

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): July 1, 2003

Constellation Brands, Inc.

(Exact name of registrant as specified in its charter)

001-08495

(Commission File Number)

Delaware

(State or other jurisdiction
of incorporation)

16-0716709

(IRS Employer
Identification No.)

300 WillowBrook Office Park, Fairport, New York 14450

(Address of principal executive offices) (Zip Code)

(585) 218-3600

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) The following exhibit is furnished as part of this Form 8-K.

No.	Description
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99.1	Press Release of Constellation Brands, Inc., dated July 1, 2003.

ITEM 9. REGULATION FD DISCLOSURE (ALSO BEING PROVIDED UNDER NEW ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION).

On July 1, 2003, Constellation Brands, Inc. (the "Company"), a Delaware corporation, issued a press release (the "earnings release"), a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference. In the earnings release, the Company reported its financial results for the first quarter ended May 31, 2003.

The information in this Item 9 is furnished pursuant to Item 9 and Item 12 of this Form 8-K. Consequently, it is not deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or Securities Act of 1933 if such subsequent filing specifically references this Form 8-K.

The earnings release contains non-GAAP financial measures; in the release these are referred to as "comparable" or "equivalent" measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, the Company has provided reconciliations within the earnings release of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

Comparable measures are provided because management uses this information in evaluating the results of the continuing operations of the Company and in internal goal setting. In addition, the Company believes this information provides investors a better insight on underlying business trends and results in order to evaluate year over year financial performance. As such, an increase in cost of goods sold resulting from the step up of inventory associated with the acquisition of BRL Hardy Limited (now known as Hardy Wine Company Limited) ("Hardy"), financing costs and the imputed interest charges associated with the Hardy acquisition, restructuring charges and a gain on change in fair value of derivative instruments are excluded from comparable results. Similarly, equivalent information including Hardy sales information in the year ago period set forth in the earnings release for the first quarter ended May 31, 2003 provides investors with a better basis for year over year comparison.

SIGNATURES

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

CONSTELLATION BRANDS, INC.

Dated: July 1, 2003

By: /s/ Thomas S. Summer

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

INDEX TO EXHIBITS

- (1) UNDERWRITING AGREEMENT
Not Applicable.
- (2) PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION
Not Applicable.
- (4) INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES
Not Applicable.
- (14) CODE OF ETHICS
Not Applicable.
- (16) LETTER RE CHANGE IN CERTIFYING ACCOUNTANT
Not Applicable.
- (17) LETTER RE DIRECTOR RESIGNATION
Not Applicable.
- (20) OTHER DOCUMENTS OR STATEMENTS TO SECURITY HOLDERS
Not Applicable.
- (23) CONSENTS OF EXPERTS AND COUNSEL
Not Applicable.
- (24) POWER OF ATTORNEY
Not Applicable.
- (99) ADDITIONAL EXHIBITS
99.1 Press Release dated July 1, 2003.

CONSTELLATION REPORTS RECORD FIRST QUARTER SALES AND NET INCOME

Company expects continued growth throughout the year

FAIRPORT, NEW YORK, JULY 1, 2003 - Constellation Brands, Inc. (NYSE: STZ and STZ.B, ASX: CBR) today reported record net sales and net income for its first quarter ended May 31, 2003. Led by the benefit from the Hardy acquisition, increased beer sales and lower average spirits costs, net income on a comparable basis increased \$10 million, or 26 percent, to reach a record \$47 million. Diluted earnings per share on a comparable basis increased 23 percent to reach \$0.49.

Net income and diluted earnings per share as reported under generally accepted accounting principles ("reported") for the first quarter increased two million dollars, or five percent, to reach \$39 million. Reported diluted earnings per share increased three percent to reach \$0.41.

Net income on a comparable basis and diluted earnings per share on a comparable basis exclude the after-tax impact of: an increase in cost of goods sold resulting from the step up of inventory associated with the Hardy acquisition; financing costs and the imputed interest charges associated with the Hardy acquisition; restructuring charges; and a gain on change in fair value of derivative instruments. For a further discussion of these items, please see the section "Items Affecting Comparability" contained in this release. A table reconciling these measures and other related financial measures for the quarter is included in this release.

Richard Sands, Chairman and Chief Executive Officer, said, "We are pleased with our strong comparable earnings growth this quarter, which was enhanced by our recent acquisition. The integration of Hardy has gone very well and it is clear that Constellation has already begun to experience tangible benefits from the acquisition, particularly in the enhancement of our scale, breadth and growth. Our company-wide business model of independent sales, marketing and production teams has once again demonstrated its flexibility, allowing us to adapt to changes in the marketplace while maintaining close contact with our customers."

Sands added, "We remain focused on building long-term brand equity and we continue to invest behind brands and sectors that have the greatest potential for growth, while maintaining profitability on more established brands. This approach to the market enabled us to maintain a strong bottom line and we are on track to deliver our fiscal year earnings goals."

BUSINESS SEGMENTS

As reported in its recently filed Form 10-K, the Company has changed its organizational structure. Beginning with the first quarter ended May 31, 2003 ("First Quarter 2004"), the Company is reporting its operating results in three segments: Constellation Wines (branded wine, and U.K. wholesale and other), Constellation Beers and Spirits (imported beer and distilled spirits) and Corporate Operations and Other. In accordance with the provisions of segment reporting, the Company has elected to change its definition of operating income for segment purposes to exclude restructuring and unusual costs that affect comparability. This calculation of operating income for segments reflects the measure currently used by management to evaluate results.

CONSOLIDATED RESULTS

For the three months ended May 31, 2003 ("First Quarter 2004"), net sales grew 19 percent, reaching \$772 million compared to \$650 million in the prior year and includes a positive four percent impact from foreign exchange. Net sales growth was driven primarily by the addition of wine sales from the Hardy acquisition completed during the quarter. Increases in U.K. wholesale sales and imported beer sales also contributed to the growth. Net sales for the quarter on an equivalent basis, including April and May sales from Hardy in the prior year period of \$85 million, increased five percent, including a positive four percent impact from foreign exchange.

Gross profit on a comparable basis for the first quarter increased 21 percent to reach \$213 million and gross margin on a comparable basis improved 50 basis points to reach 27.7 percent. The increase in gross profit and the improvement in gross margin for the quarter resulted primarily from: sales from the Hardy acquisition; higher average imported beer prices partially offset by higher average imported beer costs; and lower average spirits costs.

Reported gross profit, which includes inventory step-up associated with the Hardy acquisition of six million dollars, increased 18 percent to reach \$208 million and reported gross margin declined 30 basis points to 26.9 percent.

First quarter selling, general and administrative expenses ("SG&A") on a comparable basis increased \$12 million to reach \$103 million. The majority of the increase resulted from expenses associated with the Hardy acquisition. As a percent of net sales, SG&A on a comparable basis were 13.3 percent compared to 14.0 percent for the prior year.

Reported SG&A increased \$16 million to reach \$107 million, and includes four million dollars of financing costs (non-cash) associated with the Hardy acquisition. As a percent of net sales, reported SG&A were 13.8 percent, including a 50 basis point impact from the financing costs, compared to 14.0 percent for the prior year.

Operating income on a comparable basis increased to \$111 million, an

increase of 29 percent versus \$86 million in the prior year. Reported operating income was \$99 million, an increase of 15 percent, and includes: inventory step-up of six million dollars; financing costs of four million dollars; and restructuring charges of two million dollars.

Net interest expense on a comparable basis increased \$10 million to \$37 million as a result of higher average borrowings due to the financing of the Hardy acquisition, partially offset by a lower average borrowing rate. Reported net interest expense for the quarter increased \$12 million to \$39 million and includes two million dollars of imputed interest expense related to the Hardy acquisition.

As a result of the above factors, net income and diluted earnings per share on a comparable basis for First Quarter 2004 increased 26 percent and 23 percent, respectively, reaching \$47 million and \$0.49. Net income and diluted earnings per share on a reported basis for First Quarter 2004 increased five percent and three percent, respectively, reaching \$39 million and \$0.41.

CONSTELLATION BEERS AND SPIRITS RESULTS

Net sales for First Quarter 2004 grew two percent to reach \$277 million and operating income grew 10 percent to reach \$60 million. Imported beer sales increased four percent resulting from both volume gains, particularly Corona Extra and Corona Light, and higher average prices. The higher average prices resulted from a price increase on the Company's Mexican portfolio, which took effect in the first quarter of last year. Spirits sales were down three percent on flat volume. The decline in sales was due primarily to sales mix towards lower average priced brands.

The 10 percent increase in operating income for the quarter resulted from higher beer sales and lower average spirits costs, partially offset by increased imported beer costs and imported beer advertising.

CONSTELLATION WINES RESULTS

Net sales for First Quarter 2004 were \$494 million compared to \$378 million the prior year, an increase of \$116 million, or 31 percent. The increase was driven primarily by the addition of wine sales from the Hardy acquisition and includes a positive six percent impact from foreign exchange. Net sales on an equivalent basis, including April and May branded wine sales from Hardy in the prior period of \$85 million, increased seven percent and includes a positive six percent impact from foreign exchange.

Branded wine sales increased 45 percent and include a positive three percent impact from foreign exchange. Branded wine sales on an equivalent basis, including April and May sales from Hardy in the prior year period of \$83 million, increased four percent driven by a positive impact from foreign exchange. Excluding the impact from foreign exchange, branded wine sales were up slightly on an equivalent basis as sales increased across all geographies; U.S., Europe and Australasia. The Company continues to face a challenging wine environment due to competitive discounting driven in part by excess grape supplies. The Company does not believe this is a long-term issue and is pleased that its wine sales are growing in line with the overall wine market in which the Company principally operates. The Company has taken a strategy of preserving the long-term brand equity of its portfolio and investing its marketing dollars in the higher growth sectors of the wine business.

Wholesale and other net sales increased 13 percent driven by gains in the U.K. wholesale business, and a positive 10 percent impact from foreign exchange, partially offset by lower cider sales.

Operating income for First Quarter 2004 was \$61 million, an increase of 57 percent. The increase was primarily the result of sales derived from the Hardy acquisition.

ITEMS AFFECTING COMPARABILITY

INVENTORY STEP-UP - The Hardy acquisition resulted in an allocation of purchase price in excess of book value to certain inventory on hand at the date of purchase. This allocation of purchase price in excess of book value is referred to as inventory step-up. The inventory step-up represents an assumed manufacturing profit attributable to Hardy pre acquisition. For inventory produced and sold after the acquisition date, the related manufacturer's profit will accrue to the Company. The Company sold acquired inventory having a step-up of six million dollars during First Quarter 2004, resulting in higher cost of sales. The Company expects additional step-up impacts of \$14 million pre-tax over the remainder of the fiscal year.

FINANCING COSTS - In connection with the Hardy acquisition, the Company recorded amortization expense for deferred financing costs associated with non-continuing financing, primarily related to the bridge loan agreement. The Company recorded four million dollars pre-tax in the first quarter and expects to incur additional amortization expense of five million dollars pre-tax in the remainder of the current fiscal year.

RESTRUCTURING CHARGES - Restructuring charges resulted from the realignment of business operations in the Company's wine division, as previously announced in the fourth quarter of last fiscal year. The Company recorded a restructuring charge of two million dollars pre-tax in the first quarter and expects to incur additional charges of approximately five million dollars pre-tax over the remainder of the current fiscal year.

IMPUTED INTEREST CHARGES - In connection with the Hardy acquisition and in accordance with purchase accounting, the Company was required to take a one-time imputed interest charge of two million dollars for the time period between when the Company obtained control of Hardy and the date it paid shareholders.

GAIN ON CHANGE IN FAIR VALUE OF DERIVATIVE INSTRUMENTS - In connection with

the Hardy acquisition, the Company entered into derivative instruments to cap the cost of the acquisition in U.S. dollars. The one million-dollar gain represents the net change in value of the derivative instruments from the beginning of the first quarter until the date Hardy shareholders were paid.

EXITING U.S. COMMODITY CONCENTRATE PRODUCT LINE

The Company has made a decision to exit the commodity concentrate product line located in Madera, California. The commodity concentrate product line is facing declining sales and profits and is not part of the Company's core business, beverage alcohol. The Company will continue to produce and sell value-added, proprietary products such as MegaColors.

Related to exiting commodity concentrate, the Company will sell its Escalon facility, located in Escalon, California, and move all remaining production and storage from Escalon to Madera and other locations. By exiting commodity concentrate, the Company will free up capacity at its winery in Madera and forego further investment in its Escalon facility. The Company believes these steps will simplify its wine operations and represent a better use of its capital. The Company expects the restructuring project to improve overall profitability and asset utilization resulting in increased return on invested capital, and to be immediately cash flow positive.

The total restructuring charge for exiting the commodity concentrate product line and closing the Escalon Winery is expected to be \$56 million and will be spread out over the next six quarters, beginning with an estimated \$40 million in the Second Quarter 2004. The charge results from renegotiating existing grape contracts associated with commodity concentrate and the Escalon facility, the write down of existing concentrate inventory, asset write-offs and severance-related costs. More than half of the charges are non-cash charges.

OUTLOOK

The following statements are management's current operating income expectations both on a comparable basis and a reported (GAAP) basis for the second quarter ending August 31, 2003 ("Second Quarter 2004") and fiscal year ending February 29, 2004 ("Fiscal 2004"):

- - Operating income on a comparable basis for Second Quarter 2004 is expected to be within a range of \$138 million to \$145 million versus \$105 million for Second Quarter 2003.
- - Operating income on a comparable basis for Fiscal 2004 is expected to be within a range of \$560 million to \$580 million versus \$410 million for Fiscal 2003.
- - Operating income on a reported (GAAP) basis for Second Quarter 2004 is expected to be within a range of \$79 million to \$86 million versus \$105 million for Second Quarter 2003.
- - Operating income on a reported (GAAP) basis for Fiscal 2004 is expected to be within a range of \$467 million to \$487 million versus \$410 million for Fiscal 2003.

This Outlook is made as of the date of this press release, is forward-looking and is based on management's current expectations, including management estimates and preliminary independent appraisals of the fair value of the assets acquired and the liabilities assumed in the Hardy acquisition. Actual results may differ materially from these expectations due to a number of risks and uncertainties. A reconciliation of reported estimates to comparable estimates is included in this press release.

No earnings per share guidance is given, as alternative capital structures in connection with refinancing the Company's \$400 million bridge loan incurred as part of financing the Hardy acquisition are under evaluation. The Company's final decision could have an impact on its earnings per share.

STATUS OF BUSINESS OUTLOOK

During the quarter, Constellation may reiterate the estimates set forth above under the heading Outlook (collectively, the "Outlook"). Prior to the start of the Quiet Period (described below), the public can continue to rely on the Outlook as still being Constellation's current expectations on the matters covered, unless Constellation publishes a notice stating otherwise.

Beginning August 16, 2003, Constellation will observe a "Quiet Period" during which the Outlook no longer constitutes the Company's current expectations. During the Quiet Period, the Outlook should be considered to be historical, speaking as of prior to the Quiet Period only and not subject to update by the Company. During the Quiet Period, Constellation's representatives will not comment concerning the Outlook or Constellation's financial results or expectations. The Quiet Period will extend until the day when Constellation's next quarterly Earnings Release is published, presently scheduled for Tuesday, September 30, 2003, after market hours.

FORWARD-LOOKING STATEMENTS

The statements made under the heading Outlook, as well as all other statements set forth in this press release which are not historical facts, are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the forward-looking statements. The Company's forward-looking statements are based on management's current expectations and, unless otherwise noted, do not take into account the impact of any future acquisition, merger or any other business combination, divestiture or financing that may be completed after the date of this release. Any projections of future results of operations, and in

particular, (i) the Company's estimated operating income on a comparable basis for Second Quarter 2004 and Fiscal 2004, and (ii) the Company's estimated operating income on a reported (GAAP) basis for Second Quarter 2004 and Fiscal 2004, should not be construed in any manner as a guarantee that such results will in fact occur. In addition to the risks and uncertainties of ordinary business operations, the forward-looking statements of the Company contained in this press release are also subject to the following risks and uncertainties: the successful integration of the Hardy business into that of the Company; final management determinations and independent appraisals vary materially from current management estimates and preliminary independent appraisals of the fair value of the assets acquired and the liabilities assumed in the Hardy acquisition; the Company achieving certain sales projections and meeting certain cost targets; wholesalers and retailers may give higher priority to products of the Company's competitors; raw material supply, production or shipment difficulties could adversely affect the Company's ability to supply its customers; increased competitive activities in the form of pricing, advertising and promotions could adversely impact consumer demand for the Company's products and/or result in higher than expected selling, general and administrative expenses; a general decline in alcohol consumption; increases in excise and other taxes on beverage alcohol products; changes in foreign exchange rates. For additional information about risks and uncertainties that could adversely affect the Company's forward-looking statements, please refer to the Company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended February 28, 2003.

ABOUT CONSTELLATION

Constellation Brands, Inc. is a leading international producer and marketer of beverage alcohol brands with a broad portfolio across the wine, spirits and imported beer categories. The Company is the largest multi-category supplier of beverage alcohol in the United States; a leading producer and exporter of wine from Australia and New Zealand; and both a major producer and independent drinks wholesaler in the United Kingdom. Well-known brands in Constellation's portfolio include: Corona Extra, Pacifico, St. Pauli Girl, Black Velvet, Fleischmann's, Mr. Boston, Estancia, Simi, Ravenswood, Blackstone, Banrock Station, Hardys, Nobilo, Alice White, Vendange, Almaden, Arbor Mist, Stowells of Chelsea and Blackthorn.

CONFERENCE CALL DETAILS

A conference call to discuss the quarterly results will be hosted by Richard Sands, Chairman and CEO, and Tom Summer, Executive Vice President and CFO, on Tuesday, July 1, 2003, at 5:00 p.m. (Eastern). The conference call can be accessed by dialing 412-858-4600 beginning 10 minutes prior to the start of the call. A live listen-only web cast of the conference call, together with a copy of this press release (including the attachments) is available on the Internet at Constellation's website: www.cbrands.com under "Investor Information." If you are unable to participate in the conference call, there will be a replay available on Constellation's website or by dialing 412-858-1440 from approximately 7:00 p.m. (Eastern) on Tuesday, July 1, 2003, through 9:00 a.m. (Eastern) on Wednesday, July 16, 2003. The financial and statistical information discussed in the call, including information regarding non-GAAP financial measures, as well as schedules reconciling reported and comparable information, may also be found on our website at www.cbrands.com by selecting Financial Information/Financial Reports. Also included is a comprehensive historical reconciliation of reported and comparable information.

Digital Playback Instructions - Courtesy of ChorusCall

1. Dial 412-858-1440.
2. Enter '629' when prompted for your account number followed by the # sign.
3. Please press '1' to play a recorded conference.
4. Please enter '319532' when prompted to enter the conference number followed by the # sign.
5. Please clearly state your name and company name when prompted to do so followed by any key.
6. Please press '1' to begin the conference playback.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOLLOW

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands)

	May 31, 2003	February 28, 2003
	-----	-----
ASSETS		
- - - - -		
CURRENT ASSETS:		
Cash and cash investments	\$ 46,008	\$ 13,810
Accounts receivable, net	566,348	399,095
Inventories, net	1,329,108	819,912
Prepaid expenses and other current assets	108,773	97,284

Total current assets	2,050,237	1,330,101
PROPERTY, PLANT AND EQUIPMENT, net	981,116	602,469
GOODWILL	1,382,889	722,223
INTANGIBLE ASSETS, net	803,019	382,428
OTHER ASSETS	141,695	159,109
Total assets	\$ 5,358,956	\$ 3,196,330

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Notes payable	\$ 16,262	\$ 2,623
Current maturities of long-term debt	468,575	71,264
Accounts payable	279,877	171,073
Accrued excise taxes	43,812	36,421
Other accrued expenses and liabilities	411,665	303,827
Total current liabilities	1,220,191	585,208
LONG-TERM DEBT, less current maturities	2,293,548	1,191,631
DEFERRED INCOME TAXES	253,467	145,239
OTHER LIABILITIES	152,088	99,268
STOCKHOLDERS' EQUITY	1,439,662	1,174,984
Total liabilities and stockholders' equity	\$ 5,358,956	\$ 3,196,330

<TABLE>
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CONSTELLATION BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
ON A REPORTED BASIS
(in thousands, except per share data)

	For the Three Months Ended May 31, 2003	For the Three Months Ended May 31, 2002	Percent Change
<S>	<C>	<C>	<C>
Gross sales	\$ 989,067	\$ 860,463	15%
Excise taxes	(217,438)	(210,070)	4%
Net sales	771,629	650,393	19%
Cost of product sold	(563,717)	(473,667)	19%
Gross profit	207,912	176,726	18%
Selling, general and administrative expenses	(106,629)	(90,761)	17%
Restructuring charges	(2,316)	-	N/A
Operating income	98,967	85,965	15%
Gain on change in fair value of derivative instruments	1,181	-	N/A
Equity in earnings of joint ventures	328	2,739	-88%
Interest expense, net	(39,243)	(27,141)	45%
Income before income taxes	61,233	61,563	-1%
Provision for income taxes	(22,044)	(24,194)	-9%
Net income	\$ 39,189	\$ 37,369	5%
Earnings per common share:			
Basic	\$ 0.42	\$ 0.42	0%
Diluted	\$ 0.41	\$ 0.40	3%
Weighted average common shares outstanding:			
Basic	92,880	88,845	5%
Diluted	95,661	92,353	4%
Segment Information:			
Net sales:			
Constellation Beers and Spirits			
Imported beers	\$ 207,264	\$ 199,706	4%
Spirits	70,205	72,199	-3%
Net sales	\$ 277,469	\$ 271,905	2%
Constellation Wines			
Branded Wine	\$ 305,009	\$ 210,786	45%
Wholesale and other	189,151	167,702	13%
Net sales	\$ 494,160	\$ 378,488	31%

Consolidated net sales	\$ 771,629	\$ 650,393	19%
	=====	=====	
Operating income:			
Constellation Beers and Spirits	\$ 59,883	\$ 54,421	10%
Constellation Wines	61,023	38,838	57%
Corporate Operations	(10,071)	(7,294)	38%
Restructuring and unusual costs (a)	(11,868)	-	N/A
	-----	-----	
Consolidated operating income	\$ 98,967	\$ 85,965	15%
	=====	=====	

<FN>

(a) Restructuring and unusual costs for First Quarter 2004 include the flow through of inventory step-up associated with the Hardy acquisition of \$5,517, financing costs of \$4,035 and restructuring charges of \$2,316.

</TABLE>

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CONSTELLATION BRANDS, INC. AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF INCOME
ON A COMPARABLE BASIS (a)
(in thousands, except per share data)

	For the Three Months Ended May 31, 2003	For the Three Months Ended May 31, 2002	Percent Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Gross sales	\$ 989,067	\$ 860,463	15%
Excise taxes	(217,438)	(210,070)	4%
	-----	-----	
Net sales	771,629	650,393	19%
Cost of product sold	(558,200)	(473,667)	18%
	-----	-----	
Gross profit	213,429	176,726	21%
Selling, general and administrative expenses	(102,594)	(90,761)	13%
Restructuring charges	-	-	N/A
	-----	-----	
Operating income	110,835	85,965	29%
Gain on change in fair value of derivative instruments	-	-	N/A
Equity in earnings of joint ventures	328	2,739	-88%
Interest expense, net	(37,585)	(27,141)	38%
	-----	-----	
Income before income taxes	73,578	61,563	20%
Provision for income taxes	(26,488)	(24,194)	9%
	-----	-----	
Net income	\$ 47,090	\$ 37,369	26%
	=====	=====	
Earnings per common share:			
Basic	\$ 0.51	\$ 0.42	21%
Diluted	\$ 0.49	\$ 0.40	23%
Weighted average common shares outstanding:			
Basic	92,880	88,845	5%
Diluted	95,661	92,353	4%
Segment Information:			
Net sales:			
Constellation Beers and Spirits			
Imported beers	\$ 207,264	\$ 199,706	4%
Spirits	70,205	72,199	-3%
	-----	-----	
Net sales	\$ 277,469	\$ 271,905	2%
Constellation Wines			
Branded Wine	\$ 305,009	\$ 210,786	45%
Wholesale and other	189,151	167,702	13%
	-----	-----	
Net sales	\$ 494,160	\$ 378,488	31%
	-----	-----	
Consolidated net sales	\$ 771,629	\$ 650,393	19%
	=====	=====	
Operating income:			
Constellation Beers and Spirits	\$ 59,883	\$ 54,421	10%
Constellation Wines	61,023	38,838	57%
Corporate Operations	(10,071)	(7,294)	38%
Restructuring and unusual costs	-	-	
	-----	-----	
Consolidated operating income	\$ 110,835	\$ 85,965	29%
	=====	=====	

<FN>

(a) Excludes the flow through of inventory step-up associated with the Hardy acquisition, restructuring charges, financing costs and the imputed interest charge associated with the Hardy acquisition, and the gain on change in fair value of derivative instruments for First Quarter 2004.

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RECONCILIATION OF REPORTED AND COMPARABLE INFORMATION

(in thousands, except per share data)

Comparable measures are provided because management uses this information in evaluating the results of the continuing operations of the Company and internal goal setting. In addition, the Company believes this information provides investors better insight on underlying business trends and results in order to evaluate year over year financial performance. As such, an increase in cost of goods sold resulting from the step up of inventory associated with the Hardy acquisition, financing costs and the imputed interest charges associated with the Hardy acquisition, restructuring charges and the gain on change in fair value of derivative instruments are excluded from comparable results. Similarly, equivalent information including Hardy sales in the year ago period provide investors with a better basis for year over year comparison. You may also visit the Company's website at www.cbrands.com under Investors/Financial Information/Financial Reports for a historical reconciliation between reported and comparable information.

	For the Three Months Ended May 31, 2003		For the Three Months Ended May 31, 2002	
	Margin	Margin	Margin	Margin
Reported net sales	\$ 771,629	100.0%	\$ 650,393	100.0%
Reported gross profit	\$ 207,912	26.9%	\$ 176,726	27.2%
Inventory step-up	5,517	0.7%	-	
Comparable gross profit	\$ 213,429	27.7%	\$ 176,726	27.2%
Reported operating income	\$ 98,967	12.8%	\$ 85,965	13.2%
Inventory step-up	5,517	0.7%	-	
Financing costs	4,035	0.5%	-	
Restructuring charges	2,316	0.3%	-	
Comparable operating income	\$ 110,835	14.4%	\$ 85,965	13.2%
Reported net income	\$ 39,189	5.1%	\$ 37,369	5.7%
Inventory step-up	3,531	0.5%	-	
Financing costs	2,583	0.3%	-	
Restructuring charges	1,482	0.2%	-	
Imputed interest charge	1,061	0.1%	-	
Gain on derivative instruments	(756)	-0.1%	-	
Comparable net income	\$ 47,090	6.1%	\$ 37,369	5.7%
Reported Diluted EPS	\$ 0.41		\$ 0.40	
Inventory step-up	0.04		-	
Financing costs	0.03		-	
Restructuring charges	0.01		-	
Imputed interest charge	0.01		-	
Gain on derivative	(0.01)		-	
Comparable Diluted EPS	\$ 0.49		\$ 0.40	

<TABLE>

<CAPTION>

RECONCILIATION OF REPORTED AND COMPARABLE OUTLOOK

(in thousands)

	Range for the Second Quarter Ended August 31, 2003		Range for the Year Ended February 29, 2004	
	<C>	<C>	<C>	<C>
<S>				
Forecasted reported operating income	\$ 79,000	\$ 86,000	\$ 467,000	\$ 487,000
Inventory step-up	9,000	9,000	20,000	20,000
Financing costs	5,000	5,000	9,000	9,000
Restructuring charges	5,000	5,000	9,000	9,000

Commodity concentrate charges	40,000	40,000	55,000	5,000
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Forecasted comparable operating income	\$ 138,000	\$ 145,000	\$ 560,000	\$ 580,000
	=====	=====	=====	=====

</TABLE>