

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended November 30, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-08495

CONSTELLATION BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

16-0716709
(I.R.S. Employer
Identification No.)

370 Woodcliff Drive, Suite 300, Fairport, New York

(Address of principal executive offices)

14450

(Zip Code)

(585) 218-3600

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding with respect to each of the classes of common stock of Constellation Brands, Inc., as of December 31, 2004, is set forth below:

<u>Class</u>	<u>Number of Shares Outstanding</u>
Class A Common Stock, Par Value \$.01 Per Share	96,375,153
Class B Common Stock, Par Value \$.01 Per Share	11,980,530

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

(unaudited)

	November 30, 2004	February 29, 2004
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash investments	\$ 12,754	\$ 37,136
Accounts receivable, net	906,317	635,910
Inventories	1,443,430	1,261,378
Prepaid expenses and other	185,626	137,047
Total current assets	2,548,127	2,071,471
PROPERTY, PLANT AND EQUIPMENT, net	1,124,070	1,097,362
GOODWILL	1,562,762	1,540,637
INTANGIBLE ASSETS, net	748,106	744,978
OTHER ASSETS, net	96,819	104,225
Total assets	<u>\$ 6,079,884</u>	<u>\$ 5,558,673</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Notes payable to banks	\$ 226,058	\$ 1,792
Current maturities of long-term debt	85,838	267,245
Accounts payable	383,416	270,291
Accrued excise taxes	73,579	48,465
Other accrued expenses and liabilities	558,682	442,009
Total current liabilities	1,327,573	1,029,802
LONG-TERM DEBT, less current maturities	1,716,685	1,778,853
DEFERRED INCOME TAXES	206,429	187,410
OTHER LIABILITIES	159,954	184,989
STOCKHOLDERS' EQUITY:		
Preferred Stock, \$.01 par value-		
Authorized, 1,000,000 shares;		
Issued, 170,500 shares at November 30, 2004, and February 29, 2004 (Aggregate liquidation preference of \$172,951 at November 30, 2004)	2	2
Class A Common Stock, \$.01 par value-		
Authorized, 275,000,000 shares;		
Issued, 98,776,349 shares at November 30, 2004, and 97,150,219 shares at February 29, 2004	988	971
Class B Convertible Common Stock, \$.01 par value-		
Authorized, 30,000,000 shares;		
Issued, 14,484,030 shares at November 30, 2004, and 14,564,630 shares at February 29, 2004	145	146
Additional paid-in capital	1,051,022	1,024,048
Retained earnings	1,231,676	1,010,193
Accumulated other comprehensive income	414,474	372,302
	<u>2,698,307</u>	<u>2,407,662</u>
Less-Treasury stock-		
Class A Common Stock, 2,482,058 shares at November 30, 2004, and 2,583,608 shares at February 29, 2004, at cost	(26,774)	(27,786)
Class B Convertible Common Stock, 2,502,900 shares at November 30, 2004, and February 29, 2004, at cost	(2,207)	(2,207)
	<u>(28,981)</u>	<u>(29,993)</u>
Less-Unearned compensation-restricted stock awards	(83)	(50)
Total stockholders' equity	2,669,243	2,377,619
Total liabilities and stockholders' equity	<u>\$ 6,079,884</u>	<u>\$ 5,558,673</u>

The accompanying notes are an integral part of these statements.

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

(unaudited)

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2004	2003	2004	2003
SALES	\$ 3,834,988	\$ 3,354,298	\$ 1,360,431	\$ 1,213,541
Less - Excise taxes	(785,031)	(683,184)	(274,720)	(226,293)
Net sales	3,049,957	2,671,114	1,085,711	987,248

COST OF PRODUCT SOLD	(2,196,148)	(1,938,881)	(772,047)	(704,632)
Gross profit	853,809	732,233	313,664	282,616
SELLING, GENERAL AND ADMINISTRATIVE EXPENSE	(401,116)	(348,428)	(130,333)	(113,333)
RESTRUCTURING AND RELATED CHARGES	(4,426)	(27,487)	(1,644)	(8,088)
Operating income	448,267	356,318	181,687	161,195
GAIN ON CHANGE IN FAIR VALUE OF DERIVATIVE INSTRUMENTS	-	1,181	-	-
EQUITY IN EARNINGS OF EQUITY METHOD INVESTEEES	621	965	359	126
INTEREST EXPENSE, net	(91,332)	(112,230)	(30,651)	(31,889)
Income before income taxes	357,556	246,234	151,395	129,432
PROVISION FOR INCOME TAXES	(128,720)	(88,641)	(54,502)	(46,592)
NET INCOME	228,836	157,593	96,893	82,840
Dividends on preferred stock	(7,353)	(3,294)	(2,451)	(2,450)
INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 221,483	\$ 154,299	\$ 94,442	\$ 80,390

SHARE DATA:

Earnings per common share:

Basic - Class A Common Stock	\$ 2.08	\$ 1.58	\$ 0.88	\$ 0.77
Basic - Class B Common Stock	\$ 1.89	\$ 1.43	\$ 0.80	\$ 0.70
Diluted	\$ 1.97	\$ 1.51	\$ 0.83	\$ 0.73

Weighted average common shares outstanding:

Basic - Class A Common Stock	95,392	86,832	96,012	93,255
Basic - Class B Common Stock	12,035	12,070	11,997	12,068
Diluted	116,005	104,559	116,726	114,196

The accompanying notes are an integral part of these statements.

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

For the Nine Months Ended November
30,

2004 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 228,836	\$ 157,593
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	65,121	58,666
Deferred tax provision	33,524	4,622
Amortization of intangible and other assets	8,491	18,713
Loss on disposal of assets	4,225	2,108
Noncash portion of loss on extinguishment of debt	1,799	800
Stock-based compensation expense	69	208
Amortization of discount on long-term debt	53	59
Equity in earnings of equity method investees	(621)	(965)
Gain on change in fair value of derivative instruments	-	(1,181)
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Accounts receivable, net	(258,052)	(218,730)
Inventories	(189,406)	32,305
Prepaid expenses and other current assets	(3,400)	13,417
Accounts payable	108,358	23,615
Accrued excise taxes	24,103	23,845
Other accrued expenses and liabilities	59,966	39,989
Other, net	(1,644)	24,458
Total adjustments	(147,414)	21,929
Net cash provided by operating activities	81,422	179,522

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property, plant and equipment	(78,356)	(70,584)
Purchases of businesses, net of cash acquired	(8,899)	(1,070,074)
Payment of accrued earn-out amount	(2,617)	(2,035)
Proceeds from sale of assets	1,225	11,085
Proceeds from sale of business	-	4,431
Proceeds from sale of marketable equity securities	-	790
Net cash used in investing activities	(88,647)	(1,126,387)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments of long-term debt	(254,606)	(1,240,395)
Payment of preferred stock dividends	(7,353)	-
Payment of issuance costs of long-term debt	(901)	(34,147)
Net proceeds from notes payable	219,953	165,209
Exercise of employee stock options	25,257	23,756
Proceeds from employee stock purchases	2,441	1,822
Proceeds from issuance of long-term debt	-	1,600,000
Proceeds from equity offerings, net of fees	-	426,069
Net cash (used in) provided by financing activities	<u>(15,209)</u>	<u>942,314</u>
Effect of exchange rate changes on cash and cash investments	<u>(1,948)</u>	<u>29,116</u>
NET (DECREASE) INCREASE IN CASH AND CASH INVESTMENTS	(24,382)	24,565
CASH AND CASH INVESTMENTS, beginning of period	37,136	13,810
CASH AND CASH INVESTMENTS, end of period	<u>\$ 12,754</u>	<u>\$ 38,375</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Fair value of assets acquired, including cash acquired	\$ 14,906	\$ 1,790,142
Liabilities assumed	<u>(6,007)</u>	<u>(633,356)</u>
Net assets acquired	8,899	1,156,786
Less - stock issuance	-	(77,243)
Less - direct acquisition costs accrued or previously paid	-	(7,964)
Less - cash acquired	-	(1,505)
Net cash paid for purchases of businesses	<u>\$ 8,899</u>	<u>\$ 1,070,074</u>

The accompanying notes are an integral part of these statements.

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2004

1) MANAGEMENT'S REPRESENTATIONS:

The consolidated financial statements included herein have been prepared by Constellation Brands, Inc. and its subsidiaries (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q and reflect, in the opinion of the Company, all adjustments necessary to present fairly the financial information for the Company. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted as permitted by such rules and regulations. These consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes included in the Company's Current Report on Form 8-K dated August 19, 2004. Results of operations for interim periods are not necessarily indicative of annual results.

2) RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS:

In December 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46 (revised December 2003) ("FIN No. 46(R)", "Consolidation of Variable Interest Entities—an interpretation of ARB No. 51". FIN No. 46(R) supersedes FASB Interpretation No. 46 ("FIN No. 46"), "Consolidation of Variable Interest Entities". FIN No. 46(R) retains many of the basic concepts introduced in FIN No. 46; however, it also introduces a new scope exception for certain types of entities that qualify as a business as defined in FIN No. 46(R) and revises the method of calculating expected losses and residual returns for determination of primary beneficiaries, including new guidance for assessing variable interests. The adoption of FIN No. 46(R) did not have a material impact on the Company's consolidated financial statements.

Effective June 1, 2004, the Company adopted EITF Issue No. 03-6 ("EITF No. 03-6"), "Participating Securities and the Two-Class Method under FASB Statement No. 128." EITF No. 03-6 clarifies what is meant by a "participating security," provides guidance on applying the two-class method for computing earnings per share, and requires affected companies to retroactively restate earnings per share amounts for all periods presented.

The Company has two classes of common stock: Class A Common Stock and Class B Convertible Common Stock. With respect to dividend rights, the Class A Common Stock is entitled to cash dividends of at least ten percent higher than those declared and paid on the Class B Convertible Common Stock. Therefore, under EITF No. 03-6, the Class B Convertible Common Stock is considered a participating security requiring the use of the two-class method for the computation of net income per share - basic, rather than the if-converted method as previously used. In addition, the shares of Class B Convertible Common Stock are considered to be participating convertible securities since

the shares of Class B Convertible Common Stock are convertible into shares of Class A Common Stock on a one- -to-one basis at any time at the option of the holder. The two-class computation method for each period reflects the amount of allocated undistributed earnings per share computed using the participation percentage which reflects the minimum dividend rights of each class of stock. Earnings per share - basic reflects the application of EITF No. 03-6 and has been computed using the two-class method for all periods presented. Earnings per share - diluted continues to be computed using the if-converted method (see Note 10).

3) ACQUISITIONS:

On March 27, 2003, the Company acquired control of BRL Hardy Limited, now known as Hardy Wine Company Limited ("Hardy"), and on April 9, 2003, the Company completed its acquisition of all of Hardy's outstanding capital stock. As a result of the acquisition of Hardy, the Company also acquired the remaining 50% ownership of Pacific Wine Partners LLC ("PWP"), the joint venture the Company established with Hardy in July 2001. The acquisition of Hardy along with the remaining interest in PWP is referred to together as the "Hardy Acquisition." Through this acquisition, the Company acquired one of Australia's largest wine producers with interests in wineries and vineyards in most of Australia's major wine regions as well as New Zealand and the United States and Hardy's marketing and sales operations in the United Kingdom.

Total consideration paid in cash and Class A Common Stock to the Hardy shareholders was \$1,137.4 million. Additionally, the Company recorded direct acquisition costs of \$17.4 million. The acquisition date for accounting purposes is March 27, 2003. The Company has recorded a \$1.6 million reduction in the purchase price to reflect imputed interest between the accounting acquisition date and the final payment of consideration. This charge is included as interest expense in the Consolidated Statement of Income for the nine months ended November 30, 2003. The cash portion of the purchase price paid to the Hardy shareholders and optionholders (\$1,060.2 million) was financed with \$660.2 million of borrowings under the Company's then existing credit agreement and \$400.0 million of borrowings under the Company's then existing bridge loan agreement. Additionally, the Company issued 3,288,913 shares of the Company's Class A Common Stock, which were valued at \$77.2 million based on the simple average of the closing market price of the Company's Class A Common Stock beginning two days before and ending two days after April 4, 2003, the day the Hardy shareholders elected the form of consideration they wished to receive. The purchase price was based primarily on a discounted cash flow analysis that contemplated, among other things, the value of a broader geographic distribution in strategic international markets and a presence in the important Australian winemaking regions. The Company and Hardy have complementary businesses that share a common growth orientation and operating philosophy. The Hardy Acquisition supports the Company's strategy of growth and breadth across categories and geographies, and strengthens its competitive position in its core markets. The purchase price and resulting goodwill were primarily based on the growth opportunities of the brand portfolio of Hardy. In particular, the Company believes there are growth opportunities for Australian wines in the United Kingdom, United States and other wine markets. This acquisition supports the Company's strategy of driving long-term growth and positions the Company to capitalize on the growth opportunities in "new world" wine markets.

The results of operations of Hardy and PWP are reported in the Constellation Wines segment and have been included in the Consolidated Statements of Income since the accounting acquisition date.

The following table summarizes the fair values of the assets acquired and liabilities assumed in the Hardy Acquisition at March 27, 2003, as adjusted for the final appraisal:

<i>(in thousands)</i>	
Current assets	\$ 535,374
Property, plant and equipment	332,125
Other assets	27,672
Trademarks	265,583
Goodwill	613,805
Total assets acquired	1,774,559
Current liabilities	294,692
Long-term liabilities	326,646
Total liabilities acquired	621,338
Net assets acquired	<u>\$ 1,153,221</u>

The trademarks are not subject to amortization. None of the goodwill is expected to be deductible for tax purposes.

4) INVENTORIES:

Inventories are stated at the lower of cost (computed in accordance with the first-in, first-out method) or market. Elements of cost include materials, labor and overhead and consist of the following:

	November 30, 2004	February 29, 2004
<i>(in thousands)</i>		
Raw materials and supplies	\$ 109,702	\$ 49,633
In-process inventories	817,059	803,200
Finished case goods	516,669	408,545
	<u>\$ 1,443,430</u>	<u>\$ 1,261,378</u>

5) GOODWILL:

The changes in the carrying amount of goodwill for the nine months ended November 30, 2004, are as follows:

	Constellation Wines	Constellation Beers and Spirits	Consolidated
<i>(in thousands)</i>			
Balance, February 29, 2004	\$ 1,407,350	\$ 133,287	\$ 1,540,637
Purchase accounting allocations	4,000	-	4,000
Foreign currency translation adjustments	14,344	1,620	15,964
Purchase price earn-out	2,161	-	2,161
Balance, November 30, 2004	<u>\$ 1,427,855</u>	<u>\$ 134,907</u>	<u>\$ 1,562,762</u>

6) INTANGIBLE ASSETS:

The major components of intangible assets are:

	November 30, 2004		February 29, 2004	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
<i>(in thousands)</i>				
Amortizable intangible assets:				
Distribution agreements	\$ 12,883	\$ 2,128	\$ 12,883	\$ 4,455
Other	4,023	47	4,021	64
Total	<u>\$ 16,906</u>	2,175	<u>\$ 16,904</u>	4,519
Nonamortizable intangible assets:				
Trademarks		727,519		722,047
Agency relationships		18,412		18,412
Total		<u>745,931</u>		<u>740,459</u>
Total intangible assets		<u>\$ 748,106</u>		<u>\$ 744,978</u>

The difference between the gross carrying amount and net carrying amount for each item presented is attributable to accumulated amortization. Amortization expense for intangible assets was \$2.3 million and \$1.5 million for the nine months ended November 30, 2004, and November 30, 2003, respectively, and \$0.7 million and \$0.6 million for the three months ended November 30, 2004, and November 30, 2003, respectively. Estimated amortization expense for the remaining three months of fiscal 2005 and for each of the five succeeding fiscal years is as follows:

<i>(in thousands)</i>		
2005	\$	478
2006	\$	1,319
2007	\$	341
2008	\$	25
2009	\$	12
2010	\$	-

7) BORROWINGS:

Senior credit facility -

In connection with the Hardy Acquisition, on January 16, 2003, the Company, certain subsidiaries of the Company, JPMorgan Chase Bank, as a lender and administrative agent, and certain other agents, lenders, and financial institutions entered into a new credit agreement, which since has been amended (or amended and restated) in March 2003, October 2003, February 2004 and August 2004 (as amended and restated in August 2004, the "Credit Agreement"). The Credit Agreement provides for aggregate credit facilities of \$1.2 billion consisting of a \$345.0 million Tranche A Term Loan facility due in February 2008, a \$500.0 million Tranche B Term Loan facility due in November 2008 and a \$400.0 million Revolving Credit facility (including an Australian Dollar revolving sub-facility of up to A\$10.0 million and a sub-facility for letters of credit of up to \$40.0 million) which expires on February 29, 2008. The Company uses the Revolving Credit facility under the Credit Agreement to fund its working capital needs on an on-going basis. In August 2004 the then outstanding principal balance under both the Tranche A and Tranche B Term Loan facilities was refinanced on essentially the same terms as the credit agreement in effect prior to August 2004 but at a lower Applicable Rate (as such term is defined in the Credit Agreement) and the remaining payment schedule of the Tranche B Term Loan facility was modified. Subsequent to November 30, 2004, the Company entered into a new senior credit facility (see Note 17).

As of November 30, 2004, the required principal repayments of the Tranche A Term Loan and the Tranche B Term Loan are as follows:

	<u>Tranche A</u>	<u>Tranche B</u>	
	<u>Term Loan</u>	<u>Term Loan</u>	<u>Total</u>
<i>(in thousands)</i>			
2005	\$ 15,000	\$ -	\$ 15,000
2006	80,000	5,000	85,000
2007	100,000	5,000	105,000
2008	120,000	125,313	245,313
2009	-	364,687	364,687
	<u>\$ 315,000</u>	<u>\$ 500,000</u>	<u>\$ 815,000</u>

The rate of interest payable, at the Company's option, is LIBOR plus a margin, the federal funds rate plus a margin, or the prime rate plus a margin. The margin is adjustable based upon the Company's Debt Ratio (as defined in the Credit Agreement) and, with respect to LIBOR borrowings, ranges between 1.00% and 2.50%. As of November 30, 2004, the LIBOR margin for the Revolving Credit facility was 1.50%, the LIBOR margin for the Tranche A Term Loan facility was 1.25%, and the LIBOR margin on the Tranche B Term Loan facility was 1.50%.

The Company's obligations are guaranteed by certain subsidiaries of the Company ("Guarantors") and the Company is obligated to pledge collateral of (i) 100% of the capital stock of all of the Company's U.S. subsidiaries and certain foreign subsidiaries and (ii) 65% of the voting capital stock of certain other foreign subsidiaries of the Company.

The Company and its subsidiaries are subject to customary lending covenants including those restricting additional liens, the incurrence of additional indebtedness (including guarantees of indebtedness), the sale of assets, the payment of dividends, transactions with affiliates and the making of certain investments, in each case subject to baskets, exceptions and/or thresholds. The primary financial covenants require the maintenance of a debt coverage ratio, a senior debt coverage ratio, a fixed charge ratio and an interest coverage ratio. As of November 30, 2004, the Company is in compliance with all of its covenants under its Credit Agreement.

As of November 30, 2004, under the Credit Agreement, the Company had outstanding Tranche A Term Loans of \$315.0 million bearing a weighted average interest rate of 3.3%, Tranche B Term Loans of \$500.0 million bearing a weighted average interest rate of 3.5%, \$160.0 million of revolving loans bearing a weighted average interest rate of 3.9%, undrawn revolving letters of credit of \$23.7 million, and \$216.3 million in revolving loans available to be drawn.

Subsidiary facilities -

The Company has additional line of credit facilities totaling \$203.3 million as of November 30, 2004. These lines support the borrowing needs of certain of the Company's foreign subsidiary operations. Interest rates and other terms of these borrowings vary from country to country, depending on local market conditions. As of November 30, 2004, amounts outstanding under the subsidiary revolving credit facilities were \$65.7 million.

Redemption of senior subordinated notes -

On March 4, 1999, the Company issued \$200.0 million aggregate principal amount of 8 1/2% Senior Subordinated Notes due March 2009 ("Senior Subordinated Notes"). The Senior Subordinated Notes were redeemable at the option of the Company, in whole or in part, at any time on or after March 1, 2004. As of February 29, 2004, the Company had outstanding \$200.0 million aggregate principal amount of Senior Subordinated Notes. On February 10, 2004, the Company issued a Notice of Redemption for its Senior Subordinated Notes. The Senior Subordinated Notes were redeemed with proceeds from the Revolving Credit facility on March 11, 2004, at 104.25% of par plus accrued interest. During the nine months ended November 30, 2004, in connection with this redemption, the Company recorded a charge of \$10.3 million in selling, general and administrative expenses for the call premium and the remaining unamortized financing fees associated with the original issuance of the Senior Subordinated Notes.

8) RETIREMENT SAVINGS PLANS AND POSTRETIREMENT BENEFIT PLANS:

Net periodic benefit costs reported in the Consolidated Statements of Income for the Company's defined benefit pension plans include the following components:

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2004	2003	2004	2003
<i>(in thousands)</i>				
Service cost	\$ 1,639	\$ 1,652	\$ 565	\$ 551
Interest cost	12,078	10,854	4,070	3,618
Expected return on plan assets	(12,755)	(11,367)	(4,297)	(3,789)
Amortization of prior service cost	1,739	6	583	2
Recognized net actuarial loss	155	1,515	55	505
Net periodic benefit cost	<u>\$ 2,856</u>	<u>\$ 2,660</u>	<u>\$ 976</u>	<u>\$ 887</u>

Net periodic benefit costs reported in the Consolidated Statements of Income for the Company's unfunded postretirement benefit plans include the following components:

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2004	2003	2004	2003
<i>(in thousands)</i>				
Service cost	\$ 157	\$ 111	\$ 54	\$ 37
Interest cost	252	211	86	70
Amortization of prior service cost	6	5	2	2
Recognized net actuarial loss	17	15	6	5
Net periodic benefit cost	<u>\$ 432</u>	<u>\$ 342</u>	<u>\$ 148</u>	<u>\$ 114</u>

Contributions of \$2.7 million and \$1.0 million have been made by the Company to fund its defined benefit pension plans for the nine months and three months ended November 30, 2004, respectively. The Company presently anticipates contributing an additional \$0.9 million to fund its defined benefit pension plans in Fiscal 2005, resulting in total employer contributions of \$3.6 million for Fiscal 2005.

9) STOCKHOLDERS' EQUITY:

Long-term stock incentive plan -

At the Company's Annual Meeting of Stockholders held on July 20, 2004, stockholders approved the amendment to the Company's Long-Term Stock Incentive Plan to increase the aggregate number of shares of the Class A Stock available for awards under the plan from 28,000,000 shares to 40,000,000 shares.

10) EARNINGS PER COMMON SHARE:

Basic earnings per common share exclude the effect of common stock equivalents and are computed using the two-class computation method as discussed in Note 2. Diluted earnings per common share reflect the potential dilution that could result if securities or other contracts to issue common stock were exercised or converted into common stock. Diluted earnings per common share assume the exercise of stock options using the treasury stock method and the conversion of Class B Convertible Common Stock and Preferred Stock using the if-converted method.

The computation of basic and diluted earnings per common share is as follows:

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2004	2003	2004	2003
<i>(in thousands, except per share data)</i>				
Net income	\$ 228,836	\$ 157,593	\$ 96,893	\$ 82,840
Dividends on preferred stock	(7,353)	(3,294)	(2,451)	(2,450)
Income available to common stockholders	<u>\$ 221,483</u>	<u>\$ 154,299</u>	<u>\$ 94,442</u>	<u>\$ 80,390</u>
Weighted average common shares outstanding - basic:				
Class A Common Stock	95,392	86,832	96,012	93,255
Class B Convertible Common Stock	<u>12,035</u>	<u>12,070</u>	<u>11,997</u>	<u>12,068</u>
Total weighted average common shares outstanding - basic	107,427	98,902	108,009	105,323
Stock options	3,586	3,227	3,725	3,484
Preferred stock	<u>4,992</u>	<u>2,430</u>	<u>4,992</u>	<u>5,389</u>
Weighted average common shares outstanding - diluted	<u>116,005</u>	<u>104,559</u>	<u>116,726</u>	<u>114,196</u>
Earnings per common share - basic:				
Class A Common Stock	<u>\$ 2.08</u>	<u>\$ 1.58</u>	<u>\$ 0.88</u>	<u>\$ 0.77</u>
Class B Convertible Common Stock	<u>\$ 1.89</u>	<u>\$ 1.43</u>	<u>\$ 0.80</u>	<u>\$ 0.70</u>
Earnings per common share - diluted	<u>\$ 1.97</u>	<u>\$ 1.51</u>	<u>\$ 0.83</u>	<u>\$ 0.73</u>

Stock options to purchase 0.1 million shares of Class A Common Stock at a weighted average price per share of \$37.55 and \$30.82 were outstanding during the nine months ended November 30, 2004, and November 30, 2003, respectively, but were not included in the computation of the diluted earnings per common share because the stock options' exercise price was greater than the average market price of the Class A Common Stock for the period. Stock options to purchase 0.1 million shares of Class A Common Stock at a weighted average price per share of \$31.01 were outstanding during the three months ended November 30, 2003, but were not included in the computation of the diluted earnings per common share because the stock options' exercise price was greater than the average market price of the Class A Common Stock for the period. There were no anti-dilutive options outstanding during the three months ended November 30, 2004.

11) STOCK-BASED COMPENSATION:

The Company applies the intrinsic value method described in Accounting Principles Board Opinion No. 25 ("APB No. 25"), "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock-based employee compensation plans. In accordance with APB No. 25, the compensation cost for stock options is recognized in income based on the excess, if any, of the quoted market price of the stock at the grant date of the award or other measurement date over the amount an employee must pay to acquire the stock. Options granted under the Company's plans have an exercise price equal to the market value of the underlying common stock on the date of

grant; therefore, no incremental compensation expense has been recognized for grants made to employees under the Company's stock option plans. The Company utilizes the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation," as amended. (See Note 16 for additional discussion regarding Statement of Financial Accounting Standards No. 123 (revised 2004) ("SFAS No. 123(R)", "Share-Based Payment," which will become effective for the Company beginning September 1, 2005.) The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation.

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	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2004	2003	2004	2003
<i>(in thousands, except per share data)</i>				
Net income, as reported	\$ 228,836	\$ 157,593	\$ 96,893	\$ 82,840
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	42	135	10	15
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(16,854)	(7,298)	(6,378)	(2,489)
Pro forma net income	\$ 212,024	\$ 150,430	\$ 90,525	\$ 80,366
Earnings per common share - basic:				
Class A Common Stock, as reported	\$ 2.08	\$ 1.58	\$ 0.88	\$ 0.77
Class B Convertible Common Stock, as reported	\$ 1.89	\$ 1.43	\$ 0.80	\$ 0.70
Class A Common Stock, pro forma	\$ 1.92	\$ 1.50	\$ 0.82	\$ 0.75
Class B Convertible Common Stock, pro forma	\$ 1.75	\$ 1.37	\$ 0.75	\$ 0.68
Earnings per common share - diluted, as reported	\$ 1.97	\$ 1.51	\$ 0.83	\$ 0.73
Earnings per common share - diluted, pro forma	\$ 1.82	\$ 1.44	\$ 0.77	\$ 0.70

12) COMPREHENSIVE INCOME:

Comprehensive income consists of net income, foreign currency translation adjustments, net unrealized gains or losses on derivative instruments, net unrealized gains or losses on available-for-sale marketable equity securities and minimum pension liability adjustments. The reconciliation of net income to comprehensive income is as follows:

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2004	2003	2004	2003
<i>(in thousands)</i>				
Net income	\$ 228,836	\$ 157,593	\$ 96,893	\$ 82,840
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	55,077	320,237	179,322	214,120
Cash flow hedges:				
Net derivative (losses) gains, net of tax benefit (expense) of \$7,920, (\$13,936), (\$2,027) and (\$4,787), respectively	(17,997)	32,432	5,100	11,137
Reclassification adjustments, net of tax (expense) benefit of (\$2,603), \$886, (\$1,944) and \$275, respectively	5,989	(1,939)	4,555	(596)
Net cash flow hedges	(12,008)	30,493	9,655	10,541
Unrealized gains (losses) on marketable equity securities, net of tax (expense) benefit of (\$278), \$303, (\$262) and (\$44), respectively	649	(708)	610	102
Minimum pension liability adjustment, net of tax benefit of \$741, \$1,838, \$1,554 and \$1,690, respectively	(1,546)	(4,139)	(3,467)	(3,868)

Total comprehensive income	<u>\$ 271,008</u>	<u>\$ 503,476</u>	<u>\$ 283,013</u>	<u>\$ 303,735</u>
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Accumulated other comprehensive income (loss) ("AOCI"), net of tax effects, includes the following components:

<i>(in thousands)</i>	Foreign Currency Translation Adjustments	Net Unrealized Gains on Derivatives	Unrealized (Loss) Gain on Marketable Equity Securities	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance, February 29, 2004	\$ 393,972	\$ 36,949	\$ (432)	\$ (58,187)	\$ 372,302
Current period change	55,077	(12,008)	649	(1,546)	42,172
Balance, November 30, 2004	<u>\$ 449,049</u>	<u>\$ 24,941</u>	<u>\$ 217</u>	<u>\$ (59,733)</u>	<u>\$ 414,474</u>

The Company has an investment in marketable equity securities with an aggregate fair value of \$15.8 million and \$14.8 million as of November 30, 2004, and February 29, 2004, respectively. The investment is classified as an available-for-sale security and is included in prepaid expenses and other on the Company's Consolidated Balance Sheet as of November 30, 2004, and February 29, 2004. As such, gross unrealized gains of \$0.3 million and \$0.6 million as of November 30, 2004, and February 29, 2004, respectively, are included, net of applicable income taxes, within AOCI. The Company uses the average cost method as its basis on which cost is determined in computing realized gains or losses. There were no realized gains or losses on sales of securities during the nine months and three months ended November 30, 2004. Realized gains on sales of securities during the nine months and three months ended November 30, 2003, are immaterial.

13) RESTRUCTURING AND RELATED CHARGES:

For the nine months ended November 30, 2004, the Company recorded \$4.4 million of restructuring and related charges associated with the restructuring plan of the Constellation Wines segment. Restructuring and related charges resulted from (i) the further realignment of business operations as previously announced in fiscal 2004, and (ii) the Company's July 2003 decision to exit the commodity concentrate product line in the U.S., and included \$1.6 million of employee termination benefit costs (net of reversal of prior accruals of \$0.2 million), \$0.6 million of grape contract termination costs, \$0.9 million of facility consolidation and relocation costs, and other related charges of \$1.3 million. For the nine months ended November 30, 2003, the Company recorded \$27.5 million of restructuring and related charges associated with the restructuring plan of the Constellation Wines segment. In addition, in connection with the Company's decision to exit the commodity concentrate product line in the U.S., the Company recorded a write-down of commodity concentrate inventory of \$16.8 million for the three months ended August 31, 2003, which was recorded in cost of product sold.

The Company recorded restructuring and related charges of \$1.6 million for the three months ended May 31, 2004, including \$1.2 million of employee termination benefit costs, \$0.3 million of facility consolidation and relocation costs, and other related charges of \$0.1 million. For the three months ended May 31, 2003, the Company recorded \$2.3 million of restructuring and related charges associated with the restructuring plan of the Constellation Wines segment.

The Company recorded restructuring and related charges of \$1.2 million for the three months ended August 31, 2004, including \$0.2 million of employee termination benefit costs (net of reversal of prior accruals of \$0.2 million), \$0.3 million of facility consolidation and relocation costs, and other related charges of \$0.7 million. For the three months ended August 31, 2003, the Company recorded \$17.1 million of restructuring and related charges associated with the restructuring plan of the Constellation Wines segment.

The Company recorded restructuring and related charges of \$1.6 million for the three months ended November 30, 2004, including \$0.2 million of employee termination benefit costs, \$0.6 million of grape contract termination costs, \$0.3 million of facility consolidation and relocation costs, and other related charges of \$0.5 million. For the three months ended November 30, 2003, the Company recorded \$8.1 million of restructuring and related charges associated with the restructuring plan of the Constellation Wines segment.

The Company estimates that the completion of the restructuring actions will include (i) a total of \$9.2 million of employee termination benefit costs through February 28, 2005, of which \$8.4 million has been incurred through November 30, 2004, (ii) a total of \$18.3 million of

grape contract termination costs through February 28, 2005, of which \$18.3 million has been incurred through November 30, 2004, and (iii) a total of \$3.9 million of facility consolidation and relocation costs through February 28, 2005, of which \$2.8 million has been incurred through November 30, 2004. The Company has incurred other costs related to the restructuring plan for the disposal of fixed assets and other costs of realigning the business operations of the Constellation Wines segment. The Company expects to incur additional costs of realigning the business operations of \$2.3 million during the year ending February 28, 2005, of which \$1.3 million has been incurred through November 30, 2004.

The following table illustrates the changes in the restructuring liability balance since February 29, 2004:

	Employee Termination Benefit Costs	Grape Contract Termination Costs	Facility Consolidation/ Relocation Costs	Total
<i>(in thousands)</i>				
Balance, February 29, 2004	\$ 1,539	\$ 1,048	\$ -	\$ 2,587
Restructuring charges	1,231	-	256	1,487
Cash expenditures	(1,575)	-	(256)	(1,831)
Foreign currency adjustments	(55)	-	-	(55)
Balance, May 31, 2004	1,140	1,048	-	2,188
Restructuring charges	382	-	358	740
Reversal of prior accruals	(228)	-	-	(228)
Cash expenditures	(373)	-	(358)	(731)
Foreign currency adjustments	(11)	-	-	(11)
Balance, August 31, 2004	910	1,048	-	1,958
Restructuring charges	211	599	294	1,104
Cash expenditures	(642)	(1,282)	(294)	(2,218)
Foreign currency adjustments	(27)	-	-	(27)
Balance, November 30, 2004	\$ 452	\$ 365	\$ -	\$ 817

14) CONDENSED CONSOLIDATING FINANCIAL INFORMATION:

Subsequent to February 29, 2004, four subsidiaries of the Company which were previously included as Subsidiary Nonguarantors (as defined below) became Subsidiary Guarantors (as defined below) under the Company's existing indentures. As such, the following information sets forth the condensed consolidating balance sheets of the Company as of November 30, 2004, and February 29, 2004, the condensed consolidating statements of income for the nine months and three months ended November 30, 2004, and November 30, 2003, and the condensed consolidating statements of cash flows for the nine months ended November 30, 2004, and November 30, 2003, for the Company, the parent company, the combined subsidiaries of the Company which guarantee the Company's senior notes and senior subordinated notes ("Subsidiary Guarantors") and the combined subsidiaries of the Company which are not Subsidiary Guarantors, primarily Matthew Clark and Hardy and their subsidiaries, which are included in the Constellation Wines segment ("Subsidiary Nonguarantors"), as if the new Subsidiary Guarantors had been in place as of and for all periods presented. The Subsidiary Guarantors are wholly owned and the guarantees are full, unconditional, joint and several obligations of each of the Subsidiary Guarantors. Separate financial statements for the Subsidiary Guarantors of the Company are not presented because the Company has determined that such financial statements would not be material to investors. The accounting policies of the parent company, the Subsidiary Guarantors and the Subsidiary Nonguarantors are the same as those described for the Company in the Summary of Significant Accounting Policies in Note 1 to the Company's consolidated financial statements included in the Company's Current Report on Form 8-K dated August 19, 2004, and include the recently adopted accounting pronouncements described in Note 2 herein. There are no restrictions on the ability of the Subsidiary Guarantors to transfer funds to the Company in the form of cash dividends, loans or advances.

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
<u>Condensed Consolidating Balance Sheet at November 30, 2004</u>					
Current assets:					
Cash and cash investments	\$ 2,313	\$ 2,206	\$ 8,235	\$ -	\$ 12,754
Accounts receivable, net	136,735	229,574	540,008	-	906,317

Inventories	29,830	765,238	660,514	(12,152)	1,443,430
Prepaid expenses and other	12,394	125,941	47,291	-	185,626
Intercompany (payable) receivable	(479,614)	(115,333)	594,947	-	-
Total current assets	(298,342)	1,007,626	1,850,995	(12,152)	2,548,127
Property, plant and equipment, net	36,280	430,145	657,645	-	1,124,070
Investments in subsidiaries	4,475,606	1,845,149	-	(6,320,755)	-
Goodwill	-	636,117	926,645	-	1,562,762
Intangible assets, net	-	396,677	351,429	-	748,106
Other assets, net	31,531	2,338	62,950	-	96,819
Total assets	<u>\$ 4,245,075</u>	<u>\$ 4,318,052</u>	<u>\$ 3,849,664</u>	<u>\$ (6,332,907)</u>	<u>\$ 6,079,884</u>

Current liabilities:

Notes payable to banks	\$ 160,000	\$ -	\$ 66,058	\$ -	\$ 226,058
Current maturities of long-term debt	78,816	3,546	3,476	-	85,838
Accounts payable	2,856	161,328	219,232	-	383,416
Accrued excise taxes	9,056	28,470	36,053	-	73,579
Other accrued expenses and liabilities	115,347	108,294	334,212	829	558,682
Total current liabilities	366,075	301,638	659,031	829	1,327,573
Long-term debt, less current maturities	1,681,821	6,490	28,374	-	1,716,685
Deferred income taxes	(14,978)	188,880	32,527	-	206,429
Other liabilities	968	25,598	133,388	-	159,954

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	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
Stockholders' equity:					
Preferred stock	2	-	-	-	2
Class A and Class B common stock	1,133	6,443	141,573	(148,016)	1,133
Additional paid-in capital	1,051,022	1,952,158	2,415,934	(4,368,092)	1,051,022
Retained earnings	1,246,133	1,661,140	143,507	(1,819,104)	1,231,676
Accumulated other comprehensive (loss) income	(58,037)	175,705	295,330	1,476	414,474
Treasury stock and other	(29,064)	-	-	-	(29,064)
Total stockholders' equity	2,211,189	3,795,446	2,996,344	(6,333,736)	2,669,243
Total liabilities and stockholders' equity	<u>\$ 4,245,075</u>	<u>\$ 4,318,052</u>	<u>\$ 3,849,664</u>	<u>\$ (6,332,907)</u>	<u>\$ 6,079,884</u>

Condensed Consolidating Balance Sheet at February 29, 2004

Current assets:

Cash and cash investments	\$ 1,048	\$ 4,664	\$ 31,424	\$ -	\$ 37,136
Accounts receivable, net	137,422	145,152	353,336	-	635,910
Inventories	9,922	696,928	561,900	(7,372)	1,261,378
Prepaid expenses and other	8,734	72,788	55,525	-	137,047
Intercompany (payable) receivable	(304,555)	(253,680)	558,235	-	-
Total current assets	(147,429)	665,852	1,560,420	(7,372)	2,071,471
Property, plant and equipment, net	33,722	426,152	637,488	-	1,097,362
Investments in subsidiaries	4,270,871	1,757,700	-	(6,028,571)	-
Goodwill	-	636,597	904,040	-	1,540,637
Intangible assets, net	-	396,153	348,825	-	744,978
Other assets, net	36,041	2,146	66,038	-	104,225
Total assets	<u>\$ 4,193,205</u>	<u>\$ 3,884,600</u>	<u>\$ 3,516,811</u>	<u>\$ (6,035,943)</u>	<u>\$ 5,558,673</u>

Current liabilities:

Notes payable to banks	\$ -	\$ -	\$ 1,792	\$ -	\$ 1,792
Current maturities of long-term debt	260,061	3,949	3,235	-	267,245

Accounts payable	33,631	67,459	169,201	-	270,291
Accrued excise taxes	8,005	15,344	25,116	-	48,465
Other accrued expenses and liabilities	151,534	23,352	267,123	-	442,009
Total current liabilities	453,231	110,104	466,467	-	1,029,802
Long-term debt, less current maturities	1,739,221	8,510	31,122	-	1,778,853
Deferred income taxes	56,815	119,704	10,891	-	187,410
Other liabilities	6,209	21,646	157,134	-	184,989
Stockholders' equity:					
Preferred stock	2	-	-	-	2
Class A and Class B common stock	1,117	6,443	141,573	(148,016)	1,117
Additional paid-in capital	1,024,048	1,977,179	2,418,614	(4,395,793)	1,024,048
Retained earnings	1,017,565	1,431,384	53,378	(1,492,134)	1,010,193
Accumulated other comprehensive (loss) income	(74,960)	209,630	237,632	-	372,302
Treasury stock and other	(30,043)	-	-	-	(30,043)
Total stockholders' equity	1,937,729	3,624,636	2,851,197	(6,035,943)	2,377,619
Total liabilities and stockholders' equity	\$ 4,193,205	\$ 3,884,600	\$ 3,516,811	\$ (6,035,943)	\$ 5,558,673

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
<u>Condensed Consolidating Statement of Income for the Nine Months Ended November 30, 2004</u>					
Sales	\$ 600,787	\$ 1,642,333	\$ 1,927,756	\$ (335,888)	\$ 3,834,988
Less - excise taxes	(107,996)	(335,072)	(341,963)	-	(785,031)
Net sales	492,791	1,307,261	1,585,793	(335,888)	3,049,957
Cost of product sold	(398,265)	(834,829)	(1,291,857)	328,803	(2,196,148)
Gross profit	94,526	472,432	293,936	(7,085)	853,809
Selling, general and administrative expenses	(106,653)	(156,631)	(137,832)	-	(401,116)
Restructuring and related charges	-	(2,313)	(2,113)	-	(4,426)
Operating (loss) income	(12,127)	313,488	153,991	(7,085)	448,267
Gain on change in fair value of derivative instruments	-	-	-	-	-
Equity in earnings of equity method investees and subsidiaries	229,756	90,129	621	(319,885)	621
Interest income (expense), net	16,199	(82,701)	(24,830)	-	(91,332)
Income before income taxes	233,828	320,916	129,782	(326,970)	357,556
Benefit from (provision for) income taxes	2,093	(91,160)	(39,653)	-	(128,720)
Net income	235,921	229,756	90,129	(326,970)	228,836
Dividends on preferred stock	(7,353)	-	-	-	(7,353)
Income available to common stockholders	\$ 228,568	\$ 229,756	\$ 90,129	\$ (326,970)	\$ 221,483

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<u>Condensed Consolidating Statement of Income for the Nine Months Ended November 30, 2003</u>					
Sales	\$ 603,162	\$ 1,625,571	\$ 1,345,163	\$ (219,598)	\$ 3,354,298
Less - excise taxes	(106,045)	(328,476)	(248,663)	-	(683,184)
Net sales	497,117	1,297,095	1,096,500	(219,598)	2,671,114
Cost of product sold	(428,529)	(859,180)	(863,918)	212,746	(1,938,881)
Gross profit	68,588	437,915	232,582	(6,852)	732,233
Selling, general and administrative expenses	(92,452)	(138,051)	(117,925)	-	(348,428)
Restructuring and related charges	-	(26,061)	(1,426)	-	(27,487)
Operating (loss) income	(23,864)	273,803	113,231	(6,852)	356,318
Gain on change in fair value of derivative instruments	1,181	-	-	-	1,181
Equity in earnings of equity method investees and subsidiaries	177,392	75,395	425	(252,247)	965
Interest income (expense), net	9,256	(116,730)	(4,756)	-	(112,230)
Income before income taxes	163,965	232,468	108,900	(259,099)	246,234
Benefit from (provision for) income taxes	480	(55,076)	(34,045)	-	(88,641)
Net income	164,445	177,392	74,855	(259,099)	157,593

Dividends on preferred stock	(3,294)	-	-	-	(3,294)
Income available to common stockholders	<u>\$ 161,151</u>	<u>\$ 177,392</u>	<u>\$ 74,855</u>	<u>\$ (259,099)</u>	<u>\$ 154,299</u>

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	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
<u>Condensed Consolidating Statement of Income for the Three Months Ended November 30, 2004</u>					
Sales	\$ 214,773	\$ 598,643	\$ 705,673	\$ (158,658)	\$ 1,360,431
Less - excise taxes	(41,661)	(110,187)	(122,872)	-	(274,720)
Net sales	173,112	488,456	582,801	(158,658)	1,085,711
Cost of product sold	(105,962)	(347,639)	(473,854)	155,408	(772,047)
Gross profit	67,150	140,817	108,947	(3,250)	313,664
Selling, general and administrative expenses	(33,666)	(54,492)	(42,175)	-	(130,333)
Restructuring and related charges	-	(778)	(866)	-	(1,644)
Operating income	33,484	85,547	65,906	(3,250)	181,687
Gain on change in fair value of derivative instruments	-	-	-	-	-
Equity in earnings of equity method investees and subsidiaries	72,982	43,656	359	(116,638)	359
Interest income (expense), net	5,403	(27,105)	(8,949)	-	(30,651)
Income before income taxes	111,869	102,098	57,316	(119,888)	151,395
Provision for income taxes	(11,726)	(29,116)	(13,660)	-	(54,502)
Net income	100,143	72,982	43,656	(119,888)	96,893
Dividends on preferred stock	(2,451)	-	-	-	(2,451)
Income available to common stockholders	<u>\$ 97,692</u>	<u>\$ 72,982</u>	<u>\$ 43,656</u>	<u>\$ (119,888)</u>	<u>\$ 94,442</u>

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<u>Condensed Consolidating Statement of Income for the Three Months Ended November 30, 2003</u>					
Sales	\$ 223,249	\$ 515,574	\$ 493,087	\$ (18,369)	\$ 1,213,541
Less - excise taxes	(40,841)	(113,168)	(72,284)	-	(226,293)
Net sales	182,408	402,406	420,803	(18,369)	987,248
Cost of product sold	(150,233)	(242,357)	(323,751)	11,709	(704,632)
Gross profit	32,175	160,049	97,052	(6,660)	282,616
Selling, general and administrative expenses	(29,467)	(39,450)	(44,416)	-	(113,333)
Restructuring and related charges	-	(7,966)	(122)	-	(8,088)
Operating income	2,708	112,633	52,514	(6,660)	161,195
Gain on change in fair value of derivative instruments	-	-	-	-	-
Equity in earnings of equity method investees and subsidiaries	84,296	36,796	126	(121,092)	126
Interest income (expense), net	8,089	(40,199)	221	-	(31,889)
Income before income taxes	95,093	109,230	52,861	(127,752)	129,432
Provision for income taxes	(5,593)	(24,934)	(16,065)	-	(46,592)
Net income	89,500	84,296	36,796	(127,752)	82,840
Dividends on preferred stock	(2,450)	-	-	-	(2,450)
Income available to common stockholders	<u>\$ 87,050</u>	<u>\$ 84,296</u>	<u>\$ 36,796</u>	<u>\$ (127,752)</u>	<u>\$ 80,390</u>

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	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
<u>Condensed Consolidating Statement of Cash Flows for the Nine Months Ended November 30, 2004</u>					
Net cash (used in) provided by operating activities	\$ (70,924)	\$ 177,290	\$ (24,944)	\$ -	\$ 81,422

Cash flows from investing activities:					
Purchases of property, plant and equipment	(5,111)	(30,534)	(42,711)	-	(78,356)
Purchases of businesses, net of cash acquired	-	-	(8,899)	-	(8,899)
Payment of accrued earn-out amount	-	(2,617)	-	-	(2,617)
Proceeds from sale of assets	-	7	1,218	-	1,225
Proceeds from sale of business	-	-	-	-	-
Proceeds from sale of marketable equity securities	-	-	-	-	-
Net cash used in investing activities	(5,111)	(33,144)	(50,392)	-	(88,647)
Cash flows from financing activities:					
Principal payments of long-term debt	(245,046)	(3,545)	(6,015)	-	(254,606)
Payment of preferred stock dividends	(7,353)	-	-	-	(7,353)
Payment of issuance costs of long-term debt	(901)	-	-	-	(901)
Net proceeds from notes payable	160,000	-	59,953	-	219,953
Intercompany financing activities, net	143,156	(143,156)	-	-	-
Exercise of employee stock options	25,257	-	-	-	25,257
Proceeds from employee stock purchases	2,441	-	-	-	2,441
Proceeds from issuance of long-term debt	-	-	-	-	-
Proceeds from equity offerings, net of fees	-	-	-	-	-
Net cash provided by (used in) financing activities	77,554	(146,701)	53,938	-	(15,209)
Effect of exchange rate changes on cash and cash investments	(254)	97	(1,791)	-	(1,948)
Net increase (decrease) in cash and cash investments	1,265	(2,458)	(23,189)	-	(24,382)
Cash and cash investments, beginning of period	1,048	4,664	31,424	-	37,136
Cash and cash investments, end of period	\$ 2,313	\$ 2,206	\$ 8,235	\$ -	\$ 12,754

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
<u>Condensed Consolidating Statement of Cash Flows for the Nine Months Ended November 30, 2003</u>					
Net cash provided by (used in) operating activities	\$ 86,143	\$ (80,917)	\$ 174,296	\$ -	\$ 179,522
Cash flows from investing activities:					
Purchases of property, plant and equipment	(6,216)	(27,023)	(37,345)	-	(70,584)
Purchases of businesses, net of cash acquired	-	(1,070,074)	-	-	(1,070,074)
Payment of accrued earn-out amount	-	(2,035)	-	-	(2,035)
Proceeds from sale of assets	-	9,501	1,584	-	11,085
Proceeds from sale of business	-	-	4,431	-	4,431
Proceeds from sale of marketable equity securities	-	-	790	-	790
Net cash used in investing activities	(6,216)	(1,089,631)	(30,540)	-	(1,126,387)
Cash flows from financing activities:					
Principal payments of long-term debt	(871,959)	(2,825)	(365,611)	-	(1,240,395)
Payment of preferred stock dividend	-	-	-	-	-
Payment of issuance costs of long-term debt	(34,147)	-	-	-	(34,147)
Net proceeds from notes payable	164,600	-	609	-	165,209
Intercompany financing activities, net	(1,419,182)	1,070,085	349,097	-	-
Exercise of employee stock options	23,756	-	-	-	23,756
Proceeds from employee stock purchases	1,822	-	-	-	1,822
Proceeds from issuance of long-term debt	1,600,000	-	-	-	1,600,000
Proceeds from equity offerings, net of fees	426,069	-	-	-	426,069
Net cash (used in) provided by financing activities	(109,041)	1,067,260	(15,905)	-	942,314

Effect of exchange rate changes on cash and cash investments	27,788	109,675	(108,347)	-	29,116
Net (decrease) increase in cash and cash investments	(1,326)	6,387	19,504	-	24,565
Cash and cash investments, beginning of period	1,426	1,248	11,136	-	13,810
Cash and cash investments, end of period	<u>\$ 100</u>	<u>\$ 7,635</u>	<u>\$ 30,640</u>	<u>\$ -</u>	<u>\$ 38,375</u>

15) BUSINESS SEGMENT INFORMATION:

The Company reports its operating results in three segments: Constellation Wines (branded wine, and U.K. wholesale and other), Constellation Beers and Spirits (imported beers and distilled spirits) and Corporate Operations and Other (primarily corporate related items and other). Amounts included in the Corporate Operations and Other segment consist of general corporate administration and finance expenses. These amounts include costs of executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal and public relations. Any costs incurred at the corporate office that are applicable to the segments are allocated to the appropriate segment. The amounts included in the Corporate Operations and Other segment are general costs that are applicable to the consolidated group and are therefore not allocated to the other reportable segments. All costs reported within the Corporate Operations and Other segment are not included in the chief operating decision maker's evaluation of the operating income performance of the other operating segments. The business segments reflect how the Company's operations are being managed, how operating performance within the Company is being evaluated by senior management and the structure of its internal financial reporting. In addition, the Company excludes restructuring and related charges and unusual costs that affect comparability from its definition of operating income for segment purposes. For the nine months ended November 30, 2004, Restructuring and Unusual Costs consist of financing costs associated with the redemption of the Company's Senior Subordinated Notes (as defined in Note 7) of \$10.3 million, restructuring and related charges of \$4.4 million, and the flow through of inventory step-up associated with the Hardy Acquisition of \$4.2 million. For the nine months ended November 30, 2003, Restructuring and Unusual Costs consist of the flow through of inventory step-up and financing costs associated with the Hardy Acquisition of \$17.3 million and \$11.6 million, respectively, and restructuring and related charges of \$44.3 million, including write-down of commodity concentrate inventory of \$16.8 million. For the three months ended November 30, 2004, Restructuring and Unusual Costs consist of restructuring and related charges of \$1.6 million and the flow through of inventory step-up associated with the Hardy Acquisition of \$1.9 million. For the three months ended November 30, 2003, Restructuring and Unusual Costs consist of the flow through of inventory step-up and financing costs associated with the Hardy Acquisition of \$2.7 million and \$2.3 million, respectively, and restructuring and related charges of \$8.1 million. The Company evaluates performance based on operating income of the respective business units. The accounting policies of the segments are the same as those described for the Company in the Summary of Significant Accounting Policies in Note 1 to the Company's consolidated financial statements included in the Company's Current Report on Form 8-K dated August 19, 2004, and include the recently adopted accounting pronouncements described in Note 2. Transactions between segments consist mainly of sales of products and are accounted for at cost plus an applicable margin.

Segment information is as follows:

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2004	2003	2004	2003
<i>(in thousands)</i>				
Constellation Wines:				
Net sales:				
Branded wine	\$ 1,286,966	\$ 1,155,170	\$ 509,520	\$ 460,805
Wholesale and other	769,720	611,854	264,324	219,740
Net sales	\$ 2,056,686	\$ 1,767,024	\$ 773,844	\$ 680,545
Segment operating income	\$ 283,104	\$ 258,208	\$ 127,700	\$ 112,772
Equity in earnings of equity method investees	\$ 621	\$ 965	\$ 359	\$ 126
Long-lived assets	\$ 1,027,897	\$ 951,317	\$ 1,027,897	\$ 951,317
Investment in equity method investees	\$ 6,454	\$ 8,227	\$ 6,454	\$ 8,227
Total assets	\$ 5,217,548	\$ 4,834,279	\$ 5,217,548	\$ 4,834,279
Capital expenditures	\$ 71,946	\$ 61,900	\$ 25,588	\$ 20,839
Depreciation and amortization	\$ 57,944	\$ 51,374	\$ 19,372	\$ 17,361

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2004	2003	2004	2003
<i>(in thousands)</i>				
<u>Constellation Beers and Spirits:</u>				
Net sales:				
Imported beers	\$ 751,879	\$ 684,216	\$ 225,846	\$ 229,538
Spirits	241,392	219,874	86,021	77,165
Net sales	\$ 993,271	\$ 904,090	\$ 311,867	\$ 306,703
Segment operating income	\$ 223,023	\$ 202,228	\$ 71,360	\$ 72,228
Long-lived assets	\$ 82,590	\$ 82,416	\$ 82,590	\$ 82,416
Total assets	\$ 801,497	\$ 740,226	\$ 801,497	\$ 740,226
Capital expenditures	\$ 4,051	\$ 5,981	\$ 958	\$ 2,748
Depreciation and amortization	\$ 8,303	\$ 7,529	\$ 2,825	\$ 2,363
<u>Corporate Operations and Other:</u>				
Net sales	\$ -	\$ -	\$ -	\$ -
Segment operating loss	\$ (38,964)	\$ (30,978)	\$ (13,839)	\$ (10,669)
Long-lived assets	\$ 13,583	\$ 14,249	\$ 13,583	\$ 14,249
Total assets	\$ 60,839	\$ 49,775	\$ 60,839	\$ 49,775
Capital expenditures	\$ 2,359	\$ 2,703	\$ 900	\$ 553
Depreciation and amortization	\$ 7,365	\$ 18,476	\$ 2,348	\$ 4,712
<u>Restructuring and Unusual Costs:</u>				
Operating loss	\$ (18,896)	\$ (73,140)	\$ (3,534)	\$ (13,136)
<u>Consolidated:</u>				
Net sales	\$ 3,049,957	\$ 2,671,114	\$ 1,085,711	\$ 987,248
Operating income	\$ 448,267	\$ 356,318	\$ 181,687	\$ 161,195
Equity in earnings of equity method investees	\$ 621	\$ 965	\$ 359	\$ 126
Long-lived assets	\$ 1,124,070	\$ 1,047,982	\$ 1,124,070	\$ 1,047,982
Investment in equity method investees	\$ 6,454	\$ 8,227	\$ 6,454	\$ 8,227
Total assets	\$ 6,079,884	\$ 5,624,280	\$ 6,079,884	\$ 5,624,280
Capital expenditures	\$ 78,356	\$ 70,584	\$ 27,446	\$ 24,140
Depreciation and amortization	\$ 73,612	\$ 77,379	\$ 24,545	\$ 24,436

16) ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED:

In December 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 132 (revised 2003) ("SFAS No. 132(R)", "Employers' Disclosures about Pensions and Other Postretirement Benefits—an amendment of FASB Statements No. 87, 88, and 106." SFAS No. 132(R) supersedes Statement of Financial Accounting Standards No. 132 ("SFAS No. 132"), by revising employers' disclosures about pension plans and other postretirement benefit plans. SFAS No. 132(R) requires additional disclosures to those in SFAS No. 132 regarding the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. SFAS No. 132(R) also amends Accounting Principles Board Opinion No. 28 ("APB Opinion No. 28"), "Interim Financial Reporting," to require additional disclosures for interim periods. The Company has adopted certain of the annual disclosure provisions of SFAS No. 132(R), primarily those related to its U.S. postretirement plan, for the fiscal year ended February 29, 2004. In addition, the Company has adopted the interim disclosure provisions of SFAS No. 132(R) for the nine months and three months ended November 30, 2004. The Company is required to adopt the remaining annual disclosure provisions, primarily those related to its foreign plans, for the fiscal year ending February 28, 2005.

In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151 ("SFAS No. 151"), "Inventory Costs - an amendment of ARB No. 43, Chapter 4." SFAS No. 151 amends the guidance in Accounting Research Bulletin No. 43 ("ARB No. 43"), "Restatement and Revision of Accounting Research Bulletins," Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). SFAS No. 151 requires that those items be recognized as current period charges. In addition, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Company is required to adopt SFAS No. 151 for fiscal years beginning March 1, 2006. The Company is currently assessing the financial impact of SFAS No. 151 on its consolidated financial statements.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004) ("SFAS No. 123(R)", "Share-Based Payment." SFAS No. 123(R) replaces Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation," and supersedes Accounting Principles Board Opinion No. 25 ("APB Opinion No. 25"), "Accounting for Stock Issued to Employees." SFAS No. 123(R) requires the cost resulting from all share-based payment transactions be recognized in the financial statements. In addition, SFAS No. 123(R) establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a grant date fair-value-based measurement method in accounting for share-based payment transactions. SFAS No. 123(R) also amends Statement of Financial Accounting Standards No. 95 ("SFAS No. 95"), "Statement of Cash Flows," to require that excess tax benefits be reported as a financing cash inflow rather than as a reduction of taxes paid. SFAS No. 123(R) applies to all awards granted, modified, repurchased, or cancelled after the required effective date (see below). In addition, SFAS No. 123(R) requires entities that used the fair-value-based method for either recognition or disclosure under SFAS No. 123 to apply SFAS No. 123(R) using a modified version of prospective application. This application requires compensation cost to be recognized on or after the required effective date for the portion of outstanding awards for which the requisite service has not yet been rendered based on the grant date fair value of those awards as calculated under SFAS No. 123 for either recognition or pro forma disclosures. For periods before the required effective date, those entities may elect to apply a modified version of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods by SFAS No. 123. The Company is required to adopt SFAS No. 123(R) for interim periods beginning September 1, 2005. The Company is currently assessing the financial impact of SFAS No. 123(R) on its consolidated financial statements.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153 ("SFAS No. 153"), "Exchanges of Nonmonetary Assets - an amendment of APB Opinion No. 29." SFAS No. 153 amends Accounting Principles Board Opinion No. 29 ("APB No. 29"), "Accounting for Nonmonetary Transactions," to eliminate the exception from fair value measurement for nonmonetary exchanges of similar productive assets and replace it with a general exception from fair value measurement for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The Company is required to adopt SFAS No. 153 for fiscal years beginning March 1, 2006. The Company is currently assessing the financial impact of SFAS No. 153 on its consolidated financial statements.

On October 22, 2004, the American Jobs Creation Act ("AJCA") was signed into law. The AJCA includes a special one-time 85 percent dividends received deduction for certain foreign earnings that are repatriated. In December 2004, the FASB issued FASB Staff Position No. FAS 109-2 ("FSP FAS 109-2"), "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004." FSP FAS 109-2 provides accounting and disclosure guidance for this repatriation provision. The Company has begun its evaluation of the effects of this provision. Although FSP FAS 109-2 is effective immediately, the Company will not be able to complete its evaluation until after Congress or the Treasury Department provides additional clarifying language on key elements of the provision. The Company expects to complete its evaluation of the effects of the repatriation provision within a reasonable period of time following the publication of the additional clarifying language.

In December 2004, the FASB issued FASB Staff Position No. FAS109-1 ("FSP FAS 109-1"), "Application of FASB Statement No. 109, Accounting for Income Taxes, for the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004." FSP FAS 109-1 clarifies that the deduction will be treated as a "special deduction" as described in Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." As such, the special deduction has no effect on deferred tax assets and liabilities existing at the date of enactment. The impact of the deduction will be reported in the period in which the deduction is claimed. The Company is currently assessing the financial impact of FSP FAS 109-1 on its consolidated financial statements.

17) SUBSEQUENT EVENTS:

Acquisition of Robert Mondavi -

On December 22, 2004, the Company acquired all of the outstanding capital stock of The Robert Mondavi Corporation ("Robert Mondavi"), a leading premium wine producer based in Napa, California. In connection with the production of its products, Robert Mondavi owns, operates and has an interest in certain wineries and controls certain vineyards. Robert Mondavi produces, markets and sells premium, super premium and fine California wines under the Woodbridge and Robert Mondavi brand names. Woodbridge and Robert Mondavi Private

Selection rank among the top two premium and top three super premium wine brands, respectively, in the United States.

The acquisition of Robert Mondavi supports the Company's strategy of strengthening the breadth of its portfolio across price segments to capitalize on the overall growth in the wine industry. The vast majority of Robert Mondavi's sales are generated in the United States. The acquisition strengthens the Company's position as the largest wine company in the world and makes the Company the largest premium wine company in the United States.

Total consideration paid in cash to the Robert Mondavi shareholders was \$1,030.7 million. Additionally, the Company expects to incur direct acquisition costs of \$10.0 million. The purchase price was financed with borrowings under the Company's 2004 Credit Agreement (as defined below). In accordance with the purchase method of accounting, the acquired net assets are recorded at fair value at the date of acquisition. The results of operations of the Robert Mondavi business will be included in the Consolidated Statements of Income beginning on the date of acquisition. The purchase price allocation, including the third-party appraisal, is in progress.

In connection with the acquisition of Robert Mondavi, on December 22, 2004, the Company and its U.S. subsidiaries (excluding certain inactive subsidiaries), together with certain of its subsidiaries organized in foreign jurisdictions, JPMorgan Chase Bank, N.A. as a lender and administrative agent and certain other agents, lenders, and financial institutions entered into a new credit agreement (the "2004 Credit Agreement"). The 2004 Credit Agreement provides for aggregate credit facilities of \$2.9 billion, consisting of a \$600.0 million tranche A term loan facility due in November 2010, a \$1.8 billion tranche B term loan facility due in November 2011, and a \$500.0 million revolving credit facility (including a sub-facility for letters of credit of up to \$60.0 million) which terminates in December 2010.

As of December 22, 2004, the required principal repayments of the tranche A term loan and the tranche B term loan are as follows:

	Tranche A Term Loan	Tranche B Term Loan	Total
<i>(in thousands)</i>			
2005	\$ 15,000	\$ 4,500	\$ 19,500
2006	60,000	18,000	78,000
2007	67,500	18,000	85,500
2008	97,500	18,000	115,500
2009	120,000	18,000	138,000
2010	127,500	18,000	145,500
Thereafter	112,500	1,705,500	1,818,000
	<u>\$ 600,000</u>	<u>\$ 1,800,000</u>	<u>\$ 2,400,000</u>

The rate of interest payable, at the Company's option, is a function of LIBOR plus a margin, the federal funds rate plus a margin, or the prime rate plus a margin. The margin is adjustable based upon the Company's debt ratio (as defined in the 2004 Credit Agreement) and, with respect to LIBOR borrowings, ranges between 1.00% and 1.75%. The initial LIBOR margin for the revolving credit facility and the tranche A term loan facility is 1.50%, while the initial LIBOR margin on the tranche B term loan facility is 1.75%.

The Company's obligations are guaranteed by its U.S. subsidiaries (excluding certain inactive subsidiaries) and by certain of its foreign subsidiaries. These obligations are also secured by a pledge of (i) 100% of the ownership interests in most of the Company's U.S. subsidiaries and (ii) 65% of the voting capital stock of certain of the Company's foreign subsidiaries.

The Company and its subsidiaries are also subject to customary lending covenants including those restricting additional liens, the incurrence of additional indebtedness (including guarantees of indebtedness), the sale of assets, the payment of dividends, transactions with affiliates, the disposition and acquisition of property and the making of certain investments, in each case subject to numerous baskets, exceptions and thresholds. The financial covenants are limited to maximum total debt and senior debt coverage ratios and minimum fixed charges and interest coverage ratios.

The Company used the proceeds of borrowings under the 2004 Credit Agreement to repay the outstanding obligations under its Credit Agreement (as defined above), to fund the cash merger consideration payable in connection with its acquisition of Robert Mondavi, and to pay certain obligations of Robert Mondavi, including indebtedness outstanding under its bank facility and unsecured notes. The Company intends to use the remaining availability under the 2004 Credit Agreement to fund its working capital needs on an ongoing basis.

As of December 22, 2004, under the 2004 Credit Agreement, the Company had outstanding tranche A term loans of \$600.0 million bearing an interest rate of 5.75%, outstanding tranche B term loans of \$1.8 billion bearing an interest rate of 6.0%, no outstanding revolving loans, undrawn revolving letters of credit of \$37.5 million, and \$462.5 million in revolving loans available to be drawn.

On December 22, 2004, the Company also entered into five year interest rate swap agreements to minimize interest rate volatility. The swap agreements fix LIBOR interest rates on \$1.2 billion of the Company's floating rate debt at an average rate of 4.0% over the five year term.

Investment in Ruffino -

On December 3, 2004, the Company purchased a 40 percent interest in Ruffino S.r.l. ("Ruffino"), the well-known Italian fine wine company, for a preliminary purchase price of \$81.7 million. The purchase price is subject to final closing adjustments which the Company does not expect to be material. The Constellation Wines segment expects to assume the distribution of Ruffino's products in the United States by the beginning of fiscal 2006. The Company expects to account for the investment under the equity method.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company is a leading international producer and marketer of beverage alcohol brands with a broad portfolio across the wine, imported beer and spirits categories. The Company has the largest wine business in the world and is the largest multi-category supplier of beverage alcohol in the United States; a leading producer and exporter of wine from Australia and New Zealand; and both a major producer and independent drinks wholesaler in the United Kingdom.

The Company reports its operating results in three segments: Constellation Wines (branded wine, and U.K. wholesale and other), Constellation Beers and Spirits (imported beer and distilled spirits) and Corporate Operations and Other (primarily corporate related items and other). Amounts included in the Corporate Operations and Other segment consist of general corporate administration and finance expenses. These amounts include costs of executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal and public relations. Any costs incurred at the corporate office that are applicable to the segments are allocated to the appropriate segment. The amounts included in the Corporate Operations and Other segment are general costs that are applicable to the consolidated group and are therefore not allocated to the other reportable segments. All costs reported within the Corporate Operations and Other segment are not included in the chief operating decision maker's evaluation of the operating income performance of the other operating segments. The business segments reflect how the Company's operations are being managed, how operating performance within the Company is being evaluated by senior management and the structure of its internal financial reporting. In addition, the Company excludes restructuring and related charges and unusual costs that affect comparability from its definition of operating income for segment purposes.

The Company's business strategy is to remain focused across the beverage alcohol industry by offering a broad range of products in each of the Company's three major categories: wine, imported beer and spirits. The Company intends to keep its portfolio positioned for superior top-line growth while maximizing the profitability of its brands. In addition, the Company seeks to increase its relative importance to key customers in major markets by increasing its share of their overall purchasing, which is increasingly important in a consolidating industry. The Company's strategy of breadth across categories and geographies is designed to deliver long-term profitable growth. This strategy allows the Company more investment choices, provides flexibility to address changing market conditions and creates stronger routes-to-market.

Marketing, sales and distribution of the Company's products, particularly the Constellation Wines segment's products, are managed on a geographic basis in order to fully leverage leading market positions within each geographic market. Market dynamics and consumer trends vary significantly across the Company's three core geographic markets - the U.S., Europe (primarily the U.K.) and Australasia (Australia/New Zealand). Within the U.S. market, the Company offers a wide range of beverage alcohol products across the Constellation Wines segment and the Constellation Beers and Spirits segment. In Europe, the Company leverages its position as the largest wine supplier in the U.K. In addition, the Company leverages its U.K. wholesale business as a strategic route-to-market for its imported wine portfolio and as a key supplier of a full range of beverage alcohol products to large national accounts. Within Australasia, where consumer trends favor domestic wine products, the Company leverages its position as one of the largest wine producers in Australia.

The Company remains committed to its long-term financial model of growing sales (both organically and through acquisitions), expanding margins and increasing cash flow to achieve superior earnings per share growth and improve return on invested capital.

In Third Quarter 2005 (as defined below), the Company's net sales increased 10.0% over Third Quarter 2004 (as defined below) primarily from increases in branded wine net sales, U.K. wholesale net sales and a favorable foreign currency impact. Operating income

increased 12.7% over the comparable prior year period primarily due to a reduction in unusual costs (see below under Operating Income discussion), partially offset by increased selling and advertising expenses, as the Company continues to invest behind certain wine brands to drive growth and broader distribution. Lastly, as a result of the above factors and lower interest expense for Third Quarter 2005, net income increased 17.0% over the comparable prior year period.

In Nine Months 2005 (as defined below), the Company's net sales increased 14.2% over Nine Months 2004 (as defined below) primarily from increases in U.K. wholesale net sales, imported beer net sales, the inclusion of an additional one month of net sales of products acquired in the Hardy Acquisition, increases in branded wines net sales and a favorable foreign currency impact. Operating income increased 25.8% over the comparable prior year period primarily due to a reduction in unusual costs (see below under Operating Income discussion), partially offset by increased selling and advertising expenses, as the Company continues to invest behind the imported beer portfolio and certain wine brands to drive growth and broader distribution. Lastly, as a result of the above factors and lower interest expense for Nine Months 2005, net income increased 45.2% over the comparable prior year period.

The following discussion and analysis summarizes the significant factors affecting (i) consolidated results of operations of the Company for the three months ended November 30, 2004 ("Third Quarter 2005"), compared to the three months ended November 30, 2003 ("Third Quarter 2004"), and for the nine months ended November 30, 2004 ("Nine Months 2005"), compared to the nine months ended November 30, 2003 ("Nine Months 2004"), and (ii) financial liquidity and capital resources for Nine Months 2005. This discussion and analysis also identifies certain restructuring and related charges expected to affect consolidated results of operations of the Company for the year ending February 28, 2005 ("Fiscal 2005"). This discussion and analysis should be read in conjunction with the Company's consolidated financial statements and notes thereto included herein and in the Company's Current Report on Form 8-K dated August 19, 2004.

Recent Developments

Acquisition of Robert Mondavi

On December 22, 2004, the Company acquired all of the outstanding capital stock of The Robert Mondavi Corporation ("Robert Mondavi"), a leading premium wine producer based in Napa, California. In connection with the production of its products, Robert Mondavi owns, operates and has an interest in certain wineries and controls certain vineyards. Robert Mondavi produces, markets and sells premium, super premium and fine California wines under the Woodbridge and Robert Mondavi brand names. Woodbridge and Robert Mondavi Private Selection rank among the top two premium and top three super premium wine brands, respectively, in the United States.

The acquisition of Robert Mondavi supports the Company's strategy of strengthening the breadth of its portfolio across price segments to capitalize on the overall growth in the wine industry. The vast majority of Robert Mondavi's sales are generated in the United States. The acquisition strengthens the Company's position as the largest wine company in the world and makes the Company the largest premium wine company in the United States.

Total consideration paid in cash to the Robert Mondavi shareholders was \$1,030.7 million. Additionally, the Company expects to incur direct acquisition costs of \$10.0 million. The purchase price was financed with borrowings under the Company's 2004 Credit Agreement (as defined below).

The results of operations of the Robert Mondavi business will be reported in the Constellation Wines segment and will be included in the consolidated results of operations of the Company from the date of acquisition. The acquisition of Robert Mondavi is significant and the Company expects it to have a material impact on the Company's future results of operations, financial position and cash flows. In particular, the Company expects its future results of operations to be significantly impacted by, among other things, the flow through of anticipated inventory step-up, the write-off of bank fees related to the repayment of the Company's senior credit facility (as discussed below), restructuring, integration and related charges, and interest expense associated with the 2004 Credit Agreement (as defined below). The Company is currently evaluating the impact of the acquisition of Robert Mondavi on its effective tax rate.

Investment in Ruffino

On December 3, 2004, the Company purchased a 40 percent interest in Ruffino S.r.l. ("Ruffino"), the well-known Italian fine wine company, for a preliminary purchase price of \$81.7 million. The purchase price is subject to final closing adjustments which the Company does not expect to be material. The Constellation Wines segment expects to assume the distribution of Ruffino's products in the United States by the beginning of fiscal 2006. The Company expects to account for the investment under the equity method; accordingly, the results of operations of Ruffino from December 3, 2004, will be included in the equity in earnings of equity method investees line in the Company's Consolidated Statements of Income.

Acquisition in Fiscal 2004

Acquisition of Hardy

On March 27, 2003, the Company acquired control of BRL Hardy Limited, now known as Hardy Wine Company Limited ("Hardy"), and on April 9, 2003, the Company completed its acquisition of all of Hardy's outstanding capital stock. As a result of the acquisition of Hardy, the Company also acquired the remaining 50% ownership of Pacific Wine Partners LLC ("PWP"), the joint venture the Company established with Hardy in July 2001. The acquisition of Hardy along with the remaining interest in PWP is referred to together as the "Hardy Acquisition." Through this acquisition, the Company acquired one of Australia's largest wine producers with interests in wineries and vineyards in most of Australia's major wine regions as well as New Zealand and the United States. Hardy has a comprehensive portfolio of wine products across all price points with a strong focus on premium wine production. Hardy's wines are distributed worldwide through a network of marketing and sales operations, with the majority of sales generated in Australia, the United Kingdom and the United States.

Total consideration paid in cash and Class A Common Stock to the Hardy shareholders was \$1,137.4 million. Additionally, the Company recorded direct acquisition costs of \$17.4 million. The acquisition date for accounting purposes is March 27, 2003. The Company has recorded a \$1.6 million reduction in the purchase price to reflect imputed interest between the accounting acquisition date and the final payment of consideration. This charge is included as interest expense in the Consolidated Statement of Income for the nine months ended November 30, 2003. The cash portion of the purchase price paid to the Hardy shareholders and optionholders (\$1,060.2 million) was financed with \$660.2 million of borrowings under the Company's then existing credit agreement and \$400.0 million of borrowings under the Company's then existing bridge loan agreement. Additionally, the Company issued 3,288,913 shares of the Company's Class A Common Stock, which were valued at \$77.2 million based on the simple average of the closing market price of the Company's Class A Common Stock beginning two days before and ending two days after April 4, 2003, the day the Hardy shareholders elected the form of consideration they wished to receive. The purchase price was based primarily on a discounted cash flow analysis that contemplated, among other things, the value of a broader geographic distribution in strategic international markets and a presence in the important Australian winemaking regions. The Company and Hardy have complementary businesses that share a common growth orientation and operating philosophy. The Hardy Acquisition supports the Company's strategy of growth and breadth across categories and geographies, and strengthens its competitive position in its core markets. The purchase price and resulting goodwill were primarily based on the growth opportunities of the brand portfolio of Hardy. In particular, the Company believes there are growth opportunities for Australian wines in the United Kingdom, United States and other wine markets. This acquisition supports the Company's strategy of driving long-term growth and positions the Company to capitalize on the growth opportunities in "new world" wine markets.

The results of operations of Hardy and PWP have been reported in the Company's Constellation Wines segment since March 27, 2003. Accordingly, the Company's results of operations for Nine Months 2005 include the results of operations of Hardy and PWP for the entire period, whereas the results of operations for Nine Months 2004 only include the results of operations of Hardy and PWP from March 27, 2003, to the end of Nine Months 2004.

Results of Operations

Third Quarter 2005 Compared to Third Quarter 2004

Net Sales

The following table sets forth the net sales (in thousands of dollars) by operating segment of the Company for Third Quarter 2005 and Third Quarter 2004.

	Third Quarter 2005 Compared to Third Quarter 2004		
	Net Sales		% Increase (Decrease)
	2005	2004	
Constellation Wines:			
Branded wine	\$ 509,520	\$ 460,805	10.6%
Wholesale and other	264,324	219,740	20.3%

Constellation Wines net sales	\$ 773,844	\$ 680,545	13.7%
Constellation Beers and Spirits:			
Imported beers	\$ 225,846	\$ 229,538	(1.6)%
Spirits	86,021	77,165	11.5%
Constellation Beers and Spirits net sales	\$ 311,867	\$ 306,703	1.7%
Corporate Operations and Other	\$ -	\$ -	N/A
Consolidated Net Sales	\$ 1,085,711	\$ 987,248	10.0%

Net sales for Third Quarter 2005 increased to \$1,085.7 million from \$987.2 million for Third Quarter 2004, an increase of \$98.5 million, or 10.0%. This increase resulted primarily from increases in branded wine net sales of \$32.4 million (on a local currency basis) and U.K. wholesale net sales of \$27.1 million (on a local currency basis). In addition, net sales benefited from a favorable foreign currency impact of \$38.2 million.

Constellation Wines

Net sales for Constellation Wines increased to \$773.8 million for Third Quarter 2005 from \$680.5 million in Third Quarter 2004, an increase of \$93.3 million, or 13.7%. Branded wine net sales increased \$48.7 million primarily from increased branded wine net sales in the U.S. and Europe of \$37.7 million (on a local currency basis) and a favorable foreign currency impact of \$16.3 million, partially offset by decreased branded wine net sales in Australasia of \$5.3 million (on a local currency basis). The increases in branded wine net sales in the U.S. and Europe are being driven by volume as the Company continues to benefit from increased distribution and greater consumer demand for premium wines. Wholesale and other net sales increased \$44.6 million primarily due to growth in the U.K. wholesale business of \$27.1 million (on a local currency basis) and a favorable foreign currency impact of \$21.9 million. The net sales increase in the U.K. wholesale business on a local currency basis is primarily due to sales to new national accounts added in the first quarter of fiscal 2005 and increased sales in comparable existing accounts during Third Quarter 2005.

The global wine industry continues to be very competitive. The Company has taken a strategy of preserving the long-term brand equity of its wine portfolio and of making investments in the higher growth sectors of the wine business. In the U.S., the 2003 and 2004 California grape harvests were generally lighter than expected. The lighter than expected harvests should bring certain U.S. wine industry inventories closer into balance. At the same time, open market prices in the U.S. for many types of grapes and bulk wine have increased. These increases are expected to have minimal impact on the Company's overall product cost.

Constellation Beers and Spirits

Net sales for Constellation Beers and Spirits increased to \$311.9 million for Third Quarter 2005 from \$306.7 million for Third Quarter 2004, an increase of \$5.2 million, or 1.7%. This increase resulted from an increase in spirits net sales of \$8.9 million partially offset by a decrease in imported beers net sales of \$3.7 million. The growth in spirits net sales is attributable to increases in both the Company's contract production net sales and branded spirits net sales. The decrease in imported beers net sales was due to decreased volumes on the Company's imported beer portfolio as a result of the wholesaler buy-in ahead of last year's price increase on the Company's Mexican portfolio. The decrease in volume was largely offset by the pricing gains as a result of the price increase that was introduced in January 2004 on the Company's Mexican beer portfolio.

The Company expects net sales growth for imported beer for Fiscal 2005 to be in the mid to high single digits despite a difficult volume comparison for the fourth quarter of Fiscal 2005. The difficult volume comparison is primarily due to the timing of the price increase which resulted in strong wholesaler and retailer demand in the third and fourth quarters of Fiscal 2004.

Gross Profit

The Company's gross profit increased to \$313.7 million for Third Quarter 2005 from \$282.6 million for Third Quarter 2004, an increase of \$31.0 million, or 11.0%. The Constellation Wines segment's gross profit increased \$25.2 million primarily due to volume growth in the segment's U.S. and U.K. branded wines plus a favorable foreign currency impact. The Constellation Beers and Spirits segment's gross profit increased \$5.0 million due to the price increase in the segment's imported beer portfolio and volume growth in the spirits contract production sales. In addition, unusual costs, which consist of certain costs that are excluded by management in their evaluation of the results of each operating segment, were lower by \$0.8 million in Third Quarter 2005 versus Third Quarter 2004. This decrease resulted from reduced flow through of inventory step-up associated with the Hardy Acquisition. Gross profit as a percent of net sales increased to 29.0% for Third Quarter 2005 from 28.6% for Third Quarter 2004 primarily due to higher gross margins on the Company's imported beer portfolio and increased sales of higher margin branded wine products partially offset by increased sales of lower margin U.K. wholesale products.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to \$130.3 million for Third Quarter 2005 from \$113.3 million for Third Quarter 2004, an increase of \$17.0 million, or 15.0%. The Constellation Wines segment's selling, general and administrative expenses increased \$10.3 million primarily due to increased advertising and selling expenses as the Company continues to invest behind specific wine brands to drive broader distribution. The Constellation Beers and Spirits segment's selling, general and administrative expenses increased \$5.9 million as Third Quarter 2004 benefited from foreign currency gains. In addition, selling and advertising expenses were increased slightly to support the segment's sales growth. The Corporate Operations and Other segment's selling, general and administrative expenses increased \$3.2 million primarily due to costs associated with higher professional services fees, including costs incurred in connection with compliance activities associated with the Sarbanes-Oxley Act of 2002, and increased general and administrative expenses to support the Company's growth. Lastly, there was a decrease of \$2.3 million of net unusual costs which consist of certain items that are excluded by management in their evaluation of the results of each operating segment. The Third Quarter 2004 costs consisted of financing costs recorded in connection with the Hardy Acquisition. There were no unusual costs in Third Quarter 2005. Selling, general and administrative expenses as a percent of net sales increased to 12.1% for Third Quarter 2005 as compared to 11.5% for Third Quarter 2004 primarily due to the increased general and administrative expenses within the Corporate Operations and Other segment and the benefit of foreign currency gains within the Constellation Beers and Spirits segment in Third Quarter 2004.

Restructuring and Related Charges

The Company recorded \$1.6 million of restructuring and related charges for Third Quarter 2005 associated with the restructuring plan of the Constellation Wines segment. Restructuring and related charges resulted from (i) the further realignment of business operations as previously announced in Fiscal 2004, and (ii) the Company's July 2003 decision to exit the commodity concentrate product line in the U.S., and included \$0.2 million of employee termination benefit costs, \$0.6 million of grape contract termination costs, \$0.3 million of facility consolidation and relocation costs, and other related charges of \$0.5 million. The Company recorded \$8.1 million of restructuring and related charges for Third Quarter 2004 associated with (i) the Company's decision to exit the commodity concentrate product line and sell its winery located in Escalon, California, and (ii) the realignment of business operations in the Constellation Wines segment.

For Fiscal 2005, excluding the impact of restructuring and integration charges associated with the acquisition of Robert Mondavi, the Company expects to incur total restructuring and related charges of \$7.3 million associated with the restructuring plan of the Constellation Wines segment. These charges are expected to consist of \$6.7 million related to the further realignment of business operations in the Constellation Wines segment and \$0.6 million related to renegotiating existing grape contracts as a result of exiting the commodity concentrate product line.

Operating Income

The following table sets forth the operating income (loss) (in thousands of dollars) by operating segment of the Company for Third Quarter 2005 and Third Quarter 2004.

	Third Quarter 2005 Compared to Third Quarter 2004		
	Operating Income (Loss)		% Increase/ (Decrease)
	2005	2004	
Constellation Wines	\$ 127,700	\$ 112,772	13.2%
Constellation Beers and Spirits	71,360	72,228	(1.2)%
Corporate Operations and Other	(13,839)	(10,669)	29.7%
Total Reportable Segments	185,221	174,331	6.2%
Restructuring and Related Charges and Unusual Costs	(3,534)	(13,136)	(73.1)%
Consolidated Operating Income	\$ 181,687	\$ 161,195	12.7%

Restructuring and related charges and unusual costs of \$3.5 million for Third Quarter 2005 consist of certain costs that are excluded by management in their evaluation of the results of each operating segment. These costs represent the flow through of inventory step-up associated with the Hardy Acquisition of \$1.9 million and restructuring and related charges associated with the Company's realignment of its business operations in the wine segment of \$1.6 million. Restructuring and related charges and unusual costs of \$13.1 million for Third Quarter 2004 represent the flow through of inventory step-up and the amortization of deferred financing costs associated with the Hardy Acquisition of \$2.7 million and \$2.3 million, respectively, and costs associated with exiting the commodity concentrate product line and the

Company's realignment of its business operations in the wine segment and restructuring and related charges of \$8.1 million. As a result of these costs and the factors discussed above, consolidated operating income increased to \$181.7 million for Third Quarter 2005 from \$161.2 million for Third Quarter 2004, an increase of \$20.5 million, or 12.7%.

Interest Expense, Net

Interest expense, net of interest income of \$0.3 million and \$0.9 million for Third Quarter 2005 and Third Quarter 2004, respectively, decreased to \$30.7 million for Third Quarter 2005 from \$31.9 million for Third Quarter 2004, a decrease of \$1.2 million, or (3.9%). The decrease resulted from lower average borrowings in Third Quarter 2005.

Provision for Income Taxes

The Company's effective tax rate remained the same at 36.0% for Third Quarter 2005 and Third Quarter 2004.

Net Income

As a result of the above factors, net income increased to \$96.9 million for Third Quarter 2005 from \$82.8 million for Third Quarter 2004, an increase of \$14.1 million, or 17.0%.

Nine Months 2005 Compared to Nine Months 2004

Net Sales

The following table sets forth the net sales (in thousands of dollars) by operating segment of the Company for Nine Months 2005 and Nine Months 2004.

	Nine Months 2005 Compared to Nine Months 2004		
	Net Sales		
	2005	2004	% Increase
Constellation Wines:			
Branded wine	\$ 1,286,966	\$ 1,155,170	11.4%
Wholesale and other	769,720	611,854	25.8%
Constellation Wines net sales	<u>\$ 2,056,686</u>	<u>\$ 1,767,024</u>	16.4%
Constellation Beers and Spirits:			
Imported beers	\$ 751,879	\$ 684,216	9.9%
Spirits	241,392	219,874	9.8%
Constellation Beers and Spirits net sales	<u>\$ 993,271</u>	<u>\$ 904,090</u>	9.9%
Corporate Operations and Other	\$ -	\$ -	N/A
Consolidated Net Sales	<u>\$ 3,049,957</u>	<u>\$ 2,671,114</u>	14.2%

Net sales for Nine Months 2005 increased to \$3,050.0 million from \$2,671.1 million for Nine Months 2004, an increase of \$378.8 million, or 14.2%. This increase resulted primarily from an increase in U.K. wholesale net sales of \$70.0 million (on a local currency basis), an increase in imported beer net sales of \$67.7 million, the inclusion of \$48.9 million of net sales of products acquired in the Hardy Acquisition and an increase in branded wines of \$35.7 million. In addition, net sales benefited from a favorable foreign currency impact of \$134.0 million.

Constellation Wines

Net sales for Constellation Wines increased to \$2,056.7 million for Nine Months 2005 from \$1,767.0 million in Nine Months 2004, an increase of \$289.7 million, or 16.4%. Branded wine net sales increased \$131.8 million. This increase resulted primarily from an additional one month of net sales of \$45.7 million of branded wines acquired in the Hardy Acquisition, completed in March 2003, increased branded wine net sales in Europe and the U.S. of \$29.8 million (on a local currency basis) and a favorable foreign currency impact of \$50.4 million.

The increases in branded wine net sales are primarily due to volume growth as the Company continues to benefit from increased distribution and greater consumer demand for premium wines. Wholesale and other net sales increased \$157.9 million primarily due to growth in the U.K. wholesale business of \$70.0 million (on a local currency basis) and a favorable foreign currency impact of \$83.6 million. The net sales increase in the U.K. wholesale business on a local currency basis is primarily due to the addition of new national accounts in the first quarter of fiscal 2005 and increased sales in existing accounts during Nine Months 2005.

The global wine industry continues to be very competitive. The Company has taken a strategy of preserving the long-term brand equity of its wine portfolio and of making investments in the higher growth sectors of the wine business. In the U.S., the 2003 and 2004 California grape harvests were generally lighter than expected. The lighter than expected harvests should bring certain U.S. wine industry inventories closer into balance. At the same time, open market prices in the U.S. for many types of grapes and bulk wine have increased. These increases are expected to have minimal impact on the Company's overall product cost.

Constellation Beers and Spirits

Net sales for Constellation Beers and Spirits increased to \$993.3 million for Nine Months 2005 from \$904.1 million for Nine Months 2004, an increase of \$89.2 million, or 9.9%. This increase resulted from a \$67.7 million increase in imported beer sales and an increase in spirits net sales of \$21.5 million. The growth in imported beer sales is primarily due to a price increase on the Company's Mexican beer portfolio, which was introduced in January 2004, and increased volume. The growth in spirits net sales is attributable to increases in both the Company's contract production net sales as well as branded net sales.

The Company expects net sales growth for imported beer for Fiscal 2005 to be in the mid to high single digits despite difficult volume comparisons for the third and fourth quarters of Fiscal 2005. The difficult volume comparisons are primarily due to the timing of the price increase which resulted in strong wholesaler and retailer demand in the third and fourth quarters of Fiscal 2004.

Gross Profit

The Company's gross profit increased to \$853.8 million for Nine Months 2005 from \$732.2 million for Nine Months 2004, an increase of \$121.6 million, or 16.6%. The Constellation Wines segment's gross profit increased \$59.8 million primarily due to the additional one month of sales of branded wines acquired in the Hardy Acquisition, volume growth in the branded wine net sales in the U.S., and a favorable foreign currency impact. The Constellation Beers and Spirits segment's gross profit increased \$31.9 million primarily due to the price increase and volume growth in the segment's imported beer portfolio. In addition, unusual costs, which consist of certain costs that are excluded by management in their evaluation of the results of each operating segment, were lower by \$29.9 million in Nine Months 2005 versus Nine Months 2004. This decrease resulted from a \$16.8 million write-down of commodity concentrate inventory in Nine Months 2004 in connection with the Company's decision to exit the commodity concentrate product line (see additional discussion under "Restructuring and Related Charges" below) and reduced flow through of inventory step-up associated with the Hardy Acquisition. Gross profit as a percent of net sales increased to 28.0% for Nine Months 2005 from 27.4% for Nine Months 2004 primarily due to the lower unusual costs, partially offset by reduced gross margins in the Constellation Wines segment, driven primarily by increased sales of lower margin U.K. wholesale products.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to \$401.1 million for Nine Months 2005 from \$348.4 million for Nine Months 2004, an increase of \$52.7 million, or 15.1%. The Constellation Wines segment's selling, general and administrative expenses increased \$34.9 million primarily due to increased selling and advertising expenses as the Company continues to invest behind specific wine brands to drive broader distribution. The Constellation Beers and Spirits segment's selling, general and administrative expenses increased \$11.1 million due to (i) increased advertising and selling behind its Mexican beer portfolio, (ii) increased general and administrative expenses to support the growth across this segment's businesses, and (iii) increased general and administrative expenses as Nine Months 2004 benefited from foreign currency gains. The Corporate Operations and Other segment's selling, general and administrative expenses increased \$8.0 million primarily due to increased general and administrative expenses to support the Company's growth and costs associated with higher professional services fees, including costs incurred in connection with compliance activities associated with the Sarbanes-Oxley Act of 2002. Lastly, there was a decrease of \$1.3 million of net unusual costs which consist of certain items that are excluded by management in their evaluation of the results of each operating segment. This decrease consists of \$10.3 million of financing costs recorded in Nine Months 2005 related to the Company's redemption of its Senior Subordinated Notes (as defined below) as compared to \$11.6 million of financing costs recorded in Nine Months 2004 in connection with the Hardy Acquisition. Selling, general and administrative expenses as a percent of net sales increased to 13.2% for Nine Months 2005 as compared to 13.0% for Nine Months 2004 primarily due to the growth in the Corporate Operations and Other segment's general and administrative expenses.

Restructuring and Related Charges

The Company recorded \$4.4 million of restructuring and related charges for Nine Months 2005 associated with the restructuring plan of the Constellation Wines segment. Restructuring and related charges resulted from (i) the further realignment of business operations as previously announced in Fiscal 2004, and (ii) the Company's July 2003 decision to exit the commodity concentrate product line in the U.S., and included \$1.6 million of employee termination benefit costs (net of reversal of prior accruals of \$0.2 million), \$0.6 million of grape contract termination costs, \$0.9 million of facility consolidation and relocation costs, and other related charges of \$1.3 million. The Company recorded \$27.5 million of restructuring and related charges for Nine Months 2004 associated with (i) the Company's decision to exit the commodity concentrate product line and sell its winery located in Escalon, California, and (ii) the realignment of business operations in the Constellation Wines segment. In total, the Company recorded \$44.3 million of costs for Nine Months 2004 allocated between cost of product sold and restructuring and related charges associated with these actions.

For Fiscal 2005, excluding the impact of restructuring and integration charges associated with the acquisition of Robert Mondavi, the Company expects to incur total restructuring and related charges of \$7.3 million associated with the restructuring plan of the Constellation Wines segment. These charges are expected to consist of \$6.7 million related to the further realignment of business operations in the Constellation Wines segment and \$0.6 million related to renegotiating existing grape contracts as a result of exiting the commodity concentrate product line.

Operating Income

The following table sets forth the operating income (loss) (in thousands of dollars) by operating segment of the Company for Nine Months 2005 and Nine Months 2004.

	Nine Months 2005 Compared to Nine Months 2004		
	Operating Income (Loss)		
	2005	2004	% Increase/ (Decrease)
Constellation Wines	\$ 283,104	\$ 258,208	9.6%
Constellation Beers and Spirits	223,023	202,228	10.3%
Corporate Operations and Other	(38,964)	(30,978)	25.8%
Total Reportable Segments	467,163	429,458	8.8%
Restructuring and Related Charges and Unusual Costs	(18,896)	(73,140)	(74.2)%
Consolidated Operating Income	<u>\$ 448,267</u>	<u>\$ 356,318</u>	25.8%

Restructuring and related charges and unusual costs of \$18.9 million for Nine Months 2005 consist of certain costs that are excluded by management in their evaluation of the results of each operating segment. These costs represent the flow through of inventory step-up associated with the Hardy Acquisition of \$4.2 million, financing costs associated with the redemption of the Company's Senior Subordinated Notes of \$10.3 million, and restructuring and related charges associated with the Company's realignment of its business operations in the wine segment of \$4.4 million. Restructuring and related charges and unusual costs of \$73.1 million for Nine Months 2004 represent the flow through of inventory step-up and the amortization of deferred financing costs associated with the Hardy Acquisition of \$17.3 million and \$11.6 million, respectively, and costs associated with exiting the commodity concentrate product line and the Company's realignment of its business operations in the wine segment, including the write-down of commodity concentrate inventory of \$16.8 million and restructuring and related charges of \$27.5 million. As a result of these costs and the factors discussed above, consolidated operating income increased to \$448.3 million for Nine Months 2005 from \$356.3 million for Nine Months 2004, an increase of \$91.9 million, or 25.8%.

Interest Expense, Net

Interest expense, net of interest income of \$1.2 million and \$2.4 million for Nine Months 2005 and Nine Months 2004, respectively, decreased to \$91.3 million for Nine Months 2005 from \$112.2 million for Nine Months 2004, a decrease of \$20.9 million, or (18.6%). The decrease resulted from lower average borrowings in Nine Months 2005 as well as slightly lower average borrowing rates. The reduction in debt resulted from the use of proceeds from the Company's equity offerings in July 2003 to pay down debt incurred to partially finance the Hardy Acquisition combined with on-going principal payments on long-term debt. The reduction in average borrowing rates was attributed in part to the replacement of \$200.0 million of higher fixed rate subordinated note debt with lower variable rate revolver debt.

Provision for Income Taxes

The Company's effective tax rate remained the same at 36.0% for Nine Months 2005 and Nine Months 2004.

Net Income

As a result of the above factors, net income increased to \$228.8 million for Nine Months 2005 from \$157.6 million for Nine Months 2004, an increase of \$71.2 million, or 45.2%.

Financial Liquidity and Capital Resources

General

The Company's principal use of cash in its operating activities is for purchasing and carrying inventories and carrying seasonal accounts receivable. The Company's primary source of liquidity has historically been cash flow from operations, except during annual grape harvests when the Company has relied on short-term borrowings. In the United States, the annual grape crush normally begins in August and runs through October. In Australia, the annual grape crush normally begins in February and runs through May. The Company generally begins taking delivery of grapes at the beginning of the crush season with payments for such grapes beginning to come due one month later. The Company's short-term borrowings to support such purchases generally reach their highest levels one to two months after the crush season has ended. Historically, the Company has used cash flow from operating activities to repay its short-term borrowings and fund capital expenditures. The Company will continue to use its short-term borrowings to support its working capital requirements. The Company believes that cash provided by operating activities and its financing activities, primarily short-term borrowings, will provide adequate resources to satisfy its working capital, scheduled principal and interest payments on debt, preferred dividend payment requirements, and anticipated capital expenditure requirements for both its short-term and long-term capital needs. The Company also has in place an effective shelf registration statement covering the potential sale of up to \$750.0 million of debt securities, preferred stock, Class A Common Stock or any combination thereof. As of January 10, 2005, the entire \$750.0 million of capacity was available under the shelf registration statement.

Nine Months 2005 Cash Flows

Operating Activities

Net cash provided by operating activities for Nine Months 2005 was \$81.4 million, which resulted from \$228.8 million of net income, plus \$112.7 million of net noncash items charged to the Consolidated Statement of Income, less \$260.1 million representing the net change in the Company's operating assets and liabilities. The net noncash items consisted primarily of depreciation of property, plant and equipment and deferred tax provision. The net change in operating assets and liabilities resulted primarily from seasonal increases in accounts receivable and inventories, partially offset by seasonal increases in accounts payable and accrued advertising.

Investing Activities

Net cash used in investing activities for Nine Months 2005 was \$88.6 million, which resulted primarily from \$78.4 million of capital expenditures.

Financing Activities

Net cash used in financing activities for Nine Months 2005 was \$15.2 million resulting primarily from principal payments of long-term debt of \$254.6 million partially offset by net proceeds of \$220.0 million from notes payable and proceeds of \$25.3 million from employee stock option exercises.

During June 1998, the Company's Board of Directors authorized the repurchase of up to \$100.0 million of its Class A Common Stock and Class B Common Stock. The repurchase of shares of common stock will be accomplished, from time to time, in management's discretion and depending upon market conditions, through open market or privately negotiated transactions. The Company may finance such repurchases through cash generated from operations or through the senior credit facility. The repurchased shares will become treasury shares. As of January 10, 2005, under the share repurchase program, the Company had purchased 4,075,344 shares of Class A Common Stock at an aggregate cost of \$44.9 million, or at an average cost of \$11.01 per share. No shares were repurchased during Nine Months 2005 under the Company's share repurchase program.

Debt

Total debt outstanding as of November 30, 2004, amounted to \$2,028.6 million, a decrease of \$19.3 million from February 29, 2004. The ratio of total debt to total capitalization decreased to 43.2% as of November 30, 2004, from 46.3% as of February 29, 2004.

Senior Credit Facilities

Credit Agreement

As of November 30, 2004, under the Credit Agreement (as defined below), the Company had outstanding Tranche A Term Loans of \$315.0 million bearing a weighted average interest rate of 3.3%, Tranche B Term Loans of \$500.0 million bearing a weighted average interest rate of 3.5%, \$160.0 million of revolving loans bearing a weighted average interest rate of 3.9%, undrawn revolving letters of credit of \$23.7 million, and \$216.3 million in revolving loans available to be drawn. The Credit Agreement was a senior credit facility originally entered into between the Company, certain subsidiaries of the Company, JPMorgan Chase Bank, as a lender and administrative agent, and certain other agents, lenders, and financial institutions on January 16, 2003, and subsequently amended (or amended and restated) (the "Credit Agreement").

2004 Credit Agreement

In connection with the acquisition of Robert Mondavi, on December 22, 2004, the Company and its U.S. subsidiaries (excluding certain inactive subsidiaries), together with certain of its subsidiaries organized in foreign jurisdictions, JPMorgan Chase Bank, N.A. as a lender and administrative agent, and certain other agents, lenders and financial institutions entered into a new credit agreement (the "2004 Credit Agreement"). The 2004 Credit Agreement provides for aggregate credit facilities of \$2.9 billion, consisting of a \$600.0 million tranche A term loan facility due in November 2010, a \$1.8 billion tranche B term loan facility due in November 2011, and a \$500.0 million revolving credit facility (including a sub-facility for letters of credit of up to \$60.0 million) which terminates in December 2010.

As of December 22, 2004, the required principal repayments of the tranche A term loan and the tranche B term loan are as follows:

	Tranche A Term Loan	Tranche B Term Loan	Total
<i>(in thousands)</i>			
2005	\$ 15,000	\$ 4,500	\$ 19,500
2006	60,000	18,000	78,000
2007	67,500	18,000	85,500
2008	97,500	18,000	115,500
2009	120,000	18,000	138,000
2010	127,500	18,000	145,500
Thereafter	112,500	1,705,500	1,818,000
	<u>\$ 600,000</u>	<u>\$ 1,800,000</u>	<u>\$ 2,400,000</u>

The rate of interest payable, at the Company's option, is a function of LIBOR plus a margin, the federal funds rate plus a margin, or the prime rate plus a margin. The margin is adjustable based upon the Company's debt ratio (as defined in the 2004 Credit Agreement) and, with respect to LIBOR borrowings, ranges between 1.00% and 1.75%. The initial LIBOR margin for the revolving credit facility and the tranche A term loan facility is 1.50%, while the initial LIBOR margin on the tranche B term loan facility is 1.75%.

The Company's obligations are guaranteed by its U.S. subsidiaries (excluding certain inactive subsidiaries) and by certain of its foreign subsidiaries. These obligations are also secured by a pledge of (i) 100% of the ownership interests in most of the Company's U.S. subsidiaries and (ii) 65% of the voting capital stock of certain of the Company's foreign subsidiaries.

The Company and its subsidiaries are also subject to customary lending covenants including those restricting additional liens, the incurrence of additional indebtedness (including guarantees of indebtedness), the sale of assets, the payment of dividends, transactions with affiliates, the disposition and acquisition of property and the making of certain investments, in each case subject to numerous baskets, exceptions and thresholds. The financial covenants are limited to maximum total debt and senior debt coverage ratios and minimum fixed charges and interest coverage ratios.

The Company used the proceeds of borrowings under the 2004 Credit Agreement to repay the outstanding obligations under its Credit Agreement (as defined above), to fund the cash merger consideration payable in connection with its acquisition of Robert Mondavi, and to pay certain obligations of Robert Mondavi, including indebtedness outstanding under its bank facility and unsecured notes. The Company

intends to use the remaining availability under the 2004 Credit Agreement to fund its working capital needs on an ongoing basis.

As of December 22, 2004, under the 2004 Credit Agreement, the Company had outstanding tranche A term loans of \$600.0 million bearing an interest rate of 5.75%, outstanding tranche B term loans of \$1.8 billion bearing an interest rate of 6.0%, no outstanding revolving loans, undrawn revolving letters of credit of \$37.5 million, and \$462.5 million in revolving loans available to be drawn.

On December 22, 2004, the Company also entered into five year interest rate swap agreements to minimize interest rate volatility. The swap agreements fix LIBOR interest rates on \$1.2 billion of the Company's floating rate debt at an average rate of 4.0% over the five year term.

Subsidiary Facilities

The Company has additional line of credit facilities totaling \$203.3 million as of November 30, 2004. These lines support the borrowing needs of certain of the Company's foreign subsidiary operations. Interest rates and other terms of these borrowings vary from country to country, depending on local market conditions. As of November 30, 2004, amounts outstanding under the subsidiary revolving credit facilities were \$65.7 million.

Senior Notes

As of November 30, 2004, the Company had outstanding \$200.0 million aggregate principal amount of 8 5/8% Senior Notes due August 2006 (the "Senior Notes"). The Senior Notes are currently redeemable, in whole or in part, at the option of the Company.

As of November 30, 2004, the Company had outstanding £1.0 million (\$1.9 million) aggregate principal amount of 8 1/2% Series B Senior Notes due November 2009 (the "Sterling Series B Senior Notes"). In addition, as of November 30, 2004, the Company had outstanding £154.0 million (\$293.6 million, net of \$0.5 million unamortized discount) aggregate principal amount of 8 1/2% Series C Senior Notes due November 2009 (the "Sterling Series C Senior Notes"). The Sterling Series B Senior Notes and Sterling Series C Senior Notes are currently redeemable, in whole or in part, at the option of the Company.

Also, as of November 30, 2004, the Company had outstanding \$200.0 million aggregate principal amount of 8% Senior Notes due February 2008 (the "February 2001 Senior Notes"). The February 2001 Senior Notes are currently redeemable, in whole or in part, at the option of the Company.

Senior Subordinated Notes

On March 4, 1999, the Company issued \$200.0 million aggregate principal amount of 8 1/2% Senior Subordinated Notes due March 2009 ("Senior Subordinated Notes"). The Senior Subordinated Notes were redeemable at the option of the Company, in whole or in part, at any time on or after March 1, 2004. On February 10, 2004, the Company issued a Notice of Redemption for its Senior Subordinated Notes. The Senior Subordinated Notes were redeemed with proceeds from the Revolving Credit facility on March 11, 2004, at 104.25% of par plus accrued interest. During Nine Months 2005, in connection with this redemption, the Company recorded a charge of \$10.3 million in selling, general and administrative expenses for the call premium and the remaining unamortized financing fees associated with the original issuance of the Senior Subordinated Notes.

As of November 30, 2004, the Company had outstanding \$250.0 million aggregate principal amount of 8 1/8% Senior Subordinated Notes due January 2012 (the "January 2002 Senior Subordinated Notes"). The January 2002 Senior Subordinated Notes are redeemable at the option of the Company, in whole or in part, at any time on or after January 15, 2007. The Company may also redeem up to 35% of the January 2002 Senior Subordinated Notes using the proceeds of certain equity offerings completed before January 15, 2005.

Contractual Obligations and Commitments

As noted above, on December 22, 2004, the Company drew down \$2.4 billion in term loan debt under the 2004 Credit Agreement. The following table provides the payments due by period for the amounts drawn down on the 2004 Credit Agreement as if it had been in place as of November 30, 2004:

PAYMENTS DUE BY PERIOD				
	Less than			After
Total	1 year	1-3 years	3-5 years	5 years

(in thousands)

Contractual obligations

Notes payable to banks	\$	-	\$	-	\$	-	\$	-	\$	-
Long-term debt (excluding unamortized discount)	\$	2,400,000	\$	78,000	\$	186,000	\$	276,000	\$	1,860,000

Accounting Pronouncements Not Yet Adopted

In December 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132 (revised 2003) ("SFAS No. 132(R)", "Employers' Disclosures about Pensions and Other Postretirement Benefits—an amendment of FASB Statements No. 87, 88, and 106." SFAS No. 132(R) supersedes Statement of Financial Accounting Standards No. 132 ("SFAS No. 132"), by revising employers' disclosures about pension plans and other postretirement benefit plans. SFAS No. 132(R) requires additional disclosures to those in SFAS No. 132 regarding the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. SFAS No. 132(R) also amends Accounting Principles Board Opinion No. 28 ("APB Opinion No. 28"), "Interim Financial Reporting," to require additional disclosures for interim periods. The Company has adopted certain of the annual disclosure provisions of SFAS No. 132(R), primarily those related to its U.S. postretirement plan, for the fiscal year ended February 29, 2004. In addition, the Company has adopted the interim disclosure provisions of SFAS No. 132(R) for the three months ended November 30, 2004. The Company is required to adopt the remaining annual disclosure provisions, primarily those related to its foreign plans, for the fiscal year ending February 28, 2005.

In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151 ("SFAS No. 151"), "Inventory Costs - an amendment of ARB No. 43, Chapter 4." SFAS No. 151 amends the guidance in Accounting Research Bulletin No. 43 ("ARB No. 43"), "Restatement and Revision of Accounting Research Bulletins," Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). SFAS No. 151 requires that those items be recognized as current period charges. In addition, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Company is required to adopt SFAS No. 151 for fiscal years beginning March 1, 2006. The Company is currently assessing the financial impact of SFAS No. 151 on its consolidated financial statements.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004) ("SFAS No. 123(R)", "Share-Based Payment." SFAS No. 123(R) replaces Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation," and supersedes Accounting Principles Board Opinion No. 25 ("APB Opinion No. 25"), "Accounting for Stock Issued to Employees." SFAS No. 123(R) requires the cost resulting from all share-based payment transactions be recognized in the financial statements. In addition, SFAS No. 123(R) establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a grant date fair-value-based measurement method in accounting for share-based payment transactions. SFAS No. 123(R) also amends Statement of Financial Accounting Standards No. 95 ("SFAS No. 95"), "Statement of Cash Flows," to require that excess tax benefits be reported as a financing cash inflow rather than as a reduction of taxes paid. SFAS No. 123(R) applies to all awards granted, modified, repurchased, or cancelled after the required effective date (see below). In addition, SFAS No. 123(R) requires entities that used the fair-value-based method for either recognition or disclosure under SFAS No. 123 to apply SFAS No. 123(R) using a modified version of prospective application. This application requires compensation cost to be recognized on or after the required effective date for the portion of outstanding awards for which the requisite service has not yet been rendered based on the grant date fair value of those awards as calculated under SFAS No. 123 for either recognition or pro forma disclosures. For periods before the required effective date, those entities may elect to apply a modified version of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods by SFAS No. 123. The Company is required to adopt SFAS No. 123(R) for interim periods beginning September 1, 2005. The Company is currently assessing the financial impact of SFAS No. 123(R) on its consolidated financial statements.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153 ("SFAS No. 153"), "Exchanges of Nonmonetary Assets - an amendment of APB Opinion No. 29." SFAS No. 153 amends Accounting Principles Board Opinion No. 29 ("APB No. 29"), "Accounting for Nonmonetary Transactions," to eliminate the exception from fair value measurement for nonmonetary exchanges of similar productive assets and replace it with a general exception from fair value measurement for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The Company is required to adopt SFAS No. 153 for fiscal years beginning March 1,

2006. The Company is currently assessing the financial impact of SFAS No. 153 on its consolidated financial statements.

On October 22, 2004, the American Jobs Creation Act ("AJCA") was signed into law. The AJCA includes a special one-time 85 percent dividends received deduction for certain foreign earnings that are repatriated. In December 2004, the FASB issued FASB Staff Position No. FAS 109-2 ("FSP FAS 109-2"), "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004." FSP FAS 109-2 provides accounting and disclosure guidance for this repatriation provision. The Company has begun its evaluation of the effects of this provision. Although FSP FAS 109-2 is effective immediately, the Company will not be able to complete its evaluation until after Congress or the Treasury Department provides additional clarifying language on key elements of the provision. The Company expects to complete its evaluation of the effects of the repatriation provision within a reasonable period of time following the publication of the additional clarifying language.

In December 2004, the FASB issued FASB Staff Position No. FAS109-1 ("FSP FAS 109-1"), "Application of FASB Statement No. 109, Accounting for Income Taxes, for the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004." FSP FAS 109-1 clarifies that the deduction will be treated as a "special deduction" as described in Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." As such, the special deduction has no effect on deferred tax assets and liabilities existing at the date of enactment. The impact of the deduction will be reported in the period in which the deduction is claimed. The Company is currently assessing the financial impact of FSP FAS 109-1 on its consolidated financial statements.

Information Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control, that could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements. All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including statements regarding the Company's future financial position and prospects, are forward-looking statements. All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition to the risks and uncertainties of ordinary business operations, the forward-looking statements of the Company contained in this Form 10-Q are also subject to the following risks and uncertainties: the successful integration of the Robert Mondavi business into that of the Company; final management determinations and independent appraisals vary materially from current management estimates of the fair value of the assets acquired and the liabilities assumed in the acquisition of Robert Mondavi; the Company achieving certain sales projections and meeting certain cost targets; wholesalers and retailers may give higher priority to products of the Company's competitors; raw material supply, production or shipment difficulties could adversely affect the Company's ability to supply its customers; increased competitive activities in the form of pricing, advertising and promotions could adversely impact consumer demand for the Company's products and/or result in higher than expected selling, general and administrative expenses; a general decline in alcohol consumption; increases in excise and other taxes on beverage alcohol products; and changes in foreign currency exchange rates. For additional information about risks and uncertainties that could adversely affect the Company's forward-looking statements, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2004.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company, as a result of its global operating and financing activities, is exposed to market risk associated with changes in interest rates and foreign currency exchange rates. To manage the volatility relating to these risks, the Company periodically enters into derivative transactions including foreign currency exchange contracts and interest rate swap agreements. The Company uses derivative instruments solely to reduce the financial impact of these risks and does not use derivative instruments for trading purposes.

Foreign currency forward contracts and foreign currency options are used to hedge existing foreign currency denominated assets and liabilities, forecasted foreign currency denominated sales both to third parties as well as intercompany sales, and intercompany principal and interest payments. As of November 30, 2004, the Company had exposures to foreign currency risk primarily related to the Australian dollar, euro, New Zealand dollar, British pound sterling, Canadian dollar and Mexican peso.

As of November 30, 2004, and November 30, 2003, the Company had outstanding derivative contracts with a notional value of \$708.6 million and \$582.5 million, respectively. Using a sensitivity analysis based on estimated fair value of open contracts using forward rates, if the U.S. dollar had been 10% weaker as of November 30, 2004, and November 30, 2003, the fair value of open foreign exchange contracts would have been increased by \$68.9 million and \$67.9 million, respectively. Losses or gains from the revaluation or settlement of the related underlying positions would substantially offset such gains or losses.

The fair value of fixed rate debt is subject to interest rate risk, credit risk and foreign currency risk. The estimated fair value of the Company's total fixed rate debt, including current maturities, was \$1,101.0 million and \$1,326.8 million as of November 30, 2004, and November 30, 2003, respectively. A hypothetical 1% increase from prevailing interest rates as of November 30, 2004, and November 30, 2003, would have resulted in a decrease in fair value of fixed interest rate long-term debt by \$38.9 million and \$55.0 million, respectively.

In addition to the \$1,101.0 million and \$1,326.8 million estimated fair value of fixed rate debt outstanding as of November 30, 2004, and November 30, 2003, respectively, the Company also had variable rate debt outstanding (primarily LIBOR based) as of November 30, 2004, and November 30, 2003, of \$1,041.1 million and \$1,041.4 million, respectively. Using a sensitivity analysis based on a hypothetical 1% increase in prevailing interest rates at November 30, 2004, and November 30, 2003, would result in an approximate increase in cash required for interest of \$9.1 million and \$8.9 million, respectively.

The Company has on occasion entered into interest rate swap agreements to reduce its exposure to interest rate changes relative to its variable rate debt. As of November 30, 2004, and November 30, 2003, the Company had no interest rate swap agreements outstanding. Subsequent to November 30, 2004, the Company entered into five year interest rate swap agreements to minimize interest rate volatility. The swap agreements fix LIBOR interest rates on \$1.2 billion of the Company's floating rate debt at an average rate of 4.0% over the five year term.

Item 4. Controls and Procedures

The Company's Chief Executive Officer and its Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. In connection with that evaluation, no changes were identified in the Company's "internal control over financial reporting" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f)) that occurred during the Company's fiscal quarter ended November 30, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

ISSUER PURCHASES OF EQUITY SECURITIES

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of a Publicly Announced Program</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program ⁽¹⁾</u>
September 1 - 30, 2004	-	\$ -	-	\$ 55,122,140
October 1 - 31, 2004	-	-	-	55,122,140
November 1 - 30, 2004	-	-	-	55,122,140
Total	-	\$ -	-	\$ 55,122,140

⁽¹⁾ In June 1998, the Company's Board of Directors authorized the repurchase from time to time of up to \$100.0 million of the Company's Class A and Class B Common Stock. The program does not have a specified expiration date. The Company did not repurchase any shares under this program during the period September 1, 2004 through and including November 30, 2004.

Item 6. Exhibits

The following Exhibits are furnished as part of this Form 10-Q:

<u>Exhibit Number</u>	<u>Description</u>
(2)	Plan of acquisition, reorganization, arrangement, liquidation or succession.
2.1	Implementation Deed dated 17 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited.
2.2	Transaction Compensation Agreement dated 17 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited.
2.3	No Solicitation Agreement dated 13 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited.
2.4	Backstop Fee Agreement dated 13 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited.
2.5	Letter Agreement dated 6 February 2003 between Constellation Brands, Inc. and BRL Hardy Limited.
2.6	Agreement and Plan of Merger, dated as of November 3, 2004, by and among Constellation Brands, Inc., a Delaware corporation, RMD Acquisition Corp., a California corporation and a wholly-owned subsidiary of Constellation Brands, Inc., and The Robert Mondavi Corporation, a California corporation.
2.7	Support Agreement, dated as of November 3, 2004, by and among Constellation Brands, Inc., a Delaware corporation and certain shareholders of The Robert Mondavi Corporation.

(3) Articles of Incorporation and By-Laws.

- 3.1 Restated Certificate of Incorporation of the Company.
- 3.2 Certificate of Designations of 5.75% Series A Mandatory Convertible Preferred Stock of the Company.
- 3.3 By-Laws of the Company.

(4) Instruments defining the rights of security holders, including indentures.

- 4.1 Indenture, dated as of February 25, 1999, among the Company, as issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee.
- 4.2 Supplemental Indenture No. 1, with respect to 8 1/2% Senior Subordinated Notes due 2009, dated as of February 25, 1999, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee.
- 4.3 Supplemental Indenture No. 2, with respect to 8 5/8% Senior Notes due 2006, dated as of August 4, 1999, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee.
- 4.4 Supplemental Indenture No. 3, dated as of August 6, 1999, by and among the Company, Canandaigua B.V., Barton Canada, Ltd., Simi Winery, Inc., Franciscan Vineyards, Inc., Allberry, Inc., M.J. Lewis Corp., Cloud Peak Corporation, Mt. Veeder Corporation, SCV-EPI Vineyards, Inc., and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee.
- 4.5 Supplemental Indenture No. 4, with respect to 8 1/2% Senior Notes due 2009, dated as of May 15, 2000, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee.
- 4.6 Supplemental Indenture No. 5, dated as of September 14, 2000, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to The Bank of New York), as Trustee.

- 4.7 Supplemental Indenture No. 6, dated as of August 21, 2001, among the Company, Ravenswood Winery, Inc. and BNY Midwest Trust Company (successor trustee to Harris Trust and Savings Bank and The Bank of New York, as applicable), as Trustee.
- 4.8 Supplemental Indenture No. 7, dated as of January 23, 2002, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company, as Trustee.
- 4.9 Supplemental Indenture No. 8, dated as of March 27, 2003, by and among the Company, CBI Australia Holdings Pty Limited (ACN 103 359 299), Constellation Australia Pty Limited (ACN 103 362 232) and BNY Midwest Trust Company, as Trustee.
- 4.10 Supplemental Indenture No. 9, dated as of July 8, 2004, by and among the Company, BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC, Nobilo Holdings, and BNY Midwest Trust Company, as Trustee.

- 4.11 Supplemental Indenture No. 10, dated as of September 13, 2004, by and among the Company, Constellation Trading, Inc., and BNY Midwest Trust Company, as Trustee.
- 4.12 Supplemental Indenture No. 11, dated as of December 22, 2004, by and among the Company, The Robert Mondavi Corporation, R.M.E. Inc., Robert Mondavi Winery, Robert Mondavi Investments, Robert Mondavi Affiliates d/b/a Vichon Winery and Robert Mondavi Properties, Inc., and BNY Midwest Trust Company, as Trustee.
- 4.13 Indenture, with respect to 8 1/2% Senior Notes due 2009, dated as of November 17, 1999, among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor to Harris Trust and Savings Bank), as Trustee.
- 4.14 Supplemental Indenture No. 1, dated as of August 21, 2001, among the Company, Ravenswood Winery, Inc. and BNY Midwest Trust Company (successor to Harris Trust and Savings Bank), as Trustee.
- 4.15 Supplemental Indenture No. 2, dated as of March 27, 2003, among the Company, CBI Australia Holdings Pty Limited (ACN 103 359 299), Constellation Australia Pty Limited (ACN 103 362 232) and BNY Midwest Trust Company (successor to Harris Trust and Savings Bank), as Trustee.
- 4.16 Supplemental Indenture No. 3, dated as of July 8, 2004, by and among the Company, BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC, Nobilo Holdings, and BNY Midwest Trust Company, as Trustee.
- 4.17 Supplemental Indenture No. 4, dated as of September 13, 2004, by and among the Company, Constellation Trading, Inc., and BNY Midwest Trust Company, as Trustee.
- 4.18 Supplemental Indenture No. 5, dated as of December 22, 2004, by and among the Company, The Robert Mondavi Corporation, R.M.E. Inc., Robert Mondavi Winery, Robert Mondavi Investments, Robert Mondavi Affiliates d/b/a Vichon Winery and Robert Mondavi Properties, Inc., and BNY Midwest Trust Company, as Trustee.
- 4.19 Indenture, with respect to 8% Senior Notes due 2008, dated as of February 21, 2001, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors and BNY Midwest Trust Company, as Trustee.
- 4.20 Supplemental Indenture No. 1, dated as of August 21, 2001, among the Company, Ravenswood Winery, Inc. and BNY Midwest Trust Company, as Trustee.
- 4.21 Supplemental Indenture No. 2, dated as of March 27, 2003, among the Company, CBI Australia Holdings Pty Limited (ACN 103 359 299), Constellation Australia Pty Limited (ACN 103 362 232) and BNY Midwest Trust Company, as Trustee.
- 4.22 Supplemental Indenture No. 3, dated as of July 8, 2004, by and among the Company, BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC, Nobilo Holdings, and BNY Midwest Trust Company, as Trustee.
- 4.23 Supplemental Indenture No. 4, dated as of September 13, 2004, by and among the Company, Constellation Trading, Inc., and BNY Midwest Trust Company, as Trustee.
- 4.24 Supplemental Indenture No. 5, dated as of December 22, 2004, by and among the Company, The Robert Mondavi Corporation, R.M.E. Inc., Robert Mondavi Winery, Robert Mondavi Investments, Robert Mondavi Affiliates d/b/a Vichon Winery and Robert Mondavi Properties, Inc., and BNY Midwest Trust Company, as Trustee.

- 4.25 Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J. P. Morgan Europe Limited, as London Agent.
- 4.26 Amendment No. 1 to the Amended and Restated Credit Agreement, dated as of July 18, 2003, among the Company, certain of its subsidiaries, and JPMorgan Chase Bank, as Administrative Agent.
- 4.27 Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J. P. Morgan Europe Limited, as London Agent.
- 4.28 Amendment No. 1, dated as of February 10, 2004, to the Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company, the Subsidiary Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, as Administrative Agent.
- 4.29 Third Amended and Restated Credit Agreement, dated as of August 17, 2004, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent.
- 4.30 Credit Agreement, dated as of December 22, 2004, among the Company, the Subsidiary Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Merrill Lynch, Pierce Fenner & Smith, Incorporated, as Syndication Agent, J.P. Morgan Securities Inc., as Sole Lead Arranger and Bookrunner, and Bank of America, SunTrust Bank and Bank of Nova Scotia, as Co-Documentation Agents.
- 4.31 Amended and Restated Bridge Loan Agreement, dated as of January 16, 2003 and amended and restated as of March 26, 2003, among the Company and certain of its subsidiaries, the lenders named therein, and JPMorgan Chase Bank, as Administrative Agent.
- 4.32 Certificate of Designations of 5.75% Series A Mandatory Convertible Preferred Stock of the Company.
- 4.33 Deposit Agreement by and among the Company, Mellon Investor Services LLC and all holders from time to time of Depository Receipts evidencing Depository Shares Representing 5.75% Series A Mandatory Convertible Preferred Stock of the Company.
- 4.34 Guarantee Assumption Agreement, dated as of July 8, 2004, by BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC and Nobile Holdings in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Second Amended and Restated Credit Agreement dated as of October 31, 2003 (as modified and supplemented and in effect from time to time).
- 4.35 aGuarantee Assumption Agreement, dated as of September 13, 2004, by Constellation Trading Company, Inc., in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Third Amended and Restated Credit Agreement dated as of August 17, 2003 (as modified and supplemented and in effect from time to time).

(10) Material contracts.

- 10.1 Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent.

- 10.2 Amendment No. 1, dated as of July 18, 2003, to the Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, and JPMorgan Chase Bank, as Administrative Agent.
- 10.3 Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent.

- 10.4 Amendment No. 1, dated as of February 10, 2004, to the Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company and certain of its subsidiaries, the lenders named therein, and JPMorgan Chase Bank, as Administrative Agent.
- 10.5 Third Amended and Restated Credit Agreement, dated as of August 17, 2004, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent.
- 10.6 Credit Agreement, dated as of December 22, 2004, among the Company, the Subsidiary Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Merrill Lynch, Pierce Fenner & Smith, Incorporated, as Syndication Agent, J.P. Morgan Securities Inc., as Sole Lead Arranger and Bookrunner, and Bank of America, SunTrust Bank and Bank of Nova Scotia, as Co-Documentation Agents.
- 10.7 Guarantee Assumption Agreement, dated as of July 8, 2004, by BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC and Nobile Holdings in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Second Amended and Restated Credit Agreement dated as of October 31, 2003 (as modified and supplemented and in effect from time to time).
- 10.8 Guarantee Assumption Agreement, dated as of September 13, 2004, by Constellation Trading Company, Inc., in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Third Amended and Restated Credit Agreement dated as of August 17, 2003 (as modified and supplemented and in effect from time to time).
- 10.9 Amendment Number Five to the Company's Long-Term Stock Incentive Plan.
- 10.10 Amendment Number Six to the Company's Long-Term Stock Incentive Plan.

(31) Rule 13a-14(a)/15d-14(a) Certifications.

- 31.1 Certificate of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- 31.2 Certificate of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.

(32) Section 1350 Certifications.

- 32.1 Certification of Chief Executive Officer pursuant to Section 18 U.S.C. 1350.
- 32.2 Certification of Chief Financial Officer pursuant to Section 18 U.S.C. 1350.

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, thereunto duly authorized.

CONSTELLATION BRANDS, INC.

Dated: January 10, 2005

By: /s/ Thomas F. Howe

Thomas F. Howe, Senior Vice President, Controller

Dated: January 10, 2005

By: /s/ Thomas S. Summer

INDEX TO EXHIBITS

(2) Plan of acquisition, reorganization, arrangement, liquidation or succession.

- 2.1 Implementation Deed dated 17 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K dated January 21, 2003 and incorporated herein by reference).
- 2.2 Transaction Compensation Agreement dated 17 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited (filed as Exhibit 99.2 to the Company's Current Report on Form 8-K dated January 21, 2003 and incorporated herein by reference).
- 2.3 No Solicitation Agreement dated 13 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited (filed as Exhibit 99.3 to the Company's Current Report on Form 8-K dated January 21, 2003 and incorporated herein by reference).
- 2.4 Backstop Fee Agreement dated 13 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited (filed as Exhibit 99.4 to the Company's Current Report on Form 8-K dated January 21, 2003 and incorporated herein by reference).
- 2.5 Letter Agreement dated 6 February 2003 between Constellation Brands, Inc. and BRL Hardy Limited (filed as Exhibit 2.5 to the Company's Current Report on Form 8-K dated March 27, 2003 and incorporated herein by reference).
- 2.6 Agreement and Plan of Merger, dated as of November 3, 2004, by and among Constellation Brands, Inc., a Delaware corporation, RMD Acquisition Corp., a California corporation and a wholly-owned subsidiary of Constellation Brands, Inc., and The Robert Mondavi Corporation, a California corporation (filed herewith).
- 2.7 Support Agreement, dated as of November 3, 2004, by and among Constellation Brands, Inc., a Delaware corporation and certain shareholders of The Robert Mondavi Corporation (filed herewith).

(3) Articles of Incorporation and By-Laws.

- 3.1 Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2002 and incorporated herein by reference).
- 3.2 Certificate of Designations of 5.75% Series A Mandatory Convertible Preferred Stock of the Company (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 24, 2003, filed July 30, 2003 and incorporated herein by reference).
- 3.3 By-Laws of the Company (filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2002 and incorporated herein by reference).

(4) Instruments defining the rights of security holders, including indentures.

- 4.1 Indenture, dated as of February 25, 1999, among the Company, as issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K dated February 25, 1999 and incorporated herein by reference).

- 4.2 Supplemental Indenture No. 1, with respect to 8 1/2% Senior Subordinated Notes due 2009, dated as of February 25, 1999, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee (filed as Exhibit 99.2 to the Company's Current Report on Form 8-K dated February 25, 1999 and incorporated herein by reference).

- 4.3 Supplemental Indenture No. 2, with respect to 8 5/8% Senior Notes due 2006, dated as of August 4, 1999, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 28, 1999 and incorporated herein by reference).
- 4.4 Supplemental Indenture No. 3, dated as of August 6, 1999, by and among the Company, Canandaigua B.V., Barton Canada, Ltd., Simi Winery, Inc., Franciscan Vineyards, Inc., Allberry, Inc., M.J. Lewis Corp., Cloud Peak Corporation, Mt. Veeder Corporation, SCV-EPI Vineyards, Inc., and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee (filed as Exhibit 4.20 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1999 and incorporated herein by reference).
- 4.5 Supplemental Indenture No. 4, with respect to 8 1/2% Senior Notes due 2009, dated as of May 15, 2000, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee (filed as Exhibit 4.17 to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2000 and incorporated herein by reference).
- 4.6 Supplemental Indenture No. 5, dated as of September 14, 2000, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to The Bank of New York), as Trustee (filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2000 and incorporated herein by reference).
- 4.7 Supplemental Indenture No. 6, dated as of August 21, 2001, among the Company, Ravenswood Winery, Inc. and BNY Midwest Trust Company (successor trustee to Harris Trust and Savings Bank and The Bank of New York, as applicable), as Trustee (filed as Exhibit 4.6 to the Company's Registration Statement on Form S-3 (Pre-effective Amendment No. 1) (Registration No. 333-63480) and incorporated herein by reference).
- 4.8 Supplemental Indenture No. 7, dated as of January 23, 2002, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated January 17, 2002 and incorporated herein by reference).
- 4.9 Supplemental Indenture No. 8, dated as of March 27, 2003, by and among the Company, CBI Australia Holdings Pty Limited (ACN 103 359 299), Constellation Australia Pty Limited (ACN 103 362 232) and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.9 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2003 and incorporated herein by reference).
- 4.10 Supplemental Indenture No. 9, dated as of July 8, 2004, by and among the Company, BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC, Nobile Holdings, and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.10 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).

- 4.11 Supplemental Indenture No. 10, dated as of September 13, 2004, by and among the Company, Constellation Trading, Inc., and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.11 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 4.12 Supplemental Indenture No. 11, dated as of December 22, 2004, by and among the Company, The Robert Mondavi Corporation, R.M.E. Inc., Robert Mondavi Winery, Robert Mondavi Investments, Robert Mondavi Affiliates d/b/a Vichon Winery and Robert Mondavi Properties, Inc., and BNY Midwest Trust Company, as Trustee (filed herewith).
- 4.13 Indenture, with respect to 8 1/2% Senior Notes due 2009, dated as of November 17, 1999, among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor to Harris Trust and Savings Bank), as Trustee (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-4 (Registration No. 333-94369) and incorporated herein by reference).
- 4.14 Supplemental Indenture No. 1, dated as of August 21, 2001, among the Company, Ravenswood Winery, Inc. and BNY Midwest Trust Company (successor to Harris Trust and Savings Bank), as Trustee (filed as Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2001 and incorporated herein by reference).

- 4.15 Supplemental Indenture No. 2, dated as of March 27, 2003, among the Company, CBI Australia Holdings Pty Limited (ACN 103 359 299), Constellation Australia Pty Limited (ACN 103 362 232) and BNY Midwest Trust Company (successor to Harris Trust and Savings Bank), as Trustee (filed as Exhibit 4.18 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2003 and incorporated herein by reference).
- 4.16 Supplemental Indenture No. 3, dated as of July 8, 2004, by and among the Company, BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC, Nobilo Holdings, and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.15 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 4.17 Supplemental Indenture No. 4, dated as of September 13, 2004, by and among the Company, Constellation Trading, Inc., and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.16 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 4.18 Supplemental Indenture No. 5, dated as of December 22, 2004, by and among the Company, The Robert Mondavi Corporation, R.M.E. Inc., Robert Mondavi Winery, Robert Mondavi Investments, Robert Mondavi Affiliates d/b/a Vichon Winery and Robert Mondavi Properties, Inc., and BNY Midwest Trust Company, as Trustee (filed herewith).
- 4.19 Indenture, with respect to 8% Senior Notes due 2008, dated as of February 21, 2001, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.1 to the Company's Registration Statement filed on Form S-4 (Registration No. 333-60720) and incorporated herein by reference).
- 4.20 Supplemental Indenture No. 1, dated as of August 21, 2001, among the Company, Ravenswood Winery, Inc. and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.7 to the Company's Pre-effective Amendment No. 1 to its Registration Statement on Form S-3 (Registration No. 333-63480) and incorporated herein by reference).

- 4.21 Supplemental Indenture No. 2, dated as of March 27, 2003, among the Company, CBI Australia Holdings Pty Limited (ACN 103 359 299), Constellation Australia Pty Limited (ACN 103 362 232) and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.21 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2003 and incorporated herein by reference).
- 4.22 Supplemental Indenture No. 3, dated as of July 8, 2004, by and among the Company, BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC, Nobilo Holdings, and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.20 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 4.23 Supplemental Indenture No. 4, dated as of September 13, 2004, by and among the Company, Constellation Trading, Inc., and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.21 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 4.24 Supplemental Indenture No. 5, dated as of December 22, 2004, by and among the Company, The Robert Mondavi Corporation, R.M.E. Inc., Robert Mondavi Winery, Robert Mondavi Investments, Robert Mondavi Affiliates d/b/a Vichon Winery and Robert Mondavi Properties, Inc., and BNY Midwest Trust Company, as Trustee (filed herewith).
- 4.25 Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J. P. Morgan Europe Limited, as London Agent (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated March 27, 2003 and incorporated herein by reference).
- 4.26 Amendment No. 1 to the Amended and Restated Credit Agreement, dated as of July 18, 2003, among the Company, certain of its subsidiaries, and JPMorgan Chase Bank, as Administrative Agent (filed as Exhibit 4.17 to the Company's Report on Form 10-Q for the fiscal quarter ended August 31, 2003 and incorporated herein by reference).
- 4.27 Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J. P. Morgan Europe Limited, as London Agent (filed as Exhibit 4.18 to the Company's Report on Form 10-Q for the fiscal quarter ended November 30, 2003 and incorporated herein by reference).
- 4.28 Amendment No. 1, dated as of February 10, 2004, to the Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company, the Subsidiary Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, as Administrative Agent (filed as Exhibit 4.25 to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2004 and incorporated herein by reference).

4.29 Third Amended and Restated Credit Agreement, dated as of August 17, 2004, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent (filed as Exhibit 4.26 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).

4.30 Credit Agreement, dated as of December 22, 2004, among the Company, the Subsidiary Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Merrill Lynch, Pierce Fenner & Smith, Incorporated, as Syndication Agent, J.P. Morgan Securities Inc., as Sole Lead Arranger and Bookrunner, and Bank of America, SunTrust Bank and Bank of Nova Scotia, as Co-Documentation Agents (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K, dated December 22, 2004 and filed December 29, 2004 and incorporated herein by reference).

4.31 Amended and Restated Bridge Loan Agreement, dated as of January 16, 2003 and amended and restated as of March 26, 2003, among the Company and certain of its subsidiaries, the lenders named therein, and JPMorgan Chase Bank, as Administrative Agent (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated March 27, 2003 and incorporated herein by reference).

4.32 Certificate of Designations of 5.75% Series A Mandatory Convertible Preferred Stock of the Company (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 24, 2003, filed July 30, 2003 and incorporated herein by reference).

4.33 Deposit Agreement, dated as of July 30, 2003, by and among the Company, Mellon Investor Services LLC and all holders from time to time of Depositary Receipts evidencing Depositary Shares Representing 5.75% Series A Mandatory Convertible Preferred Stock of the Company (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated July 24, 2003, filed July 30, 2003 and incorporated herein by reference).

4.34 Guarantee Assumption Agreement, dated as of July 8, 2004, by BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC and Nobilo Holdings in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Second Amended and Restated Credit Agreement dated as of October 31, 2003 (as modified and supplemented and in effect from time to time) (filed as Exhibit 4.30 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).

4.35 Guarantee Assumption Agreement, dated as of September 13, 2004, by Constellation Trading Company, Inc., in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Third Amended and Restated Credit Agreement dated as of August 17, 2003 (as modified and supplemented and in effect from time to time) (filed as Exhibit 4.31 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).

(10) Material contracts.

10.1 Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated March 27, 2003 and incorporated herein by reference).

10.2 Amendment No. 1, dated as of July 18, 2003, to the Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, and JPMorgan Chase Bank, as Administrative Agent (filed as Exhibit 4.17 to the Company's Report on Form 10-Q for the fiscal quarter ended August 31, 2003 and incorporated herein by reference).

10.3 Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent (filed as Exhibit 4.18 to the Company's Report on Form 10-Q for the fiscal quarter ended November 30, 2003 and incorporated herein by reference).

- 10.4 Amendment No. 1, dated as of February 10, 2004, to the Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company and certain of its subsidiaries, the lenders named therein, and JPMorgan Chase Bank, as Administrative Agent (filed as Exhibit 4.25 to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2004 and incorporated herein by reference).
- 10.5 Third Amended and Restated Credit Agreement, dated as of August 17, 2004, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent (filed as Exhibit 4.26 to the Company's Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 10.6 Credit Agreement, dated as of December 22, 2004, among the Company, the Subsidiary Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Merrill Lynch, Pierce Fenner & Smith, Incorporated, as Syndication Agent, J.P. Morgan Securities Inc., as Sole Lead Arranger and Bookrunner, and Bank of America, SunTrust Bank and Bank of Nova Scotia, as Co-Documentation Agents (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K, dated December 22, 2004 and filed December 29, 2004 and incorporated herein by reference).
- 10.7 Guarantee Assumption Agreement, dated as of July 8, 2004, by BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC and Nobilo Holdings in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Second Amended and Restated Credit Agreement dated as of October 31, 2003 (as modified and supplemented and in effect from time to time) (filed as Exhibit 4.30 to the Company's Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 10.8 Guarantee Assumption Agreement, dated as of September 13, 2004, by Constellation Trading Company, Inc., in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Third Amended and Restated Credit Agreement dated as of August 17, 2003 (as modified and supplemented and in effect from time to time) (filed as Exhibit 4.31 to the Company's Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 10.9 Amendment Number Five to the Company's Long-Term Stock Incentive Plan (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 10.10 Amendment Number Six to the Company's Long-Term Stock Incentive Plan (filed herewith).

(11) Statement re computation of per share earnings.

Not applicable.

(15) Letter re unaudited interim financial information.

Not applicable.

(18) Letter re change in accounting principles.

Not applicable.

(19) Report furnished to security holders.

Not applicable.

(22) Published report regarding matters submitted to a vote of security holders.

Not applicable.

(23) Consents of experts and counsel.

Not applicable.

(24) Power of attorney.

Not applicable.

(31) Rule 13a-14(a)/15d-14(a) Certifications.

- 31.1 Certificate of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith).
- 31.2 Certificate of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith).

(32) Section 1350 Certifications.

- 32.1 Certificate of Chief Executive Officer pursuant to Section 18 U.S.C. 1350 (filed herewith).
- 32.2 Certificate of Chief Financial Officer pursuant to Section 18 U.S.C. 1350 (filed herewith).

(99) Additional Exhibits.

Not applicable.

The Company agrees, upon request of the Securities and Exchange Commission, to furnish copies of each instrument that defines the rights of holders of long-term debt of the Company or its subsidiaries that is not filed herewith pursuant to Item 601(b)(4)(iii)(A) because the total amount of long-term debt authorized under such instrument does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis.

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

CONSTELLATION BRANDS, INC.,

RMD ACQUISITION CORP.,

A WHOLLY-OWNED DIRECT SUBSIDIARY OF CONSTELLATION BRANDS, INC.,

AND

THE ROBERT MONDAVI CORPORATION

November 3, 2004

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "AGREEMENT") is made and entered into as of the 3rd day of November, 2004, by and among Constellation Brands, Inc., a Delaware corporation ("CONSTELLATION"), RMD Acquisition Corp., a California corporation and a wholly-owned subsidiary of Constellation ("MERGER SUB"), and The Robert Mondavi Corporation, a California corporation ("MONDAVI").

RECITALS

WHEREAS, Constellation and Mondavi desire that Constellation combine its businesses with the businesses operated by Mondavi through the merger of Merger Sub with and into Mondavi, with Mondavi as the surviving corporation (the "MERGER"), pursuant to which (1) each share of Class A Common Stock of Mondavi,

without par value (the "MONDAVI CLASS A COMMON Stock") issued and outstanding at the Effective Time (as defined in Section 1.2), other than the shares of Mondavi Class A Common Stock owned by Constellation, Merger Sub or Mondavi (or any of their respective direct or indirect wholly-owned subsidiaries (as defined in Section 8.3)) and other than the Appraisal Shares (as defined in Section 2.1(d)), will be converted into the right to receive the Class A Merger Consideration (as defined in Section 2.1(b)), and (2) each share of Class B Common Stock of Mondavi, without par value (the "MONDAVI CLASS B COMMON STOCK," and together with the Mondavi Class A Common Stock, the "MONDAVI COMMON STOCK") issued and outstanding at the Effective Time (as defined in Section 1.2), other than the shares of Mondavi Class B Common Stock owned by Constellation, Merger Sub or Mondavi (or any of their respective direct or indirect wholly-owned subsidiaries (as defined in Section 8.3)) and other than the Appraisal Shares (as defined in Section 2.1(d)), will be converted into the right to receive the Class B Merger Consideration (as defined in Section 2.1(b)), all as more fully provided in this Agreement; and

WHEREAS, concurrently with the execution of this Agreement, as a condition and inducement to Constellation's willingness to enter into this Agreement, Constellation and certain Mondavi Shareholders (as defined in Section 1.6(a)) are entering into a Support Agreement, of even date herewith, in respect of shares of Mondavi Common Stock beneficially owned by such shareholders (the "SUPPORT AGREEMENT"); and

WHEREAS, the Board of each of Merger Sub and Mondavi has determined that the Merger upon the terms and subject to the conditions set forth in this Agreement is just and reasonable to their respective shareholders; and

WHEREAS, Constellation, Merger Sub and Mondavi desire to make those representations, warranties, covenants and agreements specified herein in connection with this Agreement.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, Constellation, Merger Sub and Mondavi agree as follows:

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ARTICLE I

THE MERGER

1.1. THE MERGER. Upon the terms and subject to the conditions of this Agreement, and in accordance with the provisions of the California General Corporation Law (the "CGCL"), Merger Sub shall be merged with and into Mondavi at the Effective Time. As a result of the Merger, the separate corporate existence of Merger Sub shall cease and Mondavi shall continue its existence as a wholly-owned subsidiary of Constellation under the laws of the State of California and shall succeed to and assume all the rights and obligations of Merger Sub in accordance with the CGCL. Mondavi, in its capacity as the corporation surviving the Merger, is hereinafter sometimes referred to as the "SURVIVING CORPORATION."

1.2. CLOSING; EFFECTIVE TIME. A closing (the "CLOSING") shall be held at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, N.Y. 10019, or such other place as the parties hereto may agree, as soon as practicable following the date upon which all conditions set forth in Article VI that are capable of being satisfied prior to the date of the Closing have been satisfied or waived, or at such other date as Constellation and Mondavi may agree (such date, the "CLOSING DATE"). As promptly as possible on the Closing Date, the parties hereto shall cause the Merger to be consummated by filing with the Secretary of State of the State of California (the "CALIFORNIA SECRETARY OF STATE") an agreement of merger in the form attached hereto as Exhibit A (the "MERGER AGREEMENT") and officer's certificates in such form as is required by

and executed in accordance with Section 1103 of the CGCL. The Merger shall become effective when the Merger Agreement is properly filed with the California Secretary of State in accordance with the CGCL or at such later time as may be specified in the Merger Agreement (the "EFFECTIVE TIME").

1.3. EFFECTS OF THE MERGER. From and after the Effective Time, the Merger shall have the effects set forth in Section 1107 of the CGCL.

1.4. ARTICLES OF INCORPORATION AND BYLAWS.

(a) The Articles of Incorporation of Mondavi, as amended as set forth in the Merger Agreement, shall be the Articles of Incorporation of the Surviving Corporation, until amended in accordance with their terms and the CGCL.

(b) Merger Sub's Bylaws in effect immediately prior to the Effective Time shall be the Surviving Corporation's Bylaws, until amended in accordance with their terms, the Articles of Incorporation and the CGCL.

1.5. DIRECTORS AND OFFICERS OF THE SURVIVING CORPORATION. From and after the Effective Time, the officers of Mondavi shall be the officers of the Surviving Corporation and the directors of Merger Sub shall be the directors of the Surviving Corporation, in each case, until their respective successors are duly elected and qualified.

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1.6. MONDAVI SHAREHOLDERS' MEETING.

(a) As promptly as reasonably practicable following the date of this Agreement, Mondavi shall, in accordance with Applicable Laws (as defined in Section 2.2(d)) and Mondavi's Restated Articles of Incorporation as in effect on the date of this Agreement (the "MONDAVI ARTICLES") and Mondavi's Restated Bylaws as in effect on the date of this Agreement (the "MONDAVI BYLAWS"), duly call, give notice of, convene and hold a meeting of the holders of shares of Mondavi Common Stock (the "MONDAVI SHAREHOLDERS") to consider and vote upon approval of this Agreement and the Merger (the "MONDAVI SHAREHOLDERS' MEETING"). Mondavi shall ensure that the Mondavi Shareholders' Meeting is called, noticed, convened, held and conducted, and that all proxies solicited by Mondavi in connection with the Mondavi Shareholders' Meeting are solicited by Mondavi in compliance with Applicable Laws.

(b) Mondavi shall promptly prepare and file with the Securities and Exchange Commission (the "COMMISSION") a proxy statement (together with any amendments thereof or supplements thereto, the "PROXY STATEMENT") that meets the requirements of Applicable Laws to seek the approval of this Agreement and the Merger. Mondavi shall respond promptly to any comments made by the Commission with respect to the Proxy Statement and any preliminary version thereof filed by it and shall cause such Proxy Statement to be mailed to the Mondavi Shareholders as promptly as reasonably practicable. Mondavi shall promptly notify Constellation of the receipt of any comments of the Commission with respect to the Proxy Statement and shall provide to Constellation copies of any comments received from the Commission in connection with the Proxy Statement. All filings with the Commission in connection with the Merger, including the Proxy Statement, and all mailings to the Mondavi Shareholders in connection with the Merger, including the Proxy Statement, shall be subject to the prior review and comment by Constellation and its counsel, and shall be reasonably acceptable to Constellation.

(c) The Mondavi Board shall make the Mondavi Board Recommendation (as defined in Section 4.20). The Mondavi Board Recommendation shall be included in the Proxy Statement and the Mondavi Board shall take all commercially reasonable action to solicit the approval of this Agreement and the Merger by the Mondavi Shareholders. In the event that subsequent to the date of this Agreement, the Mondavi Board determines after consultation with outside counsel that its

fiduciary duties under Applicable Law require it to withdraw, modify or qualify the Mondavi Board Recommendation in a manner adverse to Constellation, the Mondavi Board may so withdraw, modify or qualify the Mondavi Board Recommendation; PROVIDED, HOWEVER, that the Mondavi Board may not recommend any Acquisition Proposal (as defined in Section 5.3(b)(viii)(A)) (other than this Agreement and the transactions contemplated hereby, including the Merger), except as specifically contemplated by, and in accordance with, Section 5.3(b)(iii); PROVIDED, FURTHER, HOWEVER, that unless this Agreement is theretofore terminated, Mondavi shall nevertheless submit this Agreement to the Mondavi Shareholders for adoption at the Mondavi Shareholders' Meeting.

1.7. ADDITIONAL ACTIONS. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any further deeds, assignments or assurances in law or any other acts are necessary or desirable to (a) vest, perfect or confirm, of record or otherwise, in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties

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or assets of Mondavi or (b) otherwise carry out the provisions of this Agreement, Mondavi and its officers and directors shall be deemed to have granted to the Surviving Corporation an irrevocable power of attorney to execute and deliver all such deeds, assignments or assurances in law and to take all acts necessary, proper or desirable to vest, perfect or confirm title to and possession of such rights, properties or assets in the Surviving Corporation and otherwise to carry out the provisions of this Agreement, and the officers and directors of the Surviving Corporation are authorized in the name of Mondavi or otherwise to take any and all such action.

ARTICLE II

CONVERSION OF SECURITIES

2.1. EFFECT ON CAPITAL STOCK. At the Effective Time, by virtue of the Merger and without any action on the part of Constellation, Merger Sub or Mondavi or their respective shareholders:

(a) Each share of common stock, without par value, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one fully paid and nonassessable share of common stock, WITHOUT par value, of the Surviving Corporation ("SURVIVING CORPORATION COMMON STOCK"). Such newly issued shares shall thereafter constitute all of the issued and outstanding Surviving Corporation capital stock, except insofar as Section 2.1(c)(i) applies.

(b) Subject to the other provisions of this Article II:

(i) Each share of Mondavi Class A Common Stock issued and outstanding immediately prior to the Effective Time, excluding any shares of Mondavi Class A Common Stock owned by Constellation, Merger Sub or Mondavi or any of their respective wholly-owned subsidiaries (which shares shall be treated as otherwise provided in this Agreement) and any shares of Mondavi Class A Common Stock owned by shareholders properly exercising appraisal rights pursuant to Section 1300 of the CGCL ("SECTION 1300"), as provided in Section 2.1(d), shall be converted into and represent the right to receive \$56.50 in cash, without interest (the "CLASS A MERGER CONSIDERATION"). At the Effective Time, all shares of Mondavi Class A Common Stock shall no longer be outstanding and automatically shall be cancelled and shall cease to exist, and each holder of a certificate that immediately prior to the Effective Time represented any shares of Mondavi Class A Common Stock (a "CLASS A CERTIFICATE") shall cease to have any rights with respect thereto, except the right to receive the Class A Merger Consideration or in the case of holders of Appraisal Shares (as defined in Section 2.1(d)) the right to receive the applicable payments set forth in

Section 2.1(d).

(ii) Each share of Mondavi Class B Common Stock issued and outstanding immediately prior to the Effective Time, excluding any shares of Mondavi Class B Common Stock owned by Constellation, Merger Sub or Mondavi or any of their respective wholly-owned subsidiaries (which shares shall be treated as otherwise provided in this Agreement) and any shares of Mondavi Class B Common Stock owned by shareholders properly exercising appraisal rights pursuant to Section 1300, as provided in Section 2.1(d), shall be converted into and represent the right to receive \$65.82 in cash, without interest (the "CLASS B

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MERGER CONSIDERATION," and together with the Class A Merger Consideration, the "MERGER CONSIDERATION"). At the Effective Time, all shares of Mondavi Class B Common Stock shall no longer be outstanding and automatically shall be cancelled and shall cease to exist, and each holder of a certificate that immediately prior to the Effective Time represented any shares of Mondavi Class B Common Stock (a "CLASS B CERTIFICATE," and, together with the Class A Certificates, the "CERTIFICATES") shall cease to have any rights with respect thereto, except the right to receive the Class B Merger Consideration or in the case of holders of Appraisal Shares (as defined in Section 2.1(d)) the right to receive the applicable payments set forth in Section 2.1(d).

(c) Each share of Mondavi capital stock held by Constellation or any wholly-owned subsidiary of Constellation, automatically shall be cancelled and retired and no payment shall be made in respect thereof. Each share of Mondavi Class B Common Stock held by any wholly-owned subsidiary of Mondavi shall, at Constellation's election, either (i) be converted into such number of shares of Surviving Corporation Common Stock such that each such wholly-owned subsidiary owns the same percentage (in terms of economic value) of Surviving Corporation Common Stock immediately following the Effective Time as the percentage (in terms of economic value) of Mondavi Common Stock that such wholly-owned subsidiary owned immediately prior to the Effective Time; PROVIDED, HOWEVER, that this clause (i) shall not apply unless the Mondavi Class B Shareholders unanimously consent to such treatment of the shares of Mondavi Class B Common Stock held by all wholly-owned subsidiaries of Mondavi, (ii) automatically be cancelled and retired and no payment shall be made in respect thereof, or (iii) be converted into the right to receive the Class B Merger Consideration.

(d) Notwithstanding anything in this Agreement to the contrary, the shares of Mondavi Common Stock issued and outstanding immediately prior to the Effective Time that are held by any Mondavi Shareholder that is entitled to demand and properly demands appraisal of shares of Mondavi Common Stock pursuant to, and that complies in all respects with, the provisions of Section 1300 (the "APPRAISAL SHARES") shall not be converted into the right to receive the Class A Merger Consideration or the Class B Merger Consideration, as applicable, as provided in Section 2.1(b), but, instead, such Mondavi Shareholder shall be entitled to such rights (but only such rights) as are granted by Section 1300. Notwithstanding the foregoing, if any such Mondavi Shareholder shall fail to validly perfect or shall otherwise waive, withdraw or lose the right to appraisal under Section 1300 or if a court of competent jurisdiction shall determine that such Mondavi Shareholder is not entitled to the relief provided by Section 1300, then the rights of such Mondavi Shareholder under Section 1300 shall cease, and such Appraisal Shares shall be deemed to have been converted at the Effective Time into, and shall have become, the right to receive the Class A Merger Consideration or the Class B Merger Consideration, as applicable, as provided in Section 2.1(b) without interest. Mondavi shall give prompt notice to Constellation of any demands for appraisal of any shares of Mondavi Common Stock, and Constellation shall have the opportunity to participate in all negotiations and proceedings with respect to such demands. Prior to the Effective Time, Mondavi shall not, without the prior written consent of Constellation, make any payment with respect to, or settle or offer to settle, any such demands, or agree to do any of the foregoing.

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2.2. SURRENDER AND PAYMENT.

(a) Prior to the Effective Time, for the benefit of the Mondavi Shareholders, Constellation shall designate, or shall cause to be designated (pursuant to an agreement in form and substance reasonably acceptable to Constellation), a bank or trust company to act as agent for the payment of the Class A Merger Consideration and the Class B Merger Consideration in respect of the Class A Certificates and the Class B Certificates upon surrender of such Certificates in accordance with this Article II from time to time after the Effective Time (the "PAYING AGENT"). At the Effective Time, Constellation shall deposit, or cause Merger Sub to deposit, with the Paying Agent cash in an amount sufficient for the payment of the Class A Merger Consideration and the Class B Merger Consideration pursuant to Section 2.1(b) upon surrender of such Certificates (such cash, the "EXCHANGE FUND"). The Paying Agent shall invest any cash included in the Exchange Fund, as directed by Constellation, on a daily basis. Any portion of the Exchange Fund (including any interest and other income resulting from investments of the Exchange Fund) that remains undistributed to the Mondavi Shareholders twelve months after the date of the mailing required by Section 2.2(b) shall be delivered to Constellation, upon demand by Constellation, and holders of Certificates that have not theretofore complied with this Section 2.2 shall thereafter look only to Constellation for payment of any claim to the Class A Merger Consideration or the Class B Merger Consideration, as applicable.

(b) EXCHANGE PROCEDURE. As soon as reasonably practicable after the Effective Time (but in any event within five business days after the Effective Time), the Paying Agent shall mail to each holder of record of a Certificate (i) a form of letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates held by such Mondavi Shareholder shall pass, only upon proper delivery of the Certificates to the Paying Agent and shall be in such form and have such other customary provisions as Constellation may reasonably specify), and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Class A Merger Consideration or the Class B Merger Consideration, as applicable. Upon surrender of a Certificate for cancellation to the Paying Agent or to such other agent or agents as may be appointed by Constellation, together with such letter of transmittal, duly completed and validly executed, and such other documents as may reasonably be required by the Paying Agent, the holder of such Certificate shall be entitled to receive in exchange therefor the amount of cash into which the shares of Mondavi Common Stock formerly represented by the Certificate shall have been converted pursuant to Section 2.1(b), and the Certificate so surrendered shall be cancelled. In the event of a transfer of ownership of Mondavi Common Stock that is not registered in the stock transfer books of Mondavi, the proper amount of cash may be paid in exchange therefor to a person other than the person in whose name the Certificate so surrendered is registered if the Certificate shall be properly endorsed or otherwise be in proper form for transfer and the person requesting such payment shall pay any transfer or other Taxes (as defined in Section 4.11(c)) required by reason of the payment to a person other than the registered holder of the Certificate or establish to the satisfaction of Constellation that the Tax has been paid or is not applicable. No interest shall be paid or shall accrue on the cash payable upon surrender of any Certificate.

(c) STOCK TRANSFER BOOKS. At the close of business on the day on which the Effective Time occurs, the stock transfer books of Mondavi shall be closed, and there shall be no

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further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Mondavi Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation or the Paying Agent for transfer or any other reason, they shall be cancelled and exchanged as provided in this Article II.

(d) NO LIABILITY. None of Constellation, Merger Sub, Mondavi or the Paying Agent shall be liable to any person in respect of any cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. All funds held by the Paying Agent for payment to the holders of unsurrendered Certificates and unclaimed twelve months after the Effective Time shall be returned to Constellation, after which time any holder of unsurrendered Certificates shall look as a general creditor only to Constellation for payment of the funds to which the holder of unsurrendered Certificates may be due, subject to Applicable Laws. If any Certificates shall not have been surrendered prior to seven years after the Effective Time, any such cash, dividends or distributions in respect of such Certificate shall, to the extent permitted by all applicable laws, statutes, orders, rules, regulations, policies or guidelines promulgated, or judgments, decisions or orders entered by any Governmental Authority (as defined in Section 3.3(d)), in each case, to the extent applicable (collectively, "APPLICABLE LAWS"), become the property of Constellation, free and clear of all claims or interest of any person previously entitled thereto.

(e) LOST CERTIFICATES. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming a Certificate to be lost, stolen or destroyed and, if required by Constellation or the Surviving Corporation, the posting by such person of a bond in such reasonable amount as Constellation or the Surviving Corporation may reasonably direct as indemnity against any claim that may be made against it with respect to the Certificate, the Paying Agent shall pay in respect of the lost, stolen or destroyed Certificate the Class A Merger Consideration or the Class B Merger Consideration, as applicable.

(f) NO FURTHER OWNERSHIP RIGHTS IN MONDAVI COMMON STOCK. The Class A Merger Consideration or the Class B Merger Consideration, as applicable, paid in accordance with the terms of this Article II in respect of Certificates that have been surrendered in accordance with the terms of this Agreement shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Mondavi Common Stock represented thereby.

(g) WITHHOLDING RIGHTS. Each of the Surviving Corporation and Constellation shall be entitled to deduct and withhold, or cause the Paying Agent to deduct and withhold, from the consideration otherwise payable pursuant to this Agreement to any Mondavi Shareholders such amounts as it may be required to deduct and withhold with respect to the making of such payment under the Internal Revenue Code of 1986, as amended (the "CODE"), or any provision of state, local or foreign Tax law. To the extent that amounts are so withheld by the Surviving Corporation or Constellation, as the case may be, the withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Mondavi Shareholders in respect of which the deduction and withholding was made by the Surviving Corporation or Constellation, as the case may be.

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2.3. TREATMENT OF STOCK OPTIONS; EMPLOYEE STOCK PURCHASE PLAN.

(a) At the Effective Time, each option to purchase a share of Mondavi Class A Common Stock (a "MONDAVI OPTION") granted under the Mondavi 1993 Non-Employee Director Stock Option Plan and the Mondavi 1993 Equity Incentive Plan that is outstanding immediately prior to the Effective Time shall be cancelled immediately prior to the Effective Time and converted into the right

to receive (whether or not such Mondavi Option is then vested or exercisable), promptly after the Effective Time, an amount in cash (less any applicable withholding taxes and without interest) equal to the product of (i) the excess, if any, of (A) the Class A Merger Consideration over (B) the per share exercise price of Mondavi Class A Common Stock subject to such Mondavi Option and (ii) the number of shares of Mondavi Class A Common Stock subject to such Mondavi Option immediately prior to the Effective Time. In connection therewith, at least five business days prior to the Effective Time, Mondavi shall provide written notice to each holder of a then outstanding Mondavi Option (whether or not such Mondavi Option is then vested or exercisable), that (x) such Mondavi Option shall be, as at the date of such notice, exercisable in full, (y) such Mondavi Option shall terminate at the Effective Time and (z) if such Mondavi Option is not exercised on or before the third business day prior to the Effective Time, such Mondavi Option (to the extent outstanding as of the Effective Time) shall be treated as set forth in the immediately preceding sentence.

(b) Effective as of the Effective Time, all stock units in respect of Mondavi Class A Common Stock or other equity-based awards settled in or the value of which is measured by reference to Mondavi Class A Common Stock (other than the Mondavi Options) (each a "MONDAVI STOCK UNIT AWARD") shall be converted into an obligation to pay cash, with a value equal to the product of (i) the Class A Merger Consideration and (ii) the number of shares of Mondavi Class A Common Stock subject to such Mondavi Stock Unit Award (whether vested or unvested). The obligations in respect of the converted Mondavi Stock Unit Awards shall be payable in accordance with the terms of the agreement, plan or arrangement relating to such Mondavi Stock Unit Awards.

(c) Prior to the Effective Time, Mondavi shall take any and all actions with respect to Mondavi's Employee Stock Purchase Plan (the "ESPP") as are necessary to provide that (i) with respect to the Purchase Period (as defined in the ESPP) in effect as of the date of this Agreement, no employee who is not a participant in the ESPP as of the date hereof may become after the date hereof a participant in the ESPP and no participant in the ESPP may increase the percentage amount of his or her payroll deduction election from that in effect on the date hereof for such Purchase Period; (ii) subject to consummation of the Merger, the ESPP shall terminate, effective immediately before the Effective Time; and (iii) if the Purchase Period (as defined in the ESPP) in effect as of the date of this Agreement terminates prior to the Stock Plan Termination Date (as defined in the following sentence), the ESPP shall be suspended and no new Purchase Period will be commenced under the ESPP prior to the termination of this Agreement. Subject to consummation of the Merger, if such Purchase Period is expected to still be in effect at the Effective Time, then no later than the last day of the payroll period immediately preceding the Effective Time (the "STOCK PLAN TERMINATION DATE"), each purchase right under the ESPP as of the Stock Plan Termination Date shall be automatically exercised by applying the payroll deductions of each participant in the ESPP for such Purchase Period to the purchase of a number of whole shares of Mondavi Class A Common Stock (subject to the

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provisions of Mondavi's ESPP regarding the number of shares purchasable) at a "purchase price" (as such term is used in the ESPP) per share equal to 85% of the Fair Market Value (as defined in the ESPP) of a share of Mondavi Class A Common Stock on the Offering Date (as defined in the ESPP) or on the Stock Plan Termination Date, whichever is lower.

(d) Prior to the Effective Time, Mondavi shall ensure that following the Effective Time no holder of a Mondavi Option or any participant in any Plan or other employee benefit arrangement of Mondavi shall have any right thereunder to acquire or receive any capital stock (including payment of cash in settlement of any unit award, "phantom" stock or stock appreciation rights) of Mondavi or the Surviving Corporation, except as expressly provided in Section 2.3(b) of

this Agreement. Prior to the Effective Time, Mondavi shall deliver to the holders of Mondavi Options, holders of Mondavi Stock Unit Awards and participants in the ESPP appropriate notices, in form and substance reasonably acceptable to Constellation, setting forth such holders' rights pursuant to this Agreement. Prior to the Effective Time, Mondavi shall take any and all actions necessary to effectuate the provisions of Section 2.3, including the adoption of any plan amendments.

2.4. ADJUSTMENTS TO PREVENT DILUTION. In the event that Mondavi changes the number of shares of Mondavi Common Stock, or securities convertible or exchangeable into or exercisable for shares of Mondavi Common Stock, issued and outstanding prior to the Effective Time as a result of a reclassification, stock split (including a reverse stock split), stock dividend or distribution, recapitalization, merger, subdivision, issuer tender or exchange offer, or other similar transaction, the Class A Merger Consideration and the Class B Merger Consideration shall be equitably adjusted to reflect such change.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF CONSTELLATION AND MERGER SUB

In order to induce Mondavi to enter into this Agreement, Constellation and Merger Sub represent and warrant to Mondavi that the statements contained in this Article III are true and correct.

3.1. ORGANIZATION AND STANDING.

(a) Constellation is a corporation duly incorporated, validly existing and in good standing under the laws of the state of Delaware with full corporate power and authority to own, lease, use and operate its properties and to conduct its business as and where now owned, leased, used, operated and conducted.

(b) Merger Sub is a corporation duly incorporated, validly existing and in good standing under the laws of the state of California with full corporate power and authority to own, lease, use and operate its properties and to conduct its business as and where now owned, leased, used, operated and conducted.

3.2. CORPORATE POWER AND AUTHORITY. Each of Constellation and Merger Sub has all requisite corporate power and authority to enter into and deliver this Agreement, to perform its obligations under the Agreement, and to consummate the transactions contemplated

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by this Agreement. The execution, performance and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement by Constellation and Merger Sub have been duly authorized by all necessary corporate action on the part of each of Constellation and Merger Sub. No other corporate proceedings on the part of Constellation or Merger Sub are necessary to authorize or approve this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each of Constellation and Merger Sub, and, assuming the due authorization, execution and delivery by Mondavi, constitutes the legal, valid and binding obligation of each of Merger Sub and Constellation enforceable against each of them in accordance with its terms, except that such enforceability (a) may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors' rights generally and (b) is subject to general principles of equity.

3.3. CONFLICTS; CONSENTS AND APPROVAL. Neither the execution and delivery of this Agreement by Constellation or Merger Sub nor the consummation of the transactions contemplated by this Agreement will:

(a) conflict with, or result in a breach of any provision of Constellation's Restated Certificate of Incorporation, or Constellation's Bylaws, or Merger Sub's Articles of Incorporation or Merger Sub's Bylaws;

(b) violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event that, with the giving of notice, the passage of time or otherwise, would constitute a default) under, or entitle any individual or entity (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Constellation or any of its subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, contract, undertaking, agreement, lease or other instrument or obligation to which Constellation or any of its subsidiaries is a party;

(c) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Constellation or any of its subsidiaries or their respective properties or assets; or

(d) require any action or consent or approval of, or review by, or registration or filing by Constellation or any of its subsidiaries with, any third party or any local, domestic, foreign or multinational court, arbitral tribunal, administrative agency or commission or other governmental or regulatory body, agency, instrumentality or authority (each of the foregoing, a "GOVERNMENTAL AUTHORITY"), other than (i) actions required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (together with the rules and regulations thereunder, the "HSR ACT") and applicable laws, rules and regulations in foreign jurisdictions governing antitrust or merger control matters ("FOREIGN ANTITRUST LAWS"), (ii) compliance with any United States federal and state securities laws and any other applicable takeover laws and (iii) the filing with the California Secretary of State of the Merger Agreement;

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except in the case of clauses (b), (c) and (d) above for any of the foregoing that would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect (as defined in Section 8.3) on Constellation.

3.4. INFORMATION SUPPLIED. None of the information supplied or to be supplied by Constellation or Merger Sub specifically for inclusion or incorporation by reference in the Proxy Statement will, at the date the Proxy Statement is mailed to the Mondavi Shareholders or at the time of the Mondavi Shareholders' Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary, in order to make the statements therein in light of the circumstances under which they are made, not misleading.

3.5. AVAILABLE FUNDS. Constellation and Merger Sub have available to them, or, as of the Effective Time will have available to them, all funds necessary for the payment of the Merger Consideration and all of their obligations under this Agreement which are required to be complied with prior to the Closing.

3.6. MERGER SUB. All of the issued and outstanding capital stock of Merger Sub is, and at the Effective Time will be, owned by Constellation or a direct or indirect wholly-owned Subsidiary of Constellation. Merger Sub has not conducted any business prior to the date hereof and has no, and prior to the Effective Time will have no, assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the Merger and the other transactions contemplated by this Agreement.

REPRESENTATIONS AND WARRANTIES OF MONDAVI

In order to induce Merger Sub and Constellation to enter into this Agreement, except as set forth in the Mondavi Disclosure Schedule as set forth below, Mondavi hereby represents and warrants to Constellation and Merger Sub that the statements contained in this Article IV are true and correct. The section numbers in the Mondavi Disclosure Schedule correspond to the section numbers in this Agreement. Information disclosed in one section of the Mondavi Disclosure Schedule shall not be deemed to be integrated into another section of the Mondavi Disclosure Schedule unless its applicability is readily apparent.

4.1. ORGANIZATION AND STANDING. Mondavi is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California with full corporate power and authority to own, lease, use and operate its properties and to conduct its business as and where now owned, leased, used, operated and conducted. Each of Mondavi's subsidiaries has been duly incorporated or organized as the case may be, and is validly existing, and in good standing under the laws of its jurisdiction of incorporation or organization, as the case may be, with full corporate power (if applicable) and authority to own, lease, use and operate its properties and to conduct its business as and where now owned, leased, used, operated and conducted. Each of Mondavi and its subsidiaries is duly qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the property it owns, leases or operates requires it to so qualify, except where the failure to be so qualified or in good standing in such jurisdiction would not, individually or in the aggregate, have or reasonably

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be expected to have a Material Adverse Effect on Mondavi. Mondavi is not in default in the performance, observance or fulfillment of any provision of the Mondavi Articles or the Mondavi Bylaws. Mondavi has heretofore made available to Constellation complete and correct copies of the Mondavi Articles and the Mondavi Bylaws and the certificates of incorporation and bylaws or similar organizational documents for each of Mondavi's subsidiaries.

4.2. SUBSIDIARIES. Mondavi does not own, directly or indirectly, any equity or other material ownership interest in any material corporation, partnership, joint venture or other entity or enterprise, except for the subsidiaries set forth on Schedule 4.2 of the Mondavi Disclosure Schedule. Except as set forth on Schedule 4.2 of the Mondavi Disclosure Schedule, Mondavi is not subject to any obligation or requirement to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any such entity or any other person. Except as set forth on Schedule 4.2 of the Mondavi Disclosure Schedule, Mondavi owns, directly or indirectly, each of the outstanding shares of capital stock (or other ownership interests having by their terms ordinary voting power to elect a majority of directors or others performing similar functions with respect to such subsidiary) of each of its material subsidiaries. Each of the outstanding shares of capital stock of each of Mondavi's subsidiaries is duly authorized, validly issued, fully paid and nonassessable, and is owned, directly or indirectly, by Mondavi free and clear of all liens, pledges, security interests, claims or other encumbrances, other than as indicated on Schedule 4.2 of the Mondavi Disclosure Schedule. There are no outstanding subscriptions, options, warrants, puts, calls, agreements, understandings, claims or other commitments or rights of any type relating to the issuance, sale or transfer of any securities of any of Mondavi's subsidiaries, nor are there outstanding any securities that are convertible into or exchangeable for any shares of capital stock or other voting securities or ownership interests of any of Mondavi's subsidiaries, other than as indicated on Schedule 4.2 of the Mondavi Disclosure Schedule.

4.3. CORPORATE POWER AND AUTHORITY. Mondavi has all requisite corporate power and authority to enter into and deliver this Agreement, to

perform its obligations under this Agreement, and, subject to approval of this Agreement and the transactions contemplated by this Agreement by the Mondavi Shareholders, to consummate the transactions contemplated by this Agreement. The execution, performance and delivery of this Agreement by Mondavi have been duly authorized by all necessary corporate action on the part of Mondavi, subject to adoption of this Agreement and the transactions contemplated by this Agreement by the Mondavi Shareholders and no other corporate proceedings on the part of Mondavi are necessary to authorize or approve this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Mondavi, and, assuming the due authorization, execution and delivery by Constellation and Merger Sub, constitutes the legal, valid and binding obligation of Mondavi enforceable against it in accordance with its terms, except that such enforceability (a) may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors' rights generally and (b) is subject to general principals of equity.

4.4. CAPITALIZATION OF MONDAVI.

(a) As of the date hereof, Mondavi's authorized capital stock consisted solely of (i) 25,000,000 shares of Mondavi Class A Common Stock, of which (A) 10,816,581 shares are

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issued and outstanding, (B) 1,492,302 shares are reserved for issuance upon the exercise of all outstanding Mondavi Options, (C) 75,689 shares are reserved for issuance upon settlement of Mondavi Stock Unit Awards or other stock based awards, and (D) 5,984,927 shares are reserved for issuance upon the conversion of shares of Mondavi Class B Common Stock; (ii) 12,000,000 shares of Mondavi Class B Common Stock, of which 5,984,927 shares are issued and outstanding, including 214,209 shares of Class B Common Stock owned by Robert Mondavi Properties, Inc., a wholly-owned subsidiary of Mondavi; and (iii) 5,000,000 shares of preferred stock, without par value, of which no shares are issued and outstanding or reserved for future issuance under any agreement, arrangement or understanding. As of the date hereof, there are outstanding Mondavi Options to purchase an aggregate of 1,492,302 shares of Mondavi Class A Common Stock and Mondavi Stock Unit Awards with respect to 75,689 shares of Mondavi Class A Common Stock.

(b) Other than as set forth in Section 4.4(a) of this Agreement, there are no outstanding (i) shares of Mondavi capital stock or Mondavi voting securities, (ii) subscriptions, options, warrants, puts, calls, agreements, understandings, claims or other commitments or rights of any type relating to the issuance, sale, repurchase or transfer of any securities of Mondavi, or (iii) securities or other instruments that are convertible into or exchangeable for any shares of Mondavi capital stock or Mondavi voting securities or the value of which are determined based on the value of Mondavi capital stock, and neither Mondavi nor any of its subsidiaries has any obligation of any kind to issue any additional securities or to pay for, repurchase, redeem or otherwise acquire any securities of Mondavi or any of its subsidiaries or any of their respective predecessors.

(c) None of Mondavi's subsidiaries owns any capital stock of Mondavi, except that Robert Mondavi Properties, Inc. owns 214,209 shares of Mondavi Class B Common Stock. Each outstanding share of Mondavi capital stock is, and each share of Mondavi capital stock that may be issued will be, when issued, duly authorized and validly issued, fully paid and nonassessable, and not subject to any preemptive or similar rights. Section 4.4 to the disclosure schedule delivered by Mondavi to Constellation and dated the date of this Agreement (the "MONDAVI DISCLOSURE SCHEDULE") states the number of shares of Mondavi Class A Common Stock issuable to each holder of Mondavi Options as of the date of this Agreement, including the applicable exercise price and whether the Mondavi Option is intended to qualify as an "incentive stock option" (within the meaning

of Section 422 of the Code). Section 4.4 to the Mondavi Disclosure Schedule accurately sets forth the names of all holders of Mondavi capital stock subject to transfer restrictions, including the number of shares of each class of Mondavi capital stock held by that holder. Neither Mondavi nor any of its subsidiaries has agreed to register any securities under the Securities Act of 1933, as amended (together with the rules and regulations thereunder, the "SECURITIES ACT") or under any state securities law or granted registration rights to any individual or entity.

4.5. CONFLICTS; CONSENTS AND APPROVALS. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will:

(a) conflict with, or result in a breach of any provision of, the Mondavi Articles or the Mondavi Bylaws;

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(b) violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event that, with the giving of notice, the passage of time or otherwise, would constitute a default) under, or entitle any person (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Mondavi or any of its subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, contract, undertaking, agreement, lease or other instrument or obligation to which Mondavi or any of its subsidiaries is a party;

(c) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Mondavi or any of its subsidiaries or any of their respective properties or assets; or

(d) require any action or consent or approval of, or review by, or registration or filing by Mondavi or any of its affiliates with, any third party or any Governmental Authority, other than (i) approval of this Agreement and the transactions contemplated by this Agreement by Mondavi Shareholders, (ii) actions required by the HSR Act and Foreign Antitrust Laws, (iii) registrations or other actions required under United States federal and state securities laws, and (iv) the filing with the California Secretary of State of the Merger Agreement;

other than, in the case of Sections 4.5(b), 4.5(c) and 4.5(d), those exceptions that would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect on Mondavi.

4.6. BROKERAGE AND FINDERS' FEES; EXPENSES. Except for Mondavi's obligations to Citigroup Global Markets Inc. and Evercore Group Inc. (true and complete copies of all agreements relating to such obligations having been previously provided to Constellation), neither Mondavi nor any shareholder, director, officer, employee or affiliate of Mondavi, has incurred or will incur on behalf of Mondavi or its subsidiaries, any brokerage, finders', advisory or similar fee in connection with the transactions contemplated by this Agreement.

4.7. MONDAVI SEC DOCUMENTS.

(a) Mondavi and its subsidiaries have timely filed with the Commission all registration statements, prospectuses, forms, reports, schedules, statements and other documents required to be filed by them since July 1, 2002 under the Securities Exchange Act of 1934, as amended (together with the rules and regulations promulgated thereunder, the "EXCHANGE ACT") or the Securities Act (as supplemented and amended since the time of filing, collectively, the "MONDAVI SEC DOCUMENTS"). The Mondavi SEC Documents, including any financial

statements or schedules included in the Mondavi SEC Documents, at the time filed (and, in the case of registration statements and proxy statements, on the dates of effectiveness and the dates of mailing, respectively, and, in the case of any Mondavi SEC Document amended or superseded by a filing prior to the date of this Agreement, then on the date of such amending or superseding filing) (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the

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circumstances under which they were made, not misleading, and (ii) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be. The financial statements of Mondavi and its subsidiaries included in the Mondavi SEC Documents (i) have been prepared from, and are in accordance with, the books and records of Mondavi and its subsidiaries, (ii) at the time filed (and, in the case of registration statements and proxy statements, on the dates of effectiveness and the dates of mailing, respectively, and, in the case of any Mondavi SEC Document amended or superseded by a filing prior to the date of this Agreement, then on the date of such amending or superseding filing) complied as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the Commission with respect thereto, (iii) were prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto, or, in the case of unaudited statements, as permitted by Form 10-Q of the Commission), and (iv) fairly present (subject, in the case of unaudited statements, to normal, recurring audit adjustments) the consolidated financial position of Mondavi and its consolidated subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows (and changes in financial position, if any) for the periods then ended. None of Mondavi's subsidiaries is subject to the periodic reporting requirements of the Exchange Act or required to file any form, report or other document with the Commission, The Nasdaq National Market, any stock exchange or any other comparable Governmental Authority.

(b) With respect to each Annual Report on Form 10-K and each Quarterly Report on Form 10-Q included in the Mondavi SEC Documents filed since August 29, 2002, the financial statements and other financial information included in such reports fairly present (subject, in the case of unaudited statements, to normal, recurring audit adjustments) in all material respects the financial condition and results of operations of Mondavi as of, and for, the periods presented in the Mondavi SEC Documents. Since August 29, 2002, Mondavi's principal executive officer and its principal financial officer have disclosed to Mondavi's auditors and the audit committee of the Mondavi Board (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Mondavi's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Mondavi's internal control over financial reporting and Mondavi has provided to Constellation copies of any written materials relating to the foregoing. Mondavi has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15 under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to Mondavi, including its consolidated subsidiaries, is made known to Mondavi's principal executive officer and its principal financial officer by others within those entities, particularly during the periods in which the periodic reports required under the Exchange Act are being prepared; and, to the knowledge of Mondavi, such disclosure controls and procedures are effective in timely alerting Mondavi's principal executive officer and its principal financial officer to material information required to be included in Mondavi's periodic reports required under the Exchange Act. There are no outstanding loans made by Mondavi or any of its subsidiaries to any executive officer (as defined in Rule 3b-7 under the Exchange Act) or director

of Mondavi. Since the enactment of the Sarbanes-Oxley Act of 2002, neither Mondavi nor any of its subsidiaries has made any loans to

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any executive officer (as defined in Rule 3b-7 under the Exchange Act) or director of Mondavi or any of its subsidiaries.

4.8. UNDISCLOSED LIABILITIES. Except (a) as and to the extent disclosed or reserved against on the balance sheet of Mondavi as of June 30, 2004 included in the Mondavi SEC Documents, or (b) as incurred after the date thereof in the ordinary course of business consistent with prior practice and not prohibited by this Agreement, neither Mondavi nor any of its subsidiaries has any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that would be required by GAAP to be reflected on a consolidated balance sheet of Mondavi and its subsidiaries (or disclosed in the notes thereto).

4.9. INFORMATION SUPPLIED. At the date the Proxy Statement is mailed to the Mondavi Shareholders and at the time of the Mondavi Shareholders' Meeting, the Proxy Statement will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary, in order to make the statements therein in light of the circumstances under which they are made, not misleading. The representation contained in the immediately preceding sentence will not apply to statements or omissions included in the Proxy Statement based upon information furnished to Mondavi by Constellation or Merger Sub specifically for use therein. The Proxy Statement will comply as to form in all material respects with the provisions of the Exchange Act.

4.10. ABSENCE OF CERTAIN CHANGES OR EVENTS. Since June 30, 2004, (a) except as disclosed in the Mondavi SEC Documents filed prior to the date hereof (other than in the risk factors or forward-looking statements), there has not been any Material Adverse Effect on Mondavi or any event, change, effect or development that would, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect on Mondavi, (b) except as disclosed in the Mondavi SEC Documents filed prior to the date hereof (other than in the risk factors or forward-looking statements) the business of Mondavi and its subsidiaries has been conducted in the ordinary course consistent with past practice and (c) neither Mondavi nor any of its subsidiaries has taken any of the actions described in Section 5.3(a)(ii), (ix), (x), (xi), (xiii), (xiv), (xvi) or (xviii).

4.11. TAXES.

(a) Mondavi and each of its subsidiaries has filed all Tax Returns that are material and required to be filed by it. All such material Tax Returns were true, correct and complete in all material respects. Mondavi and each of its subsidiaries has paid or caused to be paid all material Taxes in respect of the periods covered by such material Tax Returns shown as due and payable on such material Tax Returns. Each of Mondavi and its subsidiaries has timely withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor, independent contractor, shareholder or other third party. Neither Mondavi nor any of its subsidiaries (i) has been a member of a group filing consolidated returns for federal income Tax purposes (except for the group of which Mondavi is the common parent), (ii) has any liability for the Taxes of any person (other than Mondavi and its subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferor or successor, by contract or otherwise, or (iii) is a party to a Tax

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sharing or Tax indemnity agreement or any other agreement of a similar nature involving a material amount of Taxes that remains in effect. Neither Mondavi nor any of its subsidiaries has constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (i) in the two (2) years prior to the date of this Agreement (or will constitute such a corporation in the two (2) years prior to the Closing Date) or (ii) in a distribution that otherwise constitutes part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the Merger.

(b) "TAX RETURNS" means returns, reports and forms required to be filed with any Governmental Authority of the United States or any other jurisdiction responsible for the imposition or collection of Taxes.

(c) "TAXES" means (i) all taxes (whether United States federal, state or local or foreign) based upon or measured by income and any other tax whatsoever, including gross receipts, profits, sales, use, occupation, value added, AD VALOREM, transfer, franchise, withholding, payroll, employment, excise, or property taxes, together with any interest or penalties imposed with respect thereto and (ii) any obligations under any agreements or arrangements with respect to any taxes described in clause (i) above.

4.12. INTELLECTUAL PROPERTY.

(a) For purposes of this Agreement, (i) "INTELLECTUAL PROPERTY RIGHT" means any trademark, service mark, trade name, mask work, invention, patent, trade secret, copyright, know-how or proprietary information contained on any website, processes, formulae, products, technologies, discoveries, apparatus, Internet domain names, trade dress and general intangibles of like nature (together with goodwill), customer lists, confidential information, licenses, software, databases and compilations including any and all collections of data and all documentation thereof (including any registrations or applications for registration of any of the foregoing) or any other similar type of proprietary intellectual property right, and (ii) "MONDAVI INTELLECTUAL PROPERTY RIGHT" means all Intellectual Property Rights owned or licensed by Mondavi or any of its subsidiaries as of the date hereof that are used or held for use by Mondavi or any of its subsidiaries.

(b) Mondavi and its subsidiaries own, or are validly licensed or otherwise have the right to use, all Intellectual Property Rights used in the conduct of their businesses, except where the failure to own or possess valid rights to such Intellectual Property Rights would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect on Mondavi. No Mondavi Intellectual Property Right is subject to any outstanding judgment, injunction, order, decree or agreement restricting the use thereof by Mondavi or any of its subsidiaries or restricting the licensing thereof by Mondavi or any of its subsidiaries to any Person (as defined in Section 5.3(b)(i)), except for any judgment, injunction, order, decree or agreement which would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect on Mondavi. Neither Mondavi nor any of its subsidiaries is infringing on any other Person's Intellectual Property Rights and to the knowledge of Mondavi no Person is infringing on any Mondavi Intellectual Property Rights, except, in either case, as would not, individually or in the aggregate, have or reasonably be expected to have a Material

Adverse Effect on Mondavi. Except for such matters as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect on Mondavi, (i) neither Mondavi nor any of its subsidiaries is a defendant in any action, suit, investigation or proceeding relating to, or

otherwise was notified of, any claim alleging infringement of any Intellectual Property Right and (ii) Mondavi and its subsidiaries have no claim or suit pending for any continuing infringement by any other Person of any Mondavi Intellectual Property Rights.

(c) None of the past or present employees, officers, directors or shareholders of Mondavi has any ownership rights in any of the Mondavi Intellectual Property Rights.

4.13. EMPLOYEE BENEFIT PLANS.

(a) Section 4.13(a) of the Mondavi Disclosure Schedule sets forth a true and complete list of each material employee or director benefit plan, arrangement or agreement, whether or not written, including without limitation any employee welfare benefit plan within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), any employee pension benefit plan within the meaning of Section 3(2) of ERISA (whether or not such plan is subject to ERISA) and any material bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, employment, change of control or fringe benefit plan, program or agreement (the "MONDAVI BENEFIT PLANS") that is or has been sponsored, maintained or contributed to by Mondavi or any of its subsidiaries or by any trade or business, whether or not incorporated (an "ERISA AFFILIATE"), all of which together with Mondavi would be deemed a "single employer" within the meaning of Section 4001 of ERISA.

(b) Mondavi has heretofore made available to Constellation true and complete copies of each of the Mondavi Benefit Plans and certain related documents, including, but not limited to, (i) each writing constituting a part of such Mondavi Benefit Plan, including all amendments thereto; (ii) the most recent Annual Report (Form 5500 Series) and accompanying schedules, if any; and (iii) the most recent determination letter from the IRS (if applicable) for such Mondavi Benefit Plan.

(c) Except as would not reasonably be expected to have a Material Adverse Effect, (i) each of the Mondavi Benefit Plans has been operated and administered in all material respects with applicable laws, including, but not limited to, ERISA, the Code and in each case the regulations thereunder; (ii) each of the Mondavi Benefit Plans intended to be "qualified" within the meaning of Section 401(a) of the Code is so qualified, and there are no existing circumstances or any events that have occurred that could reasonably be expected to adversely affect the qualified status of any such plan; (iii) no Mondavi Benefit Plan is subject to Title IV or Section 302 of ERISA or Section 412 or 4971 of the Code; (iv) no Mondavi Benefit Plan provides benefits, including, without limitation, death or medical benefits (whether or not insured), with respect to current or former employees or directors of Mondavi or its subsidiaries beyond their retirement or other termination of service, other than (A) coverage mandated by applicable law or (B) death benefits or retirement benefits under any "employee pension plan" (as such term is defined in Section 3(2) of ERISA); (v) no liability under Title IV of ERISA has been incurred by Mondavi, its subsidiaries or any of their respective ERISA Affiliates that has not been satisfied in full, and no condition exists that presents a risk to Mondavi, its subsidiaries

or any ERISA Affiliate of incurring a liability thereunder; (vi) no Mondavi Benefit Plan is a "multiemployer pension plan" (as such term is defined in Section 3(37) of ERISA) or a plan that has two or more contributing sponsors at least two of whom are not under common control, within the meaning of Section 4063 of ERISA; (vii) all contributions or other amounts payable by Mondavi or its subsidiaries as of the Effective Time pursuant to each Mondavi Benefit Plan in respect of current or prior plan years have been timely paid or accrued in accordance with GAAP; (viii) neither Mondavi nor its subsidiaries has engaged in

a transaction in connection with which Mondavi or its subsidiaries could be subject to either a civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a tax imposed pursuant to Section 4975 or 4976 of the Code; and (ix) there are no pending, or to the knowledge of Mondavi, threatened or anticipated claims (other than routine claims for benefits) by, on behalf of or against any of the Mondavi Benefit Plans or any trusts related thereto plan.

(d) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby (either alone or in conjunction with any other event) will (i) result in any material payment (including, without limitation, severance, unemployment compensation, "excess parachute payment" (within the meaning of Section 280G of the Code), forgiveness of indebtedness or otherwise) becoming due to any current or former director or any employee of Mondavi or any of its subsidiaries from Mondavi or any of its subsidiaries under any Mondavi Benefit Plan or otherwise, (ii) materially increase any benefits otherwise payable under any Mondavi Benefit Plan or (iii) result in any acceleration of the time of payment, funding or vesting of any such benefits.

4.14. ENVIRONMENTAL MATTERS. Except for such matters as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect on Mondavi: (a) the properties, operations and activities of Mondavi and its subsidiaries are in compliance with all applicable Environmental Laws (as defined below) and Environmental Permits (as defined below); (b) Mondavi and its subsidiaries and the properties and operations of Mondavi and its subsidiaries are not subject to any existing, or, to the knowledge of Mondavi, threatened, suit, claim, action, proceeding, hearing, notice of violation, demand letter or investigation ("ACTION") by or before any Governmental Authority under any Environmental Laws; and (c) there has been no release of any Hazardous Material (as defined below) into the environment by Mondavi or its subsidiaries or in connection with their current or former properties or operations. "ENVIRONMENTAL LAWS" means all applicable United States federal, state or local or foreign laws as in effect on or prior to the Closing Date relating to pollution or protection of human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata), including laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, or industrial, toxic or hazardous substances or wastes (collectively, "HAZARDOUS MATERIALS") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, injunctions, judgments, licenses, orders, permits or regulations issued, entered, promulgated or approved thereunder on or prior to the Closing Date. "ENVIRONMENTAL PERMIT" means any permit, approval, grant, consent, exemption, certificate, order, easement, variance, franchise, license or other authorization required under or issued pursuant to any applicable Environmental Laws.

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4.15. COMPLIANCE WITH APPLICABLE LAWS; REGULATORY MATTERS. Mondavi and its subsidiaries hold all permits, licenses, certificates, franchises, registrations, variances, exemptions, orders and approvals of all Governmental Authorities which are material to the operation of their businesses, taken as a whole (the "MONDAVI PERMITS"). Mondavi and its subsidiaries are in compliance with the terms of the Mondavi Permits, except where the failure so to comply, individually or in the aggregate, would not have or reasonably be expected to have a Material Adverse Effect on Mondavi. The businesses of Mondavi and its subsidiaries are not being and have not been conducted in violation of any law, ordinance, regulation, judgment, decree, injunction, rule or order of any Governmental Authority, except for violations which, individually or in the aggregate, would not have or reasonably be expected to have a Material Adverse Effect on Mondavi. As of the date of this Agreement, no investigation by any Governmental Authority with respect to Mondavi or any of its subsidiaries is pending or, to the knowledge of Mondavi, threatened, other than investigations

which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Mondavi.

4.16. LITIGATION. There is no Action pending or, to the knowledge of Mondavi, threatened, against or affecting (a) Mondavi or any of its subsidiaries or (b) any present or former officer, director or employee of Mondavi or its subsidiaries, in their capacity as a present or former officer, director or employee of Mondavi or its subsidiaries or otherwise such that Mondavi or any of its subsidiaries would reasonably be expected to be liable (whether by virtue of indemnification or otherwise), in an amount that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on Mondavi, nor is there any judgment, award, decree, injunction, rule or order of any Governmental Authority or arbitrator outstanding against Mondavi or any of its subsidiaries or by which any property, asset or operation of Mondavi or any of its subsidiaries is bound or affected, which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on Mondavi.

4.17. REAL PROPERTY. Each of Mondavi and its subsidiaries has good and valid title to the real property owned by it, and valid and subsisting leasehold estates in the real property leased by it, in each case subject to no lien or encumbrance, except Permitted Liens. "PERMITTED LIENS" means (a) liens and encumbrances contained in the Mondavi SEC Reports (including the notes thereto), (b) liens and encumbrances consisting of zoning or planning restrictions, easements, permits and other restrictions or limitations on the use of real property or irregularities in title thereto that do not materially detract from the value of, or materially impair the use of, such property by Mondavi or any of its subsidiaries in the operation of their respective business, (c) liens and encumbrances of carriers, warehousemen, mechanics, suppliers, materialmen or repairmen arising in the ordinary course of business, (d) interests of the lessor to any leased property or (e) liens and encumbrances that would not reasonably be expected to have a Material Adverse Effect on Mondavi.

4.18. INVENTORY AND EQUIPMENT. Except as would not reasonably be expected to have a Material Adverse Effect on Mondavi, (a) all of the inventory of Mondavi and its subsidiaries has been produced and packaged in all material respects in accordance with all applicable laws, regulations and orders, and (b) all of Mondavi's and its subsidiaries' vehicles, machinery and equipment necessary for the operation of their businesses have been maintained in the ordinary course of business and are in operable condition (normal wear and tear excepted).

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4.19. OPINIONS OF FINANCIAL ADVISOR. The Mondavi Board has received (a) the written opinion of Citigroup Global Markets Inc., Mondavi's financial advisor, dated as of the date of this Agreement, to the effect that, as of the date of this Agreement, the Class A Merger Consideration to be received by the Mondavi Class A Shareholders pursuant to this Agreement is fair to the Mondavi Class A Shareholders from a financial point of view, and (b) the written opinion of Evercore Group Inc., Mondavi's financial advisor, dated as of the date of this Agreement, to the effect that, as of the date of this Agreement, the Class B Merger Consideration to be received by the Mondavi Class B Shareholders pursuant to this Agreement is fair to the Mondavi Class B Shareholders from a financial point of view. Mondavi shall provide complete and correct signed copies of such opinions to Constellation as soon as practicable after the date of this Agreement, and such opinions have not been withdrawn or revoked or otherwise modified in any material respect. Mondavi has received the consent of Citigroup Global Markets Inc. and Evercore Group Inc. to include such written opinions in the Proxy Statement.

4.20. BOARD RECOMMENDATION; REQUIRED VOTE. The Mondavi Board, at a meeting duly called and held, has, by the vote of all directors present other than Timothy J. Mondavi and Marcia Mondavi Borger, each of whom abstained, (a)

determined that this Agreement and the transactions contemplated hereby, including the Merger, are just and reasonable to the Mondavi Shareholders and that the consideration to be received by the Mondavi Shareholders pursuant to the Merger is fair to the Mondavi Shareholders from a financial point of view; (b) declared advisable and in all respects approved and adopted this Agreement and the transactions contemplated by this Agreement, including the Merger; and (c) resolved to recommend that the Mondavi Shareholders approve and adopt this Agreement and the Merger (the "MONDAVI BOARD RECOMMENDATION"), PROVIDED that any withdrawal, modification or qualification of such recommendation in accordance with Section 1.6(c) shall not be deemed a breach of this representation. The Mondavi Board has also withdrawn its recommendation that shareholders of Mondavi approve the Agreement and Plan of Merger, dated August 20, 2004, by and among Mondavi and The Robert Mondavi Corporation, a Delaware corporation; has caused Mondavi to consent to termination by Mondavi of that certain Voting Agreement, dated August 20, 2004, by and among Mondavi and Robert G. Mondavi, R. Michael Mondavi, Timothy J. Mondavi and Marcia Mondavi Borger (the "VOTING AGREEMENT"); has authorized the shareholders party to the Voting Agreement to enter into the Support Agreement; and has caused Mondavi to consent to the transfer, pursuant to the terms of this Agreement, of shares held by the holders of shares of Mondavi Class B Common Stock who are subject to the Voting Agreement. Approval of this Agreement and the Merger by (x) the affirmative vote of holders of a majority of the outstanding shares of Mondavi Class A Common Stock (without counting the shares of Mondavi Class A Common Stock held of record by holders of the Mondavi Class B Common Stock), voting together as a single class, and (y) the affirmative vote of holders of a majority of the outstanding shares of Mondavi Class B Common Stock, voting together as a single class are the only votes of the holders of any class or series of capital stock of Mondavi necessary to adopt this Agreement and approve the transactions contemplated by this Agreement, including the Merger.

4.21. STATE TAKEOVER STATUTES. No "fair price," "moratorium," "control share acquisition" or other similar anti-takeover statute is applicable to the Merger.

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ARTICLE V

COVENANTS OF THE PARTIES

The parties hereto agree that:

5.1. MUTUAL COVENANTS.

(a) REASONABLE BEST EFFORTS. Subject to the terms and conditions of this Agreement, Mondavi and Constellation will use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under this Agreement or Applicable Law to consummate the transactions contemplated by this Agreement, including the Merger, as soon as practicable, including (i) preparing and filing as promptly as practicable all documentation to effect all necessary applications, notices, petitions, filings and other documents and to obtain as promptly as practicable all consents, waivers, licenses, orders, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any Governmental Authority in order to consummate the Merger or any of the other transactions contemplated by this Agreement and (ii) taking reasonable steps as may be necessary to obtain all such consents, waivers, licenses, registrations, permits, authorizations, orders and approvals. Without limiting the generality of the foregoing, each of Mondavi and Constellation agrees to make all necessary filings in connection with any approvals, filings consents, orders or waiting periods of any Governmental Authority which, if not obtained in connection with the consummation of the transactions contemplated hereby, would reasonably be expected to have a Material Adverse Effect on Mondavi or Constellation ("APPROVALS") as promptly as practicable after the date of this Agreement, and

to use its reasonable efforts to furnish or cause to be furnished, as promptly as practicable, all information and documents requested with respect to such Approvals and shall otherwise cooperate with the applicable Governmental Authorities in order to obtain any Approvals in as expeditious a manner as possible. Each of Mondavi and Constellation shall use its reasonable efforts to resolve such objections, if any, as any Governmental Authority may assert with respect to this Agreement and the transactions contemplated hereby in connection with the Approvals. In the event that a suit is instituted by a Person or Governmental Authority challenging this Agreement and the transactions contemplated hereby as violative of applicable antitrust or competition laws, each of Mondavi and Constellation shall use its reasonable efforts to resist or resolve such suit. Mondavi and Constellation each shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers and shareholders and such other matters as may reasonably be necessary or advisable in connection with any statement, filing, request, notice or application made by or on behalf of Mondavi, Constellation or any of their respective subsidiaries to any third party and/or any Governmental Authority in connection with the Merger or the other transactions contemplated by this Agreement.

(b) HSR ACT.

(i) Mondavi and Constellation shall, promptly after the execution and delivery of this Agreement, file with the Federal Trade Commission and the Department of Justice the notification required to be filed with respect to the transactions provided in this Agreement under the HSR Act (and request early termination of the waiting period) and shall file

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promptly with the appropriate Governmental Authorities all notifications required under applicable Foreign Antitrust Laws. Each of Constellation and Mondavi shall, in connection therewith, cooperate as necessary to promptly amend such filings or supply additional information and documentary material as may be requested pursuant to the HSR Act or Foreign Antitrust Laws.

(ii) Each party hereto, through outside counsel, will (A) promptly notify every other party hereto of any written communication to that party from any Governmental Authority concerning this Agreement or the transactions contemplated hereby and, if practicable, permit each other party's counsel to review in advance any proposed written communication to any such Governmental Authority concerning this Agreement or the transactions contemplated hereby and incorporate each other party's reasonable comments; (B) not agree to participate in any substantive meeting or discussion with any such Governmental Authority in respect of any filing, investigation or inquiry concerning this Agreement or the transactions contemplated hereby unless it consults with each other party's counsel in advance, and, to the extent permitted by such Governmental Authority, gives each other party the opportunity to attend and (C) furnish to each other party's counsel copies of all correspondence, filings, and written communications between them and their respective representatives on the one hand, and any such Governmental Authority or its respective staff on the other hand, with respect to this Agreement or the transactions contemplated hereby.

(iii) Notwithstanding anything to the contrary contained in this Agreement, Constellation shall not be required to agree, and Mondavi shall not agree without Constellation's prior written consent, to waive any substantial rights or to accept any substantial limitation on its operations or to dispose of any significant assets in connection with obtaining any consent or authorization under the HSR Act or under Foreign Antitrust Laws unless such waiver, limitation or disposition would not reasonably be expected to have a Material Adverse Effect on Constellation or Mondavi, PROVIDED, HOWEVER, that at Constellation's written request, Mondavi shall agree to any such waiver, limitation or disposal, which agreement may, at Mondavi's option, be conditioned upon and effective only as of the Effective Time.

(c) PUBLIC ANNOUNCEMENTS. Constellation and Mondavi will consult with each other before issuing any press release or making any public statement with respect to this Agreement or the transactions contemplated hereby and, except as may be required by Applicable Law or any listing agreement with any national securities exchange, will not issue any such press release or make any such public statement prior to such consultation.

(d) TAXES.

(i) Mondavi and Constellation shall cooperate in the preparation, execution and filing of all Tax Returns, questionnaires, applications or other documents regarding any real property transfer or gains, sales, use, transfer, value added, stock transfer and stamp taxes, any transfer, recording, registration and other fees, and any similar Taxes that become payable in connection with the transactions contemplated by this Agreement that are required or permitted to be filed on or before the Effective Time.

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(ii) Mondavi agrees to cooperate with Constellation with regard to tax planning in connection with any shares of Mondavi Common Stock held by a wholly-owned subsidiary of Mondavi.

(e) NOTICE OF CERTAIN EVENTS. Each of the Mondavi and Constellation shall promptly notify the other of:

(i) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(ii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iii) any actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting Mondavi, Constellation or any of their respective subsidiaries that relate to the consummation of the transactions contemplated by this Agreement, including the Merger.

5.2. COVENANTS OF CONSTELLATION.

(a) INDEMNIFICATION; DIRECTORS' AND OFFICERS' INSURANCE.

(i) For six years from and after the Effective Time, to the fullest extent permitted by Applicable Law, Constellation shall cause the Surviving Corporation to indemnify and hold harmless the present and former officers and directors of Mondavi in respect of acts or omissions occurring prior to the Effective Time (including acts or omissions in connection with this Agreement and the consummation of the transactions contemplated hereby) to the extent required under the Mondavi Articles or the Mondavi Bylaws; and

(ii) Constellation shall cause the Surviving Corporation or Constellation to obtain and maintain in effect, for a period of six years after the Effective Time, policies of directors' and officers' liability insurance on behalf of the former officers and directors of Mondavi currently covered by Mondavi's directors' and officers' liability insurance policy with respect to acts or omissions occurring prior to the Effective Time (including acts or omissions in connection with this Agreement and the consummation of the transactions contemplated hereby) with substantially the same coverage and containing substantially similar terms and conditions as existing policies; PROVIDED, HOWEVER, that if the

aggregate annual premiums for such insurance at any time during such period shall exceed 150% of the per annum rate of premium paid by Mondavi and its subsidiaries as of the date hereof for such insurance, then Constellation shall or shall cause its subsidiaries to, provide only such coverage as shall then be available at an annual premium equal to 150% of such rate.

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(b) EMPLOYEES AND EMPLOYEE BENEFITS.

(i) Constellation will cause the Surviving Corporation to honor the accrued and vested obligations of Mondavi and any of its subsidiaries as of the Effective Time under the provisions of all Mondavi Benefit Plans and employment agreements to which Mondavi is a party, PROVIDED that this provision shall not prevent the Surviving Corporation from amending, suspending or terminating any such Mondavi Benefit Plans or employment agreements to the extent permitted by the applicable terms of such Plan or employment agreement.

(ii) Constellation expects to provide Mondavi Employees with health and welfare benefits that are no less favorable in the aggregate than the health and welfare benefits currently provided by Constellation to its similarly situated employees. Until Mondavi Employees are transferred to such Constellation-based program (such Mondavi Employees, until such transfer, "NON-TRANSFERRED EMPLOYEES"), Constellation will provide Non-Transferred Employees with health and welfare benefits that are no less favorable in the aggregate to the health and welfare benefits currently provided by Mondavi to such Mondavi Employees. For purposes of this Section 5.2(b), "MONDAVI EMPLOYEES" means individuals who are, as of the Effective Time, employees of Mondavi not subject to collective bargaining agreements and who following the Effective Time continue such employment with Mondavi, Constellation or their respective subsidiaries. Constellation will also take the action described on Schedule 5.2(b) (ii).

5.3. COVENANTS OF MONDAVI.

(a) CONDUCT OF MONDAVI'S OPERATIONS. From the date hereof until the Effective Time, Mondavi shall and shall cause each of its subsidiaries to conduct its business and operate its properties in the ordinary course of business consistent with past practice and Mondavi shall and shall cause each of its subsidiaries to use its reasonable best efforts to preserve intact its business organization and relationships with third parties and to keep available the services of its present officers and employees. Without limiting the generality of the foregoing, except with the prior written consent of Constellation or as contemplated by this Agreement or as set forth in the Mondavi Disclosure Schedule, from the date hereof until the Effective Time Mondavi shall not:

(i) do or effect any of the following actions with respect to its securities or the securities of its subsidiaries: (A) adjust, split, combine or reclassify Mondavi capital stock or that of its subsidiaries, (B) make, declare or pay any dividend or distribution on (other than dividends or distributions paid in cash by a direct or indirect wholly-owned subsidiary of Mondavi to its parent), or, directly or indirectly, redeem, purchase or otherwise acquire, any shares of Mondavi capital stock or that of its subsidiaries or any securities or obligations convertible into or exchangeable for any shares of Mondavi capital stock or that of its subsidiaries, (C) grant any person any right or option to acquire or receive any shares of Mondavi capital stock or that of its subsidiaries or any other equity-based compensation award in respect of, or the value of which is measured by reference to, shares of Mondavi capital stock or that of its subsidiaries, (D) issue, deliver, sell, pledge or encumber or agree to issue, deliver, sell, pledge or encumber any shares of Mondavi capital stock or any securities or obligations

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convertible into or exchangeable or exercisable for any shares of Mondavi capital stock or such securities (except (1) pursuant to the exercise of Mondavi Options that are outstanding as of the date of this Agreement in accordance with the existing terms of such Mondavi Options or of this Agreement, (2) the vesting of any restricted stock or restricted stock units outstanding as of the date of this Agreement or (3) issuances of shares of Mondavi Class A Common Stock under the ESPP) or the capital stock or such securities of its subsidiaries, or (E) enter into any agreement, understanding or arrangement with respect to the sale, voting, registration or repurchase of Mondavi capital stock or that of its subsidiaries;

(ii) directly or indirectly, sell, transfer, lease, pledge, mortgage, encumber or otherwise dispose of any of its property or assets (including stock or other ownership interests of its subsidiaries) other than in the ordinary course of business consistent with past practice or as required prior to the Effective Time under Mondavi's existing joint venture agreements; PROVIDED, HOWEVER, if any required transaction involving one of Mondavi's existing joint venture shall involve any discretionary or negotiated terms, Constellation shall have the right to participate in such negotiations and to approve such terms;

(iii) make or propose any changes in the Mondavi Articles or the Mondavi Bylaws or the organizational documents of any subsidiary;

(iv) merge or consolidate with any other person or adopt or consummate a plan of complete or partial liquidation, dissolution, recapitalization or other reorganization;

(v) acquire a material amount of assets or capital stock of any other person;

(vi) other than refinancing (as a result of the expiration of waivers) of existing debt pursuant to financing commitments or agreements currently in place or other arrangements reasonably acceptable to Constellation, incur, create, assume or otherwise become liable for any indebtedness for borrowed money or assume, guarantee, endorse or otherwise become responsible or liable for the obligations of any other individual, corporation or other entity (not including direct or indirect wholly-owned subsidiaries of Mondavi);

(vii) create any subsidiaries or alter through merger, liquidation, reorganization, restructuring or in any other fashion the corporate structure or ownership of any of its existing subsidiaries;

(viii) except as required by Applicable Law or by the terms of any collective bargaining agreement or Plan currently in effect, (A) increase the amount of compensation of, or pay any severance to, any director, officer, employee or consultant of Mondavi or any of its subsidiaries (except for regularly scheduled annual increases in base salary to employees who are not directors, officers or employees earning in excess of \$100,000 per year (base salary), consistent with past practice, or severance in

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accordance with existing agreements), (B) make any increase in or commit to increase any employee benefits, (C) grant any additional Mondavi Options, Mondavi Stock Unit Awards or other equity based awards, (D) adopt, enter

into or amend, make any commitment to adopt, enter into or amend, or take any action to clarify any provision of, any Plan (or any new arrangement that would be considered a Plan), (E) fund or make any contribution to any Plan or any related trust or other funding vehicle, other than regularly scheduled contributions to trusts funding qualified plans, or (F) adopt, enter into or amend any collective bargaining agreement or other arrangement relating to union or organized employees;

(ix) change any method or principle of Tax or financial accounting, except to the extent required by GAAP as advised by Mondavi's regular independent accountants;

(x) renew or enter into any noncompete, exclusivity or similar agreement that would restrict or limit, in any material respect, the operations of Mondavi or its subsidiaries, or, after the Effective Time, Constellation or its subsidiaries;

(xi) settle or compromise any material Actions, whether now pending or hereafter made or brought, or waive, release or assign any material rights or claims;

(xii) (A) enter into any material contract, or (B) modify, amend or terminate, or waive, release or assign any material rights or claims with respect to, any material contract;

(xiii) renew, enter into, amend or waive any material right under any contract with, or loan to, (A) any director or officer of Mondavi or (B) any "associates" or members of the "immediate family" (as such terms are respectively defined in Rule 12b-2 and Rule 16a-1 of the Exchange Act) of any director or officer of Mondavi (each such Person described in clauses (A) or (B) above, a "RELATED PARTY");

(xiv) make any material payment, reimbursement, refund or other fund transfer to any Related Party, other than payments made in the ordinary course of business consistent with past practice pursuant to written agreements in existence on the date hereof;

(xv) incur or commit to any capital expenditures in excess of \$2 million individually or \$15 million in the aggregate;

(xvi) initiate any new product promotions, product discounts or other material price changes, other than in the ordinary course of business, consistent with past practice and in any event consistent with the page labeled "FY05 Budgeted Promotion Expenses Per Case" previously delivered to Constellation;

(xvii) take any action that would reasonably be expected to result in any representation or warranty of Mondavi set forth in Article IV becoming not true or not accurate in any respect;

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(xviii) make, revoke or amend any material Tax election, enter into any material closing agreement, settle or compromise any material claim or assessment with respect to Taxes, agree to any material adjustment of any Tax attribute, file any claim for a material refund of Taxes, execute or consent to any waivers extending the statutory period of limitations with respect to the collection or assessment of any Taxes if such action would have the effect of increasing the Tax liability or reducing any Tax asset of Mondavi or any of its subsidiaries or file any material amended Tax Returns;

(xix) permit or cause any of its subsidiaries to do any of the foregoing or agree or commit to do any of the foregoing (it being

understood that for purposes of clauses (vi) and (xv) of this Section 5.3(a), the aggregate dollar thresholds referred to therein shall be aggregate thresholds for conduct by Mondavi and its subsidiaries taken as a whole); or

(xx) agree in writing or otherwise to take any of the foregoing actions.

(b) ACQUISITION PROPOSALS.

(i) Mondavi agrees that neither it nor any of its subsidiaries nor any of the officers or directors of it or its subsidiaries shall, and that it shall cause its and its subsidiaries' employees, agents and representatives (including any investment banker, attorney or accountant ("REPRESENTATIVES") retained by it or any of its subsidiaries) not to, directly or indirectly, (A) initiate, solicit, encourage or facilitate any inquiries with respect to, or the making of, an Acquisition Proposal, (B) engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, Governmental Authority or other entity of any kind or nature (each, a "PERSON") relating to an Acquisition Proposal, or otherwise encourage or facilitate any effort or attempt to make or implement an Acquisition Proposal, (C) approve or recommend or propose publicly to approve or recommend, any Acquisition Proposal or (D) approve or recommend, or propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement relating to any Acquisition Proposal or propose publicly or agree to do any of the foregoing relating to any Acquisition Proposal.

(ii) Notwithstanding anything in this Agreement to the contrary, nothing contained in this Agreement shall prevent Mondavi or the Mondavi Board from complying with its disclosure obligations under Sections 14d-9 and 14e-2 of the Exchange Act with regard to an Acquisition Proposal; PROVIDED, HOWEVER, that if such disclosure has the effect of withdrawing, modifying or qualifying the approval of this Agreement by the Mondavi Board or the Mondavi Board Recommendation in a manner adverse to Constellation or the approval of this Agreement by the Mondavi Board, Constellation shall have the right to terminate this Agreement as set forth in Section 7.4(a) of this Agreement.

(iii) Notwithstanding anything in this Agreement to the contrary, nothing contained in this Agreement shall prevent Mondavi or the Mondavi Board from at any time prior to, but not after, the time this Agreement and the Merger are approved by the Mondavi

Shareholders at the Mondavi Shareholders' Meeting, (A) providing information in response to a request therefor by, or engaging in any negotiations or discussions with, a Person who has made an unsolicited bona fide written Acquisition Proposal that is not made in violation of Section 5.3(b) (i) if the Mondavi Board receives from such Person an executed confidentiality agreement on customary terms; or (B) recommending such an unsolicited bona fide written Acquisition Proposal to the Mondavi Shareholders, if and only to the extent that, (1) in each such case referred to in clause (A) or (B) above, the Mondavi Board determines in good faith after consultation with outside legal counsel that such action is necessary in order for its directors to comply with their respective fiduciary duties under Applicable Law, (2) in the case of clause (A) above, the Mondavi Board determines in good faith after consultation with outside legal counsel and outside financial advisors that it is likely that such Acquisition Proposal would constitute a Superior Proposal; and (3) in the case of clause (B) above, the Mondavi Board determines in good faith that such Acquisition Proposal (in the form, other than immaterial changes, that was the subject of the Superior Proposal Notice, as defined below) constitutes a

Superior Proposal and Constellation shall have received written notice (the "SUPERIOR PROPOSAL NOTICE") of Mondavi's intention to take the action referred to in clause (B) at least four business days prior to the taking of such action by Mondavi (the "WAITING PERIOD"); PROVIDED, HOWEVER, that the Mondavi Board continues to believe, after taking into account any modifications to the terms of the transaction contemplated by this Agreement that are proposed by Constellation after its receipt of the Superior Proposal Notice (with respect to which modifications Mondavi and Constellation shall endeavor to negotiate in good faith), that such Acquisition Proposal constitutes a Superior Proposal. If the Mondavi Board recommends an unsolicited bona fide written Acquisition Proposal pursuant to clause (B) above, Constellation shall be entitled to terminate this Agreement pursuant to Section 7.4(a) of the Agreement.

(iv) Subject to the last sentence of this Section 5.3(b) (iv), Mondavi agrees that it will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Person (other than the parties hereto) conducted heretofore with respect to any Acquisition Proposal. Mondavi agrees that it will take the necessary steps to promptly inform the officers, directors, employees and Representatives of Mondavi and its subsidiaries of the obligations undertaken in this Section 5.3(b). Mondavi also agrees promptly, but in any event, within five days after the date of this Agreement, to request the return or destruction of all information and materials provided (to any Person other than the parties hereto) prior to the date of this Agreement by it, its subsidiaries or their respective Representatives with respect to the consideration or making of any Acquisition Proposal. Notwithstanding anything in this Agreement to the contrary, nothing contained in this Agreement shall prevent Mondavi or the Mondavi Board prior to the Mondavi Shareholders' Meeting from continuing any of its existing activities, discussions or negotiations with the parties listed on Section 5.3(b) (iv) of the Mondavi Disclosure Schedule with respect to any Acquisition Proposal.

(v) From and after the execution of this Agreement, Mondavi shall promptly, orally notify Constellation of any request for information or any inquiries, proposals or offers relating to an Acquisition Proposal (including any Acquisition Proposal from a party listed on Section 5.3(b) (iv) of the Mondavi Disclosure Schedule), indicating, in connection with such notice, the name of such Person making such request, inquiry, proposal or offer and the material terms and conditions of any proposals or offers and Mondavi shall provide to Constellation written notice of any such inquiry, proposal or offer within 24 hours of such event. Mondavi

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shall keep Constellation informed orally on a current basis of the status of any Acquisition Proposal (including any Acquisition Proposal from a party listed on Section 5.3(b) (iv) of the Mondavi Disclosure Schedule), including with respect to the status and terms of any such proposal or offer and whether any such proposal or offer has been withdrawn or rejected and Mondavi shall provide to Constellation written notice of any such developments within 24 hours. Mondavi also agrees to provide any information to Constellation (not theretofore provided to Constellation) that it is providing to another Person pursuant to this Section 5.3(b) at substantially the same time it provides such information to such other Person.

(vi) Without limiting the foregoing, it is understood that any violation of the restrictions set forth in this Section 5.3(b) by any officer, director or employee of Mondavi or any of its subsidiaries or any Representative of Mondavi or any of its subsidiaries, whether or not such Person is purporting to act on behalf of Mondavi or any of its subsidiaries or otherwise, shall be deemed to be a breach of this Section 5.3(b) by Mondavi.

(vii) Notwithstanding anything to the contrary contained herein, this Agreement shall be submitted to the Mondavi Shareholders for the purpose of approving this Agreement and the Merger, regardless of the recommendation or any

change in the recommendation of the Mondavi Board with respect thereto.

(viii) For purposes of this Agreement:

(A) "ACQUISITION PROPOSAL" means any proposal or offer with respect to (1) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction involving Mondavi, (2) any purchase of an equity interest (including by means of a tender or exchange offer) representing an amount equal to or greater than a 15% voting or economic interest in Mondavi, or (3) any purchase of assets, securities or ownership interests representing an amount equal to or greater than 15% of the consolidated assets of Mondavi and its subsidiaries taken as a whole (including stock of the subsidiaries of Mondavi).

(B) "SUPERIOR PROPOSAL" means a bona fide written Acquisition Proposal that would result in a Person (other than a party hereto, or a subsidiary of a party hereto) (an "ACQUIROR") having record or beneficial ownership of 100% of the voting or economic interest in Mondavi or all or substantially all of the assets of Mondavi and that is on terms that the Mondavi Board (after consultation with its outside financial advisor and outside counsel) in good faith concludes, taking into account all legal, financial, regulatory and other aspects of the proposal, the likelihood of obtaining financing, and the Acquiror making the proposal, (1) would, if consummated, result in a transaction more favorable to the Mondavi Shareholders from a financial point of view than the transaction contemplated by this Agreement, taking into account any change in the transaction proposed by Constellation, and (2) is reasonably likely to be consummated prior to the Termination Date (as defined in Section 7.2 of the Agreement).

(c) THIRD PARTY STANDSTILL AGREEMENTS. Subject to Section 5.3(b)(iii)(A), during the period from the date of this Agreement until the earlier of the Effective Time and termination of this Agreement: (i) Mondavi shall not (and shall not agree to, and shall not permit

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any of its subsidiaries to or to agree to) terminate, amend, modify or waive any provision of any confidentiality or standstill agreement to which it or any of its subsidiaries is a party (other than any involving Constellation or its subsidiaries); and (ii) Mondavi shall enforce, to the fullest extent permitted under Applicable Law, the provisions of any such agreements, including obtaining injunctions to prevent any breaches of such confidentiality or standstill agreements and enforcing specifically the terms and provisions thereof in any court of the United States or any state thereof having jurisdiction.

(d) ACCESS. From the date hereof until the Effective Time and subject to Applicable Law and the Confidentiality Agreement, dated as of October 31, 2004, between Mondavi and Constellation (the "CONFIDENTIALITY AGREEMENT"), Mondavi shall (i) give Constellation, its counsel, financial advisors, auditors and other authorized representatives reasonable access to the offices, properties, books and records of Mondavi and its subsidiaries, (ii) furnish to Constellation, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information as such Persons may reasonably request, (iii) instruct the employees, counsel, financial advisors, auditors and other authorized representatives of Mondavi and its subsidiaries to cooperate with Constellation in its investigation of Mondavi and its subsidiaries and (iv) promptly advise Constellation orally and in writing of any fact or circumstance reasonably likely to have a Material Adverse Effect on Mondavi. Any investigation pursuant to this Section 5.3(d) shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of Mondavi and its subsidiaries. No information or knowledge obtained by Constellation in any investigation pursuant to this Section shall affect or be deemed to modify any representation or warranty made by Mondavi hereunder.

(e) SUBSEQUENT FINANCIAL STATEMENTS. Mondavi shall consult with Constellation prior to making publicly available its financial results after the date of this Agreement and a reasonable time prior to filing any Mondavi SEC Documents after the date of this Agreement.

(f) MONDAVI TAX CERTIFICATIONS. If legally able to do so, Mondavi shall deliver certifications, reasonably acceptable to Constellation, satisfying the requirements of Treasury Regulation Sections 1.897-2(h) and 1.1445-2(c)(3) and confirming that Mondavi is not and has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

ARTICLE VI

CONDITIONS TO THE MERGER

6.1. CONDITIONS TO THE OBLIGATIONS OF EACH PARTY. The obligations of Mondavi, Constellation and Merger Sub to consummate the Merger shall be subject to the satisfaction or waiver of the following conditions prior to the Closing:

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(a) This Agreement and the Merger shall have been approved and adopted by the Mondavi Shareholders in accordance with Applicable Law, the Mondavi Articles and the Mondavi Bylaws.

(b) The requisite waiting period, if any, under the HSR Act shall have expired or terminated.

(c) All other requisite approvals and consents under applicable Foreign Antitrust Laws shall have been obtained.

(d) No provision of any Applicable Law and no judgment, temporary restraining order, preliminary or permanent injunction, order, decree or other legal restraint or prohibition shall prohibit the consummation of the Merger.

6.2. CONDITIONS TO OBLIGATIONS OF CONSTELLATION AND MERGER SUB. The obligation of Constellation and Merger Sub to consummate the Merger shall also be subject to the satisfaction or waiver by Constellation at or prior to the Closing of the following conditions:

(a) The representations and warranties set forth in Article IV (other than in the case of the representations and warranties contained in Section 4.4 and Section 4.10(a)), disregarding all qualifications and exceptions contained therein relating to materiality, Material Adverse Effect or words of similar import, shall be true and correct on the date hereof and at and as of the Closing Date as if made on and as of such dates (except for representations and warranties that are made as of a specified date, which shall be true and correct only as of such specified date), with only such exceptions as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(b) The representations and warranties set forth in Section 4.4 shall be true and correct in all material respects on the date hereof and on the Closing Date as if made on and as of such dates (except for representations and warranties that are made as of a specified date, which shall be true and correct only as of such specified date).

(c) The representation set forth in Section 4.10(a) shall be true and correct in all respects on the date hereof and on the Closing Date as if made on and as of such dates.

(d) Mondavi shall have performed and complied with all of its

covenants hereunder in all material respects through the Closing, except to the extent that such covenants are qualified by terms such as "material" or "Material Adverse Effect," in which case Mondavi shall have performed and complied with all of such covenants in all respects through the Closing.

(e) Mondavi shall have delivered to Constellation a certificate duly executed by an authorized officer on behalf of Mondavi to the effect that each of the conditions specified above in Sections 6.2(a) through (d) is satisfied in all respects.

6.3. CONDITIONS TO OBLIGATION OF MONDAVI. The obligation of Mondavi to consummate the Merger shall also be subject to the satisfaction or waiver by Mondavi at or prior to the Effective Time of the following conditions:

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(a) The representations and warranties set forth in Article III, disregarding all qualifications and exceptions contained therein relating to materiality, Material Adverse Effect or words of similar import, shall be true and correct on the date hereof and at and as of the Closing Date as if made on and as of such dates (except for representations and warranties that are made as of a specified date, which shall be true and correct only as of such specified date), with only such exceptions as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(b) Constellation and Merger Sub shall have performed and complied with all of their respective covenants hereunder in all material respects through the Closing, except to the extent that such covenants are qualified by terms such as "material" or "Material Adverse Effect," in which case Constellation and Merger Sub shall have performed and complied with all of such covenants in all respects through the Closing.

(c) Constellation shall have delivered to Mondavi a certificate executed by an authorized officer on behalf of Constellation to the effect that each of the conditions specified above in Sections 6.3(a) through (b) is satisfied in all respects.

ARTICLE VII

TERMINATION; FEES AND EXPENSES

7.1. TERMINATION BY MUTUAL CONSENT. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after the adoption and approval of this Agreement by the Mondavi Shareholders referred to in Section 6.1(a), by mutual written consent of Mondavi and Constellation by action of their respective Boards.

7.2. TERMINATION BY EITHER CONSTELLATION OR MONDAVI. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by action of the Board of either Constellation or Mondavi if (a) the Merger shall not have been consummated by April 30, 2005 (the "TERMINATION DATE"), whether such date is before or after the date of the adoption and approval of this Agreement and the Merger by the Mondavi Shareholders; PROVIDED, HOWEVER, that the right to terminate this Agreement pursuant to this Section 7.2(a) shall not be available to any party whose breach of any provision of this Agreement results in the failure of the Merger to be consummated by the Termination Date, (b) the adoption and approval by the Mondavi Shareholders required by Section 6.1(a) shall not have been obtained at the Mondavi Shareholders' Meeting (after giving effect to all adjournments or postponements thereof), or (c) any Governmental Authority of competent jurisdiction shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the consummation of the Merger and such order, decree or ruling or other action shall have become final and nonappealable, whether before or after the adoption and approval of this

Agreement by the Mondavi Shareholders referred to in Section 6.1(a).

7.3. TERMINATION BY MONDAVI.

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(a) This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after the adoption and approval of this Agreement by the Mondavi Shareholders referred to in Section 6.1(a), by action of the Mondavi Board if there has been a breach of any representations, warranties, covenants or agreements made by Constellation or Merger Sub in this Agreement, or any such representations and warranties shall have become untrue or incorrect after the execution of this Agreement, in each case such that the conditions set forth in Section 6.3(a) or 6.3(b) would not be satisfied and such breach or failure to be true and correct is not cured within 30 calendar days following receipt of written notice from Mondavi of such breach or failure (or such longer period during which Constellation or Merger Sub exercises reasonable best efforts to cure).

(b) This Agreement may be terminated and the Merger may be abandoned at any time prior to, but not after, the adoption and approval of this Agreement by the Mondavi Shareholders, in order to enter into an agreement with respect to a Superior Proposal if Mondavi has taken the action referred to in Section 5.3(b)(iii)(B) and has otherwise complied with its obligations under Section 5.3(b) of the Agreement as they pertain to the Acquisition Proposal that is the subject of the Superior Proposal Notice; PROVIDED, HOWEVER, that prior to any termination pursuant to this Section 7.3(b), (i) the Waiting Period shall have elapsed, and (ii) Mondavi shall have paid the Termination Fee in accordance with Section 7.6.

7.4. TERMINATION BY CONSTELLATION. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after the adoption and approval of this Agreement by the Mondavi Shareholders referred to in Section 6.1(a), by action of the Constellation Board (a) if the Mondavi Board shall have withdrawn, qualified or modified its approval of this Agreement or the Mondavi Board Recommendation in a manner adverse to Constellation or approved or recommended any Acquisition Proposal (other than this Agreement and the Merger), or shall have resolved to do any of the foregoing, or (b) if there has been a breach of any representation, warranty, covenant or agreement made by Mondavi in this Agreement, or any such representation and warranty shall have become untrue or incorrect after the execution of this Agreement, in each case set forth in this Section 7.4(b) such that the conditions set forth in Section 6.2(a), 6.2(b), 6.2(c) or 6.2(d) would not be satisfied and such breach or failure to be true and correct is not cured within 30 calendar days following receipt of written notice from Constellation of such breach or failure (or such longer period during which Mondavi exercises reasonable best efforts to cure).

7.5. EFFECT OF TERMINATION AND ABANDONMENT. (a) In the event of a termination of this Agreement and the abandonment of the Merger pursuant to this Article VII, this Agreement shall become void and of no effect with no liability on the part of any party hereto (or of any of its directors, officers, employees, agents, legal and financial advisors or other Representatives), other than the provisions of this Section 7.5 and Section 7.6; PROVIDED, HOWEVER, that, except as otherwise provided herein, no such termination shall relieve any party hereto of any liability or damages resulting from any willful or intentional breach of this Agreement.

7.6. FEES AND EXPENSES.

(a) In the event that:

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(i) (A) (1) Constellation shall have terminated this Agreement pursuant to Section 7.4(b) or (2) Constellation or Mondavi shall have terminated this Agreement pursuant to Section 7.2(a) or Section 7.2(b), (B) on or prior to such time (or in connection with a termination pursuant to Section 7.2(b), on or prior to the Mondavi Shareholders' Meeting) any Person (other than Constellation) shall have made (or publicly disclosed its intention to make) and not withdrawn an Acquisition Proposal (substituting 40% for the 15% threshold set forth in the definition of Acquisition Proposal, a "COVERED PROPOSAL"), and (C) within twelve (12) months of termination of this Agreement, Mondavi enters into an agreement with respect to a Covered Proposal;

(ii) This Agreement shall be terminated after Constellation shall have become entitled to terminate this Agreement pursuant to Section 7.4(a) (whether or not Constellation immediately terminates the Agreement or the Agreement is subsequently terminated pursuant to any other provision under this Article VII); or

(iii) Mondavi shall have terminated this Agreement pursuant to Section 7.3(b),

then, in any such event, Mondavi shall pay to Constellation a termination fee in cash of \$31 million (the "TERMINATION FEE"). Any Termination Fee that becomes payable shall be paid (x) in the case of clause (i) above, not later than the date on which Mondavi enters into an agreement with respect to a Covered Proposal, (y) in the case of clause (ii) above, on the second business day after the date that the Agreement is terminated, and (z) in the case of clause (iii) above, immediately prior to the termination of the Agreement, in each case payable by wire transfer of same day funds.

(b) Mondavi acknowledges that the agreements contained in this Section 7.6 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Constellation would not enter into this Agreement; accordingly, if Mondavi fails to promptly pay any amount due pursuant to this Section 7.6, and, in order to obtain such payment, Constellation commences a suit that results in a judgment against Mondavi for the fees set forth in this Section 7.6 or any portion of such fees, Mondavi shall pay to Constellation its costs and expenses (including attorneys' fees) in connection with such suit, together with interest on the amount of the fees at the prime rate of Citibank, N.A. in effect on the date such payment was required to be made from the date such payment was required to be made through the date of payment.

(c) Except as specifically provided in this Section 7.6, all costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement shall be paid by the party hereto incurring such expenses, except filing fees incurred in connection with Commission filings relating to the Merger and the transactions contemplated by this Agreement and printing and mailing costs related thereto, all of which shall be shared equally by Constellation and Mondavi.

ARTICLE VIII

MISCELLANEOUS

8.1. NON-SURVIVAL OF REPRESENTATIONS AND WARRANTIES; NO OTHER REPRESENTATIONS AND WARRANTIES. The representations, warranties, covenants and agreements in this Agreement shall not survive the consummation of the Merger or the termination of this Agreement. Notwithstanding the foregoing, the agreements and covenants which by their nature are to be performed following the Effective

Time, shall survive consummation of the Merger. Each party hereto agrees that, except for the representations and warranties contained in this Agreement and the certificates contemplated by Section 6.2(e) and Section 6.3(c) of this Agreement, none of Mondavi, Constellation or Merger Sub makes any other representations or warranties, and each hereby disclaims any other representations and warranties made by itself or any of its officers, directors, employees, agents, financial and legal advisors or other representatives, with respect to the execution and delivery of this Agreement, the documents and the instruments referred to herein, or the transactions contemplated hereby or thereby, notwithstanding the delivery or disclosure to the other party or the other party's representatives of any documentation or other information with respect to any one or more of the foregoing.

8.2. NOTICES. All notices and other communications under this Agreement shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or delivered by a nationally recognized overnight courier service to the parties hereto at the following addresses (or at such other address for a party hereto as shall be specified by like notice):

(a) if to Constellation or Merger Sub:

Constellation Brands, Inc.
370 Woodcliff Drive
Suite 300
Fairport, NY 14450
Attention: Thomas J. Mullin, Esq.
Telecopy No.: (585) 218-3904

with a copy to

Andrew R. Brownstein, Esq.
David M. Silk, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Telecopy No.: (212) 403-2000

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(b) if to Mondavi:

The Robert Mondavi Corporation
7801 St. Helena Highway
Oakville, CA 94562
Attention: General Counsel
Telecopy No.: (707) 251-4505

with a copy to

Francis S. Currie, Esq.
Davis Polk & Wardwell
1600 El Camino Real
Menlo Park, CA 94025
Telecopy No.: (650) 752-3602

8.3. INTERPRETATION. When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. The headings, the table of contents and the index of defined terms contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." For the purposes of this Agreement, "MATERIAL ADVERSE EFFECT" with respect to any party hereto means any event, change, circumstance,

effect or state of facts (an "EFFECT") that is a material adverse effect (i) on the business, results of operations or financial condition of such party hereto and its subsidiaries taken as a whole, or (ii) on its ability to consummate the transactions contemplated by this Agreement, PROVIDED, HOWEVER, that, in no event will any of the following, alone or in combination, constitute a Material Adverse Effect: (a) any change in Mondavi's stock price or trading volume, in and of itself; (b) any Effect affecting any of the industries in which Mondavi operates generally or affecting the economy generally, to the extent not having a materially disproportionate impact on Mondavi and its subsidiaries taken as a whole, than the effect on similarly situated companies; and (c) any Effects resulting from the announcement or pendency of any of the transactions provided for in this Agreement. For purposes of this Agreement, a "SUBSIDIARY," when used with respect to any party hereto, means any entity of which such party (a) owns 50% or more of the outstanding securities or other ownership interests, or (b) through contract or otherwise possesses power to appoint at least 50% of the directors of such entity (or persons performing similar functions).

8.4. COUNTERPARTS. This Agreement may be executed in counterparts, which together shall constitute one and the same agreement. The parties hereto may execute more than one copy of this Agreement, each of which shall constitute an original.

8.5. ENTIRE AGREEMENT. This Agreement (including the documents and the instruments referred to in this Agreement) and the Confidentiality Agreement constitute the entire agreement among the parties hereto and thereto and supersede all prior agreements and understandings, agreements or representations by or among the parties hereto and thereto, written and oral, with respect to the subject matter hereof and thereof.

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8.6. THIRD-PARTY BENEFICIARIES. Except for the agreement set forth in Section 5.2(a), nothing in this Agreement, express or implied, is intended or shall be construed to create any third-party beneficiaries.

8.7. GOVERNING LAW. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware (other than with respect to California state corporate law matters, with respect to which the laws of the State of California shall apply) without regard to the conflicts of law rules of such state. All Actions arising out of or relating to this Agreement shall be heard and determined in any state or federal court sitting in the State of Delaware.

8.8. CONSENT TO JURISDICTION; VENUE.

(a) Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the state courts of Delaware and to the jurisdiction of the United States District Court for the District of Delaware for the purpose of any Action arising out of or relating to this Agreement, and each of the parties hereto irrevocably agrees that all claims in respect to such Action may be heard and determined exclusively in any Delaware state or federal court sitting in the State of Delaware. Each of the parties hereto agrees that a final judgment in any Action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of the parties hereto irrevocably consents to the service of any summons and complaint and any other process in any other Action relating to the Merger, on behalf of itself or its property, by the personal delivery of copies of such process to such party. Nothing in this Section 8.8 shall affect the right of any party hereto to serve legal process in any other manner permitted by law.

8.9. SPECIFIC PERFORMANCE. The transactions contemplated by this Agreement are unique. Accordingly, each of the parties hereto acknowledges and

agrees that, in addition to all other remedies to which it may be entitled, each of the parties hereto is entitled to a decree of specific performance, PROVIDED that such party hereto is not in material default hereunder. The parties hereto agree that, if for any reason Constellation, Merger Sub or Mondavi shall have failed to perform its obligations under this Agreement, then the party hereto seeking to enforce this Agreement against such nonperforming party under this Agreement shall be entitled to specific performance and injunctive and other equitable relief, and the parties hereto further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief. This provision is without prejudice to any other rights that any party hereto may have against another party hereto for any failure to perform its obligations under this Agreement.

8.10. ASSIGNMENT. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties hereto. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

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8.11. AMENDMENT. This Agreement may be amended by the parties hereto at any time before or after approval of the Merger by the Mondavi Shareholders; PROVIDED, HOWEVER, that after any such approval, no amendment shall be made that by law requires approval by the Mondavi Shareholders without such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

8.12. EXTENSION; WAIVER. At any time prior to the Effective Time, the parties may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto or (c) subject to the proviso of Section 8.11, waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights and the single or partial exercise of any rights hereof shall not preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

8.13. SEVERABILITY. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

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IN WITNESS WHEREOF, Constellation, Merger Sub and Mondavi have signed this Agreement as of the date first written above.

CONSTELLATION BRANDS, INC.

By: /s/ Richard Sands
Name: Richard Sands

Title: Chairman and Chief Executive
Officer

RMD ACQUISITION CORP.

By: /s/ Richard Sands
Name: Richard Sands
Title: Chief Executive Officer

THE ROBERT MONDAVI CORPORATION

By: /s/ Gregory M. Evans
Name: Gregory M. Evans
Title: President and Chief Executive
Officer

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EXHIBIT A

AGREEMENT OF MERGER

OF

RMD ACQUISITION CORP.
(A CALIFORNIA CORPORATION)

AND

THE ROBERT MONDAVI CORPORATION
(A CALIFORNIA CORPORATION)

THIS AGREEMENT OF MERGER is made and entered into as of this [___] day of [___], 2004, by and between RMD ACQUISITION CORP., a California corporation ("MERGER SUB"), and THE ROBERT MONDAVI CORPORATION, a California corporation ("MONDAVI").

WITNESSETH :

WHEREAS, Merger Sub is the wholly-owned subsidiary of Constellation Brands, Inc., a Delaware corporation ("CONSTELLATION").

WHEREAS, the respective Boards of Directors of Merger Sub and Mondavi and the shareholders of Mondavi have approved as desirable and in the best interests of each corporation that Merger Sub be merged with and into Mondavi by a statutory merger upon the terms and conditions hereinafter set forth.

NOW, THEREFORE IT IS AGREED AS FOLLOWS:

FIRST: Upon the terms and subject to the conditions of this Agreement of Merger, and in accordance with the provisions of the California General Corporation Law (the "CGCL"), Merger Sub shall be merged with and into Mondavi. As a result of the Merger, the separate corporate existence of Merger Sub shall cease and Mondavi shall continue its existence as a subsidiary of Constellation under the laws of the State of California and shall succeed to and assume all

the rights and obligations of Merger Sub in accordance with the CGCL. Mondavi, in its capacity as the corporation surviving the Merger, is hereinafter sometimes referred to as the "SURVIVING CORPORATION."

SECOND: The Merger shall be effective (the "EFFECTIVE TIME") upon the date on which this Agreement of Merger and appropriate certificates of its approval and adoption shall have been filed with the Secretary of State of the State of California in accordance with Section 1103 of the CGCL.

THIRD: The manner of converting the shares of the capital stock of Merger Sub and Mondavi upon the Merger shall, by virtue of the Merger and without any action on the part of the holder thereof, be as follows:

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- (a) Each share of common stock, without par value, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one fully paid and nonassessable share of common stock, without par value, of the Surviving Corporation ("SURVIVING CORPORATION COMMON STOCK"). Such newly issued shares shall thereafter constitute all of the issued and outstanding Surviving Corporation capital stock[, except insofar as the second sentence of clause (d) applies].*
- (b) Each share of Class A Common Stock of Mondavi, without par value ("MONDAVI CLASS A COMMON STOCK") issued and outstanding immediately prior to the Effective Time, excluding any shares of Mondavi Class A Common Stock owned by Constellation, Merger Sub or Mondavi or any of their respective wholly-owned subsidiaries (which shares shall be treated as otherwise provided in this Agreement of Merger) and any shares of Mondavi Class A Common Stock owned by shareholders properly exercising appraisal rights pursuant to Section 1300 of the CGCL ("SECTION 1300"), shall be converted into and represent the right to receive \$56.50 in cash, without interest.
- (c) Each share of Class B Common Stock of Mondavi, without par value ("MONDAVI CLASS B COMMON STOCK," and together with the Mondavi Class A Common Stock, the "MONDAVI COMMON STOCK") issued and outstanding immediately prior to the Effective Time, excluding any shares of Mondavi Class B Common Stock owned by Constellation, Merger Sub or Mondavi or any of their respective wholly-owned subsidiaries (which shares shall be treated as otherwise provided in this Agreement of Merger) and any shares of Mondavi Class B Common Stock owned by shareholders properly exercising appraisal rights pursuant to Section 1300, shall be converted into and represent the right to receive \$65.82 in cash, without interest.
- (d) Each share of Mondavi capital stock held in the treasury of Mondavi, or held by Constellation or any wholly-owned subsidiary of Constellation, automatically shall be cancelled and retired and no payment shall be made in respect thereof. [Each share of Mondavi Class B Common Stock held by any wholly-owned subsidiary of Mondavi shall be converted into such number of shares of Surviving Corporation Common Stock such that each such wholly-owned subsidiary owns the same percentage (in terms of economic value) of Surviving Corporation Common Stock immediately following the Effective Time as the percentage (in terms of economic value) of Mondavi Common Stock that such wholly-owned subsidiary owned immediately prior to the Effective Time.] [Each share of Mondavi

* Note: This language will only apply in the event that Constellation elects

the first of the three bracketed options in clause (d).

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Class B Common Stock held by any wholly-owned subsidiary of Mondavi automatically shall be cancelled and retired and no payment shall be made in respect thereof.] [Each share of Mondavi Class B Common Stock held by any wholly-owned subsidiary of Mondavi shall be converted into the right to receive the Class B Merger Consideration.]*

FOURTH: The Articles of Incorporation of Mondavi shall be amended in their entirety to read as set forth immediately below and shall be the Articles of Incorporation of the Surviving Corporation, until amended in accordance with their terms and the CGCL:

I.

NAME

The name of this corporation is The Robert Mondavi Corporation.

II.

PURPOSE

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III.

AGENT FOR SERVICE OF PROCESS

The name of the corporation's initial agent for service of process is Corporation Service Company, which will do business in California as CSC-Lawyers Incorporating Service.

IV.

AUTHORIZED STOCK

The Robert Mondavi Corporation (hereinafter the "Corporation") is authorized to issue one class of shares, designated "Common Stock." The number of shares of Common Stock authorized to be issued is Twenty-Five Million (25,000,000).

V.

LIABILITY LIMITATION

* Note: The three bracketed sentences are alternatives among which Constellation shall choose in accordance with the terms of the Agreement and Plan of Merger, by and among, Constellation, Merger Sub and Mondavi, dated as of November 3, 2004.

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The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

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VI.

INDEMNIFICATION

The Corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaws, agreements with agents, vote of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code.

FIFTH: Merger Sub's Bylaws in effect immediately prior to the Effective Time shall be the Surviving Corporation's Bylaws, until amended in accordance with their terms, the Articles of Incorporation and the CGCL.

SIXTH: From and after the Effective Time, the officers of Mondavi shall be the officers of the Surviving Corporation and the directors of Merger Sub shall be the directors of the Surviving Corporation, in each case, until their respective successors are duly elected and qualified.

SEVENTH: The shareholders of Mondavi have approved this Agreement of Merger in accordance with the CGCL.

EIGHTH: Prior to the filing of this Agreement of Merger with the Secretary of State of the State of California, this Agreement of Merger may be terminated by the agreement of the Boards of Directors of Merger Sub and Mondavi notwithstanding approval of this Agreement of Merger by the shareholders of Mondavi.

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IN WITNESS WHEREOF, Merger Sub and Mondavi, pursuant to the approval and authority duly given by resolutions adopted by their respective Boards of Directors, have caused this Agreement of Merger to be executed by the President and by the Secretary or Assistant Secretary of each party hereto.

RMD ACQUISITION CORP.
A California Corporation

By: _____
President

By: _____
Secretary

THE ROBERT MONDAVI CORPORATION
A California corporation

By: _____

President

By: _____

Secretary

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RMD ACQUISITION CORP.
CERTIFICATE OF APPROVAL OF
AGREEMENT OF MERGER

The undersigned hereby certify as follows:

(1) They are the President and Secretary, respectively, of RMD Acquisition Corp., a California corporation ("Merger Sub").

(2) The Agreement of Merger in the form attached was duly approved by the Board of Directors of Merger Sub.

(3) The Agreement of Merger was entitled to be approved by the Board of Directors of Merger Sub alone pursuant to the provisions of California Corporations Code Section 1201.

President

Secretary

The undersigned declare under penalty of perjury that the matters set forth in the foregoing certificate are true of their own knowledge.

Executed at _____, _____, on _____, 2004.

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THE ROBERT MONDAVI CORPORATION
CERTIFICATE OF APPROVAL OF
AGREEMENT OF MERGER

The undersigned hereby certify as follows:

(1) They are the President and Secretary, respectively, of The Robert Mondavi Corporation, a California corporation ("Mondavi").

(2) The Agreement of Merger in the form attached was duly approved by the Board of Directors and shareholders of Mondavi.

(3) Mondavi has outstanding two classes of common stock, Class A Common Stock, without par value ("CLASS A COMMON STOCK") and Class B Common Stock, without par value ("CLASS B COMMON STOCK"). There are [____] shares of Class A Common Stock outstanding and [____] shares of Class B Common Stock outstanding all of which were entitled to vote on the Agreement of Merger. The percentage vote of each class of stock required to approve such Agreement of Merger is 50% plus one vote. The number of shares of each class of stock voting in favor of the foregoing amendments equaled or exceeded the vote required for approval.

President

Secretary

The undersigned declare under penalty of perjury that the matters set forth in the foregoing certificate are true of their own knowledge.

Executed at _____, _____, on _____, 2004.

The Registrant has omitted from this filing the Schedules listed below. The Registrant will furnish supplementally to the Commission, upon request, a copy of such Schedules.

- Schedule 4.1 : Organization and Standing
- Schedule 4.2 : Subsidiaries
- Schedule 4.3 : Corporate Power and Authority
- Schedule 4.4 : Capitalization of the Company
- Schedule 4.5 : Conflicts, Consents and Approvals
- Schedule 4.6 : Brokerage and Finders' Fees; Expenses
- Schedule 4.7 : Company SEC Documents

Schedule 4.8	:	Undisclosed Liabilities
Schedule 4.9	:	Information Supplied
Schedule 4.10	:	Absence of Certain Changes or Events
Schedule 4.11	:	Taxes
Schedule 4.12	:	Intellectual Property
Schedule 4.13	:	Employee Benefit Plans
Schedule 4.14	:	Environmental Matters
Schedule 4.15	:	Compliance with Applicable Laws; Regulatory Matters
Schedule 4.16	:	Litigation
Schedule 4.17	:	Real Property
Schedule 4.18	:	Inventory and Equipment
Schedule 4.19	:	Opinions of Financial Advisor
Schedule 4.20	:	Board Recommendation; Required Vote
Schedule 4.21	:	State Takeover Statutes
Schedule 5.2(b) (ii)	:	Covenants of Constellation: Employees and Employee Benefits
Schedule 5.3(a)	:	Conduct of the Company's Operations
Schedule 5.3(b)	:	Acquisition Proposals

SUPPORT AGREEMENT

This Support Agreement (the "Agreement"), dated as of November 3, 2004, is entered into by and among Constellation Brands, Inc., a Delaware corporation ("Constellation"), and the persons set forth on Schedule I hereto (the "Mondavi Shareholders").

Constellation, RMD Acquisition Corp., a California corporation and a wholly owned subsidiary of Constellation ("Merger Sub") and The Robert Mondavi Corporation, a California corporation ("Mondavi"), are, concurrently with execution of this Agreement, entering into an Agreement and Plan of Merger, of even date herewith (the "Merger Agreement"), providing for, among other things, a merger of Merger Sub with and into Mondavi (the "Merger"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Merger Agreement.

As a condition to its willingness to enter into the Merger Agreement, Constellation has required that the Mondavi Shareholders agree, and each Mondavi Shareholder is willing to agree, to the matters set forth herein. In consideration of the foregoing, including the execution and delivery by Constellation of the Merger Agreement, and the agreements set forth below, the parties hereto agree as follows:

1. Except as set forth on Schedule I, each Mondavi Shareholder severally represents, warrants and agrees that (a) such Mondavi Shareholder owns of record the number of shares of Class A Common Stock, without par value, of Mondavi (the "Class A Shares") and Class B Common Stock, without par value, of Mondavi (the "Class B Shares") set forth opposite such Mondavi Shareholder's name on Schedule I (such shares, with respect to a particular Mondavi Shareholder, the "Shares"), (b) as of the date hereof, such Mondavi Shareholder owns the Shares, free and clear of all claims, liens, charges, security interests, encumbrances, voting agreements and commitments of every kind, and (c) such Mondavi Shareholder has (on the date hereof) and, subject to the rights of parties pursuant to Section 2, will have (on the date of the Mondavi Shareholders' Meeting) sole voting and dispositive power over all of the Shares.

2. Except as set forth on Schedule I, each Mondavi Shareholder agrees that such Mondavi Shareholder will not during the term of this Agreement sell, pledge, assign, encumber or otherwise transfer or dispose of any of the Shares, or any interest therein, or securities convertible into, or any voting rights with respect to, any of the Shares, or convert any Class B Shares into Class A Shares, or enter into any contract with respect to any of the foregoing, other than (a) pursuant to the Merger, (b) with respect to the Class A Shares only, a transfer to a Person who executes a counterpart of this Agreement, in form and substance reasonably satisfactory to Constellation, agreeing to be bound by the terms and provisions hereof, or (c) with respect to the Class B Shares only, a transfer to any person or entity that (i) was a shareholder of Mondavi as of February 26, 1993, (ii) is a direct lineal descendant of Robert Mondavi, including adopted persons (if adopted during their minority) and persons born out of wedlock, and

excluding foster children and stepchildren; or (iii) is a trust under which any of the persons described in clauses (i) or (ii) above is a beneficiary; provided, that such transferee executes a counterpart of this Agreement, in form and substance reasonably satisfactory to Constellation, agreeing to be bound by the terms and provisions hereof. Notwithstanding the preceding sentence, each Mondavi Shareholder may, without the prior written consent of Constellation, (x) pledge or otherwise encumber any of his or her Shares so long as the party to whom such Shares are pledged or by whom such Shares are encumbered (such pledged or encumbered shares the "Pledged Shares") shall (A) agree in writing pursuant to an assumption agreement reasonably satisfactory to Constellation to comply with all provisions of this Section 2 as fully as if such party had been an original signatory to this Agreement (an "Assumption Agreement"), with respect to the Pledged Shares, and (B) provide an opinion of counsel reasonably satisfactory to Constellation to the effect that such Assumption Agreement is a legal, valid and binding agreement with respect to such party or (y) transfer any of the Shares by operation of law upon death or through intestacy (with the transferee executing, to the extent practicable, as a condition to such transfer, an Assumption Agreement). Without limiting the foregoing, and except as set forth in Section 4 hereof, each Mondavi Shareholder agrees that such Mondavi Shareholder will not grant any proxies or powers of attorney or enter into a voting agreement or other arrangement with respect to any Shares or deposit any Shares into a voting trust.

3. Each Mondavi Shareholder agrees that such Mondavi Shareholder will vote, or cause to be voted, all of the shares of capital stock of Mondavi with respect to which it has the right to vote, including the Shares, at any meeting of shareholders of Mondavi (including any adjournment or postponement thereof), or pursuant to any action by written consent:

(a) in favor of the Merger Agreement and the Merger, and any actions required in furtherance thereof;

(b) against any action or agreement that (i) could reasonably be expected to result in a breach in any material respect of any covenant, representation or warranty, or any other obligation of Mondavi under the Merger Agreement or this Agreement, or (ii) could reasonably be expected, to materially impede, interfere with, delay, postpone or adversely affect the Merger or the other transactions contemplated by the Merger Agreement; and

(c) against any Acquisition Proposal (other than the Merger).

4. Each Mondavi Shareholder hereby grants to Constellation a proxy to vote the Shares with respect to the matters specified in, and in accordance with the provisions of, paragraph 3 of this Agreement. Each Mondavi Shareholder agrees that this proxy shall be irrevocable until the termination of this Agreement in accordance with paragraph 9 of this Agreement and coupled with an interest and will at the expense of

reasonably requested by Constellation to effectuate the intent of this proxy and hereby revokes any proxy previously granted by such Mondavi Shareholder with respect to the Shares.

5. Subject to paragraph 10, each Mondavi Shareholder agrees not to, directly or indirectly, take any action which could reasonably be expected to impede, interfere with, delay, postpone or adversely affect the Merger Agreement or the transactions contemplated thereby. Subject to paragraph 10, each Mondavi Shareholder agrees that it will not, directly or indirectly, initiate, solicit, encourage or facilitate any discussions or any inquiries with respect to, or the making of, an Acquisition Proposal, engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any Person relating to an Acquisition Proposal, or otherwise encourage or facilitate any effort or attempt to make or implement an Acquisition Proposal. Subject to paragraph 10, each Mondavi Shareholder agrees to notify Constellation as promptly as practicable of any inquiry, discussion or proposal that constitutes or may reasonably be expected to lead to an Acquisition Proposal after it becomes aware of such inquiry, discussion or proposal.

6. Without limiting the provisions of the Merger Agreement, in the event (a) of any stock dividend, stock split, recapitalization, reclassification, combination or exchange of shares of capital stock of Mondavi affecting any of the Shares, or (b) any Mondavi Shareholder shall become the recordholder or acquire any economic interest in and have the ability to direct the voting (but only to the extent of such economic interest) of any additional shares of capital stock of Mondavi or other securities entitling the holder thereof to vote or give consent with respect to the matters set forth in paragraph 3 hereof, then the terms of this Agreement shall apply to such shares of capital stock or other securities of Mondavi held by such Mondavi Shareholder immediately following the effectiveness of the events described in clause (a) or such Mondavi Shareholder becoming the recordholder or acquiring any economic interest in and ability to direct the voting thereof as described and to the extent provided in clause (b), as though they were Shares of such Mondavi Shareholder hereunder. Each Mondavi Shareholder hereby agrees, while this Agreement is in effect, to notify Constellation of the number of any new Shares acquired by such Mondavi Shareholder, if any, after the date hereof.

7. Each Mondavi Shareholder hereby waives any and all appraisal, dissenters or similar rights that it may have with respect to the Merger and the other transactions contemplated by the Merger Agreement pursuant to the CGCL or other Applicable Law.

8. Constellation represents and warrants and each Mondavi Shareholder severally represents and warrants that it has all necessary power and authority to enter into this Agreement, that this Agreement is the legal, valid and binding agreement of Constellation or such Mondavi Shareholder, as the case may be, and that this Agreement

is enforceable against Constellation or such Mondavi Shareholder, as the case may be, in accordance with its terms.

9. This Agreement shall terminate upon the first to occur of (a) the Effective Time and (b) termination of the Merger Agreement. This Agreement may also be terminated, as to any Mondavi Shareholder, by the mutual agreement of Constellation and such Mondavi Shareholder; *provided*, that such termination as to such Mondavi Shareholder will not affect the obligations of any other Mondavi Shareholder hereunder. No termination of this Agreement will relieve any party from liability for any material breach of its obligations hereunder committed prior to such termination.

10. No Mondavi Shareholder makes any agreement or understanding herein in the Mondavi Shareholder's capacity (if any) as a director or officer of Mondavi. Each Mondavi Shareholder executes this Agreement solely in such Mondavi Shareholder's capacity as a shareholder of Mondavi and nothing herein shall limit or affect any actions taken by any Mondavi Shareholder in such person's capacity (if any) as an officer or director of Mondavi or any of its subsidiaries, including, without limitation, any action permitted under the last sentence of Section 5.3(b)(iv) of the Merger Agreement taken solely in their capacity (if any) as an officer or director of Mondavi or any of its subsidiaries.

11. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with the terms hereof or were otherwise breached and that each party shall be entitled to specific performance of the terms hereof in addition to any other remedy which may be available at law or in equity.

12. All notices and other communications hereunder shall be in writing and shall be deemed given upon (a) confirmation of a receipt of a facsimile transmission, (b) confirmed delivery by an overnight courier or when delivered by hand, or (c) confirmation of receipt when sent by certified or registered mail, postage prepaid, addressed, in the case of Constellation, to the address set forth for Constellation in the Merger Agreement (with copies as set forth in the Merger Agreement) and in the case of a Mondavi Shareholder, to the address set forth under such Mondavi Shareholder's name on Schedule I hereto (or at such other address for any party as shall be specified by like notice).

13. This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by the parties hereto; *provided*, that, with respect to the rights and obligations of any Mondavi Shareholder under this Agreement, this Agreement may be amended with the approval of such Mondavi Shareholder and Constellation, notwithstanding the failure to obtain the approval of any other Mondavi Shareholder.

14. This Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other parties hereto. This Agreement will be binding upon, inure to the benefit of and be enforceable by each party and such party's respective heirs, beneficiaries, executors, representatives and permitted assigns.

15. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The obligations of each Mondavi Shareholder under this Agreement are several and no Mondavi Shareholder shall be responsible or liable in any way for any action or breach of this Agreement by any other Mondavi Shareholder.

16. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability, without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

17. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

18. The representations, warranties, covenants and agreements of the Mondavi Shareholders in this Agreement are made severally, and not jointly, by each Mondavi Shareholder.

IN WITNESS WHEREOF, this Support Agreement has been duly executed and delivered by the duly authorized officers, trustees or other representatives of Constellation and of each Mondavi Shareholder on the day and year first written above.

CONSTELLATION BRANDS, INC.

By /s/ Richard Sands

Name: Richard Sands
Title: Chairman and Chief Executive Officer

/s/ Robert G. Mondavi

ROBERT G. MONDAVI

/s/ Timothy J. Mondavi

TIMOTHY J. MONDAVI

/s/ Marcia Mondavi Borger

MARCIA MONDAVI BORGER

/s/ Ted W. Hall

TED W. HALL

/s/ Frank E. Farella

FRANK E. FARELLA

/s/ Gregory M. Evans

GREGORY M. EVANS

/s/ Adrian Bellamy

ADRIAN BELLAMY

/s/ Anthony Greener

ANTHONY GREENER

/s/ Philip Greer

PHILIP GREER

/s/ John M. Thompson

JOHN M. THOMPSON

SCHEDULE I

<u>Mondavi Shareholder</u>	<u>Class A Shares</u>	<u>Class B Shares</u>
Adrian Bellamy	0	0
Gregory M. Evans	34,663	0
Frank E. Farella	2,500	0
Anthony Greener	1,000	0
Philip Greer	15,300	0
Ted W. Hall	1,400	0
Marcia Mondavi Borger	0	1,605,517
Robert G. Mondavi	45,099	1,074,524
Timothy J. Mondavi	1,500	715,983
John W. Thompson	5,000	0

Of the shares of Class B Stock owned by Timothy J. Mondavi, approximately 450,000 are pledged as collateral for certain margin loan arrangements. Timothy J. Mondavi has power to vote all of such 715,983 shares of Class B Stock. Such shares are Pledged Shares for purposes of Section 2 hereof.

Robert G. Mondavi has made substantial charitable pledges that are payable on January 1, 2006. The source of payment for such pledges is anticipated by Mr. Mondavi and the beneficiary to be in part the proceeds from the sale of certain of Mr. Mondavi's shares although Mr. Mondavi is not specifically obligated to sell such shares and there are no liens on any of the shares. Robert G. Mondavi has the power to vote all of such 45,099 shares of Class A Stock and 1,074,524 shares of Class B Stock. None of such shares will be sold or otherwise disposed of prior to the earlier of (x) the termination of the Support Agreement to which this Schedule is attached, (y) January 1, 2006 or (z) as permitted by this agreement.

SUPPLEMENTAL INDENTURE NO. 11 (this "Supplement"), dated as of December 22, 2004, is entered into by and among CONSTELLATION BRANDS, INC., a Delaware corporation (the "Company"), THE ROBERT MONDAVI CORPORATION, a California corporation and the successor by merger to RMD Acquisition Corp. ("RMC"), R.M.E. INC., a California corporation ("RME"), ROBERT MONDAVI WINERY, a California corporation ("RMW"), ROBERT MONDAVI INVESTMENTS, a California corporation ("Investments"), ROBERT MONDAVI AFFILIATES d/b/a VICHON WINERY ("Vichon"), a California corporation and ROBERT MONDAVI PROPERTIES, INC., a California corporation ("Properties", together with RMC, RME, RMW, Investments, Vichon and Properties, collectively, the "New Guarantors" and individually, each a "New Guarantor"), and BNY MIDWEST TRUST COMPANY (successor trustee to Harris Trust and Savings Bank and The Bank of New York, as applicable), as trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE NEW GUARANTORS

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of February 25, 1999 (the "February 1999 Indenture") as supplemented by a Supplemental Indenture No. 2 dated as of August 4, 1999 with respect to the issuance by the Company of its 8 5/8% Senior Notes due 2006 in the aggregate principal amount of \$200,000,000 (the "Second Supplemental Indenture"); a Supplemental Indenture No. 3 dated as of August 6, 1999 with respect to the guarantee of the Indenture Obligations by Subsidiaries of the Company (the "Third Supplemental Indenture"); a Supplemental Indenture No. 4 dated as of May 15, 2000 with respect to the issuance by the Company of its 8 1/2% Series C Senior Notes due 2009 in the aggregate principal amount of £154,000,000 (the "Fourth Supplemental Indenture"); a Supplemental Indenture No. 5 dated as of September 14, 2000 providing for certain amendments to the Fourth Supplemental Indenture (the "Fifth Supplemental Indenture"); a Supplemental Indenture No. 6 dated as of August 21, 2001 with respect to the guarantee of the Indenture Obligations (the "Sixth Supplemental Indenture"); a Supplemental Indenture No. 7 dated as of January 23, 2002 with respect to the issuance by the Company of its 8 1/8% Senior Subordinated Notes due 2012 in the aggregate principal amount of \$250,000,000 (the "Seventh Supplemental Indenture"); a Supplemental Indenture No. 8 dated as of March 27, 2003 with respect to the guarantee of the Indenture Obligations by Subsidiaries of the Company (the "Eighth Supplemental Indenture"); a Supplemental Indenture No. 9 dated as of July 8, 2004 with respect to the guarantee of the Indenture Obligations by Subsidiaries of the Company (the "Ninth Supplemental Indenture"); and a Supplemental Indenture No. 10 dated as of September 13, 2004 with respect to the guarantee of the Indenture Obligations by Subsidiaries of the Company (the "Tenth Supplemental Indenture") (the February 1999 Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, Fifth Supplemental Indenture, Sixth Supplemental Indenture, Seventh Supplemental Indenture, Eighth Supplemental Indenture, Ninth Supplemental Indenture and Tenth Supplemental Indenture are collectively referred to herein as the "Indentures");

WHEREAS, the Guarantors guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to (i) Section 3.9 of the Second Supplemental Indenture; (iii) Section 4.15 of the Fourth Supplemental Indenture; and (iv) Section 3.10 of the Seventh Supplemental Indenture, the New Guarantors are obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to (i) Section 9.1 of the Second Supplemental Indenture; (iii) Section 8.01 of the Fourth Supplemental Indenture; and Section 11.1 of the Seventh Supplemental Indenture, the Company, the New Guarantors and the Trustee may enter into this Supplement without the consent of any Holder;

WHEREAS, the execution and delivery of this Supplement have been duly authorized by Board Resolutions of the Boards of Directors of the Company and each New Guarantor; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and the New Guarantor, and enforceable against the Company and each New Guarantor in accordance with its terms, have been performed and fulfilled.

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

ARTICLE ONE THE NEW GUARANTEE

Section 1.01. For value received, each New Guarantor hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if each such New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by each New Guarantor shall constitute and shall be deemed to constitute a Guarantee

under the Indentures and for all purposes of the Indentures, and each New Guarantor shall be considered a Guarantor for all purposes of the Indentures as if such New Guarantor was originally named therein as a Guarantor.

Section 1.02. The New Guarantee shall be released upon the occurrence of the events as provided in the Indentures.

Section 1.03. Each New Guarantor hereby waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by such New Guarantor under its Guarantee under the Indentures.

ARTICLE TWO MISCELLANEOUS

Section 2.01. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indentures shall have the meanings assigned to them in the Indentures. Except as supplemented hereby, the Indentures (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 2.02. This Supplement shall be effective as of the close of business on December 22, 2004.

Section 2.03. The recitals contained herein shall be taken as the statements of the Company and the New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 2.04. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indentures and their construction.

Section 2.05. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and attested all as of the day and year first above written.

CONSTELLATION BRANDS, INC.

By: /s/ Thomas D. Roberts
Name: Thomas D. Roberts
Title: Senior Vice President and Treasurer

Attest: /s/ David S. Sorce
Name: David S. Sorce
Title: Secretary

**THE ROBERT MONDAVI CORPORATION
(successor by merger to RMD Acquisition Corp.)
R.M.E. INC.
ROBERT MONDAVI WINERY
ROBERT MONDAVI INVESTMENTS
ROBERT MONDAVI AFFILIATES d/b/a
VICHON WINERY
ROBERT MONDAVI PROPERTIES, INC.**

By: /s/ Thomas D. Roberts
Name: Thomas D. Roberts
Title: Vice President & Assistant Treasurer

Attest: /s/ David S. Sorce
Name: David S. Sorce
Title: Assistant Secretary

BNY MIDWEST TRUST COMPANY

By: /s/ D. G. Donovan
Name: D. G. Donovan
Title: Vice President

Attest: /s/ M. Callahan
Name: Mary Callahan
Title: Assistant Vice President

SUPPLEMENTAL INDENTURE NO. 5 (this "Supplement"), dated as of December 22, 2004, is entered into by and among CONSTELLATION BRANDS, INC., a Delaware corporation (the "Company"), THE ROBERT MONDAVI CORPORATION, a California corporation and the successor by merger to RMD Acquisition Corp. ("RMC"), R.M.E. INC., a California corporation ("RME"), ROBERT MONDAVI WINERY, a California corporation ("RMW"), ROBERT MONDAVI INVESTMENTS, a California corporation ("Investments"), ROBERT MONDAVI AFFILIATES d/b/a VICHON WINERY ("Vichon"), a California corporation and ROBERT MONDAVI PROPERTIES, INC., a California corporation ("Properties", together with RMC, RME, RMW, Investments, Vichon and Properties, collectively, the "New Guarantors" and individually, each a "New Guarantor"), and BNY MIDWEST TRUST COMPANY (successor trustee to Harris Trust and Savings Bank and The Bank of New York, as applicable), as trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE NEW GUARANTORS

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of November 17, 1999, as supplemented by Supplemental Indenture No. 1, dated as of August 21, 2001, Supplemental Indenture No. 2, dated as of March 27, 2003, Supplemental Indenture No. 3, dated July 8, 2004 and Supplemental Indenture No. 4, dated as of September 13, 2004 (collectively, the "Indenture"), providing for the issuance by the Company of £150,000,000 aggregate principal amount of the Company's 8 ½% Senior Notes due 2009, pursuant to which the Guarantors have agreed to guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations;

WHEREAS, each New Guarantor has become a Subsidiary and, pursuant to Section 4.15 of the Indenture, is obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to Section 8.01 of the Indenture, the Company, the New Guarantors and the Trustee may enter into this Supplement without the consent of any Holder;

WHEREAS, the execution and delivery of this Supplement have been duly authorized by Board Resolutions of the respective Boards of Directors of the Company and each New Guarantor; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and each New Guarantor, and enforceable against the Company and each New Guarantor in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

ARTICLE ONE THE NEW GUARANTEE

Section 1.01. For value received, each New Guarantor hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if each such New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by each New Guarantor shall constitute and shall be deemed to constitute a Guarantee under the Indenture and for all purposes of the Indenture, and each New Guarantor shall be considered a Guarantor for all purposes of the Indenture as if such New Guarantor was originally named therein as the Guarantor.

Section 1.02. The New Guarantee shall be released upon the occurrence of the events as provided in the Indenture.

Section 1.03. Each New Guarantor hereby waives, and will not in any manner whatsoever claim or take the benefit or advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by such New Guarantor under its Guarantee under the Indenture.

ARTICLE TWO

MISCELLANEOUS

Section 2.01. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indenture shall have the meanings assigned to them in the Indenture. Except as supplemented hereby, the Indenture (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 2.02 This Supplement shall be effective as of the close of business on December 22, 2004.

Section 2.03. The recitals contained herein shall be taken as the statements of the Company and each New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 2.04. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indenture and its construction.

Section 2.05. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and attested all as of the day and year first above written.

CONSTELLATION BRANDS, INC.

By: /s/ Thomas D. Roberts
Name: Thomas D. Roberts
Title: Senior Vice President and Treasurer

Attest: /s/ David S. Sorce
Name: David S. Sorce
Title: Secretary

**THE ROBERT MONDAVI CORPORATION
(successor by merger to RMD Acquisition Corp.)
R.M.E. INC.
ROBERT MONDAVI WINERY
ROBERT MONDAVI INVESTMENTS
ROBERT MONDAVI AFFILIATES d/b/a
VICHON WINERY**

By: /s/ Thomas D. Roberts
Name: Thomas D. Roberts
Title: Vice President & Assistant Treasurer

Attest: /s/ David S. Sorce
Name: David S. Sorce
Title: Assistant Secretary

BNY MIDWEST TRUST COMPANY

By: /s/ D. G. Donovan
Name: D. G. Donovan
Title: Vice President

Attest: /s/ M. Callahan
Name: Mary Callahan
Title: Assistant Vice President

SUPPLEMENTAL INDENTURE NO. 5 (this "Supplement"), dated as of December 22, 2004, is entered into by and among CONSTELLATION BRANDS, INC., a Delaware corporation (the "Company"), THE ROBERT MONDAVI CORPORATION, a California corporation and the successor by merger to RMD Acquisition Corp. ("RMC"), R.M.E. INC., a California corporation ("RME"), ROBERT MONDAVI WINERY, a California corporation ("RMW"), ROBERT MONDAVI INVESTMENTS, a California corporation ("Investments"), ROBERT MONDAVI AFFILIATES d/b/a VICHON WINERY ("Vichon"), a California corporation and ROBERT MONDAVI PROPERTIES, INC., a California corporation ("Properties", together with RMC, RME, RMW, Investments, Vichon and Properties, collectively, the "New Guarantors" and individually, each a "New Guarantor"), and BNY MIDWEST TRUST COMPANY (successor trustee to Harris Trust and Savings Bank and The Bank of New York, as applicable), as trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE NEW GUARANTORS

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of February 21, 2001, as supplemented by Supplemental Indenture No. 1, dated as of August 21, 2001, Supplemental Indenture No. 2, dated as of March 27, 2003, Supplemental Indenture No. 3, dated as of July 8, 2004, and Supplemental Indenture No. 4, dated as of September 13, 2004 (collectively, the "Indenture"), providing for the issuance by the Company of \$200,000,000 aggregate principal amount of the Company's 8% Senior Notes due 2008, pursuant to which the Guarantors have agreed to guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations;

WHEREAS, each New Guarantor has become a Subsidiary and, pursuant to Section 4.15 of the Indenture, is obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to Section 8.01 of the Indenture, the Company, the New Guarantors and the Trustee may enter into this Supplement without the consent of any Holder;

WHEREAS, the execution and delivery of this Supplement have been duly authorized by Board Resolutions of the respective Boards of Directors of the Company and each New Guarantor; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and each New Guarantor, and enforceable against the Company and each New Guarantor in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

ARTICLE ONE THE NEW GUARANTEE

Section 1.01. For value received, each New Guarantor hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if each such New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by each New Guarantor shall constitute and shall be deemed to constitute a Guarantee under the Indenture and for all purposes of the Indenture, and each New Guarantor shall be considered a Guarantor for all purposes of the Indenture as if such New Guarantor was originally named therein as the Guarantor.

Section 1.02. The New Guarantee shall be released upon the occurrence of the events as provided in the Indenture.

Section 1.03. Each New Guarantor hereby waives, and will not in any manner whatsoever claim or take the benefit or advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by such New Guarantor under its Guarantee under the Indenture.

ARTICLE TWO

MISCELLANEOUS

Section 2.01. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indenture shall have the meanings assigned to them in the Indenture. Except as supplemented hereby, the Indenture (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 2.02 This Supplement shall be effective as of the close of business on December 22, 2004.

Section 2.03. The recitals contained herein shall be taken as the statements of the Company and each New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 2.04. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indenture and its construction.

Section 2.05. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and attested all as of the day and year first above written.

CONSTELLATION BRANDS, INC.

By: /s/ Thomas D. Roberts
Name: Thomas D. Roberts
Title: Senior Vice President and Treasurer

Attest: /s/ David S. Sorce
Name: David S. Sorce
Title: Secretary

THE ROBERT MONDAVI CORPORATION
(successor by merger to RMD Acquisition Corp.)
R.M.E. INC.
ROBERT MONDAVI WINERY
ROBERT MONDAVI INVESTMENTS
ROBERT MONDAVI AFFILIATES d/b/a
VICHON WINERY
ROBERT MONDAVI PROPERTIES, INC.

By: /s/ Thomas D. Roberts
Name: Thomas D. Roberts
Title: Vice President & Assistant Treasurer

Attest: /s/ David S. Sorce

Name: David S. Sorce

Title: Assistant Secretary

BNY MIDWEST TRUST COMPANY

By: /s/ D. G. Donovan

Name: D.G. Donovan

Title: Vice President

Attest: /s/ M. Callahan

Name: Mary Callahan

Title: Assistant Vice President

**AMENDMENT NUMBER SIX
TO THE
CONSTELLATION BRANDS, INC.
LONG-TERM STOCK INCENTIVE PLAN**

This Amendment Number Six to the Constellation Brands, Inc. Long-Term Stock Incentive Plan (the "**Plan**") is adopted pursuant to Section 19 of the Plan by the Human Resources Committee of the Board of Directors of Constellation Brands, Inc. (the "**Company**"), acting in its capacity as the Committee under the Plan. Capitalized terms used herein which are not otherwise defined shall have the meanings ascribed to them in the Plan and Annex A thereto. This amendment shall become effective as of the date set forth below and shall apply to Awards granted after such date

Section 5(a) of the Plan is amended by replacing the first sentence thereof with the following:

The exercise price per Share under each Stock Option shall be specified by the Committee, provided that the exercise price per Share under each Stock Option granted to a Participant shall not be less than the Fair Market Value of the Common Stock on the date the Award is granted.

In witness whereof, Constellation Brands, Inc. has caused this instrument to be executed as of December 22, 2004.

CONSTELLATION BRANDS, INC.

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

Exhibit 31.1

**RULE 13a-14(a)/15d-14(a) CERTIFICATION
OF CHIEF EXECUTIVE OFFICER**

**Constellation Brands, Inc.
Form 10-Q for Fiscal Quarter Ended November 30, 2004**

I, Richard Sands, certify that:

1. I have reviewed this report on Form 10-Q of Constellation Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2005

/s/ Richard Sands

Richard Sands
Chairman of the Board and
Chief Executive Officer

Exhibit 31.2

**RULE 13a-14(a)/15d-14(a) CERTIFICATION
OF CHIEF FINANCIAL OFFICER**

**Constellation Brands, Inc.
Form 10-Q for Fiscal Quarter Ended November 30, 2004**

I, Thomas S. Summer, certify that:

1. I have reviewed this report on Form 10-Q of Constellation Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2005

/s/ Thomas S. Summer

Thomas S. Summer
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

**SECTION 1350 CERTIFICATION
OF CHIEF EXECUTIVE OFFICER**

**Constellation Brands, Inc.
Form 10-Q for Fiscal Quarter Ended November 30, 2004**

In connection with the Constellation Brands, Inc. Quarterly Report on Form 10-Q for the Fiscal Quarter Ended November 30, 2004, I, Richard Sands, certify that, to the best of my knowledge:

1. The quarterly report on Form 10-Q for the Fiscal Quarter Ended November 30, 2004 of Constellation Brands, Inc. fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the periodic report on Form 10-Q for the Fiscal Quarter Ended November 30, 2004 of Constellation Brands, Inc. fairly presents, in all material respects, the financial condition and results of operations of Constellation Brands, Inc.

Dated: January 10, 2005

/s/ Richard Sands
Richard Sands,
Chairman of the Board and
Chief Executive Officer

Exhibit 32.2

**SECTION 1350 CERTIFICATION
OF CHIEF FINANCIAL OFFICER**

**Constellation Brands, Inc.
Form 10-Q for Fiscal Quarter Ended November 30, 2004**

In connection with the Constellation Brands, Inc. Quarterly Report on Form 10-Q for the Fiscal Quarter Ended November 30, 2004, I, Thomas S. Summer, certify that, to the best of my knowledge:

1. The quarterly report on Form 10-Q for the Fiscal Quarter Ended November 30, 2004 of Constellation Brands, Inc. fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the periodic report on Form 10-Q for the Fiscal Quarter Ended November 30, 2004 of Constellation Brands, Inc. fairly presents, in all material respects, the financial condition and results of operations of Constellation Brands, Inc.

Dated: January 10, 2005

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