

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): April 7, 2004  
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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 as part of this Form 8-K.

No.	Description
99.1	Press Release of Constellation Brands, Inc. (the "Company"), dated April 7, 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 April 7, 2004, the Company issued a press release (the "release") announcing its results of operations and financial condition for the fourth quarter and full year ended as of 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" 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 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 and related charges (including exiting the United States commodity concentrate product line), gains on changes in fair value of derivative instruments, and the relief from certain excise tax, duty and other costs incurred in prior years 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 better insight on underlying business trends and results in order to evaluate year over year financial performance.

#### 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: April 7, 2004

By: /s/ Thomas S. Summer

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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 April 7, 2004.

[LOGO] CONSTELLATION  
NEWS RELEASE

CONTACTS:

Media Relations:  
Philippa Dworkin - 585-218-3733

Investor Relations:  
Mark Maring - 585-218-3668

CONSTELLATION REPORTS FOURTH QUARTER AND FULL YEAR  
FINANCIAL RESULTS

Strong sales across categories drive record results

FAIRPORT, N.Y., APRIL 7, 2004 - Constellation Brands, Inc. (NYSE: STZ, ASX: CBR), a leading international producer and marketer of beverage alcohol brands, today reported record net sales for its fiscal year and fourth quarter ended February 29, 2004.

Chairman and Chief Executive Officer Richard Sands said, "Fiscal 2004 was a year in which Constellation Brands strengthened its already solid foundation to ensure long-term growth in sales and earnings. With the acquisition of Hardy transforming Constellation into the world's largest wine company, and the restructuring of our global wine business to create more nimble, customer and consumer focused sales, marketing and production companies, we are well poised to fully exploit our strengths in product breadth and organizational scale to continue to deliver profitable growth. In imported beer we continued to lead the category with double-digit growth and Corona continuing to hold the positions of #1 import and the #7 beer overall. In spirits we saw a multitude of successful new product launches all geared to meet changing consumer consumption patterns. In fiscal 2005 we are focusing investment behind our brands, particularly imported beer, Australian wine and premium California wine to drive long-term growth in sales and earnings."

Net sales increased 30 percent for fiscal 2004 to \$3.55 billion and 35 percent for the fourth quarter to \$881 million. The increase in net sales for both periods was driven primarily by the addition of wine sales from the Hardy acquisition and strong sales from imported beer, premium California wine and the U.K. wholesale business. Currency contributed three percent of the increase for fiscal 2004 and four percent of the increase for the quarter. The quarter was also positively impacted one percent due to the relief from certain excise tax, duty and other costs incurred in prior years (see "Items Affecting Comparability").

Pro forma net sales for the year, which include \$478 million of Hardy sales for the same prior year eleven month period, increased 11 percent, including a positive four percent impact from currency. For the quarter, including \$113 million of Hardy sales in the prior year period, pro forma net sales increased 15 percent, including a positive six percent impact from currency and one percent due to the relief from certain excise tax, duty and other costs incurred in prior years.

Net income as reported under generally accepted accounting principles ("reported") for the fiscal year increased eight percent to \$220 million and reported diluted earnings per share declined six percent to \$2.06. Fiscal 2004 reported results include restructuring and related charges and net unusual costs of \$46 million after tax and \$0.43 per share. Fiscal 2003 reported results were positively impacted by \$11 million after tax and \$0.12 per share as a result of a gain on derivative instruments, partially offset by restructuring and related charges. Net income on a comparable basis, excluding the restructuring and related charges and net unusual costs or gains, increased 39 percent to \$267 million and comparable diluted earnings per share increased 20 percent to reach a record \$2.49 per share.

For the quarter, reported net income increased 21 percent to \$63 million and reported diluted earnings per share declined two percent to \$0.55 per share. Reported results were positively impacted by one million dollars after tax and \$0.01 per share as a result of net unusual gains, partially offset by restructuring and related charges. The prior year's fourth quarter reported results were positively impacted by \$11 million after tax and \$0.12 per share as a result of a gain on derivative instruments, partially offset by restructuring and related charges. On a comparable basis, net income increased 51 percent and diluted earnings per share increased 23 percent to reach a record \$0.54 per share.

Net sales, net income and diluted earnings per share on a comparable basis exclude restructuring and related charges and net unusual costs or gains. The Company discusses results on a comparable basis in order to give investors better insight on underlying business trends from continuing operations. A table reconciling these measures and other related financial measures to reported results for the quarter and fiscal year 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 sales and profitability excludes restructuring and related charges and net unusual costs or gains, which is consistent with the measure used by management to evaluate results.

## FULL YEAR RESULTS

### CONSTELLATION BEERS AND SPIRITS RESULTS

Net sales for the fiscal year grew eight percent to reach \$1.15 billion as a result of an 11 percent increase in beer sales and a one percent increase in spirits sales. The 11 percent increase in beer sales was primarily driven by volume gains on Corona Extra, Corona Light, Modelo Especial and Pacifico. Spirit sales grew one percent as a three percent increase in branded spirits sales was partially offset by lower bulk whisky and contract production sales. The three 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 primarily to a large spot bulk whisky sale in the prior year.

Operating income increased 16 percent for the fiscal year to \$253 million. The growth in operating income was primarily the result of higher sales, favorable spirits mix and lower average spirits costs, particularly tequila, and favorable beer pricing.

### CONSTELLATION WINES RESULTS

Net sales for fiscal 2004 increased \$723 million, or 43 percent to reach \$2.40 billion. This increase was driven primarily by the addition of sales from the Hardy acquisition. Pro forma net sales, which include \$478 million of Hardy sales for the same prior year eleven month period, increased 11 percent driven by solid growth in branded wine and wholesale and other, and a positive six percent impact from currency. Pro forma branded wine sales grew eight percent, driven by growth of Australian and California wine in the U.K. and premium wine in the U.S., and a positive six percent impact from currency.

Driven by increased market share and the addition of new accounts, the U.K. wholesale business grew 21 percent, including a positive nine percent impact from currency.

Operating income for the fiscal year was \$348 million, an increase of 55 percent. The increase was driven primarily by the additional sales from the Hardy acquisition.

### CORPORATE OPERATIONS AND OTHER RESULTS

Corporate expenses increased 27 percent to \$42 million. The increase was due primarily to an increase in general corporate expenses to support the Company's growth.

## FOURTH QUARTER RESULTS

### CONSTELLATION BEERS AND SPIRITS RESULTS

Net sales for the quarter grew nine percent to reach \$243 million. An 11 percent increase in beer sales and a three percent increase in spirits sales drove the growth. The increase in beer sales was driven primarily by volume gains. The Company expects first quarter fiscal 2005 beer volumes to be below normal trends due to strong wholesaler demand of Mexican beers prior to the Company's price increase, which began to take effect in January 2004. The three percent increase in spirits sales was primarily due to higher contract production sales.

Operating income grew 19 percent to reach \$50 million for the fourth quarter due primarily to higher sales, favorable spirits mix and lower average spirits costs, particularly tequila, and favorable beer pricing.

### CONSTELLATION WINES RESULTS

Net sales for fourth quarter 2004 were \$629 million compared to \$429 million the prior year, an increase of 47 percent. This increase was driven primarily by the addition of sales from the Hardy acquisition, as well as premium wine sales in the U.S. and the U.K. wholesale business. Pro forma net sales for fourth quarter 2004, which include \$113 million of Hardy sales in the prior year period, increased 16 percent driven by increases in branded wines and the U.K. wholesale business, and a positive eight percent impact from currency.

On a pro forma basis, including \$108 million of Hardy branded wine sales in the prior year period and excluding a positive six percent impact from currency, branded wines increased by four percent as a result of:

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

Operating income for the quarter was \$90 million, an increase of 55 percent. The increase was driven primarily by the additional sales from the Hardy acquisition.

### CORPORATE OPERATIONS AND OTHER RESULTS

Corporate expenses were \$11 million compared to \$10 million in the prior year. 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 first quarter ending May 31, 2004 and fiscal year ending February 28, 2005:

Diluted earnings per share on a reported basis for first quarter 2005 are expected to be within a range from \$0.39 to \$0.42 versus \$0.41 for first quarter

2004.

- - Diluted earnings per share on a reported basis for fiscal 2005 are expected to be within a range from \$2.39 to \$2.49 versus \$2.06 for fiscal 2004.
- - Diluted earnings per share on a comparable basis for first quarter 2005 are expected to be within a range from \$0.48 to \$0.51 versus \$0.49 for first quarter 2004.
- - Diluted earnings per share on a comparable basis for fiscal 2005 are expected to be within a range from \$2.55 to \$2.65 versus \$2.49 for fiscal 2004.

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 May 17, 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 May 17, 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 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 first quarter 2005 and fiscal 2005, and (ii) the Company's estimated diluted earnings per share on a comparable basis for first quarter 2005 and fiscal 2005, 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 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.

#### CONFERENCE CALL DETAILS

A conference call to discuss the quarter and full year results will be hosted by Chairman & CEO Richard Sands and Executive Vice President and Chief Financial Officer Tom Summer on Wednesday, April 7, 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) and other financial information that may be discussed in the call are available on the Internet at Constellation's web site: [www.cbrands.com](http://www.cbrands.com) under "Investors."

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

	February 29, 2004	February 28, 2003
	-----	-----
<S>	<C>	<C>
ASSETS		

-----			
CURRENT ASSETS:			
Cash and cash investments	\$	37,136	\$ 13,810
Accounts receivable, net		635,910	399,095
Inventories, net		1,261,378	819,912
Prepaid expenses and other		137,047	97,284
		-----	-----
Total current assets		2,071,471	1,330,101
PROPERTY, PLANT AND EQUIPMENT, net		1,097,362	602,469
GOODWILL		1,540,637	722,223
INTANGIBLE ASSETS, net		744,978	382,428
OTHER ASSETS		104,225	159,109
		-----	-----
Total assets	\$	5,558,673	\$ 3,196,330
		=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

-----			
CURRENT LIABILITIES:			
Notes payable to banks	\$	1,792	\$ 2,623
Current maturities of long-term debt		267,245	71,264
Accounts payable		270,291	171,073
Accrued excise taxes		48,465	36,421
Other accrued expenses and liabilities		442,009	303,827
		-----	-----
Total current liabilities		1,029,802	585,208
LONG-TERM DEBT, less current maturities		1,778,853	1,191,631
DEFERRED INCOME TAXES		187,410	145,239
OTHER LIABILITIES		184,989	99,268
STOCKHOLDERS' EQUITY		2,377,619	1,174,984
		-----	-----
Total liabilities and stockholders' equity	\$	5,558,673	\$ 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 February 29, 2004	For the Three Months Ended February 28, 2003	Percent Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Sales	\$ 1,114,972	\$ 853,863	31%
Excise taxes	(233,657)	(200,829)	16%
	-----	-----	
Net sales	881,315	653,034	35%
Cost of product sold	(637,760)	(475,801)	34%
	-----	-----	
Gross profit	243,555	177,233	37%
Selling, general and administrative expenses	(108,849)	(87,146)	25%
Restructuring and related charges	(3,667)	(4,764)	-23%
	-----	-----	
Operating income	131,039	85,323	54%
Gain on change in fair value of derivative instruments	-	23,129	-100%
Equity in (loss) earnings of joint ventures	(423)	2,143	-120%
Interest expense, net	(32,453)	(24,893)	30%
	-----	-----	
Income before income taxes	98,163	85,702	15%
Provision for income taxes	(35,342)	(33,681)	5%
	-----	-----	
Net income	62,821	52,021	21%
Dividends on preferred stock	(2,452)	-	N/A
	-----	-----	
Income available to common stockholders	\$ 60,369	\$ 52,021	16%
	=====	=====	
Earnings per common share:			
Basic	\$ 0.57	\$ 0.57	0%
Diluted	\$ 0.55	\$ 0.56	-2%
Weighted average common shares outstanding:			
Basic	106,141	90,586	17%
Diluted	114,657	93,209	23%

Segment Information:  
Net sales:

Constellation Beers and Spirits				
Imported beers	\$	178,421	\$	160,908
Spirits		64,677		62,926
		-----		-----
Net sales	\$	243,098	\$	223,834
Constellation Wines				
Branded wine	\$	394,580	\$	250,055
Wholesale and other		234,452		179,145
		-----		-----
Net sales	\$	629,032	\$	429,200
		-----		-----
Unusual gains (a)	\$	9,185	\$	-
		-----		-----
Consolidated net sales	\$	881,315	\$	653,034
		=====		=====
Operating income:				
Constellation Beers and Spirits	\$	50,305	\$	42,415
Constellation Wines		89,924		58,044
Corporate Operations and Other		(10,739)		(10,372)
Restructuring and related charges and unusual gains (costs) (b)		1,549		(4,764)
		-----		-----
Consolidated operating income	\$	131,039	\$	85,323
		=====		=====

<FN>

(a) Unusual gains included in net sales for the three months ended February 29, 2004, consist of the relief from certain excise tax, duty and other costs incurred in prior year periods.

(b) Restructuring and related charges and unusual gains (costs) for the three months ended February 29, 2004, include the relief from certain excise tax, duty and other costs incurred in prior year periods of \$10,434, partially offset by the flow through of inventory step-up associated with the Hardy acquisition of \$5,218 and restructuring and related charges of \$3,667. Restructuring and related charges and unusual gains (costs) for the three months ended February 28, 2003, include restructuring and related charges of \$4,764.

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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 Year Ended February 29, 2004	For the Year Ended February 28, 2003	Percent Change
	-----	-----	
<S>	<C>	<C>	<C>
Sales	\$ 4,469,270	\$ 3,583,082	25%
Excise taxes	(916,841)	(851,470)	8%
	-----	-----	
Net sales	3,552,429	2,731,612	30%
Cost of product sold	(2,576,641)	(1,970,897)	31%
	-----	-----	
Gross profit	975,788	760,715	28%
Selling, general and administrative expenses	(457,277)	(350,993)	30%
Restructuring and related charges	(31,154)	(4,764)	554%
	-----	-----	
Operating income	487,357	404,958	20%
Gain on change in fair value of derivative instruments	1,181	23,129	-95%
Equity in earnings of joint ventures	542	12,236	-96%
Interest expense, net	(144,683)	(105,387)	37%
	-----	-----	
Income before income taxes	344,397	334,936	3%
Provision for income taxes	(123,983)	(131,630)	-6%
	-----	-----	
Net income	220,414	203,306	8%
Dividends on preferred stock	(5,746)	-	N/A
	-----	-----	
Income available to common stockholders	\$ 214,668	\$ 203,306	6%
	=====	=====	
Earnings per common share:			
Basic	\$ 2.13	\$ 2.26	-6%
Diluted	\$ 2.06	\$ 2.19	-6%

Weighted average common shares outstanding:



Basic	100,702	89,856	12%
Diluted	106,948	92,746	15%

Segment Information:

Net sales:

Constellation Beers and Spirits			
Imported beers	\$ 862,637	\$ 776,006	11%
Spirits	284,551	282,307	1%
Net sales	\$ 1,147,188	\$ 1,058,313	8%
Constellation Wines			
Branded wine	\$ 1,549,750	\$ 983,505	58%
Wholesale and other	846,306	689,794	23%
Net sales	\$ 2,396,056	\$ 1,673,299	43%
Unusual gains (a)	\$ 9,185	\$ -	N/A
Consolidated net sales	\$ 3,552,429	\$ 2,731,612	30%

Operating income:

Constellation Beers and Spirits	\$ 252,533	\$ 217,963	16%
Constellation Wines	348,132	224,556	55%
Corporate Operations and Other	(41,717)	(32,797)	27%
Restructuring and related charges and unusual costs (b)	(71,591)	(4,764)	1403%
Consolidated operating income	\$ 487,357	\$ 404,958	20%

<FN>

(a) Unusual gains included in net sales for the year ended February 29, 2004, consist of the relief from certain excise tax, duty and other costs incurred in prior year periods.

(b) Restructuring and related charges and unusual costs for the year ended February 29, 2004, include the flow through of inventory step-up associated with the Hardy acquisition of \$22,472, financing costs of \$11,572, and restructuring and related charges of \$47,981, partially offset by the relief from certain excise tax, duty and other costs incurred in prior year periods of \$10,434. Restructuring and related charges and unusual costs for the year ended February 28, 2003, include restructuring and related charges of \$4,764.

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

	For the Year Ended February 29, 2004	For the Year Ended February 28, 2003
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 220,414	\$ 203,306
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	80,079	54,147
Deferred tax provision	28,044	21,050
Amortization of intangible and other assets	21,875	5,942
Loss on sale of assets and restructuring charges	5,127	7,263
Loss on extinguishment of debt	800	-
Stock-based compensation expense	233	100
Amortization of discount on long-term debt	93	60
Gain on change in fair value of derivative instruments	(1,181)	(23,129)
Equity in earnings of joint ventures	(542)	(12,236)
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Accounts receivable, net	(63,036)	6,164
Inventories, net	96,051	(40,676)
Prepaid expenses and other current assets	2,192	(11,612)
Accounts payable	(61,647)	10,135
Accrued excise taxes	7,658	(25,029)
Other accrued expenses and liabilities	14,771	42,882
Other assets and liabilities, net	(10,624)	(2,314)

Total adjustments	119,893	32,747
Net cash provided by operating activities	340,307	236,053
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of businesses, net of cash acquired	(1,069,470)	-
Purchases of property, plant and equipment	(105,094)	(71,575)
Payment of accrued earn-out amount	(2,035)	(1,674)
Proceeds from sale of assets	13,449	1,288
Proceeds from sale of business	3,814	-
Proceeds from sale of marketable equity securities	849	-
Net cash used in investing activities	(1,158,487)	(71,961)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	1,600,000	10,000
Proceeds from equity offerings, net of fees	426,086	-
Exercise of employee stock options	36,017	28,706
Proceeds from employee stock purchases	3,481	2,885
Principal payments of long-term debt	(1,282,274)	(151,134)
Payment of issuance costs of long-term debt	(33,748)	(20)
Payment of dividend	(3,295)	-
Net repayments of notes payable	(1,113)	(51,921)
Net cash provided by (used in) financing activities	745,154	(161,484)
Effect of exchange rate changes on cash and cash investments	96,352	2,241
NET INCREASE IN CASH AND CASH INVESTMENTS	23,326	4,849
CASH AND CASH INVESTMENTS, beginning of period	13,810	8,961
CASH AND CASH INVESTMENTS, end of period	\$ 37,136	\$ 13,810

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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 and related charges (including exiting the U.S. commodity concentrate product line), gains on changes in fair value of derivative instruments, and the relief from certain excise tax, duty and other costs incurred in prior years 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.

the Year Ended February 28,	For the Three Months Ended February 29,	Margin	For the Three Months Ended February 28,	Margin	For the Year Ended February 29,	Margin	For
2003	2004		2003		2004		
Reported net sales	\$ 881,315		\$ 653,034		\$ 3,552,429		\$
Excise tax, duty & other costs	(9,185)		-		(9,185)		
Comparable net sales	\$ 872,130		\$ 653,034		\$ 3,543,244		\$



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RECONCILIATION OF REPORTED AND PRO FORMA NET SALES  
(in thousands)

Pro forma net sales are provided because management believes this information provides investors better insight on underlying business trends and results in order to evaluate year over year financial performance. As such, pro forma net sales present net sales after giving effect to the Hardy acquisition as if the Company had owned Hardy in the periods presented. You may also visit the Company's website at www.cbrands.com under Investors/Financial Information/Financial Reports for a reconciliation of reported net sales to pro forma net sales.

Year		For the Three Months Ended February 29, 2004	For the Three Months Ended February 28, 2003	Growth	For the Year Ended February 29, 2004	For the Year Ended February 28, 2003
28,2003	Growth					
-----						
<S>		<C>	<C>	<C>	<C>	<C>
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CONSOLIDATED NET SALES						
Reported net sales		\$ 881,315	\$ 653,034	35%	\$ 3,552,429	\$
2,731,612	30%					
Prior year Hardy sales (1)		-	113,000		-	
478,000						
-----						
Pro forma net sales		\$ 881,315	\$ 766,034	15%	\$ 3,552,429	\$
3,209,612	11%					
=====						
CONSTELLATION WINES NET SALES						
Reported net sales		\$ 629,032	\$ 429,200	47%	\$ 2,396,056	\$
1,673,299	43%					
Prior year Hardy sales (1)		-	113,000		-	
478,000						
-----						
Pro forma net sales		\$ 629,032	\$ 542,200	16%	\$ 2,396,056	\$
2,151,299	11%					
=====						
BRANDED WINE NET SALES						
Reported net sales		\$ 394,580	\$ 250,055	58%	\$ 1,549,750	\$
983,505	58%					
Prior year Hardy sales (1)		-	107,600		-	
456,600						
-----						
Pro forma net sales		\$ 394,580	\$ 357,655	10%	\$ 1,549,750	\$
1,440,105	8%					
=====						

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(1) For the three months and 11 months ended February 28, 2003.

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RECONCILIATION OF REPORTED AND COMPARABLE DILUTED EARNINGS PER SHARE GUIDANCE

	Range for the Quarter Ending May 31, 2004		Range for the Year Ending February 28, 2005	
	<C>	<C>	<C>	<C>
Forecasted reported diluted earnings per share	\$ 0.39	\$ 0.42	\$ 2.39	\$
2.49				
Inventory step-up	0.01	0.01	0.03	
0.03				
Financing costs - Call of senior notes	0.06	0.06	0.06	
0.06				
Restructuring and related charges	0.02	0.02	0.07	
0.07				

	Actual For the Three Months Ended May 31, 2003	Actual For the Year Ended February 29, 2004
Forecasted comparable diluted earnings per share	\$ 0.48	\$ 2.55
2.65		\$
Reported diluted earnings per share	\$ 0.41	\$ 2.06
Excise tax, duty & other costs	-	(0.06)
Inventory step-up	0.04	0.13
Concentrate inventory write-down	-	0.10
Financing costs	0.03	0.07
Restructuring and related charges	0.01	0.19
Imputed interest charge	0.01	0.01
Gain on derivative instruments	(0.01)	(0.01)
Comparable diluted earnings per share	\$ 0.49	\$ 2.49

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ITEMS AFFECTING COMPARABILITY FOR FISCAL 2005

FINANCING COSTS - CALL (REDEMPTION) OF SENIOR NOTES - On February 10, 2004, the Company called its \$200,000,000 8.5% senior subordinated notes due 2009. In connection with this redemption, the Company expects to incur an unusual charge in the first quarter of fiscal 2005 related to the call premium and the remaining unamortized financing fees associated with the original issuance of the bonds. The Company expects this charge to be approximately \$0.06 per share for fiscal 2005.

RESTRUCTURING AND RELATED CHARGES - In connection with the further realignment of business operations within the Company's wine division and, as previously announced in fiscal 2004, exiting the commodity concentrate product line, the Company expects restructuring and related charges of approximately \$0.07 per share for fiscal 2005 (\$0.03 for exiting the commodity concentrate product line and \$0.04 for further realignment of business operations).

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 preacquisition. For inventory produced and sold after the acquisition date, the related manufacturer's profit accrues to the Company. As a result of final appraisals, the Company expects the flow through of inventory step-up to have a negative impact of approximately \$0.03 per share for fiscal 2005.

ITEMS AFFECTING COMPARABILITY FOR FISCAL 2004

EXCISE TAX, DUTY AND OTHER COSTS - The Company recognized a net benefit of \$10.4 million related to relief from certain excise taxes, duty and other costs incurred in prior years. The net \$10.4 million is comprised of a \$9.2 million increase in net sales, a \$2.3 million reduction in cost of product sold and a \$1.1 million increase in SG&A. This had a positive impact of approximately \$0.06 per share for fiscal 2004.

INVENTORY STEP-UP - The flow through of inventory step-up had an impact of approximately \$0.13 per share for fiscal 2004.

CONCENTRATE INVENTORY WRITE-DOWN - The Company made a decision to exit the U.S. commodity concentrate product line - located in Madera, California. The commodity concentrate product line was facing declining sales and profits and was not part of the Company's core business, beverage alcohol. The Company continues to produce and sell value-added, proprietary products such as MegaColors. The charge for the write-down of concentrate inventory was \$0.10 per share for fiscal 2004. In addition, and related to exiting this product line, the Company expects to record restructuring and related charges of approximately \$0.17 per share, of which \$0.14 was recorded in fiscal 2004 and \$0.03 will be recorded in fiscal 2005.

FINANCING COSTS - HARDY ACQUISITION - In connection with the Hardy acquisition, the Company recorded amortization expense for deferred financing costs associated with noncontinuing financing, primarily related to the bridge loan agreement. This charge was \$0.07 per share for fiscal 2004.

RESTRUCTURING AND RELATED CHARGES - Restructuring and related charges resulted from the realignment of business operations in the Company's wine division, as previously announced in the fourth quarter of fiscal 2003, and exiting the commodity concentrate product line. The Company incurred total charges of approximately \$0.19 per share for fiscal 2004 (\$0.05 for realignment of businesses and \$0.14 for exiting the commodity concentrate product line).

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 incurred a

charge of \$0.01 per share for fiscal 2004.

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 incurred a gain of \$0.01 per share for fiscal 2004.

ITEMS AFFECTING COMPARABILITY FOR FISCAL 2003

RESTRUCTURING AND RELATED CHARGES - Restructuring and related charges resulted from the realignment of business operations in the Company's wine division. The Company incurred total charges of approximately \$0.03 per share for fourth quarter 2003.

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. In accordance with GAAP, the Company recorded a gain of \$0.15 per share in fourth quarter 2003 based on the net change in fair value of the derivative instruments on February 28, 2003.

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