

## Chalone goes to Diageo

20 Dec 2004 by JR

The British drinks giant Diageo has bid successfully for the Chalone Wine Group, owner of the likes of Chalone, Acacia and Jade Mountain in California and Sagelands and Canoe Ridge Vineyards in Washington.

One of the busiest men in wine recently must have been Jean- Michel Valette MW, *eminence grise* behind some of the most high profile boardroom manoeuvres (who says the French language is dead, by the way?) in wine.

He brokered what seemed like a particularly creative deal involving the American wine group Chalone, the world's largest wine company Constellation, the Chilean Huneeus family of Quintessa and Domaines Barons de Rothschild, the Lafite Rothschilds, reported [here](#) last May.

He was then involved in the billion dollar [deal](#) whereby Constellation bought the beleaguered Robert Mondavi Corporation, giving Constellation several other ready- made stakes in California wine's highest reaches.

Perhaps it was not so surprising then that Constellation were happy to see a better bid for Chalone from the British drinks giant Diageo trump their own, all sanctioned by the small print of the original deal.

DBR's plans for a de luxe Cabernet rival to Opus One are now off. The Huneeus family presumably feel rather jilted, but the Rothschilds, who need a bob or two after all, will benefit substantially from the deal since they owned 49 per cent of Chalone.

So all those negotiations over vineyards and barrels in California will eventually move a ton of money (this is not a financial publication, you may have noticed) from London (Diageo) to Paris (the Lafite Rothschilds).

Diageo is not exactly a major player in the world of wine. In Europe it is best known for 'entry level', hem, hem, brands Blossom Hill and Piat d'Or. It does own Sterling and Beaulieu in California but that's about it on the wine front, with the sole and outstanding exception of ultra- traditional fine wine merchant Justerini & Brooks of St James's, London.

This, I'm sure, is not the fate that the late Dick Graff who co- founded Chalone up in the hills above Soledad had in mind.