Woodcliff Drive
Suite 300
Fairport, New York 11450
(585) 218-3650

With a copy to:

Richard F. Langan, Jr., Esq.
Nixon Peabody LLP
437 Madison Avenue
New York, New York 10022

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

July 8, 2004

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of § 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7(b) for other parties to whom copies are to be sent.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1.	Name of Reporting Person I.R.S. Identification No. of above person (entities only)	
	Constellation Brands, Inc. 16-0716709	
2.	Check the Appropriate Box if a Member of a Group*	
	(a) <input type="checkbox"/>	
	(b) <input checked="" type="checkbox"/>	
3.	SEC Use Only	
4.	Source of Funds (See Instructions)	
	WC, BK	
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)	<input type="checkbox"/>
6.	Citizenship or Place of Organization	
	State of Delaware	
	7. Sole Voting Power	
	0	
	8. Shared Voting Power	
	5,556,103	
	9. Sole Dispositive Power	
	0	
	10. Shared Dispositive Power	
	5,556,103	
11.	Aggregate Amount Beneficially Owned by Each Reporting Person	
	5,556,103	
12.	Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	<input type="checkbox"/>
13.	Percent of Class Represented by Amount in Row (11)	
	46%	
14.	Type of Reporting Person (See Instructions)	
	CO	

This statement constitutes Amendment No. 2 to the Schedule 13D filed with the Securities and Exchange Commission (the "SEC") on behalf of Constellation Brands, Inc., a Delaware corporation ("Constellation") on May 17, 2004 (the "Schedule 13D"), with respect to the common stock, no par value (the "Common Stock"), of The Chalone Wine Group, Ltd., a California corporation (the "Issuer"). Capitalized terms not otherwise defined herein shall have the respective meaning ascribed thereto in the Schedule 13D.

Other than as set forth herein, there has been no material change in the information set forth in the Schedule 13D.

Item 4. Purpose of the Transaction.

Item 4 of the Schedule 13D is hereby supplemented as follows:

On July 8, 2004, Constellation and the Issuer entered into a Confidentiality Agreement (the "Confidentiality Agreement") wherein Constellation and the Issuer agreed to make available to the other party certain information, including certain information regarding the disclosing party, in connection with the consideration of a possible negotiated transaction between the Issuer and a corporation to be formed by DBR. A copy of the Confidentiality Agreement is annexed hereto as Exhibit 5 and incorporated herein by reference. It is recommended that the Confidentiality Agreement be read in its entirety for a full understanding of the terms and conditions contained therein.

Pursuant and subject to the terms of the Confidentiality Agreement, Constellation agreed that, for a period beginning on the date of the Confidential Agreement and ending at the close of business on July 8, 2007, unless Constellation shall have been specifically invited in writing by the board of directors of the Issuer, neither Constellation nor any of its affiliates or Representatives (as defined in the

Confidentiality Agreement) on behalf of Constellation will in any manner, directly or indirectly, (a) effect or seek, offer or propose (whether publicly or otherwise) to effect, or cause or participate in or in any way assist any other person to effect, offer or propose (whether publicly or otherwise) to effect or participate in (i) any acquisition of any securities (or beneficial ownership thereof) or assets (other than non-material assets or any single vineyard, winery or brand of the Issuer or any other asset of the Issuer generally offered for sale to the public) of the Issuer; (ii) any tender or exchange offer, merger, consolidation or other business combination involving the Issuer; (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the Issuer or any material portion of the Issuer's business; or (iv) any "solicitation" of "proxies" (as such terms are used in the proxy rules of the SEC) or consents to vote any voting securities of the Issuer; (b) form, join or in any way participate in a "group" (as defined under the Exchange Act) with respect to the securities of the Issuer (except for the group disclosed in the Schedule 13D); (c) otherwise act, alone or in concert with others (other than through deemed participation in a "group" described in (b) above), to seek to control or influence the management, board of directors (or any committee thereof) or policies of the Issuer or propose any matter for submission to a vote of shareholders of the Issuer; (d) take any action which to the knowledge of Constellation requires the Issuer to make a public announcement regarding any of the types of matters set forth in (a) above; or (e) enter into any discussions or arrangements with any third party with respect to any of the foregoing or advise, assist, encourage, finance or seek to persuade others to take any action with respect to the foregoing, except as disclosed in the Schedule 13D or otherwise in connection with DBR, Constellation and/or its or their respective affiliates or Representatives.

In addition, for the period beginning on the date of the Confidentiality Agreement and ending at the close of business on July 8, 2007, the Issuer has agreed that it will not disclose any non-public information relating to its business to any person that is known by the Issuer to be considering making, or has made, an Acquisition Proposal and that owns less than five percent of the Issuer's outstanding common stock (such person being a "Third Party"), unless such Third Party has executed an agreement (a "Third Party Agreement") with the Issuer containing standstill provisions which are no less favorable to the Issuer than the standstill provisions contained in the Confidentiality Agreement (the "Standstill"); *provided* that the Issuer may enter into a Third Party Agreement containing standstill provisions that are less favorable to the Issuer in the aggregate than the Standstill if the Issuer notifies Constellation of the terms of such standstill provisions as soon as reasonably practicable after the execution of such Third Party Agreement, in which case the Standstill as it applies to Constellation shall be automatically amended to be substantially similar to the standstill provisions contained in such Third Party Agreement (provided that the length of the Standstill in the Confidentiality Agreement shall commence from the date of the Confidentiality Agreement, not the date of the Third Party Agreement). For purposes of the Confidentiality Agreement, "Acquisition Proposal" means any offer, proposal or inquiry relating to, or any Third Party indication of interest in, (A) any acquisition or purchase, direct or indirect, of 50% or more of the consolidated assets of the Issuer and its subsidiaries or over 50% of any class of equity or voting securities of the Issuer or any of its subsidiaries whose assets,

individually or in the aggregate, constitute more than 50% of the consolidated assets of the Issuer, (B) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such Third Party's beneficially owning 50% or more of any class of equity or voting securities of the Issuer or any of its subsidiaries whose assets, individually or in the aggregate, constitute more than 50% of the consolidated assets of the Issuer or (C) a merger, consolidation, share exchange, business combination, sale of substantially all the assets, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Issuer or any of its subsidiaries whose assets, individually or in the aggregate, constitute more than 50% of the consolidated assets of the Issuer.

Both Constellation and the Issuer also agreed that, for a period of three years after the date of the Confidentiality Agreement, neither party nor any of such party's affiliates will, directly or indirectly, solicit to employ any of the officers or key employees of the other party so long as they are employed by the other party, without obtaining the prior written consent of the other party.

Item 7. Material to Be Filed as Exhibits.

Item 7 of the Schedule 13D is supplemented as follows:

<u>Exhibit No.</u>	<u>Description</u>
5	Confidentiality Agreement dated July 8, 2004 between Constellation and Issuer

Signature

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: July 8, 2004

CONSTELLATION BRANDS, INC.

By: /s/ Robert Sands

Name: Robert Sands

Title: President and Chief Operating Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit Name</u>	<u>Location</u>
5	Confidentiality Agreement dated July 8, 2004 between Constellation and Issuer	Filed herewith

THE CHALONE WINE GROUP, LTD.
621 Airpark Road
Napa, California 94558

July 8, 2004

Constellation Brands, Inc.
370 Woodcliff Drive, Suite 300
Fairport, New York 11450

Dear Ladies/Gentlemen:

In connection with the consideration of a possible negotiated transaction between The Chalone Wine Group, Ltd. (the "Company"), and a corporation to be formed by Domaines Barons de Rothschild (Lafite) SCA ("DBR"), where it is contemplated that DBR would cause the corporation it contemplates forming to contribute certain assets and liabilities of the Company to a new limited liability company to be formed and to which Huneus Vintners LLC ("Huneus") would contribute certain assets and liabilities and to which Constellation Brands, Inc. (the "Counterparty") would also contribute certain assets and liabilities, each of the Company and the Counterparty (as such, the "disclosing party") is prepared to make available to the other party (as such, the "receiving party") certain information, including information concerning the disclosing party. As a condition to, and in consideration of, such information being furnished to each party and its directors, officers, employees, subsidiaries, affiliates, agents or advisors (including, without limitation, attorneys, accountants, consultants and financial advisors) or financing or insurance sources (collectively, "Representatives"), each party agrees to treat such information (whether prepared by the disclosing party, its Representatives or otherwise and irrespective of the form of communication) which is furnished to such party or its Representatives before or after the date hereof by or on behalf of the disclosing party (herein collectively referred to as the "Evaluation Material") in accordance with the provisions of this letter agreement, and to take or abstain from taking certain other actions as hereinafter set forth.

The term "Evaluation Material" also shall be deemed to include all notes, analyses, compilations, studies, interpretations or other documents prepared by the receiving party or its Representatives which contain, reflect or are based upon, in whole or in part, the information furnished to the receiving party or its Representatives pursuant hereto. The term "Evaluation Material" does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by the

receiving party or its Representatives, (ii) was within the receiving party's possession prior to its being furnished to the receiving party by or on behalf of the disclosing party pursuant hereto, provided that the source of such information was not known by the receiving party to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the disclosing party or any other party with respect to such information or (iii) becomes available to the receiving party on a non-confidential basis from a source other than the disclosing party or any of its Representatives, provided that to the knowledge of the receiving party such source is not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the disclosing party or any other party with respect to such information.

Each party hereby agrees that it and its Representatives shall (i) use the Evaluation Material of the disclosing party solely for the purpose of evaluating a possible negotiated transaction between the parties or DBR or Huneeus or their respective affiliates involving either (a) a sale, lease, exchange or joint venture of all or a majority in value of the assets of the Company, (b) the shareholders of the Company becoming or being entitled to become, by virtue of the transaction, the holders of less than a majority in value of the equity economic interests in the acquiring or continuing company or entity or companies or entities and/or (c) any going-private transaction pursuant to which the Counterparty, by itself or in conjunction with DBR or Huneeus, or their respective affiliates, would cash out existing shareholders other than DBR (any of (a), (b) or (c), a "Transaction"), (ii) keep the Evaluation Material of the disclosing party confidential and (iii) not disclose any of the Evaluation Material of the disclosing party in any manner whatsoever, except as may be required by law or court order subject to the provisions set forth below; provided, however, that (x) the receiving party may make any disclosure of such information to which the disclosing party gives its prior written consent, (y) the receiving party may disclose any of such information to its Representatives who need to know such information for the sole purpose of evaluating a Transaction, provided such Representatives agree to comply with the terms of this letter agreement applicable to such Representatives and provided, further, that such information shall not be provided to the receiving party's financing or insurance sources (if any) without the prior approval of the disclosing party (which approval shall not be unreasonably withheld or delayed) and (z) the Counterparty may disclose any of such information to DBR, Huneeus and their respective affiliates and Representatives in connection with the evaluation of a Transaction. The receiving party shall be responsible for the breach of this letter agreement by its Representatives (including those who subsequent to the first date of disclosure of Evaluation Material cease to be a Representative), and each party agrees, at its sole expense, to take all reasonable measures (including, but not limited to, court proceedings) to restrain its Representatives from prohibited or unauthorized disclosure or use of the Evaluation Material.

The Counterparty and the Company each hereby acknowledge that it is aware, and that it will advise such Representatives who are informed as to the matters which are the subject of this letter agreement, that the United States securities laws prohibit any person who has received from an issuer material, non-public information

concerning the matters which are the subject of this letter agreement from purchasing or selling securities of such issuer or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

In addition, each party agrees that, except as required by law (including without limitation the requirements of Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "1934 Act")), stock exchange rules or governmental entity, without the prior written consent of the other party, it and its Representatives will not disclose to any other person (other than DBR, Huneeus and their respective affiliates and Representatives in connection with the evaluation of a Transaction) the content of the Evaluation Material of the other party, the results or contents of any discussions or negotiations that are taking place concerning a possible negotiated Transaction between the parties or any of the terms or conditions with respect thereto. Without limiting the generality of the foregoing, the Counterparty agrees that, without the prior written consent of the Company, or as otherwise specifically provided in this letter agreement, it will not, directly or indirectly, enter into any agreement, arrangement or understanding, or any discussions which might lead to such an agreement, arrangement or understanding, with any person other than its Representatives or DBR, Huneeus and their respective affiliates and Representatives regarding a possible Transaction. The term "person" as used in this letter agreement shall be broadly interpreted to include the media and any corporation, partnership, group, individual or other entity.

In the event that the receiving party or any of its Representatives are requested or required (by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand or other similar process or by applicable state, rule or regulation or by governmental regulatory authorities) to disclose any of the Evaluation Material of the disclosing party, the receiving party shall provide the disclosing party with prompt written notice of any such request or requirement and, if such request is made in writing, a copy of such request so that the disclosing party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this letter agreement. If, in the absence of a protective order or other remedy or the receipt of a waiver by the disclosing party, the receiving party or any of its Representatives nonetheless conclude based on the advice of counsel that they are legally compelled to disclose Evaluation Material, such party or its Representatives may, without liability hereunder, disclose only that portion of the Evaluation Material which the receiving party so concludes based upon advice of counsel is legally required to be disclosed. The receiving party further agrees to cooperate with the disclosing party by joining in any motion for protective order the disclosing party may file and/or by designating any documents containing Evaluation Material as subject to an existing protective order if requested to do so by the disclosing party. The Company and/or certain of its Representatives and the Counterparty each acknowledge that it has received Plaintiffs' First Set of Document Requests, Interrogatories and Requests for Admission dated May 25, 2004, and Plaintiffs' First Set of Document Requests and Form Interrogatories dated May 26, 2004, in the action styled Weidamann

v. The Chalone Wine Group, Ltd. et al., Lead Case No. 26-25479 (Consolidated with Case Nos. 26-25484, 26-25495, 26-25519 and 26-25531) (Napa County Super. Ct. compl. filed May 18, 2004), and that this paragraph constitutes prompt written notice of these requests as required by this letter agreement.

At any time upon the request of the disclosing party for any reason or upon the receiving party's decision not to proceed with a Transaction, the receiving party (i) will promptly deliver to the disclosing party or destroy all Evaluation Material (and all copies thereof) furnished to it or its Representatives by or on behalf of the disclosing party pursuant hereto and (ii) will promptly destroy all other Evaluation Material prepared by the receiving party or its Representatives and retain no copy thereof, unless in each case (and then only to the extent that) the receiving party has determined based upon the advice of counsel that such delivery or destruction is or is reasonably likely to be prohibited by law, in which case the receiving party will notify the disclosing party of that determination. Any destruction of Evaluation Material pursuant to this paragraph shall be certified in writing to the disclosing party by an authorized officer supervising such destruction. Notwithstanding the return or destruction of the Evaluation Material, the receiving party and its Representatives will continue to be bound by their respective obligations of confidentiality and other obligations hereunder.

Each party understands and acknowledges that neither the other party nor any of its Representatives (including without limitation any of its directors, officers, employees, agents or shareholders) makes any representation or warranty, express or implied, as to the accuracy or completeness of the Evaluation Material. Each party agrees that neither the other party nor any of its Representatives (including without limitation any of its directors, officers, employees, agents or shareholders) shall have any liability to such party or to any of its Representatives relating to or resulting from the use of the Evaluation Material or any errors therein or omissions therefrom. Only those representations or warranties which are made in a final definitive agreement regarding any Transaction, when, as and if executed, and subject to such limitations and restrictions as may be specified therein, will have any legal effect.

The Counterparty agrees that, for the period beginning on the date of this letter agreement and ending at the close of business on July 8, 2007, unless the Counterparty shall have been specifically invited in writing by the board of directors (or an independent committee thereof) of the Company, neither the Counterparty nor any of its affiliates (as such term is defined under the 1934 Act) or Representatives on behalf of the Counterparty will in any manner, directly or indirectly, (a) effect or seek, offer or propose (whether publicly or otherwise) to effect, or cause or participate in or in any way assist any other person to effect, offer or propose (whether publicly or otherwise) to effect or participate in (i) any acquisition of any securities (or beneficial ownership thereof) or assets (other than non-material assets or any single vineyard, winery or brand of the Company or any other asset of the Company generally offered for sale to the public) of the Company; (ii) any tender or exchange offer, merger, consolidation or other business combination involving the Company; (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the Company or

any material portion of the Company's business; or (iv) any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Securities and Exchange Commission) or consents to vote any voting securities of the Company; (b) form, join or in any way participate in a "group" (as defined under the 1934 Act) with respect to the securities of the Company (except for the group disclosed in the Schedule 13D filed by the Counterparty with the Securities and Exchange Commission on May 17, 2004 (the "Schedule 13D")); (c) otherwise act, alone or in concert with others (other than through deemed participation in a "group" described in (b) above), to seek to control or influence the management, board of directors (or any committee thereof) or policies of the Company or propose any matter for submission to a vote of shareholders of the Company; (d) take any action which to the knowledge of the Counterparty requires the Company to make a public announcement regarding any of the types of matters set forth in (a) above; or (e) enter into any discussions or arrangements with any third party with respect to any of the foregoing or advise, assist, encourage, finance or seek to persuade others to take any action with respect to the foregoing, except as disclosed in the Schedule 13D or otherwise in connection with DBR, Constellation and/or its or their respective affiliates or Representatives. The Counterparty also agrees during such period not to request the Company (or its directors, officers, employees or agents), directly or indirectly, to amend or waive any provision of this paragraph (including this sentence) if such action would cause the Counterparty to violate the provisions of this paragraph.

For the period beginning on the date of this letter agreement and ending at the close of business on July 8, 2007, the Company will not disclose any non-public information relating to its business to any person that is known by the Company to be considering making, or has made, an Acquisition Proposal and that owns less than five percent of the Company's outstanding common stock (such person being a "Third Party"), unless such Third Party has executed an agreement (a "Third Party Agreement") with the Company containing standstill provisions which are no less favorable to the Company than the standstill provisions contained in this letter agreement (the "Standstill"); *provided* that the Company may enter into a Third Party Agreement containing standstill provisions that are less favorable to the Company in the aggregate than the Standstill if the Company notifies the Counterparty of the terms of such standstill provisions as soon as reasonably practicable after the execution of such Third Party Agreement, in which case the Standstill as it applies to the Counterparty shall be automatically amended to be substantially similar to the standstill provisions contained in such Third Party Agreement (provided that the length of the Standstill in this letter agreement shall commence from the date of this letter agreement, not the date of the Third Party Agreement). For purposes of this letter agreement, "Acquisition Proposal" means any offer, proposal or inquiry relating to, or any Third Party indication of interest in, (A) any acquisition or purchase, direct or indirect, of 50% or more of the consolidated assets of the Company and its subsidiaries or over 50% of any class of equity or voting securities of the Company or any of its subsidiaries whose assets, individually or in the aggregate, constitute more than 50% of the consolidated assets of the Company, (B) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such Third Party's beneficially owning 50% or more of any class of equity or voting securities of the Company or any of its subsidiaries whose assets, individually or

in the aggregate, constitute more than 50% of the consolidated assets of the Company or (C) a merger, consolidation, share exchange, business combination, sale of substantially all the assets, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Company or any of its subsidiaries whose assets, individually or in the aggregate, constitute more than 50% of the consolidated assets of the Company.

In consideration of the Evaluation Material being furnished hereunder, each party agrees that, for the period beginning on the date of this letter agreement and ending at the close of business on July 8, 2007, neither such party nor any of such party's affiliates (as such term is defined under the 1934 Act) will, directly or indirectly, solicit to employ any of the officers or key employees of the other party so long as they are employed by the other party, without obtaining the prior written consent of the other party (it being understood that any newspaper or other public solicitation not directed specifically to such person shall not be deemed to be a solicitation for purposes of this provision).

Each party understands and agrees that no contract or agreement providing for any Transaction shall be deemed to exist between the parties or between the Company and DBR unless and until a final definitive agreement has been executed and delivered. Each party also agrees that unless and until a final definitive agreement regarding a Transaction has been executed and delivered, neither party will be under any legal obligation of any kind whatsoever to enter into or consummate a Transaction by virtue of this letter agreement except for the matters specifically agreed to herein. The parties further acknowledge and agree that until such definitive documents are entered into the Company reserves the right, in its sole discretion to reject any and all proposals made by the Counterparty, DBR or any of the Counterparty's or DBR's Representatives (on behalf of the Counterparty or DBR, as applicable) with regard to a Transaction, and to terminate discussions and negotiations with the Counterparty at any time. The Counterparty further understands that the Company and its Representatives shall be free to conduct any process for any transaction involving the Company, if and as they in their sole discretion shall determine (including, without limitation, negotiating with any other interested parties and entering into a definitive agreement without prior notice to the Counterparty or any other person) and that any procedures relating to such process or transaction may be changed at any time without notice to the Counterparty or any other person.

The provisions of this letter agreement cannot be amended or waived except with the written consent of each of the parties hereto. It is understood and agreed that no failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right, power or privilege hereunder.

It is further understood and agreed that money damages would not be a sufficient remedy for any breach of this letter agreement by a party or any of its Representatives and that a party shall be entitled to equitable relief, including injunctive relief, to prevent breaches of the provisions of this letter agreement by the other party, without the necessity of proving actual damages or of posting any bond, and specific

performance, as a remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this letter agreement but shall be in addition to all other remedies available by law or equity. In the event of litigation relating to this letter agreement, if a court of competent jurisdiction determines that a party or any of its Representatives have breached this letter agreement, then such party shall be liable and pay to the other party the reasonable legal fees and costs incurred by the other party in connection with such litigation, including any appeal therefrom.

If any term, provision, covenant or restriction of this letter agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this letter shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Except as specified elsewhere herein, the terms of this letter agreement will remain in force until the date that is three years from the date hereof.

This letter agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute the same agreement and shall become a binding agreement when a counterpart has been signed by each party and delivered to the other party, thereby constituting the entire agreement among the parties pertaining to the subject matter hereof. This letter agreement supersedes all prior and contemporaneous agreements, understandings and representations, whether oral or written, of the parties in connection herewith. No covenant or condition or representation not expressed in this letter agreement shall affect or be effective to interpret, change or restrict this letter agreement. No prior drafts of this letter agreement and no words or phrases from any such prior drafts shall be admissible into evidence in any action, suit or other proceeding involving this letter agreement. This letter agreement may not be changed or terminated orally, nor shall any change, termination or attempted waiver of any of the provisions of this letter agreement be binding on any party unless in writing signed by the parties hereto. No modification, waiver, termination, rescission, discharge or cancellation of this letter agreement and no waiver of any provision of or default under this letter agreement shall affect the right of any party thereafter to enforce any other provision or to exercise any right or remedy in the event of any other default, whether or not similar.

This letter agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

This letter agreement shall be governed by, and construed in accordance with, the laws of the State of California applicable to contracts entered into and to be performed wholly within the State of California by California residents (without giving effect to any choice or conflict of law provision). The parties agree that any suit for the enforcement of this letter agreement may be brought in the courts of the state of California or any federal court sitting therein, and each party consents to the exclusive jurisdiction of such courts and service of process in any such suit being made upon Latham & Watkins, 135 Commonwealth Drive, Menlo Park, California 94025, attention: Christopher L. Kaufman, in the case of the Company, or upon Nixon Peabody LLP,

July 8, 2004

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attention: James A. Locke III, in the case of the Counterparty. Each party hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient venue, court or jurisdiction.

Please confirm your agreement with the foregoing by signing and returning one copy of this letter to the undersigned, whereupon this letter agreement shall become a binding agreement between you and the Company.

Very truly yours,

The Chalone Wine Group, Ltd.,
a California corporation

By: /s/ C. Richard Kramlich

Name: C. Richard Kramlich
Title: Chair of Special Committee

Accepted and agreed as of
the date first written above:

Constellation Brands, Inc.
a Delaware corporation

By: /s/ Robert Sands

Name: Robert Sands
Title: President and Chief Operating Officer