

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): September 30, 2003  
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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 pursuant to Item 12 of this Form 8-K.

No.	Description
99.1	Press Release of Constellation Brands, Inc. (the "Company"), dated September 30, 2003.

ITEM 9. REGULATION FD DISCLOSURE.

The information included in Item 12 of this Form 8-K, including the press release attached as Exhibit 99.1, is incorporated by reference into this Item 9 in satisfaction of the public disclosure requirements of Regulation FD. This information is "furnished" and not "filed" for 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 Securities Exchange Act of 1934 or the Securities Act of 1933 only if and to the extent such subsequent filing specifically references the information incorporated by reference herein.

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On September 30, 2003, the Company issued a press release (the "release") announcing its results of operations and financial condition for the three and six months ended and as of August 31, 2003 and providing forward looking guidance for the Company's third quarter ending November 30, 2003 and the fiscal year ending February 29, 2004. A copy of the release is attached hereto as Exhibit 99.1 and incorporated herein by reference. The projections constituting the guidance included in the release involve risks and uncertainties, the outcome of which cannot be foreseen at this time and, therefore, actual results may vary materially from these forecasts. In this regard, see the information included in the release under the caption "Forward-Looking Statements."

The information in the release and in this Item 12 is "furnished" and not "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liabilities of that section. Such information may only be incorporated by reference in another filing under the Securities Exchange Act of 1934 or the Securities Act of 1933 only if and to the extent

such subsequent filing specifically references such information.

The release contains non-GAAP financial measures; in the release these are referred to as "comparable," "pro forma" or "organic" 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 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 flow through of inventory step-up associated with the acquisition of BRL Hardy Limited (now known as Hardy Wine Company Limited) ("Hardy"), financing costs and the imputed interest charge associated with the Hardy acquisition, restructuring charges (including exiting the United States commodity concentrate product line) and a gain on change in fair value of derivative instruments are excluded from comparable results. Similarly, the Company believes that pro forma information including Hardy sales information in the year ago periods or organic information excluding such information in the current year periods set forth in the release 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: September 30, 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.
- (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 September 30, 2003.

CONTACTS:  
Investor Relations:  
Mark Maring - 585-218-3668

Media:  
Ginny Clark - 585-218-3669

CONSTELLATION REPORTS 32 PERCENT INCREASE IN NET SALES  
FOR SECOND QUARTER

EPS at high end of Company guidance driven by strong sales growth

FAIRPORT, NEW YORK, SEPTEMBER 30, 2003 - Constellation Brands, Inc. (NYSE: STZ), a leading international producer and marketer of beverage alcohol brands, today reported record net sales for its second quarter ended August 31, 2003. Net sales increased 32 percent, led by the benefit from the Hardy acquisition, strong top line performance across all segments of the base business and a positive two percent impact from currency. Net sales on a pro forma basis, including prior year period sales from Hardy of \$132 million, increased 11 percent, including a positive four percent impact from currency. Net income on a comparable basis increased \$17 million, or 34 percent, to reach a record \$66 million and diluted earnings per share on a comparable basis increased 21 percent to reach \$0.64. For the first six months of fiscal 2004, net income on a comparable basis increased 31 percent and diluted earnings per share on a comparable basis increased 21 percent to reach \$1.14.

Net income and diluted earnings per share as reported under generally accepted accounting principles ("reported") for the second quarter declined \$14 million, or 28 percent, to \$36 million and 36 percent to \$0.34, respectively. The reported results for the quarter include restructuring and unusual charges of \$31 million after tax, or \$0.30 per share. For the first six months of fiscal 2004, net income on a reported basis declined 14 percent and diluted earnings per share on a reported basis declined 20 percent to \$0.75. The reported results for the first six months include restructuring and unusual charges of \$39 million after tax, or \$0.39 per share.

Chairman and Chief Executive Officer Richard Sands said, "Constellation had a great quarter with sales improving across all categories along with strong contributions from the Hardy acquisition. Our diversity across categories and geographies continues to serve us well, allowing us to make investments where we see the best growth opportunities and returns. Excluding the benefits of currency, pro forma net sales increased seven percent led by double-digit growth in imported beer, solid wine growth in the U.S. and growth in the wholesale business in the U.K. We continued to experience healthy growth in a competitive environment, a testament to our overall organizational strategy and our focus on building long-term brand equity."

Net income on a comparable basis and diluted earnings per share on a comparable basis exclude restructuring and unusual costs. 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.

The Company's measure of segment profitability excludes restructuring and unusual costs, which is consistent with the measure used by management to evaluate results.

CONSOLIDATED RESULTS

For the three months ended August 31, 2003 ("Second Quarter 2004"), net sales grew 32 percent, reaching \$909 million compared to \$690 million in the prior year. Pro forma net sales for the quarter increased 11 percent, including a positive four percent impact from currency.

Excluding net sales of \$140 million from the Hardy acquisition, organic net sales grew 11 percent. This increase was driven by increased sales across all categories: imported beer, spirits, wine and wholesale and other, and includes a positive two percent impact from currency.

Net sales for the six months ended August 31, 2003 ("Six Months 2004") increased 25 percent. The increase was driven primarily by the addition of wine sales from the Hardy acquisition, imported beer sales, the U.K. wholesale business and a positive three percent impact from currency.

Gross profit on a comparable basis for the quarter increased 37 percent to reach \$264 million and gross margin on a comparable basis improved 100 basis points to reach 29.1 percent. The increase in gross profit resulted primarily from higher sales and a favorable mix towards higher margin products, particularly brands from the Hardy acquisition and the spirits portfolio.

Reported gross profit, which includes the flow through of inventory step-up associated with the Hardy acquisition of nine million dollars and the write down of \$17 million of inventory associated with the Company's decision to exit the commodity concentrate business in the U.S., increased 23 percent to reach \$238 million. Reported gross margin declined 180 basis points to 26.2 percent.

Gross profit on a comparable basis for Six Months 2004 increased 29 percent to reach \$478 million. On a reported basis for the six months, gross profit increased 21 percent to \$446 million and includes the flow through of inventory step-up associated with the Hardy acquisition and concentrate inventory write down of \$15 million and \$17 million, respectively.

Second quarter selling, general and administrative expenses ("SG&A") on a

comparable basis increased \$32 million to reach \$120 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 was 13.2 percent compared to 12.7 percent for the prior year. The increase is due primarily to the Hardy acquisition, which has a higher percentage SG&A than the Company's base business and additional amortization expense associated with the Company's new bank credit agreement.

Reported SG&A for the quarter increased \$37 million to reach \$125 million, and includes five million dollars of financing costs associated with a bridge loan used as financing for the Hardy acquisition. As a percent of net sales, reported SG&A was 13.8 percent, including a 60 basis point impact from the financing costs.

SG&A on a comparable basis for Six Months 2004 was \$222 million, an increase of 25 percent compared to the prior year. Reported SG&A for Six Months 2004 was \$232 million, an increase of 30 percent, and includes nine million dollars of financing costs associated with the Hardy acquisition.

Operating income on a comparable basis increased to \$144 million in the quarter, an increase of 37 percent versus \$106 million in the prior year. Reported operating income was \$96 million, a decline of nine percent, and includes: the flow through of inventory step-up of nine million dollars; write down of concentrate inventory of \$17 million; financing costs of five million dollars; and restructuring charges of \$17 million.

Year-to-date, operating income on a comparable basis increased 33 percent to reach \$255 million and reported operating income increased two percent to reach \$195 million. For the year, operating income on a reported basis includes: the flow through of inventory step-up of \$15 million; write down of concentrate inventory of \$17 million; financing costs of nine million dollars; and restructuring charges of \$19 million.

Net interest expense for the quarter increased \$14 million to \$41 million as a result of higher average borrowings due to the financing of the Hardy acquisition, partially offset by a lower average borrowing rate.

For Six Months 2004, net interest expense on a comparable basis was \$79 million. On a reported basis, net interest expense was \$80 million and includes one million dollars of imputed interest expense incurred in the first quarter related to the Hardy acquisition.

As a result of the above factors, net income and diluted earnings per share on a comparable basis for Second Quarter 2004 increased 34 percent and 21 percent, respectively, reaching \$66 million and \$0.64. On a reported basis, net income and diluted earnings per share for Second Quarter 2004 declined 28 percent and 36 percent, respectively, to \$36 million and \$0.34.

Also as a result of the above factors, net income and diluted earnings per share on a comparable basis for Six Months 2004 increased 31 percent and 21 percent, respectively. Net income and diluted earnings per share on a reported basis for the same period declined 14 percent and 20 percent, respectively.

#### CONSTELLATION BEERS AND SPIRITS RESULTS

Due to strong growth in both imported beer and spirits, net sales for Second Quarter 2004 grew 12 percent to reach \$320 million and operating income grew 14 percent to reach \$70 million. Driven by double-digit volume gains on Corona Extra, Corona Light, Negra Modelo and Pacifico, imported beer sales increased 13 percent for the quarter. Spirits sales increased nine percent for the quarter, benefiting from healthy industry growth, strong Canadian whisky sales, particularly Black Velvet, and the introduction of several new products, including Beachcomber Rum and Chi-Chi's Mango Margarita.

The 14 percent increase in operating income for the quarter resulted from higher sales and a positive mix of spirits sales to higher margin products.

Net sales for Six Months 2004 increased seven percent to \$597 million and operating income increased 12 percent to reach \$130 million for the same period.

#### CONSTELLATION WINES RESULTS

Net sales for Second Quarter 2004 were \$589 million compared to \$403 million the prior year, an increase of \$186 million, or 46 percent. The increase was driven primarily by the addition of \$140 million of sales from the Hardy acquisition, growth in the U.K. Wholesale business, wine sales in the U.S. and a positive four percent impact from currency.

Excluding the additional sales from the Hardy acquisition, organic net sales increased 11 percent for the quarter, led by growth in the U.K. wholesale business and wine in the U.S. and a positive four percent impact from currency, partially offset by specialty drinks in the U.K., particularly RTDs, or ready-to-drink products.

Pro forma net sales for Second Quarter 2004, which include \$132 million of Hardy sales in the prior year period, increased 10 percent and include a positive five percent impact from currency.

Operating income for Second Quarter 2004 was \$84 million, an increase of 62 percent. The increase was primarily the result of sales derived from the Hardy acquisition.

Net sales for Six Months 2004 increased 39 percent to reach \$1.1 billion. The increase was driven primarily from additional sales from the Hardy acquisition and a positive six percent impact from currency.

Operating income increased 60 percent for Six Months 2004 driven primarily by the additional sales from the Hardy acquisition.

#### OUTLOOK

The following statements are management's current diluted earnings per share expectations both on a comparable basis and a reported (GAAP) basis for

the third quarter ending November 30, 2003 ("Third Quarter 2004") and fiscal year ending February 29, 2004 ("Fiscal 2004"):

- - Diluted earnings per share on a comparable basis for Third Quarter 2004 are expected to be within a range of \$0.76 to \$0.80 versus \$0.69 for Third Quarter 2003.
- - Diluted earnings per share on a comparable basis for Fiscal 2004 are expected to be within a range of \$2.44 to \$2.51 versus \$2.07 for Fiscal 2003.
- - Diluted earnings per share on a reported (GAAP) basis for Third Quarter 2004 are expected to be within a range of \$0.65 to \$0.69 versus \$0.69 for Third Quarter 2003.
- - Diluted earnings per share on a reported (GAAP) basis for Fiscal 2004 are expected to be within a range of \$1.89 to \$1.96 versus \$2.19 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. 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.

#### 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 November 15, 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, January 6, 2004, after market hours.

#### 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 expects flow through of inventory step-up to have an impact of approximately \$0.12 per share for the current 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 expects this charge to be approximately \$0.05 per share for 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 expects to incur charges of approximately \$0.05 per share for the current fiscal year.

**IMPUTED INTEREST CHARGE** - In connection with the Hardy acquisition and in accordance with purchase accounting, the Company was required to take a one-time imputed interest charge for the time period between when the Company obtained control of Hardy and the date it paid shareholders. The Company expects this charge to be approximately \$0.01 per share for the current fiscal year.

**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 Company recorded a gain in the first quarter, which represented the net change in value of the derivative instruments from the beginning of the first quarter until the date Hardy shareholders were paid. The Company expects this gain to be approximately \$0.01 per share for the current fiscal year.

**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. The Company expects this charge to be approximately \$0.33 per share for the current fiscal year, of which \$0.10 will be charged to cost of product sold and \$0.23 will be recorded as restructuring charges. 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. More than half the charges are non-cash charges.

#### 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 diluted earnings per share on a comparable basis for Third Quarter 2004 and Fiscal 2004, and (ii) the Company's estimated diluted earnings per share on a reported (GAAP) basis for Third 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 on-going assimilation of the Hardy business; 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; and 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 and Blackthorn.

#### CONFERENCE CALL DETAILS

A conference call to discuss the quarterly results will be hosted by Chairman and CEO Richard Sands and Executive Vice President and CFO Tom Summer, on Tuesday, September 30, 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](http://www.cbrands.com) under "Investors."

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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOLLOW

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

	August 31, 2003 -----	February 28, 2003 -----
ASSETS		
-----		
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash investments	\$ 47,465	\$ 13,810
Accounts receivable, net	615,470	399,095
Inventories, net	1,198,350	819,912
Prepaid expenses and other	108,883	97,284
	-----	-----
Total current assets	1,970,168	1,330,101
PROPERTY, PLANT AND EQUIPMENT, net	991,990	602,469
GOODWILL	1,305,218	722,223
INTANGIBLE ASSETS, net	834,331	382,428
OTHER ASSETS	96,983	159,109
	-----	-----
Total assets	\$ 5,198,690	\$ 3,196,330

LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Notes payable to banks	\$	35,092	\$ 2,623
Current maturities of long-term debt		81,997	71,264
Accounts payable		255,840	171,073
Accrued excise taxes		51,578	36,421
Other accrued expenses and liabilities		429,576	303,827
Total current liabilities		854,083	585,208
LONG-TERM DEBT, less current maturities		2,146,928	1,191,631
DEFERRED INCOME TAXES		151,319	145,239
OTHER LIABILITIES		151,633	99,268
STOCKHOLDERS' EQUITY		1,894,727	1,174,984
Total liabilities and stockholders' equity	\$	5,198,690	\$ 3,196,330

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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 Six Months Ended August 31, 2003	For the Six Months Ended August 31, 2002	Percent Change
<S>	<C>	<C>	<C>
Gross sales	\$ 2,137,280	\$ 1,759,460	21%
Excise taxes	(456,891)	(419,261)	9%
Net sales	1,680,389	1,340,199	25%
Cost of product sold	(1,234,249)	(970,211)	27%
Gross profit	446,140	369,988	21%
Selling, general and administrative expenses	(231,618)	(178,377)	30%
Restructuring charges	(19,399)	-	N/A
Operating income	195,123	191,611	2%
Gain on change in fair value of derivative instruments	1,181	-	N/A
Equity in earnings of joint ventures	839	5,911	-86%
Interest expense, net	(80,341)	(54,292)	48%
Income before income taxes	116,802	143,230	-18%
Provision for income taxes	(42,049)	(56,289)	-25%
Net income	74,753	86,941	-14%
Dividends on preferred stock	(844)	-	N/A
Income available to common stockholders	\$ 73,909	\$ 86,941	-15%
Earnings per common share:			
Basic	\$ 0.77	\$ 0.97	-21%
Diluted	\$ 0.75	\$ 0.94	-20%
Weighted average common shares outstanding:			
Basic	95,726	89,268	7%
Diluted	99,803	92,550	8%
Segment Information:			
Net sales:			
Constellation Beers and Spirits			
Imported beers	\$ 454,678	\$ 419,513	8%
Spirits	142,709	138,886	3%
Net sales	\$ 597,387	\$ 558,399	7%
Constellation Wines			
Branded wine	\$ 692,765	\$ 451,130	54%
Wholesale and other	390,237	330,670	18%
Net sales	\$ 1,083,002	\$ 781,800	39%
Consolidated net sales	\$ 1,680,389	\$ 1,340,199	25%
Operating income:			



Constellation Beers and Spirits	\$	130,000	\$	115,976	12%
Constellation Wines		145,436		91,079	60%
Corporate Operations		(20,309)		(15,444)	32%
Restructuring and unusual costs (a)		(60,004)		-	N/A
		-----		-----	
Consolidated operating income	\$	195,123	\$	191,611	2%
		=====		=====	

<FN>

(a) Restructuring and unusual costs for Six Months 2004 include the flow through of inventory step-up associated with the Hardy acquisition of \$14,534, financing costs of \$9,244 and restructuring charges of \$36,226.

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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 Six Months Ended August 31, 2003		For the Six Months Ended August 31, 2002	Percent Change
		-----		-----	-----
<S>	<C>		<C>		<C>
Gross sales	\$	2,137,280	\$	1,759,460	21%
Excise taxes		(456,891)		(419,261)	9%
		-----		-----	
Net sales		1,680,389		1,340,199	25%
Cost of product sold		(1,202,888)		(970,211)	24%
		-----		-----	
Gross profit		477,501		369,988	29%
Selling, general and administrative expenses		(222,374)		(178,377)	25%
Restructuring charges		-		-	N/A
		-----		-----	
Operating income		255,127		191,611	33%
Gain on change in fair value of derivative instruments		-		-	N/A
Equity in earnings of joint ventures		839		5,911	-86%
Interest expense, net		(78,683)		(54,292)	45%
		-----		-----	
Income before income taxes		177,283		143,230	24%
Provision for income taxes		(63,822)		(56,289)	13%
		-----		-----	
Net income		113,461		86,941	31%
Dividends on preferred stock		(844)		-	N/A
		-----		-----	
Income available to common stockholders	\$	112,617	\$	86,941	30%
		=====		=====	
Earnings per common share:					
Basic	\$	1.18	\$	0.97	22%
Diluted	\$	1.14	\$	0.94	21%
Weighted average common shares outstanding:					
Basic		95,726		89,268	7%
Diluted		99,803		92,550	8%
Segment Information:					
Net sales:					
Constellation Beers and Spirits					
Imported beers	\$	454,678	\$	419,513	8%
Spirits		142,709		138,886	3%
		-----		-----	
Net sales	\$	597,387	\$	558,399	7%
Constellation Wines					
Branded wine	\$	692,765	\$	451,130	54%
Wholesale and other		390,237		330,670	18%
		-----		-----	
Net sales	\$	1,083,002	\$	781,800	39%
		-----		-----	
Consolidated net sales	\$	1,680,389	\$	1,340,199	25%
		=====		=====	
Operating income:					
Constellation Beers and Spirits	\$	130,000	\$	115,976	12%
Constellation Wines		145,436		91,079	60%
Corporate Operations		(20,309)		(15,444)	32%
Restructuring and unusual costs		-		-	
		-----		-----	
Consolidated operating income	\$	255,127	\$	191,611	33%
		=====		=====	

<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 Six Months 2004.

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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 August 31, 2003	For the Three Months Ended August 31, 2002	Percent Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Gross sales	\$ 1,148,213	\$ 898,997	28%
Excise taxes	(239,453)	(209,191)	14%
	-----	-----	
Net sales	908,760	689,806	32%
Cost of product sold	(670,532)	(496,544)	35%
	-----	-----	
Gross profit	238,228	193,262	23%
Selling, general and administrative expenses	(124,989)	(87,616)	43%
Restructuring charges	(17,083)	-	N/A
	-----	-----	
Operating income	96,156	105,646	-9%
Equity in earnings of joint ventures	511	3,172	-84%
Interest expense, net	(41,098)	(27,151)	51%
	-----	-----	
Income before income taxes	55,569	81,667	-32%
Provision for income taxes	(20,005)	(32,095)	-38%
	-----	-----	
Net income	35,564	49,572	-28%
Dividends on preferred stock	(844)	-	N/A
	-----	-----	
Income available to common stockholders	\$ 34,720	\$ 49,572	-30%
	=====	=====	
Earnings per common share:			
Basic	\$ 0.35	\$ 0.55	-36%
Diluted	\$ 0.34	\$ 0.53	-36%
Weighted average common shares outstanding:			
Basic	98,572	89,691	10%
Diluted	104,131	93,029	12%
Segment Information:			
Net sales:			
Constellation Beers and Spirits			
Imported beers	\$ 247,414	\$ 219,807	13%
Spirits	72,504	66,687	9%
	-----	-----	
Net sales	\$ 319,918	\$ 286,494	12%
Constellation Wines			
Branded wine	\$ 382,755	\$ 237,119	61%
Wholesale and other	206,087	166,193	24%
	-----	-----	
Net sales	\$ 588,842	\$ 403,312	46%
	-----	-----	
Consolidated net sales	\$ 908,760	\$ 689,806	32%
	=====	=====	
Operating income:			
Constellation Beers and Spirits	\$ 70,117	\$ 61,555	14%
Constellation Wines	84,413	52,241	62%
Corporate Operations	(10,238)	(8,150)	26%
Restructuring and unusual costs (a)	(48,136)	-	N/A
	-----	-----	
Consolidated operating income	\$ 96,156	\$ 105,646	-9%
	=====	=====	

<FN>

(a) Restructuring and unusual costs for Second Quarter 2004 include the flow through of inventory step-up associated with the Hardy acquisition of \$9,017, financing costs of \$5,209 and restructuring charges of \$33,910.

</TABLE>

<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 August 31, 2003	For the Three Months Ended August 31, 2002	Percent Change
<S>	<C>	<C>	<C>
Gross sales	\$ 1,148,213	\$ 898,997	28%
Excise taxes	(239,453)	(209,191)	14%
Net sales	908,760	689,806	32%
Cost of product sold	(644,688)	(496,544)	30%
Gross profit	264,072	193,262	37%
Selling, general and administrative expenses	(119,780)	(87,616)	37%
Restructuring charges	-	-	N/A
Operating income	144,292	105,646	37%
Equity in earnings of joint ventures	511	3,172	-84%
Interest expense, net	(41,098)	(27,151)	51%
Income before income taxes	103,705	81,667	27%
Provision for income taxes	(37,334)	(32,095)	16%
Net income	66,371	49,572	34%
Dividends on preferred stock	(844)	-	N/A
Income available to common shareholders	\$ 65,527	\$ 49,572	32%
Earnings per common share:			
Basic	\$ 0.66	\$ 0.55	20%
Diluted	\$ 0.64	\$ 0.53	21%
Weighted average common shares outstanding:			
Basic	98,572	89,691	10%
Diluted	104,131	93,029	12%
Segment Information:			
Net sales:			
Constellation Beers and Spirits			
Imported beers	\$ 247,414	\$ 219,807	13%
Spirits	72,504	66,687	9%
Net sales	\$ 319,918	\$ 286,494	12%
Constellation Wines			
Branded wine	\$ 382,755	\$ 237,119	61%
Wholesale and other	206,087	166,193	24%
Net sales	\$ 588,842	\$ 403,312	46%
Consolidated net sales	\$ 908,760	\$ 689,806	32%
Operating income:			
Constellation Beers and Spirits	\$ 70,117	\$ 61,555	14%
Constellation Wines	84,413	52,241	62%
Corporate Operations	(10,238)	(8,150)	26%
Restructuring and unusual costs	-	-	
Consolidated operating income	\$ 144,292	\$ 105,646	37%

<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 Second Quarter 2004.

</TABLE>

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RECONCILIATION OF REPORTED AND COMPARABLE HISTORICAL 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 flow through of inventory step-up associated with the Hardy acquisition, financing costs and the imputed interest charge associated with the Hardy acquisition, restructuring charges (including exiting the U.S. commodity concentrate product line), and the gain on change in fair value of derivative instruments are excluded from comparable results. You may also visit the Company's website at [www.cbrands.com](http://www.cbrands.com) under Investors/Financial Information/Financial Reports for a historical reconciliation between reported and comparable information.

Six Ended 2002	For the Three Months Ended August 31, 2003		For the Three Months Ended August 31, 2002		For the Six Months Ended August 31, 2003		For the Months August 31,	
	Margin		Margin		Margin		Margin	
	<S> <C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Reported net sales 1,340,199 100%	\$ 908,760	100%	\$ 689,806	100%	\$ 1,680,389	100%	\$	
Reported gross profit 369,988 27.6%	\$ 238,228	26.2%	\$ 193,262	28.0%	\$ 446,140	26.5%	\$	
Inventory step-up	9,017	1.0%	-		14,534	0.9%		
Concentrate inventory write-down	16,827	1.9%	-		16,827	1.0%		
Comparable gross profit 369,988 27.6%	\$ 264,072	29.1%	\$ 193,262	28.0%	\$ 477,501	28.4%	\$	
Reported operating income 191,611 14.3%	\$ 96,156	10.6%	\$ 105,646	15.3%	\$ 195,123	11.6%	\$	
Inventory step-up	9,017	1.0%	-		14,534	0.9%		
Concentrate inventory write-down	16,827	1.8%	-		16,827	1.0%		
Financing costs	5,209	0.6%	-		9,244	0.6%		
Restructuring charges	17,083	1.9%	-		19,399	1.2%		
Comparable operating income 191,611 14.3%	\$ 144,292	15.9%	\$ 105,646	15.3%	\$ 255,127	15.2%	\$	
Reported net income 86,941 6.5%	\$ 35,564	3.9%	\$ 49,572	7.2%	\$ 74,753	4.4%	\$	
Inventory step-up	5,771	0.6%	-		9,302	0.6%		
Concentrate inventory write-down	10,769	1.2%	-		10,769	0.6%		
Financing costs	3,334	0.4%	-		5,916	0.4%		
Restructuring charges	10,933	1.2%	-		12,416	0.7%		
Imputed interest charge	-		-		1,061	0.1%		
Gain on derivative instruments	-		-		(756)	0.0%		
Comparable net income 86,941 6.5%	\$ 66,371	7.3%	\$ 49,572	7.2%	\$ 113,461	6.8%	\$	
Reported Diluted EPS 0.94	\$ 0.34		\$ 0.53		\$ 0.75		\$	
Inventory step-up	0.06		-		0.09			

-	Concentrate inventory write-down	0.10	-	0.12
-	Financing costs	0.03	-	0.06
-	Restructuring charges	0.11	-	0.12
-	Imputed interest charge	-	-	0.01
-	Gain on derivative instruments	-	-	(0.01)
-				
-----		-----	-----	-----
Comparable Diluted EPS	\$ 0.64	\$ 0.53	\$ 1.14	\$
0.94				
	=====	=====	=====	

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RECONCILIATION OF REPORTED AND COMPARABLE DILUTED EARNINGS PER SHARE GUIDANCE

	Range for the Quarter Ending November 30, 2003		Range for the Year Ending February 29, 2004	
	<C>	<C>	<C>	<C>
<S>				
Forecasted reported diluted earnings per share	\$ 0.65	\$ 0.69	\$ 1.89	\$ 1.96
Inventory step-up	0.02	0.02	0.12	0.12
Concentrate inventory write-down	-	-	0.10	0.10
Financing costs	-	-	0.05	0.05
Restructuring charges	0.09	0.09	0.28	0.28
Imputed interest charge	-	-	0.01	0.01
Gain on derivative instruments	-	-	(0.01)	(0.01)
	-----	-----	-----	-----
Forecasted comparable diluted earnings per share	\$ 0.76	\$ 0.80	\$ 2.44	\$ 2.51
	=====	=====	=====	=====

</TABLE>