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

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2001

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	16-0716709
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

300 WILLOWBROOK OFFICE PARK, FAIRPORT, NEW YORK 14450
(Address of principal executive offices) (Zip Code)

(585) 218-2169
(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 X No ___

The number of shares outstanding with respect to each of the classes of common stock of Constellation Brands, Inc., as of December 31, 2001, is set forth below:

CLASS	NUMBER OF SHARES OUTSTANDING
Class A Common Stock, Par Value $.01 Per Share	37,686,040
Class B Common Stock, Par Value $.01 Per Share	6,074,445

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	November 30, 2001 (unaudited)	February 28, 2001
ASSETS		
CURRENT ASSETS:		
Cash and cash investments	$ 9,454	$ 145,672
Accounts receivable, net	473,835	314,262
Inventories, net	831,889	670,018
Prepaid expenses and other current assets	72,175	61,037

Total current assets	1,387,353	1,190,989
PROPERTY, PLANT AND EQUIPMENT, net	561,667	548,614
OTHER ASSETS	1,178,471	772,566
Total assets	$ 3,127,491	$ 2,512,169

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Notes payable	$ 159,493	$ 4,184
Current maturities of long-term debt	80,039	54,176
Accounts payable	217,550	114,793
Accrued excise taxes	49,977	55,954
Other accrued expenses and liabilities	290,482	198,053
Total current liabilities	797,541	427,160
LONG-TERM DEBT, less current maturities	1,259,088	1,307,437
DEFERRED INCOME TAXES	131,953	131,974
OTHER LIABILITIES	33,628	29,330
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.01 par value- Authorized, 1,000,000 shares; Issued, none at November 30, 2001, and February 28, 2001	-	-
Class A Common Stock, $.01 par value- Authorized, 120,000,000 shares; Issued, 39,148,856 shares at November 30, 2001, and 37,438,968 shares at February 28, 2001	391	374
Class B Convertible Common Stock, $.01 par value- Authorized, 20,000,000 shares; Issued, 7,325,895 shares at November 30, 2001, and 7,402,594 shares at February 28, 2001	73	74
Additional paid-in capital	407,783	267,655
Retained earnings	565,218	455,798
Accumulated other comprehensive loss	(34,082)	(26,004)
	939,383	697,897
Less-Treasury stock-		
Class A Common Stock, 1,479,217 shares at November 30, 2001, and 6,200,600 shares at February 28, 2001, at cost	(31,820)	(79,271)
Class B Convertible Common Stock, 1,251,450 shares at November 30, 2001, and February 28, 2001, at cost	(2,207)	(2,207)
	(34,027)	(81,478)
Less-Unearned compensation-restricted stock awards	(75)	(151)
Total stockholders' equity	905,281	616,268
Total liabilities and stockholders' equity	$ 3,127,491	$ 2,512,169

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

<TABLE>

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

<CAPTION>

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2001	2000	2001	2000

	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>
GROSS SALES	$ 2,774,023	$ 2,436,637	$ 987,776	$ 833,447
Less - Excise taxes	(627,064)	(583,990)	(223,702)	(203,870)
Net sales	2,146,959	1,852,647	764,074	629,577
COST OF PRODUCT SOLD	(1,448,925)	(1,260,082)	(505,666)	(421,524)
Gross profit	698,034	592,565	258,408	208,053
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(430,287)	(379,159)	(149,585)	(122,815)
Operating income	267,747	213,406	108,823	85,238
EQUITY IN EARNINGS OF JOINT VENTURE	1,028	-	1,165	-
INTEREST EXPENSE, net	(86,408)	(81,797)	(27,249)	(26,983)
Income before income taxes	182,367	131,609	82,739	58,255
PROVISION FOR INCOME TAXES	(72,947)	(52,644)	(33,096)	(23,302)
NET INCOME	$ 109,420	$ 78,965	$ 49,643	$ 34,953
SHARE DATA:				
Earnings per common share:				
Basic	$ 2.58	$ 2.16	$ 1.14	$ 0.95
Diluted	$ 2.51	$ 2.12	$ 1.11	$ 0.93
Weighted average common shares outstanding:				
Basic	42,362	36,615	43,429	36,788
Diluted	43,570	37,283	44,739	37,469

<FN>
The accompanying notes to consolidated financial statements are an integral part of these statements.
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</TABLE>

<TABLE>

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

<CAPTION>

	For the Nine Months Ended November 30,	
	2001	2000
	(unaudited)	(unaudited)
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 109,420	$ 78,965
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	39,943	35,826

Amortization of intangible assets	24,048	19,285
(Gain) loss on sale of assets	(2,175)	1,904
Equity in earnings of joint venture	(1,028)	-
Amortization of discount on long-term debt	413	370
Stock-based compensation expense	76	255
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Accounts receivable, net	(134,321)	(104,496)
Inventories, net	(57,664)	(88,726)
Prepaid expenses and other current assets	(10,499)	(15,738)
Accounts payable	83,138	39,087
Accrued excise taxes	(5,720)	15,975
Other accrued expenses and liabilities	80,560	39,067
Other assets and liabilities, net	(2,517)	(5,683)
Total adjustments	14,254	(62,874)
Net cash provided by operating activities	123,674	16,091
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of businesses, net of cash acquired	(472,337)	-
Investment in joint venture	(77,282)	-
Purchases of property, plant and equipment	(47,158)	(47,806)
Proceeds from sale of assets	35,499	1,379
Net cash used in investing activities	(561,278)	(46,427)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from notes payable	156,226	96,922
Proceeds from equity offerings, net of fees	151,486	-
Exercise of employee stock options	35,249	5,530
Proceeds from issuance of long-term debt, net of discount	2,910	119,400
Proceeds from employee stock purchases	842	761
Principal payments of long-term debt	(43,080)	(221,557)
Payment of issuance costs of long-term debt	(1,339)	(1,668)
Net cash provided by (used in) financing activities	302,294	(612)
Effect of exchange rate changes on cash and cash investments	(908)	(1,489)
NET DECREASE IN CASH AND CASH INVESTMENTS	(136,218)	(32,437)
CASH AND CASH INVESTMENTS, beginning of period	145,672	34,308
CASH AND CASH INVESTMENTS, end of period	$ 9,454	$ 1,871
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Fair value of assets acquired, including cash acquired	$ 541,296	$ 15,115
Liabilities assumed	(63,217)	(10,628)
Cash paid	478,079	4,487
Less - cash acquired	(5,742)	(4,487)
Net cash paid for purchases of businesses	$ 472,337	$ -
Property, plant and equipment contributed to joint venture	$ 30,020	$ -

<FN>
The accompanying notes to consolidated financial statements are an integral part of these statements.
</FN>
</TABLE>

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2001

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 Annual Report on Form 10-K for the fiscal year ended February 28, 2001. Results of operations for interim periods are not necessarily indicative of annual results.

Certain November 30, 2000, and February 28, 2001, balances have been reclassified to conform to current year presentation.

2) ACCOUNTING CHANGES:

Effective March 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133 ("SFAS No. 133"), "Accounting for Derivative Instruments and Hedging Activities", as amended, which establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 requires that the Company recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value. The adoption of SFAS No. 133 did not have a material impact on the Company's consolidated financial position, results of operations, or cash flows. The Company is exposed to market risk associated with changes in foreign currency exchange rates. The Company has limited involvement with derivative financial instruments and does not use them for trading purposes. The Company periodically enters into derivative transactions solely to manage the volatility and to reduce the financial impact relating to this risk.

The Company uses foreign currency exchange agreements to reduce the risk of foreign currency exchange rate fluctuations resulting primarily from contracts to purchase inventory items that are denominated in various foreign currencies. Certain of these derivative contracts are designated to hedge the exposure to variable cash flows of a forecasted transaction and are classified as cash flow hedges. As such, the effective portion of the change in the fair value of the derivatives is recorded each period in the balance sheet in accumulated other comprehensive income/loss ("AOCI"), and is reclassified into the statement of income, primarily as a component of cost of goods sold, in the same period during which the hedged transaction affects earnings. The currency forward exchange contracts used generally have maturity terms of twelve months or less. The Company expects the entire balance in AOCI related to cash flow hedges to be reclassified to the statement of income within the next twelve months. The Company formally documents all relationships between hedging instruments and hedged items in accordance with SFAS No. 133 requirements.

The Company uses the remaining foreign currency exchange agreements to reduce the risk of foreign currency exchange rate fluctuations resulting primarily from recorded accounts payable denominated in various foreign currencies. As these derivative contracts have not been designated as hedging instruments, all resulting gains or losses are recognized in earnings in the period of change.

The Company has exposure to foreign currency risk, primarily in the United Kingdom, as a result of having international subsidiaries. The Company uses local currency borrowings to hedge its earnings and cash flow exposure to adverse changes in foreign currency exchange rates. Such borrowings are designated as a hedge of the foreign currency exposure of the net investment in the foreign operation. Accordingly, the effective portion of the foreign currency gain or loss on the hedging debt instrument is reported in AOCI as part of the foreign currency translation adjustments. For the nine months and three months ended November 30, 2001, net gains of $4.1 million and $5.8 million, respectively, are included in foreign currency translation adjustments within AOCI.

3) ACQUISITIONS:

On October 27, 2000, the Company purchased all of the issued Ordinary Shares and Preference Shares of Forth Wines Limited ("Forth Wines"). The purchase price was $4.5 million and was accounted for using the purchase method; accordingly, the acquired net assets were recorded at fair market value at the date of acquisition. The excess of the purchase price over the fair market value of the net assets acquired (goodwill), $2.2 million, is being amortized on a straight-line basis over 40 years. The results of operations of Forth Wines are reported in the Matthew Clark segment and have been included in the Consolidated Statements of Income since the date of acquisition.

On March 5, 2001, in an asset acquisition, the Company acquired several well-known premium wine brands, including Vendange, Nathanson Creek, Heritage, and Talus, working capital (primarily inventories), two wineries in California, and other related assets from Sebastiani Vineyards, Inc. and Tuolomne River Vintners Group (the "Turner Road Vintners Assets"). The preliminary purchase price of the Turner Road Vintners Assets, including assumption of indebtedness of $9.4 million, was $289.8 million. The purchase price is subject to final closing adjustments which the Company does not expect to be material. The acquisition was financed by the proceeds from the sale of the February 2001

Senior Notes and revolving loan borrowings under the senior credit facility. The Turner Road Vintners Assets acquisition was accounted for using the purchase method; accordingly, the acquired net assets were recorded at fair market value at the date of acquisition, subject to final appraisal. The excess of the purchase price over the estimated fair market value of the net assets acquired (goodwill), $116.5 million, is being amortized on a straight-line basis over 40 years. The results of operations of the Turner Road Vintners Assets are reported in the Canandaigua Wine segment and have been included in the Consolidated Statements of Income since the date of acquisition.

On March 26, 2001, in an asset acquisition, the Company acquired certain wine brands, wineries, working capital (primarily inventories), and other related assets from Corus Brands, Inc. (the "Corus Assets"). In this acquisition, the Company acquired several well-known premium wine brands primarily sold in the northwestern United States, including Covey Run, Columbia, Ste. Chapelle and Alice White. The preliminary purchase price of the Corus Assets, including assumption of indebtedness of $3.0 million, was $52.3 million plus an earn-out over six years based on the performance of the brands. The purchase price is subject to final closing adjustments which the Company does not expect to be material. In connection with the transaction, the Company also entered into long-term grape supply agreements with affiliates of Corus Brands, Inc. covering more than 1,000 acres of Washington and Idaho vineyards. The acquisition was financed with revolving loan borrowings under the senior credit facility. The Corus Assets acquisition was accounted for using the purchase method; accordingly, the acquired net assets were recorded at fair market value at the date of acquisition, subject to final appraisal. The excess of the purchase price over the estimated fair market value of the net assets acquired (goodwill), $10.0 million, is being amortized on a straight-line basis over 40 years. The results of operations of the Corus Assets are reported in the Canandaigua Wine segment and have been included in the Consolidated Statements of Income since the date of acquisition.

On July 2, 2001, the Company purchased all of the outstanding capital stock of Ravenswood Winery, Inc. ("Ravenswood"). Ravenswood produces, markets and sells super-premium and ultra-premuim California wine, primarily under the Ravenswood brand name. The preliminary purchase price of Ravenswood, including assumption of indebtedness of $2.9 million, was $151.3 million. The purchase price is subject to final closing adjustments which the Company does not expect to be material. The purchase price was financed with revolving loan borrowings under the senior credit facility. The Ravenswood acquisition was accounted for using the purchase method; accordingly, the acquired net assets were recorded at fair market value at the date of acquisition, subject to final appraisal. The excess of the purchase price over the estimated fair market value of the net assets acquired (goodwill), $58.4 million, will not be amortized and will be tested for impairment at least annually in accordance with the provisions of SFAS No. 142 (as defined in Note 14). The Ravenswood acquisition was in line with the Company's strategy of further penetrating the higher gross profit margin super-premium and ultra-premium wine categories. The results of operations of Ravenswood are reported in the Franciscan segment and have been included in the Consolidated Statements of Income since the date of acquisition. The unaudited pro forma results of operations for the nine months ended November 30, 2001 (shown in the table below), reflect total nonrecurring charges of $12.6 million ($0.17 per share on a diluted basis) related to transaction costs, primarily for the acceleration of vesting of stock options, which were incurred by Ravenswood prior to the acquisition.

The following table sets forth the unaudited pro forma results of operations of the Company for the nine months and three months ended November 30, 2001 and 2000. The unaudited pro forma results of operations for the nine months ended November 30, 2001 and 2000, and the three months ended November 30, 2000, give effect to the acquisitions of the Turner Road Vintners Assets, Corus Assets, and Ravenswood as if they occurred on March 1, 2000. The unaudited pro forma results of operations for the nine months and three months ended November 30, 2000, do not give pro forma effect to the acquisition of Forth Wines as if it occurred on March 1, 2000, as it is not significant. The unaudited pro forma results of operations are presented after giving effect to certain adjustments for depreciation, amortization of goodwill, interest expense on the acquisition financing and related income tax effects. The unaudited pro forma results of operations are based upon currently available information and upon certain assumptions that the Company believes are reasonable under the circumstances. The unaudited pro forma results of operations do not purport to present what the Company's results of operations would actually have been if the aforementioned transactions had in fact occurred on such date or at the beginning of the period indicated, nor do they project the Company's financial position or results of operations at any future date or for any future period.

<TABLE>
<CAPTION>

	For the Nine Months Ended November 30,	For the Three Months Ended November 30,

(in thousands, except per share data)	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Net sales	$ 2,162,318	$ 2,056,562	$ 764,074	$ 702,788
Income before income taxes	$ 167,776	$ 115,161	$ 82,739	$ 54,336
Net income	$ 100,254	$ 69,096	$ 49,643	$ 32,601
Earnings per common share:				
Basic	$ 2.37	$ 1.89	$ 1.14	$ 0.89
Diluted	$ 2.30	$ 1.85	$ 1.11	$ 0.87
Weighted average common shares outstanding:				
Basic	42,362	36,615	43,429	36,788
Diluted	43,570	37,283	44,739	37,469

</TABLE>

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:

(in thousands)	November 30, 2001	February 28, 2001
Raw materials and supplies	$ 42,845	$ 28,007
In-process inventories	549,061	450,650
Finished case goods	239,983	191,361
	$ 831,889	$ 670,018

5) OTHER ASSETS:

The major components of other assets are as follows:

(in thousands)	November 30, 2001	February 28, 2001
Goodwill	$ 630,829	$ 447,813
Trademarks	381,963	247,139
Investment in joint venture	108,897	-
Distribution rights and agency license agreements	87,052	87,052
Other	78,186	75,232
	1,286,927	857,236
Less - Accumulated amortization	(108,456)	(84,670)
	$ 1,178,471	$ 772,566

6) INVESTMENT IN JOINT VENTURE:

On July 31, 2001, the Company and BRL Hardy Limited completed the formation of Pacific Wine Partners LLC ("PWP"), a joint venture owned equally by the Company and BRL Hardy Limited, the second largest wine company in Australia. PWP produces, markets and sells a global portfolio of premium wine in the United States, including a range of Australian imports, the fastest growing wine segment in the United States. PWP has exclusive distribution rights in the United States and the Caribbean to seven brands - Banrock Station, Hardys, Leasingham, Barossa Valley Estate and Chateau Reynella from Australia; Nobilo from New Zealand; and La Baume from France. The joint venture also owns Farallon, a premium California coastal wine. In addition, PWP owns the Riverland Vineyards winery and controls 1,400 acres of vineyards, all located in Monterey County, California.

The Company contributed to PWP assets with a carrying amount of $30.0 million plus $5.5 million of cash. The Company sold assets with a carrying amount of $31.2 million to BRL Hardy (USA) Inc. ("Hardy") and received $34.9 million in cash. Hardy contributed these assets plus $5.5 million of cash to PWP. The Company and PWP are parties to the following agreements: administrative and selling services agreement; crushing, wine production, bottling, storage, and related services agreement; inventory supply agreement; sublease and assumption agreements pertaining to certain vineyards, which agreements include a market value adjustment provision; and a market value adjustment agreement relating to a certain vineyard lease held by PWP. As of November 30, 2001, amounts related to the above agreements were not material.

On October 16, 2001, the Company announced that PWP completed the purchase of certain assets of Blackstone Winery, including the Blackstone brand and the Codera wine business in Sonoma County

("the Blackstone Assets"). The preliminary purchase price of the Blackstone Assets was $140.0 million and was financed equally by the Company and Hardy. The purchase price is subject to final closing adjustments which the Company does not expect to be material. The Company used revolving loan borrowings under its senior credit facility to fund the Company's portion of the transaction.

As of November 30, 2001, the Company's investment balance, which is accounted for under the equity method, was $108.9 million and is included on the Consolidated Balance Sheets in other assets. The carrying amount of the investment is less than the Company's equity in the underlying net assets of PWP by $4.2 million. This amount is included in earnings as the assets are used by PWP.

7) OTHER ACCRUED EXPENSES AND LIABILITIES:

The major components of other accrued expenses and liabilities are as follows:

	November 30, 2001	February 28, 2001
(in thousands)		
Accrued advertising and promotions	$ 58,878	$ 44,501
Accrued income taxes payable	45,172	21,122
Accrued grape purchases	27,891	-
Accrued salaries and commissions	27,810	24,589
Accrued interest	26,560	28,542
Other	104,171	79,299
	$ 290,482	$ 198,053

8) BORROWINGS:

In July 2001, the Company exchanged $200.0 million aggregate principal amount of 8% Series B Senior Notes due February 2008 (the "February 2001 Series B Senior Notes") for all of the February 2001 Senior Notes. The terms of the February 2001 Series B Senior Notes are identical in all material respects to the February 2001 Senior Notes.

9) STOCKHOLDERS' EQUITY:

Equity offerings -

During March 2001, the Company completed a public offering of 4,370,000 shares of its Class A Common Stock resulting in net proceeds to the Company, after deducting underwriting discounts and expenses, of $139.4 million. The net proceeds were used to repay revolving loan borrowings under the senior credit facility of which a portion was incurred to partially finance the acquisition of the Turner Road Vintners Assets.

During October 2001, the Company sold 322,500 shares of its Class A Common Stock in connection with a public offering of Class A Common Stock by stockholders of the Company. The net proceeds to the Company, after deducting underwriting discounts, of $12.1 million were used to repay borrowings under the senior credit facility.

Employee stock purchase plan -

The Company has a stock purchase plan under which 500,000 shares of the Company's Class A Common Stock may be issued to eligible employees and directors of the Company's United Kingdom subsidiaries. In connection with the Company's May 2001 two-for-one stock split, the Company has submitted to the Inland Revenue, for its approval, a revised plan to increase the number of shares available under the plan to 1,000,000. Under the terms of the plan, participants may purchase shares of the Company's Class A Common Stock through payroll deductions. The purchase price may be no less

than 80% of the closing price of the stock on the day the purchase price is fixed by the committee administering the plan. As of November 30, 2001, no shares have been issued.

10) EARNINGS PER COMMON SHARE:

Basic earnings per common share exclude the effect of common stock equivalents and are computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period for Class A Common Stock and Class B Convertible Common Stock. 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 assume the conversion of convertible securities, if any, using the "if converted" method.

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

<TABLE>
<CAPTION>

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2001	2000	2001	2000
(in thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>
Income applicable to common shares	$ 109,420	$ 78,965	$ 49,643	$ 34,953
Weighted average common shares outstanding - basic	42,362	36,615	43,429	36,788
Stock options	1,208	668	1,310	681
Weighted average common shares outstanding - diluted	43,570	37,283	44,739	37,469
EARNINGS PER COMMON SHARE - BASIC	$ 2.58	$ 2.16	$ 1.14	$ 0.95
EARNINGS PER COMMON SHARE - DILUTED	$ 2.51	$ 2.12	$ 1.11	$ 0.93

</TABLE>

Stock options to purchase 1.1 million and 1.7 million shares of Class A Common Stock at a weighted average price per share of $41.23 and $52.31 were outstanding during the nine months ended November 30, 2001 and 2000, 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 respective periods. Stock options to purchase 1.1 million and 1.7 million shares of Class A Common Stock at a weighted average price per share of $41.23 and $52.32 were outstanding during the three months ended November 30, 2001 and 2000, 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 respective periods.

11) COMPREHENSIVE INCOME:

Comprehensive income consists of net income, foreign currency translation adjustments and net unrealized gains on derivative instruments for the nine months and three months ended November 30, 2001 and 2000.

The reconciliation of net income to comprehensive income is as follows:

<TABLE>
<CAPTION>

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2001	2000	2001	2000
(in thousands)				
<S>	<C>	<C>	<C>	<C>
Net income	$ 109,420	$ 78,965	$ 49,643	$ 34,953
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(8,114)	(23,483)	(5,232)	(4,370)
Cash flow hedges:				
Net derivative gains, net of tax effect of $103 and $7, respectively	209	-	(10)	-
Reclassification adjustments, net of tax effect of $80 and $5, respectively	(173)	-	13	-
Net cash flow hedges	36	-	3	-

Total comprehensive income	$ 101,342	$ 55,482	$ 44,414	$ 30,583

</TABLE>

Accumulated other comprehensive loss includes the following components:

<TABLE>
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	For the Nine Months Ended November 30, 2001		
	Foreign Currency Translation Adjustments	Net Unrealized Gains on Derivatives	Accumulated Other Comprehensive Loss
<S>	<C>	<C>	<C>
Beginning balance, February 28, 2001	$ (26,004)	$ -	$ (26,004)
Current-period change	(8,114)	36	(8,078)
Ending balance, November 30, 2001	$ (34,118)	$ 36	$ (34,082)

</TABLE>

12) CONDENSED CONSOLIDATING FINANCIAL INFORMATION:

The following information sets forth the condensed consolidating balance sheets as of November 30, 2001 and 2000, and the condensed consolidating statements of income and cash flows for the nine months and three months ended November 30, 2001 and 2000, for the parent company, the combined subsidiaries of the Company which guarantee the Company's senior notes and senior subordinated notes ("Subsidiary Guarantors"), the combined subsidiaries of the Company which are not Subsidiary Guarantors, primarily Matthew Clark ("Subsidiary Nonguarantors"), and the consolidated Company. The Subsidiary Guarantors are wholly owned and the guarantees are full, unconditional, joint and several obligations of each of the Subsidiary Guarantors. 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 Annual Report on Form 10-K for the fiscal year ended February 28, 2001. 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.

<TABLE>
<CAPTION>

(in thousands)	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Condensed Consolidating Balance Sheet					
at November 30, 2001					
Current assets:					
Cash and cash investments	$ 1,204	$ 7,780	$ 470	$ -	$ 9,454
Accounts receivable, net	94,922	177,937	200,976	-	473,835
Inventories, net	22,770	662,086	147,149	(116)	831,889
Prepaid expenses and other current assets	7,818	46,090	18,267	-	72,175
Intercompany (payable) receivable	(16,346)	(18,255)	34,601	-	-
Total current assets	110,368	875,638	401,463	(116)	1,387,353

<CAPTION>

(in thousands)	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>

Property, plant and equipment, net	32,086	343,330	186,251	-	561,667
Investment in subsidiaries	2,395,342	551,932	-	(2,947,274)	-
Other assets	84,063	852,823	241,585	-	1,178,471
Total assets	$ 2,621,859	$ 2,623,723	$ 829,299	$ (2,947,390)	$ 3,127,491
Current liabilities:					
Notes payable	$ 155,000	$ -	$ 4,493	$ -	$ 159,493
Current maturities of long-term debt	71,520	1,971	6,548	-	80,039
Accounts payable and other liabilities	166,802	114,047	227,183	-	508,032
Accrued excise taxes	7,338	20,867	21,772	-	49,977
Total current liabilities	400,660	136,885	259,996	-	797,541
Long-term debt, less current maturities	1,246,264	12,720	104	-	1,259,088
Deferred income taxes	33,232	70,260	28,461	-	131,953
Other liabilities	503	10,495	22,630	-	33,628
Stockholders' equity:					
Class A and class B common stock	464	6,434	64,867	(71,301)	464
Additional paid-in capital	407,783	1,220,092	436,466	(1,656,558)	407,783
Retained earnings	565,333	1,168,817	50,599	(1,219,531)	565,218
Accumulated other comprehensive income (loss)	1,722	(1,980)	(33,824)	-	(34,082)
Treasury stock and other	(34,102)	-	-	-	(34,102)
Total stockholders' equity	941,200	2,393,363	518,108	(2,947,390)	905,281
Total liabilities and stockholders' equity	$ 2,621,859	$ 2,623,723	$ 829,299	$ (2,947,390)	$ 3,127,491

Condensed Consolidating Balance Sheet

at February 28, 2001

Current assets:					
Cash and cash investments	$ 142,104	$ 3,239	$ 329	$ -	$ 145,672
Accounts receivable, net	80,299	116,784	117,179	-	314,262
Inventories, net	31,845	515,274	122,965	(66)	670,018
Prepaid expenses and other current assets	6,551	33,565	20,921	-	61,037
Intercompany (payable) receivable	(61,783)	54,169	7,614	-	-
Total current assets	199,016	723,031	269,008	(66)	1,190,989
Property, plant and equipment, net	30,554	320,143	197,917	-	548,614
Investment in subsidiaries	1,835,088	525,442	-	(2,360,530)	-
Other assets	87,764	434,782	250,020	-	772,566
Total assets	$ 2,152,422	$ 2,003,398	$ 716,945	$ (2,360,596)	$

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
					2,512,169
Current liabilities:					
Notes payable	$ -	$ -	$ 4,184	$ -	$ 4,184
Current maturities of long-term debt	49,218	70	4,888	-	54,176
Accounts payable and other liabilities	111,388	58,448	143,010	-	312,846
Accrued excise taxes	9,411	35,474	11,069	-	55,954
Total current liabilities	170,017	93,992	163,151	-	427,160
Long-term debt, less current maturities	1,305,302	758	1,377	-	1,307,437
Deferred income taxes	33,232	71,619	27,123	-	131,974
Other liabilities	437	2,953	25,940	-	29,330
Stockholders' equity:					
Class A and class B common stock	448	6,434	64,867	(71,301)	448
Additional paid-in capital	267,655	742,343	436,466	(1,178,809)	267,655
Retained earnings	455,864	1,086,311	24,109	(1,110,486)	455,798
Accumulated other comprehensive income (loss)	1,096	(1,012)	(26,088)	-	(26,004)
Treasury stock and other	(81,629)	-	-	-	(81,629)

<CAPTION>

(in thousands)	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Total stockholders' equity	643,434	1,834,076	499,354	(2,360,596)	616,268
Total liabilities and stockholders' equity	$ 2,152,422	$ 2,003,398	$ 716,945	$ (2,360,596)	$ 2,512,169

Condensed Consolidating Statement of Income
for the Nine Months Ended November 30, 2001

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
Gross sales	$ 685,760	$ 1,551,188	$ 842,024	$ (304,949)	$ 2,774,023
Less - excise taxes	(110,805)	(316,167)	(200,092)	-	(627,064)
Net sales	574,955	1,235,021	641,932	(304,949)	2,146,959
Cost of product sold	(388,457)	(903,344)	(462,024)	304,900	(1,448,925)
Gross profit	186,498	331,677	179,908	(49)	698,034
Selling, general and administrative expenses	(125,201)	(168,748)	(136,338)	-	(430,287)
Operating income	61,297	162,929	43,570	(49)	267,747
Equity in earnings of					

subsidiary/joint venture	82,506	27,518	-	(108,996)	1,028
Interest expense, net	(7,011)	(76,397)	(3,000)	-	(86,408)
Income (loss) before income taxes	136,792	114,050	40,570	(109,045)	182,367
Provision for income taxes	(27,323)	(31,544)	(14,080)	-	(72,947)
Net income	$ 109,469	$ 82,506	$ 26,490	$ (109,045)	$ 109,420
Condensed Consolidating Statement of Income for the Nine Months Ended November 30, 2000					
Gross sales	$ 534,914	$ 1,319,066	$ 743,314	$ (160,657)	$ 2,436,637
Less - excise taxes	(97,989)	(309,882)	(176,119)	-	(583,990)
Net sales	436,925	1,009,184	567,195	(160,657)	1,852,647
Cost of product sold	(334,134)	(688,636)	(397,797)	160,485	(1,260,082)
Gross profit	102,791	320,548	169,398	(172)	592,565
Selling, general and administrative expenses	(110,958)	(125,691)	(142,510)	-	(379,159)
Operating (loss) income	(8,167)	194,857	26,888	(172)	213,406
Equity in earnings of subsidiary	96,402	7,255	-	(103,657)	-
Interest expense, net	(20,608)	(57,674)	(3,515)	-	(81,797)
Income before income taxes	67,627	144,438	23,373	(103,829)	131,609
Benefit from (provision for) income taxes	11,510	(48,036)	(16,118)	-	(52,644)
Net income	$ 79,137	$ 96,402	$ 7,255	$ (103,829)	$ 78,965
Condensed Consolidating Statement of Income for the Three Months Ended November 30, 2001					
Gross sales	$ 260,364	$ 527,559	$ 311,001	$ (111,148)	$ 987,776
Less - excise taxes	(42,858)	(105,228)	(75,616)	-	(223,702)
Net sales	217,506	422,331	235,385	(111,148)	764,074
Cost of product sold	(186,544)	(265,344)	(164,896)	111,118	(505,666)
Gross profit	30,962	156,987	70,489	(30)	258,408
Selling, general and administrative expenses	(42,773)	(79,333)	(27,479)	-	(149,585)
Operating (loss) income	(11,811)	77,654	43,010	(30)	108,823

Equity in earnings of subsidiary/joint venture	61,822	36,370	-	(97,027)	1,165
Interest expense, net	911	(27,224)	(936)	-	(27,249)
Income before income taxes	50,922	86,800	42,074	(97,057)	82,739
Provision for income taxes	(1,249)	(24,978)	(6,869)	-	(33,096)
Net income	$ 49,673	$ 61,822	$ 35,205	$ (97,057)	$ 49,643

<CAPTION>

(in thousands)	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Condensed Consolidating Statement of Income for the Three Months Ended November 30, 2000					
Gross sales	$ 191,108	$ 386,750	$ 260,720	$ (5,131)	$ 833,447
Less - excise taxes	(35,151)	(103,951)	(64,768)	-	(203,870)
Net sales	155,957	282,799	195,952	(5,131)	629,577
Cost of product sold	(124,502)	(166,404)	(135,673)	5,055	(421,524)
Gross profit	31,455	116,395	60,279	(76)	208,053
Selling, general and administrative expenses	(35,300)	(48,623)	(38,892)	-	(122,815)
Operating (loss) income	(3,845)	67,772	21,387	(76)	85,238
Equity in earnings of subsidiary	41,803	13,558	-	(55,361)	-
Interest expense, net	(7,445)	(18,333)	(1,205)	-	(26,983)
Income before income taxes	30,513	62,997	20,182	(55,437)	58,255
Benefit from (provision for) income taxes	4,516	(21,194)	(6,624)	-	(23,302)
Net income	$ 35,029	$ 41,803	$ 13,558	$ (55,437)	$ 34,953
Condensed Consolidating Statement of Cash Flows for the Nine Months Ended November 30, 2001					
Net cash provided by operating activities	$ 38,287	$ 76,280	$ 8,785	$ 322	$ 123,674
Cash flows from investing activities:					
Purchases of businesses, net of cash acquired	(478,115)	5,778	-	-	(472,337)
Investment in joint venture	-	(77,282)	-	-	(77,282)

Purchases of property, plant and equipment	(6,038)	(31,110)	(10,010)	-	(47,158)
Proceeds from sale of assets	-	35,150	349	-	35,499
Net cash used in investing activities	(484,153)	(67,464)	(9,661)	-	(561,278)
Cash flows from financing activities:					
Net proceeds from notes payable	155,000	-	1,226	-	156,226
Proceeds from equity offerings, net of fees	151,486	-	-	-	151,486
Exercise of employee stock options	35,249	-	-	-	35,249
Proceeds from issuance of long-term debt, net of discount	-	-	2,910	-	2,910
Proceeds from employee stock purchases	842	-	-	-	842
Principal payments of long-term debt	(33,038)	(8,348)	(1,694)	-	(43,080)
Payment of issuance costs of long-term debt	(1,339)	-	-	-	(1,339)
Net cash provided by (used in) financing activities	308,200	(8,348)	2,442	-	302,294
Effect of exchange rate changes on cash and cash investments	(3,234)	4,073	(1,425)	(322)	(908)
Net (decrease) increase in cash and cash investments	(140,900)	4,541	141	-	(136,218)
Cash and cash investments, beginning of period	142,104	3,239	329	-	145,672
Cash and cash investments, end of period	$ 1,204	$ 7,780	$ 470	$ -	$ 9,454

<CAPTION>

<S> <C> <C> <C> <C> <C>

(in thousands)	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
Condensed Consolidating Statement of Cash Flows for the Nine Months Ended November 30, 2000					
Net cash provided by (used in) operating activities	$ 35,573	$ 1,684	$ (21,166)	$ -	$ 16,091
Cash flows from investing activities:					
Purchases of property, plant and equipment	(3,750)	(31,381)	(12,675)	-	(47,806)
Proceeds from sale of assets	120	484	775	-	1,379
Net cash used in investing activities	(3,630)	(30,897)	(11,900)	-	

					(46,427)
Cash flows from financing activities:					
Net proceeds from notes payable	94,200	-	2,722	-	96,922
Exercise of employee stock options	5,530	-	-	-	5,530
Proceeds from issuance of long-term debt, net of discount	119,400	-	-	-	119,400
Proceeds from employee stock purchases	761	-	-	-	761
Principal payments of long-term debt	(220,564)	(48)	(945)	-	(221,557)
Payment of issuance costs of long-term debt	(1,668)	-	-	-	(1,668)
Net cash (used in) provided by financing activities	(2,341)	(48)	1,777	-	(612)
Effect of exchange rate changes on cash and cash investments	(29,292)	30,466	(2,663)	-	(1,489)
Net increase (decrease) in cash and cash investments	310	1,205	(33,952)	-	(32,437)
Cash and cash investments, beginning of period	-	231	34,077	-	34,308
Cash and cash investments, end of period	$ 310	$ 1,436	$ 125	$ -	$ 1,871

</TABLE>

13) BUSINESS SEGMENT INFORMATION:

The Company reports its operating results in five segments: Canandaigua Wine (branded popular and premium wine and brandy, and other, primarily grape juice concentrate and bulk wine); Barton (primarily beer and distilled spirits); Matthew Clark (branded wine, cider and bottled water, and wholesale wine, cider, distilled spirits, beer and soft drinks); Franciscan (primarily branded super-premium and ultra-premium wine) and Corporate Operations and Other (primarily corporate related items). Segment selection was based upon internal organizational structure, the way in which these operations are managed and their performance evaluated by management and the Company's Board of Directors, the availability of separate financial results, and materiality considerations. 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 Annual Report on Form 10-K for the fiscal year ended February 28, 2001. The Company evaluates performance based on operating income of the respective business units.

Segment information is as follows:

<TABLE>
<CAPTION>

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2001	2000	2001	2000
(in thousands)				
<S>	<C>	<C>	<C>	<C>
Canandaigua Wine:				
- -----------------				
Net sales:				

Branded:				
External customers	$ 583,700	$ 450,927	$ 220,670	$ 160,221
Intersegment	7,532	5,023	2,888	1,891
Total Branded	591,232	455,950	223,558	162,112
Other:				
External customers	46,240	49,317	18,857	19,215
Intersegment	10,413	11,450	2,557	3,095
Total Other	56,653	60,767	21,414	22,310
Net sales	$ 647,885	$ 516,717	$ 244,972	$ 184,422
Operating income	$ 75,706	$ 34,481	$ 36,377	$ 16,281
Long-lived assets	$ 187,211	$ 190,742	$ 187,211	$ 190,742
Total assets	$ 1,099,704	$ 685,674	$ 1,099,704	$ 685,674
Capital expenditures	$ 11,841	$ 11,997	$ 5,764	$ 4,240
Depreciation and amortization	$ 23,546	$ 17,822	$ 7,387	$ 5,941
Barton:				
Net sales:				
Beer	$ 593,435	$ 538,585	$ 181,264	$ 163,292
Spirits	223,657	224,203	79,826	79,096
Net sales	$ 817,092	$ 762,788	$ 261,090	$ 242,388
Operating income	$ 143,234	$ 135,818	$ 47,822	$ 46,370
Long-lived assets	$ 79,633	$ 76,885	$ 79,633	$ 76,885
Total assets	$ 713,416	$ 717,071	$ 713,416	$ 717,071
Capital expenditures	$ 9,253	$ 4,646	$ 2,517	$ 1,660
Depreciation and amortization	$ 13,487	$ 11,982	$ 4,337	$ 4,078
Matthew Clark:				
Net sales:				
Branded:				
External customers	$ 232,868	$ 224,734	$ 88,205	$ 79,248
Intersegment	481	604	-	107
Total Branded	233,349	225,338	88,205	79,355
Wholesale	366,317	293,958	131,842	100,725
Net sales	$ 599,666	$ 519,296	$ 220,047	$ 180,080
Operating income	$ 40,157	$ 41,027	$ 17,872	$ 18,431
Long-lived assets	$ 137,562	$ 139,655	$ 137,562	$ 139,655
Total assets	$ 668,932	$ 644,396	$ 668,932	$ 644,396
Capital expenditures	$ 6,473	$ 9,639	$ 2,434	$ 3,538
Depreciation and amortization	$ 14,390	$ 15,400	$ 4,971	$ 5,363
Franciscan:				
Net sales:				
External customers	$ 100,742	$ 70,923	$ 43,410	$ 27,779
Intersegment	516	177	262	39
Net sales	$ 101,258	$ 71,100	$ 43,672	$ 27,818
Operating income	$ 28,315	$ 18,659	$ 13,169	$ 9,001
Long-lived assets	$ 150,055	$ 125,280	$ 150,055	$ 125,280
Total assets	$ 615,248	$ 394,197	$ 615,248	$ 394,197
Capital expenditures	$ 16,169	$ 21,407	$ 4,871	$ 13,074
Depreciation and amortization	$ 9,125	$ 7,328	$ 2,889	$ 2,798

<CAPTION>

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2001	2000	2001	2000
(in thousands)				
<S>	<C>	<C>	<C>	<C>
Corporate Operations and Other:				
Net sales	$ -	$ -	$ -	$ -
Operating loss	$ (19,665)	$ (16,579)	$ (6,417)	$ (4,845)
Long-lived assets	$ 7,206	$ 3,738	$ 7,206	$ 3,738
Total assets	$ 30,191	$ 24,452	$ 30,191	$ 24,452
Capital expenditures	$ 3,422	$ 117	$ 2,777	$ 45
Depreciation and amortization	$ 3,443	$ 2,579	$ 1,146	$ 866
Intersegment eliminations:				
Net sales	$ (18,942)	$ (17,254)	$ (5,707)	$ (5,131)

Consolidated:
- -------------

Net sales	$ 2,146,959	$ 1,852,647	$ 764,074	$ 629,577
Operating income	$ 267,747	$ 213,406	$ 108,823	$ 85,238
Long-lived assets	$ 561,667	$ 536,300	$ 561,667	$ 536,300
Total assets	$ 3,127,491	$ 2,465,790	$ 3,127,491	$ 2,465,790
Capital expenditures	$ 47,158	$ 47,806	$ 18,363	$ 22,557
Depreciation and amortization	$ 63,991	$ 55,111	$ 20,730	$ 19,046

</TABLE>

14) ACCOUNTING PRONOUNCEMENTS:

In May 2000, the Emerging Issues Task Force ("EITF") issued EITF Issue No. 00-14 ("EITF No. 00-14"), "Accounting for Certain Sales Incentives," which was subsequently amended in April 2001. EITF No. 00-14 addresses the recognition, measurement and income statement classification of certain sales incentives. EITF No. 00-14 requires that sales incentives, including coupons, rebate offers, and free product offers, given concurrently with a single exchange transaction be recognized when incurred and reported as a reduction of revenue. In addition, in April 2001, the EITF issued EITF Issue No. 00-25 ("EITF No. 00-25"), "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products." EITF No. 00-25 addresses the income statement classification of certain consideration, other than directly addressed in EITF No. 00-14, from a vendor to an entity that purchases the vendor's products for resale. EITF No. 00-25 requires that certain consideration from a vendor to a reseller of the vendor's products be reported as a reduction of revenue. The Company currently reports costs that fall under both EITF No. 00-14 and EITF No. 00-25 as selling, general and administrative expenses. The Company is required to adopt EITF No. 00-14 and EITF No. 00-25 in its financial statements beginning March 1, 2002. Upon adoption of EITF No. 00-14 and EITF No. 00-25, financial statements for prior periods presented for comparative purposes are to be reclassified to comply with the requirements of EITF No. 00-14 and EITF No. 00-25. The Company believes the impact of EITF No. 00-14 and EITF No. 00-25 on its financial statements will result in a material reclassification that will decrease previously reported net sales and decrease previously reported selling, general and administrative expenses, but will have no effect on operating income or net income. The Company has not yet determined the amount of the reclassification.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 ("SFAS No. 141"), "Business Combinations." SFAS No. 141 addresses financial accounting and reporting for business combinations requiring all business combinations to be accounted for using one method, the purchase method. In addition, SFAS No. 141 supersedes Accounting Principles Board Opinion No. 16, "Business Combinations." SFAS No. 141 is effective immediately for all business combinations initiated after June 30, 2001, as well as for all business combinations accounted for by the purchase method for which the date of acquisition is July 1, 2001, or later. The Company is required to adopt SFAS No. 141 for all business combinations for which the

acquisition date was before July 1, 2001, for fiscal years beginning March 1, 2002. The adoption of the applicable provisions of SFAS No. 141 have not had a material impact on the Company's financial statements. The Company believes that the adoption of the remaining provisions of SFAS No. 141 will not have a material impact on its financial statements.

In July 2001, the Financial Accounting Standards Board also issued Statement of Financial Accounting Standards No. 142 ("SFAS No. 142"), "Goodwill and Other Intangible Assets." SFAS No. 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes Accounting Principles Board Opinion No. 17, "Intangible Assets." Under SFAS No. 142, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separable intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives. The Company is required to apply the provisions of SFAS No. 142 for all goodwill and intangible assets acquired prior to July 1, 2001, for fiscal years beginning March 1, 2002. For goodwill and intangible assets acquired after June 30, 2001, these assets are subject immediately to the nonamortization and amortization provisions of SFAS No. 142. The Company's preliminary assessment of the financial impact of SFAS No. 142 on its financial statements is that approximately $24 million of amortization of existing goodwill and other intangible assets for the fiscal year ending February 28, 2002, will not be incurred in subsequent fiscal years.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143 ("SFAS No. 143"), "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. The Company is required to adopt SFAS No. 143 for fiscal years beginning March 1, 2003. The Company is currently assessing the financial impact of SFAS No. 143 on its financial statements.

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144 ("SFAS No. 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business (as previously defined in that Opinion). The Company is required to adopt SFAS No. 144 for fiscal years beginning March 1, 2002. The Company is currently assessing the financial impact of SFAS No. 144 on its financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The Company is a leader in the production and marketing of beverage alcohol brands in North America and the United Kingdom, and a leading independent drinks wholesaler in the United Kingdom. As the second largest supplier of wine, the second largest importer of beer and the fourth largest supplier of distilled spirits, the Company is the largest single-source supplier of these products in the United States. In the United Kingdom, the Company is a leading marketer of wine and the second largest producer and marketer of cider.

The Company reports its operating results in five segments: Canandaigua Wine (branded popular and premium wine and brandy, and other, primarily grape juice concentrate and bulk wine); Barton (primarily beer and distilled spirits); Matthew Clark (branded wine, cider and bottled water, and wholesale wine, cider, distilled spirits, beer and soft drinks); Franciscan (primarily branded super-premium and ultra-premium wine); and Corporate Operations and Other (primarily corporate related items).

On April 10, 2001, the Board of Directors of the Company approved a two-for-one stock split of both the Company's Class A Common Stock and Class B Common Stock, which was distributed in the form of a stock dividend on May 14, 2001, to stockholders of record on April 30, 2001. Pursuant to the terms of the stock dividend, each holder of Class A Common Stock received one additional share of Class A stock for each share of Class A stock held, and each holder of Class B Common Stock received one additional share of Class B stock for each share of Class B stock held. All share and per share amounts in this Quarterly Report on Form 10-Q reflect the common stock split.

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, 2001 ("Third Quarter 2002"), compared to the three months ended November 30, 2000 ("Third Quarter 2001"), and for the nine months ended November 30, 2001 ("Nine Months 2002"), compared to the nine months ended November 30, 2000 ("Nine Months 2001"), and (ii) financial liquidity and capital resources for Nine Months 2002. 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 Annual Report on Form 10-K for the fiscal year ended February 28, 2001 ("Fiscal 2001").

ACQUISITIONS IN FISCAL 2002 AND FISCAL 2001

On July 2, 2001, the Company acquired all of the outstanding capital stock of Ravenswood Winery, Inc. ("Ravenswood"), a leading premium wine producer based in Sonoma, California. Ravenswood produces, markets and sells super-premium and ultra-premium California wine primarily under the Ravenswood brand name. The vast majority of the wine Ravenswood produces and sells is red wine, including the number one super-premium Zinfandel in the United States. The results of operations of Ravenswood are reported in the Franciscan segment and have been included in the consolidated results of operations of the Company since the date of acquisition.

On March 26, 2001, in an asset acquisition, the Company acquired certain wine brands, wineries, working capital (primarily inventories), and other related assets from Corus Brands, Inc. (the "Corus Assets"). In this acquisition, the Company acquired several well-known premium wine brands primarily sold in the northwestern United States, including Covey Run, Columbia, Ste. Chapelle and Alice White. In connection with the transaction, the Company also entered into long-term grape supply agreements with affiliates of Corus Brands, Inc. covering more than 1,000 acres of Washington and Idaho vineyards.

The results of operations of the Corus Assets are reported in the Canandaigua Wine segment and have been included in the consolidated results of operations of the Company since the date of acquisition.

On March 5, 2001, in an asset acquisition, the Company acquired several well-known premium wine brands, including Vendange, Nathanson Creek, Heritage, and Talus, working capital (primarily inventories), two wineries in California, and other related assets from Sebastiani Vineyards, Inc. and Tuolomne River Vintners Group (the "Turner Road Vintners Assets"). The results of operations of the Turner Road Vintners Assets are reported in the Canandaigua Wine segment and have been included in the consolidated results of operations of the Company since the date of acquisition. The acquisition of the Turner Road Vintners Assets is significant and the Company expects it to have a material impact on the Company's future results of operations.

On October 27, 2000, the Company purchased all of the issued Ordinary Shares and Preference Shares of Forth Wines Limited ("Forth Wines"). The results of operations of Forth Wines are reported in the Matthew Clark segment and have been included in the consolidated results of operations of the Company since the date of acquisition.

JOINT VENTURE

On July 31, 2001, the Company and BRL Hardy Limited completed the formation of Pacific Wine Partners LLC ("PWP"), a joint venture owned equally by the Company and BRL Hardy Limited, the second largest wine company in Australia. PWP produces, markets and sells a global portfolio of premium wine in the United States, including a range of Australian imports, the fastest growing wine segment in the United States. PWP has exclusive distribution rights in the United States and the Caribbean to seven brands - Banrock Station, Hardys, Leasingham, Barossa Valley Estate and Chateau Reynella from Australia; Nobilo from New Zealand; and La Baume from France. The joint venture also owns Farallon, a premium California coastal wine. In addition, PWP owns the Riverland Vineyards winery and controls 1,400 acres of vineyards, all located in Monterey County, California.

On October 16, 2001, the Company announced that PWP completed the purchase of certain assets of Blackstone Winery, including the Blackstone brand and the Codera wine business in Sonoma County.

The investment in PWP is accounted for using the equity method; accordingly, the results of operations of PWP since July 31, 2001, have been included in the equity in earnings of joint venture line in the Consolidated Statements of Income of the Company.

RESULTS OF OPERATIONS

THIRD QUARTER 2002 COMPARED TO THIRD QUARTER 2001

NET SALES

The following table sets forth the net sales (in thousands of dollars) by operating segment of the Company for Third Quarter 2002 and Third Quarter 2001.

	Third Quarter 2002 Compared to Third Quarter 2001		
	Net Sales		
	2002	2001	%Increase/ (Decrease)
Canandaigua Wine:			
Branded:			
External customers	$ 220,670	$ 160,221	37.7 %
Intersegment	2,888	1,891	52.7 %
Total Branded	223,558	162,112	37.9 %
Other:			
External customers	18,857	19,215	(1.9)%
Intersegment	2,557	3,095	(17.4)%
Total Other	21,414	22,310	(4.0)%
Canandaigua Wine net sales	$ 244,972	$ 184,422	32.8 %
Barton:			
Beer	$ 181,264	$ 163,292	11.0 %

Spirits	79,826	79,096	0.9 %
Barton net sales	$ 261,090	$ 242,388	7.7 %
Matthew Clark:			
Branded:			
External customers	$ 88,205	$ 79,248	11.3 %
Intersegment	-	107	(100.0)%
Total Branded	88,205	79,355	11.2 %
Wholesale	131,842	100,725	30.9 %
Matthew Clark net sales	$ 220,047	$ 180,080	22.2 %
Franciscan:			
External customers	$ 43,410	$ 27,779	56.3 %
Intersegment	262	39	571.8 %
Franciscan net sales	$ 43,672	$ 27,818	57.0 %
Corporate Operations and Other	$ -	$ -	N/A
Intersegment eliminations	$ (5,707)	$ (5,131)	11.2 %
Consolidated Net Sales	$ 764,074	$ 629,577	21.4 %

Net sales for Third Quarter 2002 increased to $764.1 million from $629.6 million for Third Quarter 2001, an increase of $134.5 million, or 21.4%.

Canandaigua Wine

Net sales for Canandaigua Wine for Third Quarter 2002 increased to $245.0 million from $184.4 million for Third Quarter 2001, an increase of $60.6 million, or 32.8%. This increase resulted primarily from $54.0 million of sales of the newly acquired brands from the Turner Road Vintners Assets and Corus Assets acquisitions ("the March Acquisitions"), both completed in March 2001.

Barton

Net sales for Barton for Third Quarter 2002 increased to $261.1 million from $242.4 million for Third Quarter 2001, an increase of $18.7 million, or 7.7%. This increase resulted primarily from an 11.0% increase in imported beer sales, led by volume growth in the Mexican beer portfolio. Spirits sales increased slightly primarily from an increase in bulk whiskey sales, partially offset by slightly lower branded spirits sales.

Matthew Clark

Net sales for Matthew Clark for Third Quarter 2002 increased to $220.0 million from $180.1 million for Third Quarter 2001, an increase of $40.0 million, or 22.2%. There was no significant foreign currency impact on net sales for Third Quarter 2002. This increase resulted primarily from a 30.9% increase in wholesale sales driven by sales to national accounts. Additionally, branded sales increased 11.2% with an increase in wine sales, particularly Stowells of Chelsea and the California wine portfolio, being partially offset by a slight decrease in cider sales.

Franciscan

Net sales for Franciscan for Third Quarter 2002 increased to $43.7 million from $27.8 million for Third Quarter 2001, an increase of $15.9 million, or 57.0%. This increase resulted primarily from $15.5 million of sales of the newly acquired brands from the Ravenswood acquisition, completed in July 2001.

GROSS PROFIT

The Company's gross profit increased to $258.4 million for Third Quarter 2002 from $208.1 million for Third Quarter 2001, an increase of $50.4 million, or 24.2%. The dollar increase in gross profit resulted primarily from sales of the newly acquired brands from the March Acquisitions and the Ravenswood acquisition, volume growth in the Barton Mexican beer portfolio, and volume growth in the Matthew Clark branded wine business and wholesale business. As a percent of net sales, gross profit improved to 33.8% for Third Quarter 2002 versus 33.0% for Third Quarter 2001. The increase in gross profit margin resulted primarily from sales of higher-margin wine brands acquired in the March

Acquisitions and the Ravenswood acquisition.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to $149.6 million for Third Quarter 2002 from $122.8 million for Third Quarter 2001, an increase of $26.8 million, or 21.8%. The dollar increase in selling, general and administrative expenses resulted primarily from advertising and promotion costs associated with the brands acquired in the March Acquisitions and the Ravenswood acquisition, higher promotional costs associated with the Matthew Clark cider business, as well as increases related to volume growth in the Matthew Clark branded wine business and the Barton Mexican beer portfolio. Selling, general and administrative expenses as a percent of net sales were virtually unchanged at 19.6% for Third Quarter 2002 as compared to 19.5% for Third Quarter 2001.

OPERATING INCOME

The following table sets forth the operating income/(loss) (in thousands of dollars) by operating segment of the Company for Third Quarter 2002 and Third Quarter 2001.

	Third Quarter 2002 Compared to Third Quarter 2001		
	Operating Income/(Loss)		
	2002	2001	%Increase/ (Decrease)
Canandaigua Wine	$ 36,377	$ 16,281	123.4 %
Barton	47,822	46,370	3.1 %
Matthew Clark	17,872	18,431	(3.0)%
Franciscan	13,169	9,001	46.3 %
Corporate Operations and Other	(6,417)	(4,845)	32.4 %
Consolidated Operating Income	$ 108,823	$ 85,238	27.7 %

As a result of the above factors, consolidated operating income increased to $108.8 million for Third Quarter 2002 from $85.2 million for Third Quarter 2001, an increase of $23.6 million, or 27.7%.

INTEREST EXPENSE, NET

Net interest expense increased to $27.2 million for Third Quarter 2002 from $27.0 million for Third Quarter 2001, an increase of $0.3 million, or 1.0%. The increase resulted primarily from an increase in average borrowings primarily due to the financing of the March Acquisitions and the Ravenswood acquisition, which was virtually offset by a decrease in the average interest rate.

NET INCOME

As a result of the above factors, net income increased to $49.6 million for Third Quarter 2002 from $35.0 million for Third Quarter 2001, an increase of $14.7 million, or 42.0%.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Third Quarter 2002 were $130.7 million, an increase of $26.4 million over EBITDA of $104.3 million for Third Quarter 2001. EBITDA should not be construed as an alternative to operating income or net cash flow from operating activities and should not be construed as an indication of operating performance or as a measure of liquidity.

NINE MONTHS 2002 COMPARED TO NINE MONTHS 2001

NET SALES

The following table sets forth the net sales (in thousands of dollars) by operating segment of the Company for Nine Months 2002 and Nine Months 2001.

Nine Months 2002 Compared to Nine Months 2001		
Net Sales		
2002	2001	%Increase/ (Decrease)

Canandaigua Wine:			
Branded:			
External customers	$ 583,700	$ 450,927	29.4 %
Intersegment	7,532	5,023	50.0 %
Total Branded	591,232	455,950	29.7 %
Other:			
External customers	46,240	49,317	(6.2)%
Intersegment	10,413	11,450	(9.1)%
Total Other	56,653	60,767	(6.8)%
Canandaigua Wine net sales	$ 647,885	$ 516,717	25.4 %
Barton:			
Beer	$ 593,435	$ 538,585	10.2 %
Spirits	223,657	224,203	(0.2)%
Barton net sales	$ 817,092	$ 762,788	7.1 %
Matthew Clark:			
Branded:			
External customers	$ 232,868	$ 224,734	3.6 %
Intersegment	481	604	(20.4)%
Total Branded	233,349	225,338	3.6 %
Wholesale	366,317	293,958	24.6 %
Matthew Clark net sales	$ 599,666	$ 519,296	15.5 %
Franciscan:			
External customers	$ 100,742	$ 70,923	42.0 %
Intersegment	516	177	191.5 %
Franciscan net sales	$ 101,258	$ 71,100	42.4 %
Corporate Operations and Other	$ -	$ -	N/A
Intersegment eliminations	$ (18,942)	$ (17,254)	9.8 %
Consolidated Net Sales	$ 2,146,959	$ 1,852,647	15.9 %

Net sales for Nine Months 2002 increased to $2,147.0 million from $1,852.6 million for Nine Months 2001, an increase of $294.3 million, or 15.9%.

Canandaigua Wine

Net sales for Canandaigua Wine for Nine Months 2002 increased to $647.9 million from $516.7 million for Nine Months 2001, an increase of $131.2 million, or 25.4%. This increase resulted primarily from $137.6 million of sales of the newly acquired brands from the March Acquisitions. This increase was partially offset by declines in Canandaigua Wine's grape juice concentrate business and other wine brands.

Barton

Net sales for Barton for Nine Months 2002 increased to $817.1 million from $762.8 million for Nine Months 2001, an increase of $54.3 million, or 7.1%. This increase resulted primarily from a 10.2% increase in imported beer sales, led by volume growth in the Mexican beer portfolio. This increase was partially offset by a slight decrease in spirits sales as a result of lower net selling prices from the implementation of a net pricing strategy in the third quarter of Fiscal 2001, which also resulted in lower promotion costs.

Matthew Clark

Net sales for Matthew Clark for Nine Months 2002 increased to $599.7 million from $519.3 million for Nine Months 2001, an increase of $80.4 million, or 15.5%. Excluding an adverse foreign currency impact of $24.8 million, net sales increased $105.2 million, or 20.3%. This local currency basis increase resulted primarily from a 29.9% increase in wholesale sales, with the majority of this growth coming from organic sales. Additionally, branded sales increased 7.8% with an increase in wine sales being partially offset by a decrease in cider sales.

Franciscan

Net sales for Franciscan for Nine Months 2002 increased to $101.3 million from $71.1 million for Nine Months 2001, an increase of $30.2 million, or 42.4%. This increase resulted primarily from $20.9 million of sales of the newly acquired brands from the Ravenswood acquisition and organic sales growth primarily due to volume increases in the Estancia, Veramonte, and Franciscan brands.

GROSS PROFIT

The Company's gross profit increased to $698.0 million for Nine Months 2002 from $592.6 million for Nine Months 2001, an increase of $105.5 million, or 17.8%. The dollar increase in gross profit resulted primarily from sales of the newly acquired brands from the March Acquisitions and the Ravenswood acquisition, volume growth in the Barton Mexican beer portfolio, volume growth in the Matthew Clark wholesale business and branded wine business, and volume growth in the Franciscan fine wine portfolio. These increases were partially offset by a decrease in Barton's spirits sales, an adverse foreign currency impact, a decrease in Canandaigua Wine's organic wine sales and a volume decrease in Matthew Clark's cider sales. As a percent of net sales, gross profit improved slightly to 32.5% for Nine Months 2002 versus 32.0% for Nine Months 2001. The increase in gross profit margin resulted primarily from sales of higher-margin wine brands acquired in the March Acquisitions and the Ravenswood acquisition.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to $430.3 million for Nine Months 2002 from $379.2 million for Nine Months 2001, an increase of $51.1 million, or 13.5%. The dollar increase in selling, general and administrative expenses resulted primarily from advertising and promotion costs associated with the brands acquired in the March Acquisitions and the Ravenswood acquisition. Selling, general and administrative expenses as a percent of net sales decreased to 20.0% for Nine Months 2002 as compared to 20.5% for Nine Months 2001 as a decrease in Barton spirits advertising and promotion costs was greater than the decrease in Barton spirits net sales and the percent increase in Matthew Clark wholesale sales was greater than the percent increase in selling, general and administrative expenses.

OPERATING INCOME

The following table sets forth the operating income/(loss) (in thousands of dollars) by operating segment of the Company for Nine Months 2002 and Nine Months 2001.

	Nine Months 2002 Compared to Nine Months 2001		
	Operating Income/(Loss)		
	2002	2001	%Increase/ (Decrease)
Canandaigua Wine	$ 75,706	$ 34,481	119.6 %
Barton	143,234	135,818	5.5 %
Matthew Clark	40,157	41,027	(2.1)%
Franciscan	28,315	18,659	51.7 %
Corporate Operations and Other	(19,665)	(16,579)	18.6 %
Consolidated Operating Income	$ 267,747	$ 213,406	25.5 %

As a result of the above factors, consolidated operating income increased to $267.7 million for Nine Months 2002 from $213.4 million for Nine Months 2001, an increase of $54.3 million, or 25.5%.

INTEREST EXPENSE, NET

Net interest expense increased to $86.4 million for Nine Months 2002 from $81.8 million for Nine Months 2001, an increase of $4.6 million, or 5.6%. The increase resulted primarily from an increase in average borrowings primarily due to the financing of the March Acquisitions and the Ravenswood acquisition, partially offset by a slight decrease in the average interest rate.

NET INCOME

As a result of the above factors, net income increased to $109.4 million for Nine Months 2002 from $79.0 million for Nine Months 2001, an increase of $30.5 million, or 38.6%.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Nine Months 2002 were $332.8 million, an increase of $64.2 million over EBITDA of $268.5 million for Nine Months 2001. EBITDA should not be construed as an alternative to operating income or net cash flow from operating activities and should not be construed as an indication of operating performance or as a measure of liquidity.

FINANCIAL LIQUIDITY AND CAPITAL RESOURCES

GENERAL

The Company's principal use of cash in its operating activities is for purchasing and carrying inventories. The Company's primary source of liquidity has historically been cash flow from operations, except during the annual fall grape harvests when the Company has relied on short-term borrowings. The annual grape crush normally begins in August and runs through October. The Company generally begins purchasing grapes in August with payments for such grapes beginning to come due in September. The Company's short-term borrowings to support such purchases generally reach their highest levels in November or December. Historically, the Company has used cash flow from operating activities to repay its short-term borrowings. 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, liquidity and anticipated capital expenditure requirements for both its short-term and long-term capital needs.

NINE MONTHS 2002 CASH FLOWS

OPERATING ACTIVITIES

Net cash provided by operating activities for Nine Months 2002 was $123.7 million, which resulted from $170.7 million in net income adjusted for noncash items, less $47.0 million representing the net change in the Company's operating assets and liabilities. The net change in operating assets and liabilities resulted primarily from a seasonal increase in accounts receivable and inventories, partially offset by increases in accounts payable, accrued grape purchases, accrued income taxes and accrued advertising and promotion expenses.

INVESTING ACTIVITIES AND FINANCING ACTIVITIES

Net cash used in investing activities for Nine Months 2002 was $561.3 million, which resulted from net cash paid of $472.3 million for the March Acquisitions and the Ravenswood acquisition, $77.3 million of equity contributions to PWP and $47.2 million of capital expenditures, partially offset by $35.5 million of proceeds from the sale of assets.

Net cash provided by financing activities for Nine Months 2002 was $302.3 million, which resulted primarily from proceeds of $156.2 million from net revolving loan borrowings under the senior credit facility, net proceeds of $151.5 million from the equity offerings, and proceeds of $35.2 million from exercise of employee stock options. These amounts were partially offset by principal payments of long-term debt of $43.1 million.

DEBT

Total debt outstanding as of November 30, 2001, amounted to $1,498.6 million, an increase of $132.8 million from February 28, 2001. The ratio of total debt to total capitalization decreased to 62.3% as of November 30, 2001, from 68.9% as of February 28, 2001.

SENIOR CREDIT FACILITY

As of November 30, 2001, under its senior credit facility, the Company had outstanding term loans of $303.8 million bearing a weighted average interest rate of 4.0%, $155.0 million of revolving loans bearing a weighted average interest rate of 3.4%, undrawn revolving letters of credit of $19.1 million, and $125.9 million in revolving loans available to be drawn.

SENIOR NOTES

As of November 30, 2001, 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, 2001, the Company had outstanding (pound)1.0 million ($1.4 million) aggregate principal amount of 8 1/2% Series B Senior Notes due

November 2009 (the "Sterling Series B Senior Notes"). In addition, the Company had outstanding (pound)154.0 million ($218.8 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") as of November 30, 2001. 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.

In July 2001, the Company exchanged $200.0 million aggregate principal amount of 8% Series B Senior Notes due February 2008 (the "February 2001 Series B Senior Notes") for all of the February 2001 Senior Notes. The terms of the February 2001 Series B Senior Notes are identical in all material respects to the February 2001 Senior Notes. The February 2001 Series B Senior Notes are currently redeemable, in whole or in part, at the option of the Company. As of November 30, 2001, the Company had outstanding $200.0 million aggregate principal amount of February 2001 Series B Senior Notes.

SENIOR SUBORDINATED NOTES

As of November 30, 2001, the Company had outstanding $195.0 million ($193.8 million, net of $1.2 million unamortized discount) aggregate principal amount of 8 3/4% Senior Subordinated Notes due December 2003 (the "Original Notes"). The Original Notes are currently redeemable, in whole or in part, at the option of the Company.

Also, as of November 30, 2001, the Company had outstanding $200.0 million aggregate principal amount of 8 1/2% Senior Subordinated Notes due March 2009 (the "Senior Subordinated Notes"). The Senior Subordinated Notes are redeemable at the option of the Company, in whole or in part, at any time on or after March 1, 2004. The Company may also redeem up to $70.0 million of the Senior Subordinated Notes using the proceeds of certain equity offerings completed before March 1, 2002.

EQUITY OFFERINGS

During March 2001, the Company completed a public offering of 4,370,000 shares of its Class A Common Stock resulting in net proceeds to the Company, after deducting underwriting discounts and expenses, of $139.4 million. The net proceeds were used to repay revolving loan borrowings under the senior credit facility of which a portion was incurred to partially finance the acquisition of the Turner Road Vintners Assets.

During October 2001, the Company sold 322,500 shares of its Class A Common Stock in connection with a public offering of Class A Common Stock by stockholders of the Company. The net proceeds to the Company, after deducting underwriting discounts, of $12.1 million were used to repay borrowings under the senior credit facility.

ACCOUNTING PRONOUNCEMENTS

In May 2000, the Emerging Issues Task Force ("EITF") issued EITF Issue No. 00-14 ("EITF No. 00-14"), "Accounting for Certain Sales Incentives," which was subsequently amended in April 2001. EITF No. 00-14 addresses the recognition, measurement and income statement classification of certain sales incentives. EITF No. 00-14 requires that sales incentives, including coupons, rebate offers, and free product offers, given concurrently with a single exchange transaction be recognized when incurred and reported as a reduction of revenue. In addition, in April 2001, the EITF issued EITF Issue No. 00-25 ("EITF No. 00-25"), "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products." EITF No. 00-25 addresses the income statement classification of certain consideration, other than directly addressed in EITF No. 00-14, from a vendor to an entity that purchases the vendor's products for resale. EITF No. 00-25 requires that certain consideration from a vendor to a reseller of the vendor's products be reported as a reduction of revenue. The Company currently reports costs that fall under both EITF No. 00-14 and EITF No. 00-25 as selling, general and administrative

expenses. The Company is required to adopt EITF No. 00-14 and EITF No. 00-25 in its financial statements beginning March 1, 2002. Upon adoption of EITF No. 00-14 and EITF No. 00-25, financial statements for prior periods presented for comparative purposes are to be reclassified to comply with the requirements of EITF No. 00-14 and EITF No. 00-25. The Company believes the impact of EITF No. 00-14 and EITF No. 00-25 on its financial statements will result in a material reclassification that will decrease previously reported net sales and decrease previously reported selling, general and administrative expenses, but will have no effect on operating income or net income. The Company has not yet determined the amount of the reclassification.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 ("SFAS No. 141"), "Business

Combinations." SFAS No. 141 addresses financial accounting and reporting for business combinations requiring all business combinations to be accounted for using one method, the purchase method. In addition, SFAS No. 141 supersedes Accounting Principles Board Opinion No. 16, "Business Combinations." SFAS No. 141 is effective immediately for all business combinations initiated after June 30, 2001, as well as for all business combinations accounted for by the purchase method for which the date of acquisition is July 1, 2001, or later. The Company is required to adopt SFAS No. 141 for all business combinations for which the acquisition date was before July 1, 2001, for fiscal years beginning March 1, 2002. The adoption of the applicable provisions of SFAS No. 141 have not had a material impact on the Company's financial statements. The Company believes that the adoption of the remaining provisions of SFAS No. 141 will not have a material impact on its financial statements.

In July 2001, the Financial Accounting Standards Board also issued Statement of Financial Accounting Standards No. 142 ("SFAS No. 142"), "Goodwill and Other Intangible Assets." SFAS No. 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes Accounting Principles Board Opinion No. 17, "Intangible Assets." Under SFAS No. 142, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separable intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives. The Company is required to apply the provisions of SFAS No. 142 for all goodwill and intangible assets acquired prior to July 1, 2001, for fiscal years beginning March 1, 2002. For goodwill and intangible assets acquired after June 30, 2001, these assets are subject immediately to the nonamortization and amortization provisions of SFAS No. 142. The Company's preliminary assessment of the financial impact of SFAS No. 142 on its financial statements is that approximately $24 million of amortization of existing goodwill and other intangible assets for the fiscal year ending February 28, 2002, will not be incurred in subsequent fiscal years.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143 ("SFAS No. 143"), "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. The Company is required to adopt SFAS No. 143 for fiscal years beginning March 1, 2003. The Company is currently assessing the financial impact of SFAS No. 143 on its financial statements.

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144 ("SFAS No. 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a

segment of a business (as previously defined in that Opinion). The Company is required to adopt SFAS No. 144 for fiscal years beginning March 1, 2002. The Company is currently assessing the financial impact of SFAS No. 144 on its financial statements.

EURO CONVERSION ISSUES

Effective January 1, 1999, eleven of the fifteen member countries of the European Union (the "Participating Countries") established fixed conversion rates between their existing sovereign currencies and the euro. Effective January 1, 2002, the euro became the sole currency of the Participating Countries. The Company does not believe that the effects of the conversion will have a material adverse effect on the Company's business and operations.

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. For risk factors associated with the Company and its business, which factors could cause actual results to differ materially from those set forth in, or implied by, the Company's forward-looking statements, reference should be made to the Company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended February 28, 2001.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information about market risks for the nine months ended November 30, 2001, does not differ materially from that discussed under Item 7A in the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2001.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) See Index to Exhibits located on Page 32 of this Report.

(b) The following Reports on Form 8-K were filed with the Securities and Exchange Commission during the quarter ended November 30, 2001:

(i) Form 8-K dated September 4, 2001. This Form 8-K reported information under Item 5.

(ii) Form 8-K dated September 25, 2001. This Form 8-K reported information under Item 7.

(iii) Form 8-K dated October 2, 2001. This Form 8-K reported information under Item 5 and included (i) the Company's Condensed Consolidated Balance Sheets as of August 31, 2001 and February 28, 2001; (ii) the Company's Condensed Consolidated Statements of Income for the three months ended August 31, 2001 and August 31, 2000; and (iii) the Company's Condensed Consolidated Statements of Income for the six months ended August 31, 2001 and August 31, 2000.

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 14, 2002 By: /s/ Thomas F. Howe

Thomas F. Howe, Senior Vice President, Controller

Dated: January 14, 2002 By: /s/ Thomas S. Summer

Thomas S. Summer, Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

INDEX TO EXHIBITS

(2) PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION.

2.1 Asset Purchase Agreement dated as of February 21, 1999 by and among Diageo Inc., UDV Canada Inc., United Distillers Canada Inc. and the Company (filed as Exhibit 2 to the Company's Current Report on Form 8-K dated April 9, 1999 and incorporated herein by reference).

2.2 Stock Purchase Agreement, dated April 21, 1999, between Franciscan Vineyards, Inc., Agustin Huneeus, Agustin Francisco Huneeus, Jean-Michel

Valette, Heidrun Eckes-Chantre Und Kinder Beteiligungsverwaltung II, GbR, Peter Eugen Eckes Und Kinder Beteiligungsverwaltung II, GbR, Harald Eckes-Chantre, Christina Eckes-Chantre, Petra Eckes-Chantre and the Company (filed as Exhibit 2.1 on the Company's Current Report on Form 8-K dated June 4, 1999 and incorporated herein by reference).

2.3 Stock Purchase Agreement by and between Canandaigua Wine Company, Inc. (a wholly-owned subsidiary of the Company) and Moet Hennessy, Inc. dated April 1, 1999 (filed as Exhibit 2.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 1999 and incorporated herein by reference).

2.4 Purchase Agreement dated as of January 30, 2001, by and among Sebastiani Vineyards, Inc., Tuolomne River Vintners Group and Canandaigua Wine Company, Inc. (a wholly-owned subsidiary of the Company) (filed as Exhibit 2.5 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2001 and incorporated herein by reference).

2.5 First Amendment to Purchase Agreement and Pro Forma Closing Balance Sheet, dated as of March 5, 2001, by and among Sebastiani Vineyards, Inc., Tuolomne River Vintners Group and Canandaigua Wine Company, Inc. (including a list briefly identifying the contents of all omitted schedules thereto) (filed herewith). The Company will furnish supplementally to the Commission, upon request, a copy of any omitted schedule.

2.6 Second Amendment to Purchase Agreement dated as of March 5, 2001, by and among Sebastiani Vineyards, Inc., Tuolomne River Vintners Group and Canandaigua Wine Company, Inc. (filed herewith).

2.7 Agreement and Plan of Merger by and among the Company, VVV Acquisition Corp. and Ravenswood Winery, Inc. dated as of April 10, 2001 (filed as Exhibit 2.5 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2001 and incorporated herein by reference).

(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, 2000 and incorporated herein by reference).

3.2 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, 2000 and incorporated herein by reference).

(4) INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES.

4.1 Amendment No. 3 to the Credit Agreement, dated as of September 7, 2001 between the Company, certain principal subsidiaries, and The Chase Manhattan Bank, as administrative agent

for certain banks (filed as Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2001 and incorporated herein by reference).

(10) MATERIAL CONTRACTS.

10.1 Amendment No. 3 to the Credit Agreement, dated as of September 7, 2001 between the Company, certain principal subsidiaries, and The Chase Manhattan Bank, as administrative agent for certain banks (filed as Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2001 and incorporated herein by reference).

(11) STATEMENT RE COMPUTATION OF PER SHARE EARNINGS.

11.1 Computation of per share earnings (filed herewith).

(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.

(99) ADDITIONAL EXHIBITS.

None.

EXHIBIT 11

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER COMMON SHARE
(in thousands, except per share data)

	For the Nine Months Ended November 30,			
	2001		2000	
	Basic	Diluted	Basic	Diluted
Income applicable to common shares	$109,420	$109,420	$ 78,965	$ 78,965
Shares:				
Weighted average common shares outstanding	42,362	42,362	36,615	36,615
Adjustments:				
Stock options	-	1,208	-	668
Adjusted weighted average common shares outstanding	42,362	43,570	36,615	37,283
Earnings per common share	$ 2.58	$ 2.51	$ 2.16	$ 2.12

	For the Three Months Ended November 30,			
	2001		2000	
	Basic	Diluted	Basic	Diluted
Income applicable to common shares	$ 49,643	$ 49,643	$ 34,953	$ 34,953
Shares:				
Weighted average common shares outstanding	43,429	43,429	36,788	36,788
Adjustments:				
Stock options	-	1,310	-	681
Adjusted weighted average common shares outstanding	43,429	44,739	36,788	37,469
Earnings per common share	$ 1.14	$ 1.11	$ 0.95	$ 0.93

EXHIBIT 2.5

FIRST AMENDMENT TO PURCHASE AGREEMENT
AND PRO FORMA CLOSING BALANCE SHEET

THIS AMENDMENT, made and entered into as of the 5th day of March, 2001 (the "Amendment"), amends that certain Purchase Agreement by and among Canandaigua Wine Company, Inc., a New York corporation ("Buyer"), Tuolomne River Vintners Group, a California partnership ("TRVG"), and Sebastiani Vineyards, Inc., a Delaware corporation ("SVI") dated January 30, 2001 (the "Purchase Agreement") and the Pro Forma Closing Balance Sheet delivered by SVI and TRVG to Buyer on February 23, 2001. All capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Purchase Agreement.

WITNESSETH:

WHEREAS, the parties have agreed that Buyer will assume that certain promissory note given by SVI to General Electric Capital Corporation ("GE Capital") dated December 28, 1998 (the "Promissory Note") and, to the extent it secures the indebtedness under the Promissory Note, that certain master security agreement between GE Capital and SVI dated September 8, 1998 (the "Security Agreement"), copies of which are attached hereto as EXHIBITS A and B, respectively.

NOW, THEREFORE, the parties hereto, in consideration of the premises and the mutual covenants contained herein, agree as follows:

1. Schedule 1.1(a)(v) of the Purchase Agreement shall be amended to add the Promissory Note and, to the extent it secures the indebtedness under the Promissory Note, the Security Agreement to the list of Contracts. Schedule 1.1(a)(v), as amended, is attached hereto as EXHIBIT C and a copy thereof shall be attached to the Purchase Agreement in substitution of the current Schedule 1.1(a)(v).

2. The Pro Forma Closing Balance Sheet shall be amended as follows:

a. The amount of $9,393,776.63 (the outstanding principal balance of the Promissory Note as of March 5, 2001) shall be added to the Liabilities & Equity side of the Pro-Forma Closing Balance Sheet by (i) inserting the amount of $945,982.72 into the "Note Payable - Current" entry, and (ii) inserting the amount of $8,447,793.91 into the "Notes Payable" entry;

b. The "Total Current Liabilities" entry shall be increased to equal $18,238,875.00; and

c. The "Total Shareholder's Equity" entry shall be decreased to equal $117,656,223.37.

The Pro-Forma Closing Balance Sheet, as amended, is attached hereto as EXHIBIT D and a copy thereof shall be attached to the Purchase Agreement in substitution of the current Pro-Forma Closing Balance Sheet

3. Except as amended hereby, the Purchase Agreement and Pro Forma Closing Balance Sheet shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered on behalf of the parties as of the date first above written.

CANANDAIGUA WINE COMPANY, INC., a New York corporation

By: /s/ Ronald C. Fondiller

Ronald C. Fondiller, Vice President

SEBASTIANI VINEYARDS, INC., a Delaware corporation

By: /s/ Don A. Sebastiani

[Title]

TUOLOMNE RIVER VINTNERS GROUP, a California partnership

By: MAJiC Vine, Inc., a California corporation, General Partner

By: /s/ Mary Ann Sebastiani Cuneo

Mary Ann Sebastiani Cuneo, President

By: Lucinco, Inc., a California corporation,
General Partner

By: /s/ Sam Sebastiani

Sam Sebastiani, President

By: E.T.K. Inc., a California corporation,
General Partner

By: /s/ Don A. Sebastiani

Don A. Sebastiani, President

List of Exhibits

EXHIBIT 2.6

SECOND AMENDMENT TO PURCHASE AGREEMENT

THIS SECOND AMENDMENT, made and entered into as of the 5th day of March, 2001 (the "Amendment"), amends that certain Purchase Agreement by and among Canandaigua Wine Company, Inc., a New York corporation ("Buyer"), Tuolomne River Vintners Group, a California partnership ("TRVG"), and Sebastiani Vineyards, Inc., a Delaware corporation ("SVI") dated January 30, 2001 (the "Purchase Agreement"), as previously amended. All capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Purchase Agreement.

WITNESSETH:

WHEREAS, the parties have agreed that SVI will not be required to provide Buyer with certain audited income statements of the Business and SVI for the period ended on the Closing Date; and

WHEREAS, the parties have further agreed that the audited balance sheet of SVI as of the close of business on the Closing Date will use a modified FIFO method for inventory determinations; and WHEREAS, the parties have been diligently working to complete the post-closing appraisal of the Assets for purposes of finalizing the Allocation as provided in Section 1.3(b)(ii).

NOW, THEREFORE, the parties hereto, in consideration of the premises and the mutual covenants contained herein, agree as follows:

1. Section 1.4(a) of the Purchase Agreement is hereby amended to remove the requirement that SVI deliver to Buyer an audited income statement of the Business for the period ended at the close of business on the Closing Date by deleting Section 1.4(a)(i) in its entirety and replacing it with the following:

> "(i) an audited closing balance sheet for the Business (the "Closing Balance Sheet") as of the close of business on the Closing Date and"

2. Section 1.4(a) of the Purchase Agreement is hereby further amended to remove the requirement that SVI deliver to Buyer an audited income statement of SVI for the period ended at the close of business on the Closing Date, and to modify the manner in which the audited balance sheet of SVI is prepared such that the modified FIFO method for inventory determinations set forth in the Accounting Methodology will be used, by deleting Section 1.4(a)(ii) in its entirety and replacing it with the following:

> (ii) an audited balance sheet for SVI as of the close of business on the Closing Date (determined on a pro forma basis as though the parties had not consummated the transactions contemplated by this Agreement), prepared using the modified FIFO method for inventory determinations set forth in the Accounting Methodology, and generally accepted accounting principles, consistently applied.

3. The Buyer and Sellers shall continue to endeavor to complete the appraisal of the Assets for the purpose of finalizing the Allocation as soon as reasonably practicable after the Closing Date, as provided by Section 1.3(b)(ii). However, the Buyer and Sellers each acknowledge that it is unlikely that such appraisal will be completed prior to completion and review of the Closing Balance Sheet,

which, if the Closing Balance Sheet is accepted by Buyer without disagreement, will be on the 45th day after Buyer's receipt thereof.

4. Except as amended hereby, the Purchase Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered on behalf of the parties as of the date first above written.

CANANDAIGUA WINE COMPANY, INC., a New York corporation

By: /s/ Ronald C. Fondiller

Ronald C. Fondiller, Vice President

SEBASTIANI VINEYARDS, INC., a Delaware corporation

By: /s/ Donald A. Sebastiani

    [Title]

TUOLOMNE RIVER VINTNERS GROUP, a California partnership

By: MAJiC Vine, Inc., a California corporation,
    General Partner

By: /s/ Mary Ann Sebastiani Cuneo

    Mary Ann Sebastiani Cuneo, President

By: Lucinco, Inc., a California corporation,
    General Partner

By: /s/ Sam Sebastiani

    Sam Sebastiani, President

By: E.T.K. Inc., a California corporation,
    General Partner

By: /s/ Don A. Sebastiani

    Don A. Sebastiani, President