

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): January 6, 2004

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
-----	-----
99.1	Press Release of Constellation Brands, Inc. (the "Company"), dated January 6, 2004.

ITEM 9. REGULATION FD DISCLOSURE.

The information included in 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 January 6, 2004, the Company issued a press release (the "release") announcing its results of operations and financial condition for the third quarter ended as of November 30, 2003. 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" or "pro forma" 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 the 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 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: January 6, 2004

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

[LOGO] CONSTELLATION
NEWS RELEASE

CONTACTS:

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Philippa Dworkin - 585-218-3733

Investor Relations:
Mark Maring - 585-218-3668

CONSTELLATION REPORTS 34 PERCENT INCREASE IN NET SALES
FOR THIRD QUARTER

Investments in Growth Brands Drive Strong Sales

FAIRPORT, N.Y., JAN. 6, 2004 - Constellation Brands, Inc. (NYSE: STZ, ASX: CBR), a leading international producer and marketer of beverage alcohol brands, today reported record net sales of \$987 million for its third quarter ended November 30, 2003. Net sales increased 34 percent, led by the addition of wine sales from the Hardy acquisition, double-digit growth in beer sales and the U.K. wholesale business, and a positive two percent impact from currency.

Net income as reported under generally accepted accounting principles ("reported") for the third quarter increased \$18 million or 29 percent to reach \$83 million and includes restructuring and related charges and unusual costs of \$8 million after tax. Net income on a comparable basis, excluding the restructuring and related charges and unusual costs, increased 42 percent to reach a record \$91 million. Reported diluted earnings per share increased six percent to reach \$0.73 per share, including a \$0.07 per share impact from the restructuring and related charges and unusual costs. Excluding these charges, diluted earnings per share increased 16 percent to reach \$0.80 per share.

Chairman and Chief Executive Officer Richard Sands said, "Constellation's strengths - our broad portfolio crossing three major beverage alcohol categories, our vast geographical reach across North America, Europe and Australasia, and our scale which provides strong routes-to-market - together enabled us to grow at the high end of our expectations. On a category-by-category basis, the beer pricing environment

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remains strong and our price increase on select imported brands is being rolled out market-by-market. The wine pricing environment continues to be competitive, and our strategy of investing behind our growth brands continues to serve us well. In spirits, we continue to see strong demand mainly driven by innovative flavors and the resurgence of mixed drinks. With our breadth of product offering and scale, we believe our portfolio is well positioned for growth ahead of the overall industry."

Net income on a comparable basis and diluted earnings per share on a comparable basis exclude restructuring and related charges and unusual costs. In order to give investors better insight on underlying business trends from continuing operations, the Company has included supplemental consolidated statements of income on a comparable basis. A table reconciling these measures and other related financial measures for the quarter to reported results is included in this release. For a detailed discussion of these items, please see the section "Items Affecting Comparability" following the financial statements.

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

CONSTELLATION BEERS AND SPIRITS RESULTS

Net sales for third quarter 2004 grew 11 percent to reach \$307 million. A 17 percent increase in beer sales and a four percent increase in branded spirits sales drove this growth, partially offset by a decline in bulk whisky and contract production sales. Imported beer growth was the result of continued consumer demand and strong wholesaler demand of Mexican beers prior to the Company's previously announced January 2004 price increase. The four percent increase in branded spirits sales was due to higher volume and a favorable mix toward higher priced spirits brands, including Black Velvet Canadian Whisky, Montezuma Tequila, Chi-Chi's prepared cocktails and the 99 Cordials range. The decline in bulk whisky and contract production sales was due to a large spot bulk whisky sale in the prior year period.

Operating income grew 21 percent to reach \$72 million for the third quarter due primarily to higher sales.

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CONSTELLATION WINES RESULTS

Net sales for third quarter 2004 were \$681 million compared to \$462 million the prior year, an increase of \$218 million, or 47 percent. This increase was driven primarily by the addition of sales from the Hardy acquisition. Pro forma net sales for third quarter 2004, which include \$150 million of Hardy sales in the prior year period, increased 11 percent driven by increases in branded wines and the U.K. wholesale business, and a positive six percent impact from

currency.

On a pro forma basis branded wines increased by four percent as a result of:

- 16 percent growth in wine in the United Kingdom, led by Australian brands Banrock Station, Hardy VR and Hardy Crest, and California brand Echo Falls, and
- greater than 20 percent growth in premium wines in the United States from brands such as Ravenswood, Blackstone, Simi and Franciscan from California, and Alice White and Hardys Stamp from Australia.

Operating income for third quarter 2004 was \$113 million, an increase of 49 percent. The increase was driven primarily by the additional sales from the Hardy acquisition.

CORPORATE OPERATIONS AND OTHER RESULTS

Corporate expenses increased 53 percent to \$11 million. The increase was due primarily to an increase in general corporate expenses to support the Company's growth.

OUTLOOK

The following statements are management's current diluted earnings per share expectations both on a reported basis and comparable basis for the fourth quarter ending February 29, 2004 and fiscal year ending February 29, 2004:

- Diluted earnings per share on a reported basis for fourth quarter 2004 are expected to be within a range of \$0.48 to \$0.53 versus \$0.56 for fourth quarter 2003.
- Diluted earnings per share on a reported basis for fiscal 2004 are expected to be within a range of \$1.99 to \$2.04 versus \$2.19 for fiscal 2003.

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- Diluted earnings per share on a comparable basis for fourth quarter 2004 are expected to be within a range of \$0.51 to \$0.56 versus \$0.44 for fourth quarter 2003.
- Diluted earnings per share on a comparable basis for fiscal 2004 are expected to be within a range of \$2.45 to \$2.50 versus \$2.07 for fiscal 2003.

A reconciliation of reported estimates to comparable estimates is included in this media release.

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. 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, Nobile, Alice White, Vendange, Almaden, Arbor Mist, Stowells and Blackthorn.

FORWARD-LOOKING STATEMENTS

The statements made under the heading Outlook (collectively, the "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.

During the quarter, Constellation may reiterate the estimates set forth above under the heading Outlook. Prior to the start of the Company's quiet period, beginning February 15, 2004, 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 February 15, 2004, 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.

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

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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 reported basis for fourth quarter 2004 and fiscal 2004, and (ii) the Company's estimated diluted earnings per share on a comparable basis for fourth 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.

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CONFERENCE CALL DETAILS

A conference call to discuss the quarterly results will be hosted by Chairman & CEO Richard Sands and Executive Vice President and Chief Financial Officer Tom Summer on Tuesday, January 6, 2004 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 "Investors."

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

	November 30, 2003	February 28, 2003
	-----	-----
ASSETS		

<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash investments	\$ 38,375	\$ 13,810
Accounts receivable, net	768,096	399,095
Inventories, net	1,291,979	819,912
Prepaid expenses and other	117,946	97,284
	-----	-----
Total current assets	2,216,396	1,330,101
PROPERTY, PLANT AND EQUIPMENT, net	1,047,982	602,469
GOODWILL	1,546,380	722,223
INTANGIBLE ASSETS, net	701,267	382,428
OTHER ASSETS	112,255	159,109
	-----	-----
Total assets	\$ 5,624,280	\$ 3,196,330
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Notes payable to banks	\$ 168,041	\$ 2,623
Current maturities of long-term debt	65,833	71,264
Accounts payable	340,070	171,073
Accrued excise taxes	63,877	36,421
Other accrued expenses and liabilities	475,503	303,827
	-----	-----
Total current liabilities	1,113,324	585,208
LONG-TERM DEBT, less current maturities	1,970,819	1,191,631
DEFERRED INCOME TAXES	169,462	145,239
OTHER LIABILITIES	165,738	99,268
STOCKHOLDERS' EQUITY	2,204,937	1,174,984
	-----	-----
Total liabilities and stockholders' equity	\$ 5,624,280	\$ 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 Three Months Ended November 30, 2003	For the Three Months Ended November 30, 2002	Percent Change
<S>	<C>	<C>	<C>
Sales	\$ 1,213,541	\$ 969,759	25%
Excise taxes	(226,293)	(231,380)	-2%
Net sales	987,248	738,379	34%
Cost of product sold	(704,632)	(524,885)	34%
Gross profit	282,616	213,494	32%
Selling, general and administrative expenses	(113,333)	(85,470)	33%
Restructuring and related charges	(8,088)	-	N/A
Operating income	161,195	128,024	26%
Equity in earnings of joint ventures	126	4,182	-97%
Interest expense, net	(31,889)	(26,202)	22%
Income before income taxes	129,432	106,004	22%
Provision for income taxes	(46,592)	(41,660)	12%
Net income	82,840	64,344	29%
Dividends on preferred stock	(2,450)	-	N/A
Income available to common stockholders	\$ 80,390	\$ 64,344	25%
Earnings per common share:			
Basic	\$ 0.76	\$ 0.71	7%
Diluted	\$ 0.73	\$ 0.69	6%
Weighted average common shares outstanding:			
Basic	105,323	90,323	17%
Diluted	114,196	93,083	23%
Segment Information:			
Net sales:			
Constellation Beers and Spirits			
Imported beers	\$ 229,538	\$ 195,585	17%
Spirits	77,165	80,495	-4%
Net sales	\$ 306,703	\$ 276,080	11%
Constellation Wines			
Branded wine	\$ 460,805	\$ 282,320	63%
Wholesale and other	219,740	179,979	22%
Net sales	\$ 680,545	\$ 462,299	47%
Consolidated net sales	\$ 987,248	\$ 738,379	34%
Operating income:			
Constellation Beers and Spirits	\$ 72,228	\$ 59,572	21%
Constellation Wines	112,722	75,433	49%
Corporate Operations and Other	(10,669)	(6,981)	53%
Restructuring and related charges and unusual costs (a)	(13,136)	-	N/A
Consolidated operating income	\$ 161,195	\$ 128,024	26%

<FN>

(a) Restructuring and related charges and unusual costs for the three months ended November 30, 2003, include the flow through of inventory step-up associated with the Hardy acquisition of \$2,720, financing costs of \$2,328 and restructuring and related charges of \$8,088.

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(in thousands, except per share data)

	For the Three Months Ended November 30, 2003	For the Three Months Ended November 30, 2002	Percent Change
<S>	<C>	<C>	<C>
Sales	\$ 1,213,541	\$ 969,759	25%
Excise taxes	(226,293)	(231,380)	-2%
Net sales	987,248	738,379	34%
Cost of product sold	(701,912)	(524,885)	34%
Gross profit	285,336	213,494	34%
Selling, general and administrative expenses	(111,005)	(85,470)	30%
Restructuring and related charges	-	-	N/A
Operating income	174,331	128,024	36%
Equity in earnings of joint ventures	126	4,182	-97%
Interest expense, net	(31,889)	(26,202)	22%
Income before income taxes	142,568	106,004	34%
Provision for income taxes	(51,324)	(41,660)	23%
Net income	91,244	64,344	42%
Dividends on preferred stock	(2,450)	-	N/A
Income available to common stockholders	\$ 88,794	\$ 64,344	38%
Earnings per common share:			
Basic	\$ 0.84	\$ 0.71	18%
Diluted	\$ 0.80	\$ 0.69	16%
Weighted average common shares outstanding:			
Basic	105,323	90,323	17%
Diluted	114,196	93,083	23%
Segment Information:			
Net sales:			
Constellation Beers and Spirits			
Imported beers	\$ 229,538	\$ 195,585	17%
Spirits	77,165	80,495	-4%
Net sales	\$ 306,703	\$ 276,080	11%
Constellation Wines			
Branded wine	\$ 460,805	\$ 282,320	63%
Wholesale and other	219,740	179,979	22%
Net sales	\$ 680,545	\$ 462,299	47%
Consolidated net sales	\$ 987,248	\$ 738,379	34%
Operating income:			
Constellation Beers and Spirits	\$ 72,228	\$ 59,572	21%
Constellation Wines	112,772	75,433	49%
Corporate Operations and Other	(10,669)	(6,981)	53%
Restructuring and related charges and unusual costs	-	-	N/A
Consolidated operating income	\$ 174,331	\$ 128,024	36%

<FN>

(a) Excludes the flow through of inventory step-up associated with the Hardy acquisition, restructuring and related charges and financing costs associated with the Hardy acquisition for the three months ended November 30, 2003.

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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 Nine Months Ended November 30,	For the Nine Months Ended November 30,	Percent
--	--	--	---------

	2003	2002	Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Sales	\$ 3,354,298	\$ 2,729,219	23%
Excise taxes	(683,184)	(650,641)	5%
	-----	-----	
Net sales	2,671,114	2,078,578	29%
Cost of product sold	(1,938,881)	(1,495,096)	30%
	-----	-----	
Gross profit	732,233	583,482	25%
Selling, general and administrative expenses	(348,428)	(263,847)	32%
Restructuring and related charges	(27,487)	-	N/A
	-----	-----	
Operating income	356,318	319,635	11%
Gain on change in fair value of derivative instruments	1,181	-	N/A
Equity in earnings of joint ventures	965	10,093	-90%
Interest expense, net	(112,230)	(80,494)	39%
	-----	-----	
Income before income taxes	246,234	249,234	-1%
Provision for income taxes	(88,641)	(97,949)	-10%
	-----	-----	
Net income	157,593	151,285	4%
Dividends on preferred stock	(3,294)	-	N/A
	-----	-----	
Income available to common stockholders	\$ 154,299	\$ 151,285	2%
	=====	=====	
Earnings per common share:			
Basic	\$ 1.56	\$ 1.69	-8%
Diluted	\$ 1.51	\$ 1.63	-7%
Weighted average common shares outstanding:			
Basic	98,902	89,617	10%
Diluted	104,559	92,669	13%
Segment Information:			
Net sales:			
Constellation Beers and Spirits			
Imported beers	\$ 684,216	\$ 615,098	11%
Spirits	219,874	219,381	0%
	-----	-----	
Net sales	\$ 904,090	\$ 834,479	8%
Constellation Wines			
Branded wine	\$ 1,155,170	\$ 733,450	57%
Wholesale and other	611,854	510,649	20%
	-----	-----	
Net sales	\$ 1,767,024	\$ 1,244,099	42%
	-----	-----	
Consolidated net sales	\$ 2,671,114	\$ 2,078,578	29%
	=====	=====	
Operating income:			
Constellation Beers and Spirits	\$ 202,228	\$ 175,548	15%
Constellation Wines	258,208	166,512	55%
Corporate Operations and Other	(30,978)	(22,425)	38%
Restructuring and related charges and unusual costs (a)	(73,140)	-	N/A
	-----	-----	
Consolidated operating income	\$ 356,318	\$ 319,635	11%
	=====	=====	

<FN>

(a) Restructuring and related charges and unusual costs for the nine months ended November 30, 2003, include the flow through of inventory step-up associated with the Hardy acquisition of \$17,254, financing costs of \$11,572 and restructuring and related charges of \$44,314.

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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 Nine Months Ended November 30, 2003	For the Nine Months Ended November 30, 2002	Percent Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Sales	\$ 3,354,298	\$ 2,729,219	23%

Excise taxes	(683,184)	(650,641)	5%
Net sales	2,671,114	2,078,578	29%
Cost of product sold	(1,904,800)	(1,495,096)	27%
Gross profit	766,314	583,482	31%
Selling, general and administrative expenses	(336,856)	(263,847)	28%
Restructuring and related charges	-	-	N/A
Operating income	429,458	319,635	34%
Gain on change in fair value of derivative instruments	-	-	N/A
Equity in earnings of joint ventures	965	10,093	-90%
Interest expense, net	(110,572)	(80,494)	37%
Income before income taxes	319,851	249,234	28%
Provision for income taxes	(115,146)	(97,949)	18%
Net income	204,705	151,285	35%
Dividends on preferred stock	(3,294)	-	N/A
Income available to common stockholders	\$ 201,411	\$ 151,285	33%

Earnings per common share:

Basic	\$ 2.04	\$ 1.69	21%
Diluted	\$ 1.96	\$ 1.63	20%

Weighted average common shares outstanding:

Basic	98,902	89,617	10%
Diluted	104,559	92,669	13%

Segment Information:

Net sales:

Constellation Beers and Spirits			
Imported beers	\$ 684,216	\$ 615,098	11%
Spirits	219,874	219,381	0%
Net sales	\$ 904,090	\$ 834,479	8%
Constellation Wines			
Branded wine	\$ 1,155,170	\$ 733,450	57%
Wholesale and other	611,854	510,649	20%
Net sales	\$ 1,767,024	\$ 1,244,099	42%
Consolidated net sales	\$ 2,671,114	\$ 2,078,578	29%

Operating income:

Constellation Beers and Spirits	\$ 202,228	\$ 175,548	15%
Constellation Wines	258,208	166,512	55%
Corporate Operations and Other	(30,978)	(22,425)	38%
Restructuring and related charges and unusual costs	-	-	N/A

Consolidated operating income	\$ 429,458	\$ 319,635	34%
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<FN>

(a) Excludes the flow through of inventory step-up associated with the Hardy acquisition, restructuring and related 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 the nine months ended November 30, 2003.

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

	For the Nine Months Ended November 30, 2003	For the Nine Months Ended November 30, 2002
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 157,593	\$ 151,285

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation of property, plant and equipment	58,666	41,174
Amortization of intangible and other assets	18,713	4,409
Deferred tax provision	4,622	4,062
Loss on extinguishment of debt	800	-
Loss on sale of assets	2,108	1,956
Stock-based compensation expense	208	75
Amortization of discount on long-term debt	59	46
Gain on change in fair value of derivative instruments	(1,181)	-
Equity in earnings of joint ventures	(965)	(10,093)
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Accounts receivable, net	(218,730)	(81,470)
Inventories, net	32,305	(102,901)
Prepaid expenses and other current assets	13,417	(14,029)
Accounts payable	23,615	57,198
Accrued excise taxes	23,845	(8,972)
Other accrued expenses and liabilities	39,989	100,812
Other assets and liabilities, net	24,458	3,712
	-----	-----
Total adjustments	21,929	(4,021)
	-----	-----
Net cash provided by operating activities	179,522	147,264
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of businesses, net of cash acquired	(1,070,074)	-
Purchases of property, plant and equipment	(70,584)	(51,833)
Payment of accrued earn-out amount	(2,035)	(1,674)
Proceeds from sale of assets	11,085	977
Proceeds from sale of business	4,431	-
Proceeds from sale of marketable equity securities	790	-
	-----	-----
Net cash used in investing activities	(1,126,387)	(52,530)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	1,600,000	10,000
Proceeds from equity offerings, net of fees	426,069	-
Net proceeds from (repayments of) notes payable	165,209	(49,429)
Exercise of employee stock options	23,756	25,539
Proceeds from employee stock purchases	1,822	1,319
Principal payments of long-term debt	(1,240,395)	(62,519)
Payment of issuance costs of long-term debt	(34,147)	(10)
	-----	-----
Net cash provided by (used in) financing activities	942,314	(75,100)
	-----	-----
Effect of exchange rate changes on cash and cash investments	29,116	1,341
	-----	-----
NET INCREASE IN CASH AND CASH INVESTMENTS	24,565	20,975
CASH AND CASH INVESTMENTS, beginning of period	13,810	8,961
	-----	-----
CASH AND CASH INVESTMENTS, end of period	\$ 38,375	\$ 29,936
	=====	=====

</TABLE>

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<TABLE>
<CAPTION>

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 under Investors/Financial Information/Financial Reports for a historical reconciliation between reported and comparable information.

For the Three
Months Ended

For the Three
Months Ended

For the Nine
Months Ended

For the Nine
Months Ended

	November 30, 2003	Margin	November 30, 2002	Margin	November 30, 2003	Margin	November 30, 2002
Margin							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Reported net sales 100%	\$ 987,248	100%	\$ 738,379	100%	\$ 2,671,114	100%	\$ 2,078,578
Reported gross profit 28.1%	\$ 282,616	28.6%	\$ 213,494	28.9%	\$ 732,233	27.4%	\$ 583,482
Inventory step-up	2,720	0.3%	-		17,254	0.7%	-
Concentrate inventory write-down	-	0.0%	-		16,827	0.6%	-
Comparable gross profit 28.1%	\$ 285,336	28.9%	\$ 213,494	28.9%	\$ 766,314	28.7%	\$ 583,482
Reported operating income 15.4%	\$ 161,195	16.3%	\$ 128,024	17.3%	\$ 356,318	13.3%	\$ 319,635
Inventory step-up	2,720	0.3%	-		17,254	0.7%	-
Concentrate inventory write-down	-	0.0%	-		16,827	0.6%	-
Financing costs	2,328	0.3%	-		11,572	0.5%	-
Restructuring charges	8,088	0.8%	-		27,487	1.0%	-
Comparable operating income 15.4%	\$ 174,331	17.7%	\$ 128,024	17.3%	\$ 429,458	16.1%	\$ 319,635
Reported net income 7.3%	\$ 82,840	8.4%	\$ 64,344	8.7%	\$ 157,593	5.9%	\$ 151,285
Inventory step-up	1,741	0.2%	-		11,043	0.4%	-
Concentrate inventory write-down	-	0.0%	-		10,769	0.4%	-
Financing costs	1,490	0.1%	-		7,406	0.3%	-
Restructuring charges	5,176	0.5%	-		17,592	0.7%	-
Imputed interest charge	-	0.0%	-		1,061	0.0%	-
Gain on derivative instruments	-	0.0%	-		(756)	0.0%	-
Comparable net income 7.3%	\$ 91,247	9.2%	\$ 64,344	8.7%	\$ 204,708	7.7%	\$ 151,285
Reported Diluted EPS	\$ 0.73		\$ 0.69		\$ 1.51		\$ 1.63
Inventory step-up	0.01		-		0.11		-
Concentrate inventory write-down	-		-		0.10		-
Financing costs	0.01		-		0.07		-
Restructuring charges	0.05		-		0.17		-
Imputed interest charge	-		-		0.01		-
Gain on derivative instruments	-		-		(0.01)		-
Comparable Diluted EPS	\$ 0.80		\$ 0.69		\$ 1.96		\$ 1.63

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<TABLE>
<CAPTION>

RECONCILIATION OF REPORTED AND COMPARABLE DILUTED EARNINGS PER SHARE GUIDANCE

	Range for the Quarter Ending February 29, 2004		Range for the Year Ending February 29, 2004	
<S>	<C>	<C>	<C>	<C>
Forecasted reported diluted earnings per share	\$ 0.48	\$ 0.53	\$ 1.99	\$ 2.04
Inventory step-up	-	-	0.10	0.10
Concentrate inventory write-down	-	-	0.10	0.10
Financing costs	-	-	0.07	0.07
Restructuring charges	0.03	0.03	0.19	0.19

Imputed interest charge	-	-	0.01	0.01
Gain on derivative instruments	-	-	(0.01)	(0.01)
	-----	-----	-----	-----
Forecasted comparable diluted earnings per share	\$ 0.51	\$ 0.56	\$ 2.45	\$ 2.50
	=====	=====	=====	=====
	For the		For the	
	Quarter Ended		Year Ended	
	February 28,		February 28,	
	2003		2003	
	-----		-----	
Reported diluted earnings per share	\$ 0.56		\$ 2.19	
Gain on derivative instruments	(0.12)		(0.12)	
	-----		-----	
Comparable diluted earnings per share	\$ 0.44		\$ 2.07	
	=====		=====	

</TABLE>

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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 \$0.10 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 \$0.07 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 \$0.04 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 Hardy 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.

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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 \$0.25 per share for the current fiscal year, of which \$0.10 will be charged to cost of product sold and \$0.15 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 is cash flow positive. More than half the charges are non-cash charges.