

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

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended August 31, 2004

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number 001-08495**

**CONSTELLATION BRANDS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**16-0716709**  
(I.R.S. Employer  
Identification No.)

**370 Woodcliff Drive, Suite 300, Fairport, New York**

(Address of principal executive offices)

**14450**

(Zip Code)

**(585) 218-3600**

(Registrant's telephone number, including area code)

\_\_\_\_\_  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding with respect to each of the classes of common stock of Constellation Brands, Inc., as of September 30, 2004, is set forth below:

<b><u>Class</u></b>	<b><u>Number of Shares Outstanding</u></b>
Class A Common Stock, Par Value \$.01 Per Share	95,935,580
Class B Common Stock, Par Value \$.01 Per Share	11,984,930

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

	August 31, 2004	February 29, 2004
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash investments	\$ 9,768	\$ 37,136
Accounts receivable, net	789,081	635,910
Inventories	1,318,748	1,261,378
Prepaid expenses and other	176,999	137,047
Total current assets	<u>2,294,596</u>	<u>2,071,471</u>
PROPERTY, PLANT AND EQUIPMENT, net	1,061,278	1,097,362
GOODWILL	1,491,925	1,540,637
INTANGIBLE ASSETS, net	720,037	744,978
OTHER ASSETS, net	87,814	104,225
Total assets	<u>\$ 5,655,650</u>	<u>\$ 5,558,673</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Notes payable to banks	\$ 193,596	\$ 1,792
Current maturities of long-term debt	79,343	267,245
Accounts payable	403,073	270,291
Accrued excise taxes	69,598	48,465
Other accrued expenses and liabilities	457,658	442,009
Total current liabilities	<u>1,203,268</u>	<u>1,029,802</u>
LONG-TERM DEBT, less current maturities	<u>1,720,588</u>	<u>1,778,853</u>
DEFERRED INCOME TAXES	<u>197,835</u>	<u>187,410</u>
OTHER LIABILITIES	<u>152,790</u>	<u>184,989</u>
STOCKHOLDERS' EQUITY:		
Preferred Stock, \$.01 par value- Authorized, 1,000,000 shares; Issued, 170,500 shares at August 31, 2004, and February 29, 2004 (Aggregate liquidation preference of \$172,951 at August 31, 2004)	2	2
Class A Common Stock, \$.01 par value- Authorized, 275,000,000 shares; Issued, 98,301,048 shares at August 31, 2004, and 97,150,219 shares at February 29, 2004	983	971
Class B Convertible Common Stock, \$.01 par value- Authorized, 30,000,000 shares; Issued, 14,550,230 shares at August 31, 2004, and 14,564,630 shares at February 29, 2004	146	146
Additional paid-in capital	1,043,467	1,024,048
Retained earnings	1,137,234	1,010,193
Accumulated other comprehensive income	228,354	372,302
	<u>2,410,186</u>	<u>2,407,662</u>
Less-Treasury stock- Class A Common Stock, 2,485,307 shares at August 31, 2004, and 2,583,608 shares at February 29, 2004, at cost	(26,810)	(27,786)
Class B Convertible Common Stock, 2,502,900 shares at August 31, 2004, and February 29, 2004, at cost	(2,207)	(2,207)
	<u>(29,017)</u>	<u>(29,993)</u>
Less-Unearned compensation-restricted stock awards	-	(50)
Total stockholders' equity	<u>2,381,169</u>	<u>2,377,619</u>
Total liabilities and stockholders' equity	<u>\$ 5,655,650</u>	<u>\$ 5,558,673</u>

The accompanying notes are an integral part of these statements.

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

	For the Six Months Ended		For the Three Months Ended	
	August 31,		August 31,	
	2004	2003	2004	2003
SALES	\$ 2,474,557	\$ 2,140,757	\$ 1,300,242	\$ 1,150,517
Less - Excise taxes	(510,311)	(456,891)	(263,301)	(239,453)
Net sales	1,964,246	1,683,866	1,036,941	911,064
COST OF PRODUCT SOLD	(1,424,101)	(1,234,249)	(747,258)	(670,532)
Gross profit	540,145	449,617	289,683	240,532
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(270,783)	(235,095)	(132,355)	(127,293)
RESTRUCTURING AND RELATED CHARGES	(2,782)	(19,399)	(1,169)	(17,083)
Operating income	266,580	195,123	156,159	96,156
GAIN ON CHANGE IN FAIR VALUE OF DERIVATIVE INSTRUMENTS	-	1,181	-	-
EQUITY IN EARNINGS OF EQUITY METHOD INVESTEEs	262	839	200	511
INTEREST EXPENSE, net	(60,681)	(80,341)	(30,400)	(41,098)
Income before income taxes	206,161	116,802	125,959	55,569
PROVISION FOR INCOME TAXES	(74,218)	(42,049)	(45,345)	(20,005)
NET INCOME	131,943	74,753	80,614	35,564
Dividends on preferred stock	(4,902)	(844)	(2,451)	(844)
INCOME AVAILABLE TO COMMON STOCKHOLDERS	<u>\$ 127,041</u>	<u>\$ 73,909</u>	<u>\$ 78,163</u>	<u>\$ 34,720</u>

SHARE DATA:

Earnings per common share:

Basic - Class A Common Stock	\$ 1.20	\$ 0.78	\$ 0.73	\$ 0.36
Basic - Class B Common Stock	\$ 1.09	\$ 0.71	\$ 0.67	\$ 0.32
Diluted	\$ 1.14	\$ 0.75	\$ 0.69	\$ 0.34

Weighted average common shares outstanding:

Basic - Class A Common Stock	95,085	83,655	95,451	86,502
Basic - Class B Common Stock	12,054	12,071	12,049	12,070
Diluted	115,588	99,916	116,147	104,131

The accompanying notes are an integral part of these statements.

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

	For the Six Months Ended	
	August 31,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 131,943	\$ 74,753

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

Depreciation of property, plant and equipment	43,311	38,902
Deferred tax provision	14,884	2,811
Amortization of intangible and other assets	5,756	14,041
Loss on disposal of assets	2,813	468
Noncash portion of loss on extinguishment of debt	1,799	800
Stock-based compensation expense	53	183
Amortization of discount on long-term debt	35	28
Equity in earnings of equity method investees	(262)	(839)
Gain on change in fair value of derivative instruments	-	(1,181)
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Accounts receivable, net	(169,792)	(99,984)
Inventories	(119,808)	77,826
Prepaid expenses and other current assets	(36,251)	14,155
Accounts payable	145,195	(44,289)
Accrued excise taxes	22,085	13,906
Other accrued expenses and liabilities	20,502	(13,305)
Other, net	(8,113)	10,140
Total adjustments	(77,793)	13,662
Net cash provided by operating activities	<u>54,150</u>	<u>88,415</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property, plant and equipment	(50,910)	(46,444)
Payment of accrued earn-out amount	(1,339)	(978)
Proceeds from sale of assets	1,024	10,150
Purchases of businesses, net of cash acquired	-	(1,069,166)
Proceeds from sale of marketable equity securities	-	777
Net cash used in investing activities	<u>(51,225)</u>	<u>(1,105,661)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments of long-term debt	(234,676)	(1,021,688)
Payment of preferred stock dividends	(4,902)	-
Payment of issuance costs of long-term debt	(901)	(33,473)
Net proceeds from notes payable	192,472	32,407
Exercise of employee stock options	17,351	15,227
Proceeds from employee stock purchases	2,432	1,817
Proceeds from issuance of long-term debt	-	1,600,000
Proceeds from equity offerings, net of fees	-	426,359
Net cash (used in) provided by financing activities	<u>(28,224)</u>	<u>1,020,649</u>

Effect of exchange rate changes on cash and cash investments

<u>(2,069)</u>	<u>30,252</u>
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NET (DECREASE) INCREASE IN CASH AND CASH INVESTMENTS

(27,368)	33,655
CASH AND CASH INVESTMENTS, beginning of period	37,136
CASH AND CASH INVESTMENTS, end of period	<u>\$ 9,768</u>
	<u>\$ 47,465</u>

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Fair value of assets acquired, including cash acquired	\$ -	\$ 1,804,875
Liabilities assumed	-	(648,089)
Net assets acquired	-	1,156,786
Less - stock issuance	-	(77,243)
Less - direct acquisition costs accrued or previously paid	-	(8,872)
Less - cash acquired	-	(1,505)
Net cash paid for purchases of businesses	<u>\$ -</u>	<u>\$ 1,069,166</u>

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2004

1) MANAGEMENT'S REPRESENTATIONS:

The consolidated financial statements included herein have been prepared by Constellation Brands, Inc. and its subsidiaries (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q and reflect, in the opinion of the Company, all adjustments necessary to present fairly the financial information for the Company. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted as permitted by such rules and regulations. These consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2004. Results of operations for interim periods are not necessarily indicative of annual results.

2) RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS:

In December 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46 (revised December 2003) ("FIN No. 46(R)", "Consolidation of Variable Interest Entities—an interpretation of ARB No. 51". FIN No. 46(R) supersedes FASB Interpretation No. 46 ("FIN No. 46"), "Consolidation of Variable Interest Entities". FIN No. 46(R) retains many of the basic concepts introduced in FIN No. 46; however, it also introduces a new scope exception for certain types of entities that qualify as a business as defined in FIN No. 46(R) and revises the method of calculating expected losses and residual returns for determination of primary beneficiaries, including new guidance for assessing variable interests. The adoption of FIN No. 46(R) did not have a material impact on the Company's consolidated financial statements.

Effective June 1, 2004, the Company adopted EITF Issue No. 03-6 ("EITF No. 03-6"), "Participating Securities and the Two-Class Method under FASB Statement No. 128." EITF No. 03-6 clarifies what is meant by a "participating security" provides guidance on applying the two-class method for computing earnings per share, and requires affected companies to retroactively restate earnings per share amounts for all periods presented.

The Company has two classes of common stock: Class A Common Stock and Class B Convertible Common Stock. With respect to dividend rights, the Class A Common Stock is entitled to cash dividends of at least ten percent higher than those declared and paid on the Class B Convertible Common Stock. Therefore, under EITF No. 03-6, the Class B Convertible Common Stock is considered a participating security requiring the use of the two-class method for the computation of net income per share - basic, rather than the if-converted method as previously used. In addition, the shares of Class B Convertible Common Stock are considered to be participating convertible securities since the shares of Class B Convertible Common Stock are convertible into shares of Class A Common Stock on a one-to-one basis at any time at the option of the holder. The two-class computation method for each period reflects the amount of allocated undistributed earnings per share computed using the participation percentage which reflects the minimum dividend rights of each class of stock. Net income per share - basic reflects the application of EITF No. 03-6 and has been computed using the two-class method for all period presented. Net income per share - diluted continues to be computed using the if-converted method. (See Note 10).

3) ACQUISITIONS:

On March 27, 2003, the Company acquired control of BRL Hardy Limited, now known as Hardy Wine Company Limited ("Hardy"), and on April 9, 2003, the Company completed its acquisition of all of Hardy's outstanding capital stock. As a result of the acquisition of Hardy, the Company also acquired the remaining 50% ownership of Pacific Wine Partners LLC ("PWP"), the joint venture the Company established with Hardy in July 2001. The acquisition of Hardy along with the remaining interest in PWP is referred to together as the "Hardy Acquisition." Through this acquisition, the Company acquired one of Australia's largest wine producers with interests in wineries and vineyards in most of Australia's major wine regions as well as New Zealand and the United States and Hardy's marketing and sales operations in the United Kingdom.

Total consideration paid in cash and Class A Common Stock to the Hardy shareholders was \$1,137.4 million. Additionally, the Company recorded direct acquisition costs of \$17.4 million. The acquisition date for accounting purposes is March 27, 2003. The Company has recorded a \$1.6 million reduction in the purchase price to reflect imputed interest between the accounting acquisition date and the final payment of

consideration. This charge is included as interest expense in the Consolidated Statement of Income for the six months ended August 31, 2003. The cash portion of the purchase price paid to the Hardy shareholders and optionholders (\$1,060.2 million) was financed with \$660.2 million of borrowings under the Company's then existing credit agreement and \$400.0 million of borrowings under the Company's then existing bridge loan agreement. Additionally, the Company issued 3,288,913 shares of the Company's Class A Common Stock, which were valued at \$77.2 million based on the simple average of the closing market price of the Company's Class A Common Stock beginning two days before and ending two days after April 4, 2003, the day the Hardy shareholders elected the form of consideration they wished to receive. The purchase price was based primarily on a discounted cash flow analysis that contemplated, among other things, the value of a broader geographic distribution in strategic international markets and a presence in the important Australian winemaking regions. The Company and Hardy have complementary businesses that share a common growth orientation and operating philosophy. The Hardy Acquisition supports the Company's strategy of growth and breadth across categories and geographies, and strengthens its competitive position in its core markets. The purchase price and resulting goodwill were primarily based on the growth opportunities of the brand portfolio of Hardy. In particular, the Company believes there are growth opportunities for Australian wines in the United Kingdom, United States and other wine markets. This acquisition supports the Company's strategy of driving long-term growth and positions the Company to capitalize on the growth opportunities in "new world" wine markets.

The results of operations of Hardy and PWP are reported in the Constellation Wines segment and have been included in the Consolidated Statements of Income since the accounting acquisition date.

The following table summarizes the fair values of the assets acquired and liabilities assumed in the Hardy Acquisition at March 27, 2003, as adjusted for the final appraisal:

<i>(in thousands)</i>	
Current assets	\$ 535,374
Property, plant and equipment	332,125
Other assets	27,672
Trademarks	265,583
Goodwill	613,805
Total assets acquired	<u>1,774,559</u>
Current liabilities	294,692
Long-term liabilities	326,646
Total liabilities acquired	<u>621,338</u>
Net assets acquired	<u>\$ 1,153,221</u>

The trademarks are not subject to amortization. None of the goodwill is expected to be deductible for tax purposes.

4) INVENTORIES:

Inventories are stated at the lower of cost (computed in accordance with the first-in, first-out method) or market. Elements of cost include materials, labor and overhead and consist of the following:

	August 31, 2004	February 29, 2004
<i>(in thousands)</i>		
Raw materials and supplies	\$ 62,050	\$ 49,633
In-process inventories	794,091	803,200
Finished case goods	462,607	408,545
	<u>\$ 1,318,748</u>	<u>\$ 1,261,378</u>

5) GOODWILL:

The changes in the carrying amount of goodwill for the six months ended August 31, 2004, are as follows:

	Constellation Wines	Constellation Beers and Spirits	Consolidated
<i>(in thousands)</i>			
Balance, February 29, 2004	\$ 1,407,350	\$ 133,287	\$ 1,540,637

Purchase accounting allocations	(2,005)	-	(2,005)
Foreign currency translation adjustments	(48,179)	215	(47,964)
Purchase price earn-out	1,257	-	1,257
Balance, August 31, 2004	<u>\$ 1,358,423</u>	<u>\$ 133,502</u>	<u>\$ 1,491,925</u>

6) INTANGIBLE ASSETS:

The major components of intangible assets are:

	August 31, 2004		February 29, 2004	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
<i>(in thousands)</i>				
Amortizable intangible assets:				
Distribution agreements	\$ 12,883	\$ 2,869	\$ 12,883	\$ 4,455
Other	4,021	52	4,021	64
Total	<u>\$ 16,904</u>	2,921	<u>\$ 16,904</u>	4,519
Nonamortizable intangible assets:				
Trademarks		698,704		722,047
Agency relationships		18,412		18,412
Total		<u>717,116</u>		<u>740,459</u>
Total intangible assets		<u>\$ 720,037</u>		<u>\$ 744,978</u>

The difference between the gross carrying amount and net carrying amount for each item presented is attributable to accumulated amortization. Amortization expense for intangible assets was \$1.6 million and \$0.9 million for the six months ended August 31, 2004, and August 31, 2003, and \$0.9 million and \$0.5 million for the three months ended August 31, 2004, and August 31, 2003, respectively. Estimated amortization expense for the remaining six months of fiscal 2005 and for each of the five succeeding fiscal years is as follows:

<i>(in thousands)</i>	
2005	\$ 1,225
2006	\$ 1,318
2007	\$ 341
2008	\$ 25
2009	\$ 12
2010	\$ -

7) BORROWINGS:

*Senior credit facility -*

In connection with the Hardy Acquisition, on January 16, 2003, the Company, certain subsidiaries of the Company, JPMorgan Chase Bank, as a lender and administrative agent, and certain other agents, lenders, and financial institutions entered into a new credit agreement, which since has been amended (or amended and restated) in March 2003, October 2003, February 2004 and August 2004 (as amended and restated in August 2004, the "Credit Agreement"). The Credit Agreement provides for aggregate credit facilities of \$1.2 billion consisting of a \$345.0 million Tranche A Term Loan facility due in February 2008, a \$500.0 million Tranche B Term Loan facility due in November 2008 and a \$400.0 million Revolving Credit facility (including an Australian Dollar revolving sub-facility of up to A\$10.0 million and a sub-facility for letters of credit of up to \$40.0 million) which expires on February 29, 2008. The Company uses the Revolving Credit facility under the Credit Agreement to fund its working capital needs on an on-going basis. In August 2004 the then outstanding principal balance under both the Tranche A and Tranche B Term Loan facilities was refinanced on essentially the same terms as the credit agreement in effect prior to August 2004 but at a lower Applicable Rate (as such term is defined in the Credit Agreement) and the remaining payment schedule of the Tranche B Term Loan facility was modified.

As of August 31, 2004, the required principal repayments of the Tranche A Term Loan and the Tranche B Term Loan are as follows:

	Tranche A Term Loan	Tranche B Term Loan	Total
<i>(in thousands)</i>			

2005	\$ 30,000	\$ -	\$ 30,000
2006	80,000	5,000	85,000
2007	100,000	5,000	105,000
2008	120,000	125,313	245,313
2009	-	364,687	364,687
	<u>\$ 330,000</u>	<u>\$ 500,000</u>	<u>\$ 830,000</u>

The rate of interest payable, at the Company's option, is LIBOR plus a margin, the federal funds rate plus a margin, or the prime rate plus a margin. The margin is adjustable based upon the Company's Debt Ratio (as defined in the Credit Agreement) and, with respect to LIBOR borrowings, ranges between 1.00% and 2.50%. As of August 31, 2004, the LIBOR margin for the Revolving Credit facility is 1.75%, the LIBOR margin for the Tranche A Term Loan facility is 1.25%, and the LIBOR margin on the Tranche B Term Loan facility is 1.50%.

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The Company's obligations are guaranteed by certain subsidiaries of the Company ("Guarantors") and the Company is obligated to pledge collateral of (i) 100% of the capital stock of all of the Company's U.S. subsidiaries and certain foreign subsidiaries and (ii) 65% of the voting capital stock of certain other foreign subsidiaries of the Company.

The Company and its subsidiaries are subject to customary lending covenants including those restricting additional liens, the incurrence of additional indebtedness (including guarantees of indebtedness), the sale of assets, the payment of dividends, transactions with affiliates and the making of certain investments, in each case subject to baskets, exceptions and/or thresholds. The primary financial covenants require the maintenance of a debt coverage ratio, a senior debt coverage ratio, a fixed charge ratio and an interest coverage ratio. As of August 31, 2004, the Company is in compliance with all of its covenants under its Credit Agreement.

As of August 31, 2004, under the Credit Agreement, the Company had outstanding Tranche A Term Loans of \$330.0 million bearing a weighted average interest rate of 3.2%, Tranche B Term Loans of \$500.0 million bearing a weighted average interest rate of 3.5%, \$139.0 million of revolving loans bearing a weighted average interest rate of 3.2%, undrawn revolving letters of credit of \$26.9 million, and \$234.1 million in revolving loans available to be drawn.

*Subsidiary facilities -*

The Company has additional line of credit facilities totaling \$155.7 million as of August 31, 2004. These lines support the borrowing needs of certain of the Company's foreign subsidiary operations. Interest rates and other terms of these borrowings vary from country to country, depending on local market conditions. As of August 31, 2004, amounts outstanding under the subsidiary revolving credit facilities were \$54.6 million.

*Redemption of senior subordinated notes -*

On March 4, 1999, the Company issued \$200.0 million aggregate principal amount of 8 1/2% Senior Subordinated Notes due March 2009 ("Senior Subordinated Notes"). The Senior Subordinated Notes were redeemable at the option of the Company, in whole or in part, at any time on or after March 1, 2004. As of February 29, 2004, the Company had outstanding \$200.0 million aggregate principal amount of Senior Subordinated Notes. On February 10, 2004, the Company issued a Notice of Redemption for its Senior Subordinated Notes. The Senior Subordinated Notes were redeemed with proceeds from the Revolving Credit facility on March 11, 2004, at 104.25% of par plus accrued interest. During the six months ended August 31, 2004, in connection with this redemption, the Company recorded a charge of \$10.3 million in selling, general and administrative expenses for the call premium and the remaining unamortized financing fees associated with the original issuance of the Senior Subordinated Notes.

*Guarantees -*

A foreign subsidiary of the Company has guaranteed debt of a joint venture in the maximum amount of \$3.8 million as of August 31, 2004. The liability for this guarantee is not material and the Company does not have any collateral from this entity.

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8) RETIREMENT SAVINGS PLANS AND POSTRETIREMENT BENEFIT PLANS:

Net periodic benefit costs reported in the Consolidated Statements of Income for the Company's defined benefit pension plans include the following components:

	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	2004	2003	2004	2003
(in thousands)				
Service cost	\$ 1,074	\$ 1,101	\$ 531	\$ 550



Interest cost	8,008	7,236	4,033	3,618
Expected return on plan assets	(8,458)	(7,578)	(4,257)	(3,789)
Amortization of prior service cost	1,156	4	583	2
Recognized net actuarial loss	100	1,010	50	505
Net periodic benefit cost	<u>\$ 1,880</u>	<u>\$ 1,773</u>	<u>\$ 940</u>	<u>\$ 886</u>

Net periodic benefit costs reported in the Consolidated Statements of Income for the Company's unfunded postretirement benefit plans include the following components:

	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	2004	2003	2004	2003
<i>(in thousands)</i>				
Service cost	\$ 103	\$ 74	\$ 51	\$ 37
Interest cost	166	141	83	70
Expected return on plan assets	-	-	-	-
Amortization of prior service cost	4	3	2	2
Recognized net actuarial loss	11	10	6	5
Net periodic benefit cost	<u>\$ 284</u>	<u>\$ 228</u>	<u>\$ 142</u>	<u>\$ 114</u>

Contributions of \$1.7 million and \$0.9 million have been made by the Company to fund its pension plans for the six months and three months ended August 31, 2004, respectively. The Company presently anticipates contributing an additional \$1.7 million to fund its pension plans in Fiscal 2005, resulting in total employer contributions of \$3.4 million for Fiscal 2005.

9) STOCKHOLDERS' EQUITY:

*Long-term stock incentive plan -*

At the Company's Annual Meeting of Stockholders held on July 20, 2004, stockholders approved the amendment to the Company's Long-Term Stock Incentive Plan to increase the aggregate number of shares of the Class A Stock available for awards under the plan from 28,000,000 shares to 40,000,000 shares.

10) EARNINGS PER COMMON SHARE:

Basic earnings per common share exclude the effect of common stock equivalents and are computed using the two-class computation method as discussed in Note 2. Diluted earnings per common share reflect the potential dilution that could result if securities or other contracts to issue common stock were exercised or converted into common stock. Diluted earnings per common share assume the exercise of stock options using the treasury stock method and the conversion of Class B Convertible Common Stock and Preferred Stock using the if-converted method.

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

	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	2004	2003	2004	2003
<i>(in thousands, except per share data)</i>				
Net income	\$ 131,943	\$ 74,753	\$ 80,614	\$ 35,564
Dividends on preferred stock	(4,902)	(844)	(2,451)	(844)
Income available to common stockholders	<u>\$ 127,041</u>	<u>\$ 73,909</u>	<u>\$ 78,163</u>	<u>\$ 34,720</u>
Weighted average common shares outstanding - basic:				
Class A Common Stock	95,085	83,655	95,451	86,502
Class B Common Convertible Stock	12,054	12,071	12,049	12,070
Total weighted average common shares outstanding - basic	107,139	95,726	107,500	98,572
Stock options	3,457	3,101	3,655	3,381
Preferred stock	4,992	1,089	4,992	2,178
Weighted average common shares outstanding - diluted	<u>115,588</u>	<u>99,916</u>	<u>116,147</u>	<u>104,131</u>

Earnings per common share - basic:

Class A Common Stock	\$ 1.20	\$ 0.78	\$ 0.73	\$ 0.36
Class B Common Convertible Stock	\$ 1.09	\$ 0.71	\$ 0.67	\$ 0.32
Earnings per common share - diluted	\$ 1.14	\$ 0.75	\$ 0.69	\$ 0.34

Stock options to purchase 0.9 million shares of Class A Common Stock at a weighted average price per share of \$27.58 were outstanding during the six months ended August 31, 2003, but were not included in the computation of the diluted earnings per common share because the stock options' exercise price was greater than the average market price of the Class A Common Stock for the period. There were no anti-dilutive options outstanding during the six months ended August 31, 2004. In addition, there were no anti-dilutive options outstanding during the three months ended August 31, 2004, or August 31, 2003.

#### 11) STOCK-BASED COMPENSATION:

The Company applies the intrinsic value method described in Accounting Principles Board Opinion No. 25 ("APB No. 25"), "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock-based employee compensation plans. In accordance with APB No. 25, the compensation cost for stock options is recognized in income based on the excess, if any, of the quoted market price of the stock at the grant date of the award or other measurement date over the amount an employee must pay to acquire the stock. Options granted under the Company's plans have an exercise price equal to the market value of the underlying common stock on the date of grant; therefore, no incremental compensation expense has been recognized for grants made to employees under the Company's stock option plans. The Company utilizes the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation," as amended. (See Note 16 for additional discussion regarding a proposed statement dealing with Share Based Payments.) The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation.

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	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	2004	2003	2004	2003
<i>(in thousands, except per share data)</i>				
Net income, as reported	\$ 131,943	\$ 74,753	\$ 80,614	\$ 35,564
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	32	120	17	15
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(10,476)	(4,809)	(7,842)	(2,344)
Pro forma net income	\$ 121,499	\$ 70,064	\$ 72,789	\$ 33,235
Earnings per common share - basic:				
Class A Common Stock, as reported	\$ 1.20	\$ 0.78	\$ 0.73	\$ 0.36
Class B Common Convertible Stock, as reported	\$ 1.09	\$ 0.71	\$ 0.67	\$ 0.32
Class A Common Stock, pro forma	\$ 1.10	\$ 0.73	\$ 0.66	\$ 0.33
Class B Common Convertible Stock, pro forma	\$ 1.00	\$ 0.67	\$ 0.60	\$ 0.30
Earnings per common share - diluted, as reported	\$ 1.14	\$ 0.75	\$ 0.69	\$ 0.34
Earnings per common share - diluted, pro forma	\$ 1.05	\$ 0.70	\$ 0.63	\$ 0.32

#### 12) COMPREHENSIVE INCOME:

Comprehensive income consists of net income, foreign currency translation adjustments, net unrealized gains or losses on derivative instruments, net unrealized gains or losses on available-for-sale marketable equity securities and minimum pension liability adjustments. The reconciliation of net income to comprehensive income is as follows:

	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	2004	2003	2004	2003
<i>(in thousands)</i>				
Net income	\$ 131,943	\$ 74,753	\$ 80,614	\$ 35,564
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(124,245)	106,117	(19,500)	(21,654)

Cash flow hedges:				
Net derivative (losses) gains, net of tax benefit (expense) of \$9,948, (\$9,148), \$484 and (\$2,127), respectively	(23,097)	21,295	(1,201)	8,813
Reclassification adjustments, net of tax expense (benefit) of \$659, (\$612), (\$844) and (\$612), respectively	1,434	(1,343)	(1,977)	(1,343)
Net cash flow hedges	(21,663)	19,952	(3,178)	7,470
Unrealized gains (losses) on marketable equity securities, net of tax (expense) benefit of (\$17), \$347, (\$62) and \$347, respectively	39	(810)	(143)	(810)
Minimum pension liability adjustment, net of tax (expense) benefit of (\$813), \$148, (\$316) and (\$874), respectively	1,921	(271)	790	1,547
Total comprehensive (loss) income	<u>\$ (12,005)</u>	<u>\$ 199,741</u>	<u>\$ 58,583</u>	<u>\$ 22,117</u>

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Accumulated other comprehensive income (loss) ("AOCI"), net of tax effects, includes the following components:

	Foreign Currency Translation Adjustments	Net Unrealized Gains on Derivatives	Unrealized Loss on Marketable Equity Securities	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
<i>(in thousands)</i>					
Balance, February 29, 2004	\$ 393,972	\$ 36,949	\$ (432)	\$ (58,187)	\$ 372,302
Current period change	(124,245)	(21,663)	39	1,921	(143,948)
Balance, August 31, 2004	<u>\$ 269,727</u>	<u>\$ 15,286</u>	<u>\$ (393)</u>	<u>\$ (56,266)</u>	<u>\$ 228,354</u>

The Company has an investment in marketable equity securities with an aggregate fair value of \$13.6 million and \$14.8 million as of August 31, 2004, and February 29, 2004, respectively, which is classified as an available-for-sale security. As such, gross unrealized losses of \$0.6 million as of August 31, 2004, and February 29, 2004, are included, net of applicable income taxes, within AOCI. The Company uses the average cost method as its basis on which cost is determined in computing realized gains or losses. There were no realized gains or losses on sales of securities during the six months and three months ended August 31, 2004. Realized gains on sales of securities during the six months and three months ended August 31, 2003, are immaterial.

### 13) RESTRUCTURING AND RELATED CHARGES:

For the six months ended August 31, 2004, the Company recorded \$2.8 million of restructuring and related charges associated with the restructuring plan of the Constellation Wines segment. Restructuring and related charges resulted from the further realignment of business operations as previously announced in fiscal 2004, and included \$1.4 million of employee termination benefit costs (net of reversal of prior accruals of \$0.2 million), \$0.6 million of facility consolidation and relocation costs, and other related charges of \$0.8 million. For the six months ended August 31, 2003, the Company recorded \$19.4 million of restructuring and related charges associated with the restructuring plan of the Constellation Wines segment. In addition, in connection with the Company's decision to exit the commodity concentrate product line in the U.S., the Company recorded a write-down of commodity concentrate inventory of \$16.8 million for the three months ended August 31, 2003, which was recorded in cost of product sold.

The Company recorded restructuring and related charges of \$1.6 million for the three months ended May 31, 2004, including \$1.2 million of employee termination benefit costs, \$0.3 million of facility consolidation and relocation costs, and other related charges of \$0.1 million. For the three months ended May 31, 2003, the Company recorded \$2.3 million of restructuring and related charges associated with the restructuring plan of the Constellation Wines segment.

The Company recorded restructuring and related charges of \$1.2 million for the three months ended August 31, 2004, including \$0.2 million of employee termination benefit costs (net of reversal of prior accruals of \$0.2 million), \$0.3 million of facility consolidation and relocation costs, and other related charges of \$0.7 million. For the three months ended August 31, 2003, the Company recorded \$17.1 million of restructuring and related charges associated with the restructuring plan of the Constellation Wines segment.

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The Company estimates that the completion of the restructuring actions will include (i) a total of \$9.0 million of employee termination benefit costs through February 28, 2005, of which \$8.2 million has been incurred through August 31, 2004, (ii) a total of \$18.0 million of grape contract termination costs through February 28, 2005, of which \$17.7 million has been incurred through August 31, 2004, and (iii) a total of \$4.9 million of facility consolidation and relocation costs through February 28, 2005, of which \$2.5 million has been incurred through August 31, 2004. The Company has incurred other costs related to the restructuring plan for the disposal of fixed assets and other costs of realigning the business operations of the Constellation Wines segment. The Company expects to incur additional costs of realigning the business operations of \$1.7 million

during the year ending February 28, 2005, of which \$0.8 million has been incurred through August 31, 2004.

The following table illustrates the changes in the restructuring liability balance since February 29, 2004:

	Employee Termination Benefit Costs	Grape Contract Termination Costs	Facility Consolidation/ Relocation Costs	Total
<i>(in thousands)</i>				
Balance, February 29, 2004	\$ 1,539	\$ 1,048	\$ -	\$ 2,587
Restructuring charges	1,231	-	256	1,487
Cash expenditures	(1,575)	-	(256)	(1,831)
Foreign currency adjustments	(55)	-	-	(55)
Balance, May 31, 2004	1,140	1,048	-	2,188
Restructuring charges	382	-	358	740
Reversal of prior accruals	(228)	-	-	(228)
Cash expenditures	(373)	-	(358)	(731)
Foreign currency adjustments	(11)	-	-	(11)
Balance, August 31, 2004	\$ 910	\$ 1,048	\$ -	\$ 1,958

14) CONDENSED CONSOLIDATING FINANCIAL INFORMATION:

Subsequent to February 29, 2004, four subsidiaries of the Company which were previously included as Subsidiary Nonguarantors (as defined below) became Subsidiary Guarantors (as defined below) under the Company's existing indentures. As such, the following information sets forth the condensed consolidating balance sheets of the Company as of August 31, 2004, and February 29, 2004, the condensed consolidating statements of income for the six months and three months ended August 31, 2004, and August 31, 2003, and the condensed consolidating statements of cash flows for the six months ended August 31, 2004, and August 31, 2003, for the Company, the parent company, the combined subsidiaries of the Company which guarantee the Company's senior notes and senior subordinated notes ("Subsidiary Guarantors") and the combined subsidiaries of the Company which are not Subsidiary Guarantors, primarily Matthew Clark and Hardy and their subsidiaries, which are included in the Constellation Wines segment ("Subsidiary Nonguarantors"), as if the new Subsidiary Guarantors had been in place as of and for all periods presented. The Subsidiary Guarantors are wholly owned and the guarantees are full, unconditional, joint and several obligations of each of the Subsidiary Guarantors. Separate financial statements for the Subsidiary Guarantors of the Company are not presented because the Company has determined that such financial statements would not be material to investors. The accounting policies of the parent company, the Subsidiary Guarantors and the Subsidiary Nonguarantors are the same as those described for the Company in the Summary of Significant Accounting Policies in Note 1 to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2004, and include the recently adopted accounting pronouncements described in Note 2 herein. There are no restrictions on the ability of the Subsidiary Guarantors to transfer funds to the Company in the form of cash dividends, loans or advances.

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
<u>Condensed Consolidating Balance Sheet at August 31, 2004</u>					
Current assets:					
Cash and cash investments	\$ 737	\$ 1,291	\$ 7,740	\$ -	\$ 9,768
Accounts receivable, net	115,653	211,396	462,032	-	789,081
Inventories	12,665	697,885	618,212	(10,014)	1,318,748
Prepaid expenses and other	15,856	110,297	50,846	-	176,999
Intercompany (payable) receivable	(468,880)	(102,263)	571,143	-	-
Total current assets	(323,969)	918,606	1,709,973	(10,014)	2,294,596
Property, plant and equipment, net	50,640	412,557	598,081	-	1,061,278
Investments in subsidiaries	4,402,623	1,801,493	-	(6,204,116)	-
Goodwill	51,172	583,079	857,674	-	1,491,925
Intangible assets, net	10,572	386,851	322,614	-	720,037
Other assets, net	31,062	2,341	54,411	-	87,814
Total assets	\$ 4,222,100	\$ 4,104,927	\$ 3,542,753	\$ (6,214,130)	\$ 5,655,650
Current liabilities:					
Notes payable to banks	\$ 139,000	\$ -	\$ 54,596	\$ -	\$ 193,596

Current maturities of long-term debt	72,565	3,482	3,296	-	79,343
Accounts payable	35,897	112,812	254,364	-	403,073
Accrued excise taxes	8,676	32,619	28,303	-	69,598
Other accrued expenses and liabilities	116,004	70,050	271,272	332	457,658
Total current liabilities	372,142	218,963	611,831	332	1,203,268
Long-term debt, less current maturities	1,686,496	6,488	27,604	-	1,720,588
Deferred income taxes	45,480	120,792	31,563	-	197,835
Other liabilities	3,885	22,143	126,762	-	152,790
Stockholders' equity:					
Preferred stock	2	-	-	-	2
Class A and Class B common stock	1,129	6,443	141,573	(148,016)	1,129
Additional paid-in capital	1,043,467	1,952,157	2,415,934	(4,368,091)	1,043,467
Retained earnings	1,148,441	1,588,158	99,851	(1,699,216)	1,137,234
Accumulated other comprehensive (loss) income	(49,925)	189,783	87,635	861	228,354
Treasury stock and other	(29,017)	-	-	-	(29,017)
Total stockholders' equity	2,114,097	3,736,541	2,744,993	(6,214,462)	2,381,169
Total liabilities and stockholders' equity	\$ 4,222,100	\$ 4,104,927	\$ 3,542,753	\$ (6,214,130)	\$ 5,655,650

#### Condensed Consolidating Balance Sheet at February 29, 2004

Current assets:					
Cash and cash investments	\$ 1,048	\$ 4,664	\$ 31,424	\$ -	\$ 37,136
Accounts receivable, net	137,422	145,152	353,336	-	635,910
Inventories	9,922	696,928	561,900	(7,372)	1,261,378
Prepaid expenses and other	8,734	72,788	55,525	-	137,047
Intercompany (payable) receivable	(381,765)	(176,470)	558,235	-	-
Total current assets	(224,639)	743,062	1,560,420	(7,372)	2,071,471
Property, plant and equipment, net	50,022	409,852	637,488	-	1,097,362
Investments in subsidiaries	4,270,871	1,757,700	-	(6,028,571)	-
Goodwill	50,338	586,259	904,040	-	1,540,637
Intangible assets, net	10,572	385,581	348,825	-	744,978
Other assets, net	36,041	2,146	66,038	-	104,225
Total assets	\$ 4,193,205	\$ 3,884,600	\$ 3,516,811	\$ (6,035,943)	\$ 5,558,673

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
Current liabilities:					
Notes payable to banks	\$ -	\$ -	\$ 1,792	\$ -	\$ 1,792
Current maturities of long-term debt	260,061	3,949	3,235	-	267,245
Accounts payable	33,631	67,459	169,201	-	270,291
Accrued excise taxes	8,005	15,344	25,116	-	48,465
Other accrued expenses and liabilities	151,534	23,352	267,123	-	442,009
Total current liabilities	453,231	110,104	466,467	-	1,029,802
Long-term debt, less current maturities	1,739,221	8,510	31,122	-	1,778,853
Deferred income taxes	56,815	119,704	10,891	-	187,410
Other liabilities	6,209	21,646	157,134	-	184,989
Stockholders' equity:					
Preferred stock	2	-	-	-	2
Class A and Class B common stock	1,117	6,443	141,573	(148,016)	1,117
Additional paid-in capital	1,024,048	1,977,179	2,418,614	(4,395,793)	1,024,048
Retained earnings	1,017,565	1,431,384	53,378	(1,492,134)	1,010,193
Accumulated other comprehensive (loss) income	(74,960)	209,630	237,632	-	372,302
Treasury stock and other	(30,043)	-	-	-	(30,043)
Total stockholders' equity	1,937,729	3,624,636	2,851,197	(6,035,943)	2,377,619
Total liabilities and stockholders' equity	\$ 4,193,205	\$ 3,884,600	\$ 3,516,811	\$ (6,035,943)	\$ 5,558,673

#### Condensed Consolidating Statement of Income for the Six Months Ended August 31, 2004

Sales	\$ 386,014	\$ 1,043,690	\$ 1,222,083	\$ (177,230)	\$ 2,474,557
Less - excise taxes	(66,335)	(224,885)	(219,091)	-	(510,311)
Net sales	319,679	818,805	1,002,992	(177,230)	1,964,246
Cost of product sold	(292,303)	(487,190)	(818,003)	173,395	(1,424,101)

Gross profit	27,376	331,615	184,989	(3,835)	540,145
Selling, general and administrative expenses	(72,987)	(102,139)	(95,657)	-	(270,783)
Restructuring and related charges	-	(1,535)	(1,247)	-	(2,782)
Operating (loss) income	(45,611)	227,941	88,085	(3,835)	266,580
Gain on change in fair value of derivative instruments	-	-	-	-	-
Equity in earnings of equity method investees and subsidiaries	156,774	46,473	262	(203,247)	262
Interest income (expense), net	10,796	(55,596)	(15,881)	-	(60,681)
Income before income taxes	121,959	218,818	72,466	(207,082)	206,161
Benefit from (provision for) income taxes	13,819	(62,044)	(25,993)	-	(74,218)
Net income	135,778	156,774	46,473	(207,082)	131,943
Dividends on preferred stock	(4,902)	-	-	-	(4,902)
Income available to common stockholders	\$ 130,876	\$ 156,774	\$ 46,473	\$ (207,082)	\$ 127,041

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	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
<u>Condensed Consolidating Statement of Income for the Six Months Ended August 31, 2003</u>					
Sales	\$ 379,913	\$ 1,109,997	\$ 852,076	\$ (201,229)	\$ 2,140,757
Less - excise taxes	(65,204)	(215,308)	(176,379)	-	(456,891)
Net sales	314,709	894,689	675,697	(201,229)	1,683,866
Cost of product sold	(278,296)	(616,823)	(540,167)	201,037	(1,234,249)
Gross profit	36,413	277,866	135,530	(192)	449,617
Selling, general and administrative expenses	(62,985)	(98,601)	(73,509)	-	(235,095)
Restructuring and related charges	-	(18,095)	(1,304)	-	(19,399)
Operating (loss) income	(26,572)	161,170	60,717	(192)	195,123
Gain on change in fair value of derivative instruments	1,181	-	-	-	1,181
Equity in earnings of equity method investees and subsidiaries	93,096	38,599	299	(131,155)	839
Interest income (expense), net	1,167	(76,531)	(4,977)	-	(80,341)
Income before income taxes	68,872	123,238	56,039	(131,347)	116,802
Benefit from (provision for) income taxes	6,073	(30,142)	(17,980)	-	(42,049)
Net income	74,945	93,096	38,059	(131,347)	74,753
Dividends on preferred stock	(844)	-	-	-	(844)
Income available to common stockholders	\$ 74,101	\$ 93,096	\$ 38,059	\$ (131,347)	\$ 73,909

Condensed Consolidating Statement of Income for the Three Months Ended August 31, 2004

Sales	\$ 215,474	\$ 554,942	\$ 636,445	\$ (106,619)	\$ 1,300,242
Less - excise taxes	(34,480)	(115,666)	(113,155)	-	(263,301)
Net sales	180,994	439,276	523,290	(106,619)	1,036,941
Cost of product sold	(161,191)	(263,446)	(426,237)	103,616	(747,258)
Gross profit	19,803	175,830	97,053	(3,003)	289,683
Selling, general and administrative expenses	(34,143)	(50,072)	(48,140)	-	(132,355)
Restructuring and related charges	-	(234)	(935)	-	(1,169)
Operating (loss) income	(14,340)	125,524	47,978	(3,003)	156,159
Gain on change in fair value of derivative instruments	-	-	-	-	-
Equity in earnings of equity method investees and subsidiaries	88,396	25,461	200	(113,857)	200
Interest income (expense), net	5,297	(27,188)	(8,509)	-	(30,400)
Income before income taxes	79,353	123,797	39,669	(116,860)	125,959
Benefit from (provision for) income taxes	4,264	(35,401)	(14,208)	-	(45,345)
Net income	83,617	88,396	25,461	(116,860)	80,614
Dividends on preferred stock	(2,451)	-	-	-	(2,451)
Income available to common stockholders	\$ 81,166	\$ 88,396	\$ 25,461	\$ (116,860)	\$ 78,163

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	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
<u>Condensed Consolidating Statement of Income for the Three Months Ended August 31, 2003</u>					
Sales	\$ 207,587	\$ 590,400	\$ 463,100	\$ (110,570)	\$ 1,150,517
Less - excise taxes	(35,351)	(109,394)	(94,708)	-	(239,453)
Net sales	172,236	481,006	368,392	(110,570)	911,064
Cost of product sold	(160,004)	(330,110)	(290,865)	110,447	(670,532)
Gross profit	12,232	150,896	77,527	(123)	240,532
Selling, general and administrative expenses	(34,084)	(54,038)	(39,171)	-	(127,293)
Restructuring and related charges	-	(16,104)	(979)	-	(17,083)
Operating (loss) income	(21,852)	80,754	37,377	(123)	96,156
Gain on change in fair value of derivative instruments	-	-	-	-	-
Equity in earnings of equity method investees and subsidiaries	48,785	21,699	511	(70,484)	511
Interest income (expense), net	2,731	(40,768)	(3,061)	-	(41,098)
Income before income taxes	29,664	61,685	34,827	(70,607)	55,569
Benefit from (provision for) income taxes	6,023	(12,900)	(13,128)	-	(20,005)
Net income	35,687	48,785	21,699	(70,607)	35,564
Dividends on preferred stock	(844)	-	-	-	(844)
Income available to common stockholders	<u>\$ 34,843</u>	<u>\$ 48,785</u>	<u>\$ 21,699</u>	<u>\$ (70,607)</u>	<u>\$ 34,720</u>

Condensed Consolidating Statement of Cash Flows for the Six Months Ended August 31, 2004

Net cash (used in) provided by operating activities	\$ (20,696)	\$ 122,696	\$ (47,850)	\$ -	\$ 54,150
Cash flows from investing activities:					
Purchases of property, plant and equipment	(4,581)	(19,870)	(26,459)	-	(50,910)
Payment of accrued earn-out amount	-	(1,339)	-	-	(1,339)
Proceeds from sale of assets	5	3	1,016	-	1,024
Purchases of businesses, net of cash acquired	-	-	-	-	-
Proceeds from sale of marketable equity securities	-	-	-	-	-
Net cash used in investing activities	<u>(4,576)</u>	<u>(21,206)</u>	<u>(25,443)</u>	<u>-</u>	<u>(51,225)</u>
Cash flows from financing activities:					
Principal payments of long-term debt	(230,029)	(2,489)	(2,158)	-	(234,676)
Payment of preferred stock dividends	(4,902)	-	-	-	(4,902)
Payment of issuance costs of long-term debt	(901)	-	-	-	(901)
Net proceeds from notes payable	139,000	-	53,472	-	192,472
Intercompany financing activities, net	102,059	(102,059)	-	-	-
Exercise of employee stock options	17,351	-	-	-	17,351
Proceeds from employee stock purchases	2,432	-	-	-	2,432
Proceeds from issuance of long-term debt	-	-	-	-	-
Proceeds from equity offerings, net of fees	-	-	-	-	-
Net cash provided by (used in) financing activities	<u>25,010</u>	<u>(104,548)</u>	<u>51,314</u>	<u>-</u>	<u>(28,224)</u>

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in thousands)</i>					
Effect of exchange rate changes on cash and cash investments	(49)	(315)	(1,705)	-	(2,069)
Net decrease in cash and cash investments	(311)	(3,373)	(23,684)	-	(27,368)
Cash and cash investments, beginning of period	1,048	4,664	31,424	-	37,136
Cash and cash investments, end of period	<u>\$ 737</u>	<u>\$ 1,291</u>	<u>\$ 7,740</u>	<u>\$ -</u>	<u>\$ 9,768</u>

Condensed Consolidating Statement of Cash Flows for the Six Months Ended August 31, 2003

Net cash provided by (used in)					
operating activities	\$ 42,542	\$ (20,016)	\$ 65,889	\$ -	\$ 88,415
Cash flows from investing activities:					
Purchases of property, plant and equipment	(4,558)	(18,210)	(23,676)	-	(46,444)

Payment of accrued earn-out amount	-	(978)	-	-	(978)
Proceeds from sale of assets	-	9,504	646	-	10,150
Purchases of businesses, net of cash acquired	-	(1,069,166)	-	-	(1,069,166)
Proceeds from sale of marketable equity securities	-	-	777	-	777
Net cash used in investing activities	<u>(4,558)</u>	<u>(1,078,850)</u>	<u>(22,253)</u>	<u>-</u>	<u>(1,105,661)</u>
Cash flows from financing activities:					
Principal payments of long-term debt	(661,961)	(2,200)	(357,527)	-	(1,021,688)
Payment of preferred stock dividend	-	-	-	-	-
Payment of issuance costs of long-term debt	(33,473)	-	-	-	(33,473)
Net proceeds from notes payable	31,500	-	907	-	32,407
Intercompany financing activities, net	(1,418,274)	1,069,177	349,097	-	-
Exercise of employee stock options	15,227	-	-	-	15,227
Proceeds from employee stock purchases	1,817	-	-	-	1,817
Proceeds from issuance of long-term debt	1,600,000	-	-	-	1,600,000
Proceeds from equity offerings, net of fees	426,359	-	-	-	426,359
Net cash (used in) provided by financing activities	<u>(38,805)</u>	<u>1,066,977</u>	<u>(7,523)</u>	<u>-</u>	<u>1,020,649</u>
Effect of exchange rate changes on cash and cash investments	<u>1,549</u>	<u>34,578</u>	<u>(5,875)</u>	<u>-</u>	<u>30,252</u>
Net increase in cash and cash investments	728	2,689	30,238	-	33,655
Cash and cash investments, beginning of period	<u>1,426</u>	<u>1,248</u>	<u>11,136</u>	<u>-</u>	<u>13,810</u>
Cash and cash investments, end of period	<u>\$ 2,154</u>	<u>\$ 3,937</u>	<u>\$ 41,374</u>	<u>\$ -</u>	<u>\$ 47,465</u>

15) BUSINESS SEGMENT INFORMATION:

The Company reports its operating results in three segments: Constellation Wines (branded wine, and U.K. wholesale and other), Constellation Beers and Spirits (imported beers and distilled spirits) and Corporate Operations and Other (primarily corporate related items and other). Amounts included in the Corporate Operations and Other segment consist of general corporate administration and finance expenses. These amounts include costs of executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal and public relations. Any costs incurred at the corporate office that are applicable to the segments are allocated to the appropriate segment. The amounts included in the Corporate Operations and Other segment are general costs that are applicable to the consolidated group and are therefore not allocated to the other reportable segments. All costs reported within the Corporate Operations and Other segment are not included in the chief operating decision maker's evaluation of the operating income performance of the other operating segments. The business segments reflect how the Company's operations are being managed, how operating performance within the Company is being evaluated by senior management and the structure of its internal financial reporting. In addition, the Company excludes restructuring and related charges and unusual costs that affect comparability from its definition of operating income for segment purposes. For the six months ended August 31, 2004, Restructuring and Unusual Costs consist of financing costs associated with the redemption of the Company's Senior Subordinated Notes (as defined in Note 7) of \$10.3 million, restructuring and related charges of \$2.8 million, and the flow through of inventory step-up associated with the Hardy Acquisition of \$2.3 million. For the six months ended August 31, 2003, Restructuring and Unusual Costs consist of the flow through of inventory step-up and financing costs associated with the Hardy Acquisition of \$14.6 million and \$9.2 million, respectively, and restructuring and related charges of \$36.2 million, including write-down of commodity concentrate inventory of \$16.8 million. For the three months ended August 31, 2004, Restructuring and Unusual Costs consist of restructuring and related charges of \$1.2 million and the flow through of inventory step-up associated with the Hardy Acquisition of \$0.9 million. For the three months ended August 31, 2003, Restructuring and Unusual Costs consist of the flow through of inventory step-up and financing costs associated with the Hardy Acquisition of \$9.0 million and \$5.2 million, respectively, and restructuring and related charges of \$33.9 million, including write-down of commodity concentrate inventory of \$16.8 million. The Company evaluates performance based on operating income of the respective business units. The accounting policies of the segments are the same as those described for the Company in the Summary of Significant Accounting Policies in Note 1 to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2004, and include the recently adopted accounting pronouncements described in Note 2. Transactions between segments consist mainly of sales of products and are accounted for at cost plus an applicable margin.

Segment information is as follows:

For the Six Months Ended August 31,		For the Three Months Ended August 31,	
2004	2003	2004	2003

(in thousands)



Constellation Wines:

## Net sales:

Branded wine	\$ 777,446	\$ 694,365	\$ 413,563	\$ 383,885
Wholesale and other	505,396	392,114	258,161	207,261
Net sales	\$ 1,282,842	\$ 1,086,479	\$ 671,724	\$ 591,146
Segment operating income	\$ 155,404	\$ 145,436	\$ 87,745	\$ 84,413
Equity in earnings of equity method investees	\$ 262	\$ 839	\$ 200	\$ 511
Long-lived assets	\$ 968,760	\$ 897,919	\$ 968,760	\$ 897,919
Investment in equity method investees	\$ 7,806	\$ 6,713	\$ 7,806	\$ 6,713
Total assets	\$ 4,832,163	\$ 4,406,344	\$ 4,832,163	\$ 4,406,344
Capital expenditures	\$ 46,358	\$ 41,061	\$ 26,829	\$ 26,333
Depreciation and amortization	\$ 38,572	\$ 34,013	\$ 19,640	\$ 18,463

	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	2004	2003	2004	2003
<i>(in thousands)</i>				
<u>Constellation Beers and Spirits:</u>				
Net sales:				
Imported beers	\$ 526,033	\$ 454,678	\$ 289,137	\$ 247,414
Spirits	155,371	142,709	76,080	72,504
Net sales	\$ 681,404	\$ 597,387	\$ 365,217	\$ 319,918
Segment operating income	\$ 151,663	\$ 130,000	\$ 83,811	\$ 70,117
Long-lived assets	\$ 79,356	\$ 79,938	\$ 79,356	\$ 79,938
Total assets	\$ 783,270	\$ 735,686	\$ 783,270	\$ 735,686
Capital expenditures	\$ 3,093	\$ 3,233	\$ 1,267	\$ 1,450
Depreciation and amortization	\$ 5,478	\$ 5,166	\$ 2,718	\$ 2,606
<u>Corporate Operations and Other:</u>				
Net sales	\$ -	\$ -	\$ -	\$ -
Segment operating loss	\$ (25,125)	\$ (20,309)	\$ (13,256)	\$ (10,238)
Long-lived assets	\$ 13,162	\$ 14,133	\$ 13,162	\$ 14,133
Total assets	\$ 40,217	\$ 56,660	\$ 40,217	\$ 56,660
Capital expenditures	\$ 1,459	\$ 2,150	\$ 701	\$ 570
Depreciation and amortization	\$ 5,017	\$ 13,764	\$ 2,454	\$ 8,080
<u>Restructuring and Unusual Costs:</u>				
Operating loss	\$ (15,362)	\$ (60,004)	\$ (2,141)	\$ (48,136)
<u>Consolidated:</u>				
Net sales	\$ 1,964,246	\$ 1,683,866	\$ 1,036,941	\$ 911,064
Operating income	\$ 266,580	\$ 195,123	\$ 156,159	\$ 96,156
Equity in earnings of equity method investees	\$ 262	\$ 839	\$ 200	\$ 511
Long-lived assets	\$ 1,061,278	\$ 991,990	\$ 1,061,278	\$ 991,990
Investment in equity method investees	\$ 7,806	\$ 6,713	\$ 7,806	\$ 6,713
Total assets	\$ 5,655,650	\$ 5,198,690	\$ 5,655,650	\$ 5,198,690
Capital expenditures	\$ 50,910	\$ 46,444	\$ 28,797	\$ 28,353
Depreciation and amortization	\$ 49,067	\$ 52,943	\$ 24,812	\$ 29,149

## 16) ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED:

In December 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132 (revised 2003) ("SFAS No. 132(R)", "Employers' Disclosures about Pensions and Other Postretirement Benefits—an amendment of FASB Statements No. 87, 88, and 106." SFAS No. 132(R) supersedes Statement of Financial Accounting Standards No. 132 ("SFAS No. 132"), by revising employers' disclosures about pension plans and other postretirement benefit plans. SFAS No. 132(R) requires additional disclosures to those in SFAS No. 132 regarding the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. SFAS No. 132(R) also amends Accounting Principles Board Opinion No. 28 ("APB Opinion No. 28"), "Interim Financial Reporting," to require additional disclosures for interim periods. The Company has adopted certain of the annual disclosure provisions of SFAS No. 132(R), primarily those related to its U.S. postretirement plan, for the fiscal year ended February 29, 2004. In addition, the Company has adopted the interim disclosure provisions of SFAS No. 132(R) for the six months and three months ended August 31, 2004. The Company is

required to adopt the remaining annual disclosure provisions, primarily those related to its foreign plans, for the fiscal year ending February 28, 2005.

In March 2004, the Financial Accounting Standards Board issued a proposed statement, "Share-Based Payment, an amendment of FASB Statements No. 123 and 95." The objective of the proposed statement is to require recognition in an entity's financial statements of the cost of employee services received in exchange for equity instruments issued, and liabilities incurred, to employees in share-based payment (or compensation) transactions based on the fair value of the instruments at the grant date. The proposed statement would eliminate the alternative of continuing to account for share-based payment arrangements with employees under APB No. 25 and require that the compensation cost resulting from all share-based payment transactions be recognized in an entity's financial statements. If adopted in its current form, the proposed statement would be effective for awards that are granted, modified, or settled in fiscal years beginning after December 15, 2004. Also, if adopted in its current form, the proposed statement could result in a significant charge to the Company's Consolidated Statement of Income for the fiscal year ended February 28, 2006.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Overview**

The Company 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 has the largest wine business in the world and 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.

The Company reports its operating results in three segments: Constellation Wines (branded wine, and U.K. wholesale and other), Constellation Beers and Spirits (imported beer and distilled spirits) and Corporate Operations and Other (primarily corporate related items and other). Amounts included in the Corporate Operations and Other segment consist of general corporate administration and finance expenses. These amounts include costs of executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal and public relations. Any costs incurred at the corporate office that are applicable to the segments are allocated to the appropriate segment. The amounts included in the Corporate Operations and Other segment are general costs that are applicable to the consolidated group and are therefore not allocated to the other reportable segments. All costs reported within the Corporate Operations and Other segment are not included in the chief operating decision maker's evaluation of the operating income performance of the other operating segments. The business segments reflect how the Company's operations are being managed, how operating performance within the Company is being evaluated by senior management and the structure of its internal financial reporting. In addition, the Company excludes restructuring and related charges and unusual costs that affect comparability from its definition of operating income for segment purposes.

The Company's business strategy is to remain focused across the beverage alcohol industry by offering a broad range of products in each of the Company's three major categories: wine, imported beer and spirits. The Company intends to keep its portfolio positioned for superior top-line growth while maximizing the profitability of its brands. In addition, the Company seeks to increase its relative importance to key customers in major markets by increasing its share of their overall purchasing, which is increasingly important in a consolidating industry. The Company's strategy of breadth across categories and geographies is designed to deliver long-term profitable growth. This strategy allows the Company more investment choices, provides flexibility to address changing market conditions and creates stronger routes-to-market.

Marketing, sales and distribution of the Company's products, particularly the Constellation Wines segment's products, are managed on a geographic basis in order to fully leverage leading market positions within each geographic market. Market dynamics and consumer trends vary significantly across the Company's three core geographic markets - the U.S., Europe (primarily the U.K.) and Australasia (Australia/New Zealand). Within the U.S. market, the Company offers a wide range of beverage alcohol products across the Constellation Wines segment and the Constellation Beers and Spirits segment. In Europe, the Company leverages its position as the largest branded wine supplier in the U.K. In addition, the Company leverages its U.K. wholesale business as a strategic route-to-market for its imported wine portfolio and as a key supplier of a full range of beverage alcohol products to large national accounts. Within Australasia, where consumer trends favor domestic wine products, the Company leverages its position as one of the largest wine producers in Australia.

The Company remains committed to its long-term financial model of growing sales (both organically and through acquisitions), expanding margins and increasing cash flow to achieve superior earnings per share growth and improve return on invested capital.

In Second Quarter 2005 (as defined below), the Company's net sales increased 13.8% over Second Quarter 2004 (as defined below) primarily from increases in imported beer net sales, U.K. wholesale net sales, branded wine net sales and a favorable foreign currency impact. Operating income increased 62.4% over the comparable prior year period primarily due to a reduction in unusual costs (see below under

Operating Income discussion). In addition, the net sales growth and related gross profit growth were partially offset by increased selling and advertising expenses, as the Company continues to invest behind the imported beer portfolio and certain wine brands to drive growth and broader distribution. Lastly, as a result of the above factors and lower interest expense for Second Quarter 2005, net income increased 126.7% over the comparable prior year period.

In Six Months 2005 (as defined below), the Company's net sales increased 16.7% over Six Months 2004 (as defined below) primarily from increases in imported beer net sales and U.K. wholesale net sales, the inclusion of an additional one month of net sales of products acquired in the Hardy Acquisition, and a favorable foreign currency impact. Operating income increased 36.6% over the comparable prior year period primarily due to a reduction in unusual costs (see below under Operating Income discussion). In addition, the net sales growth and related gross profit growth were partially offset by increased selling and advertising expenses, as the Company continues to invest behind the imported beer portfolio and certain wine brands to drive growth and broader distribution. Lastly, as a result of the above factors and lower interest expense for Six Months 2005, net income increased 76.5% over the comparable prior year period.

The following discussion and analysis summarizes the significant factors affecting (i) consolidated results of operations of the Company for the three months ended August 31, 2004 ("Second Quarter 2005"), compared to the three months ended August 31, 2003 ("Second Quarter 2004"), and for the six months ended August 31, 2004 ("Six Months 2005"), compared to the six months ended August 31, 2003 ("Six Months 2004"), and (ii) financial liquidity and capital resources for Six Months 2005. This discussion and analysis also identifies certain restructuring and related charges expected to affect consolidated results of operations of the Company for the year ending February 28, 2005 ("Fiscal 2005"). This discussion and analysis should be read in conjunction with the Company's consolidated financial statements and notes thereto included herein and in the Company's Current Report on Form 8-K dated August 19, 2004.

## **Acquisition in Fiscal 2004**

### *Acquisition of Hardy*

On March 27, 2003, the Company acquired control of BRL Hardy Limited, now known as Hardy Wine Company Limited ("Hardy"), and on April 9, 2003, the Company completed its acquisition of all of Hardy's outstanding capital stock. As a result of the acquisition of Hardy, the Company also acquired the remaining 50% ownership of Pacific Wine Partners LLC ("PWP"), the joint venture the Company established with Hardy in July 2001. The acquisition of Hardy along with the remaining interest in PWP is referred to together as the "Hardy Acquisition." Through this acquisition, the Company acquired one of Australia's largest wine producers with interests in wineries and vineyards in most of Australia's major wine regions as well as New Zealand and the United States. Hardy has a comprehensive portfolio of wine products across all price points with a strong focus on premium wine production. Hardy's wines are distributed worldwide through a network of marketing and sales operations, with the majority of sales generated in Australia, the United Kingdom and the United States.

Total consideration paid in cash and Class A Common Stock to the Hardy shareholders was \$1,137.4 million. Additionally, the Company recorded direct acquisition costs of \$17.4 million. The acquisition date for accounting purposes is March 27, 2003. The Company has recorded a \$1.6 million reduction in the purchase price to reflect imputed interest between the accounting acquisition date and the final payment of consideration. This charge is included as interest expense in the Consolidated Statement of Income for the six months ended August 31, 2003. The cash portion of the purchase price paid to the Hardy shareholders and optionholders (\$1,060.2 million) was financed with \$660.2 million of borrowings under the Company's then existing credit agreement and \$400.0 million of borrowings under the Company's then existing bridge loan agreement. Additionally, the Company issued 3,288,913 shares of the Company's Class A Common Stock, which were valued at \$77.2 million based on the simple average of the closing market price of the Company's Class A Common Stock beginning two days before and ending two days after April 4, 2003, the day the Hardy shareholders elected the form of consideration they wished to receive. The purchase price was based primarily on a discounted cash flow analysis that contemplated, among other things, the value of a broader geographic distribution in strategic international markets and a presence in the important Australian winemaking regions. The Company and Hardy have complementary businesses that share a common growth orientation and operating philosophy. The Hardy Acquisition supports the Company's strategy of growth and breadth across categories and geographies, and strengthens its competitive position in its core markets. The purchase price and resulting goodwill were primarily based on the growth opportunities of the brand portfolio of Hardy. In particular, the Company believes there are growth opportunities for Australian wines in the United Kingdom, United States and other wine markets. This acquisition supports the Company's strategy of driving long-term growth and positions the Company to capitalize on the growth opportunities in "new world" wine markets.

The results of operations of Hardy and PWP have been reported in the Company's Constellation Wines segment since March 27, 2003. Accordingly, the Company's results of operations for Six Months 2005 include the results of operations of Hardy and PWP for the entire period, whereas the results of operations for Six Months 2004 only include the results of operations of Hardy and PWP from March 27, 2003, to the end of Six Months 2004.

## Second Quarter 2005 Compared to Second Quarter 2004

### Net Sales

The following table sets forth the net sales (in thousands of dollars) by operating segment of the Company for Second Quarter 2005 and Second Quarter 2004.

	Second Quarter 2005 Compared to Second Quarter 2004		
	Net Sales		
	2005	2004	% Increase
Constellation Wines:			
Branded wine	\$ 413,563	\$ 383,885	7.7%
Wholesale and other	258,161	207,261	24.6%
Constellation Wines net sales	<u>\$ 671,724</u>	<u>\$ 591,146</u>	13.6%
Constellation Beers and Spirits:			
Imported beers	\$ 289,137	\$ 247,414	16.9%
Spirits	76,080	72,504	4.9%
Constellation Beers and Spirits net sales	<u>\$ 365,217</u>	<u>\$ 319,918</u>	14.2%
Corporate Operations and Other	<u>\$ -</u>	<u>\$ -</u>	N/A
Consolidated Net Sales	<u>\$ 1,036,941</u>	<u>\$ 911,064</u>	13.8%

Net sales for Second Quarter 2005 increased to \$1,036.9 million from \$911.1 million for Second Quarter 2004, an increase of \$125.9 million, or 13.8%. This increase resulted primarily from increases in imported beer net sales of \$41.7 million, U.K. wholesale net sales of \$22.6 million (on a local currency basis) and branded wine net sales of \$12.8 million (on a local currency basis). In addition, net sales benefited from a favorable foreign currency impact of \$44.0 million.

### Constellation Wines

Net sales for Constellation Wines increased to \$671.7 million for Second Quarter 2005 from \$591.1 million in Second Quarter 2004, an increase of \$80.6 million, or 13.6%. Branded wine net sales increased \$29.7 million primarily from increased branded wine net sales in Europe and Australasia of \$17.6 million (on a local currency basis) and a favorable foreign currency impact of \$16.9 million, partially offset by decreased branded wine net sales in the U.S. of \$4.8 million. The increases in branded wine net sales are primarily volume driven, as the Company continues to benefit from increased distribution, especially in the Australian wine category. The decrease in branded wine net sales in the U.S. is primarily due to substantially lower net sales of a product in the Second Quarter 2005 than in the same period a year ago. Second Quarter 2004 benefited from sales of this new product following its early fiscal 2004 introduction and national launch in the U.S. Partially offsetting this decrease was an increase in branded premium wines in the U.S. as the Company continues to benefit from increased distribution (as noted above) and greater consumer demand for premium wines. Wholesale and other net sales increased \$50.9 million primarily due to growth in the U.K. wholesale business of \$22.6 million (on a local currency basis) and a favorable foreign currency impact of \$27.1 million. The net sales increase in the U.K. wholesale business on a local currency basis is primarily due to sales to new national accounts added in the first quarter of fiscal 2005 and increased sales in comparable existing accounts during Second Quarter 2005.

The global wine industry continues to be very competitive. The Company has taken a strategy of preserving the long-term brand equity of its wine portfolio and of making investments in the higher growth sectors of the wine business. In the U.S., the 2003 and 2004 California grape harvest were generally lighter than expected. The lighter than expected harvest should bring certain U.S. wine industry inventories closer into balance. At the same time, open market prices in the U.S. for many types of grapes and bulk wine have increased. These increases are expected to have minimal impact on the Company's overall product cost.

### Constellation Beers and Spirits

Net sales for Constellation Beers and Spirits increased to \$365.2 million for Second Quarter 2005 from \$319.9 million for Second Quarter 2004, an increase of \$45.3 million, or 14.2%. This increase resulted from both volume and pricing gains on the Company's imported beer portfolio, which increased \$41.7 million, as well as an increase in spirits net sales of \$3.6 million. The Company believes the volume gains on its imported beer portfolio for Second Quarter 2005 were attributable to several factors, including increased advertising and selling expenses behind the Company's Mexican beer portfolio and favorable depletion results following the price increase on the Mexican beer portfolio. The pricing gains are due to the price increase that was introduced in January 2004 on the Company's Mexican beer portfolio. The growth in spirits net sales is attributable to increases in both the Company's contract production net sales as well as branded net sales.

The Company expects net sales growth for imported beer for Fiscal 2005 to be in the mid to high single digits despite difficult volume comparisons for the third and fourth quarters of Fiscal 2005. The difficult volume comparisons are primarily due to the timing of the price increase which resulted in strong wholesaler and retailer demand in the third and fourth quarters of Fiscal 2004.

### Gross Profit

The Company's gross profit increased to \$289.7 million for Second Quarter 2005 from \$240.5 million for Second Quarter 2004, an increase of \$49.2 million, or 20.4%. The Constellation Wines segment's gross profit increased \$10.5 million primarily due to volume growth in the segment's wholesale business plus a favorable foreign currency impact. The Constellation Beers and Spirits segment's gross profit increased \$13.8 million primarily due to the volume growth and price increase in the segment's imported beer portfolio. In addition, unusual costs, which consist of certain costs that are excluded by management in their evaluation of the results of each operating segment, were lower by \$24.9 million in Second Quarter 2005 versus Second Quarter 2004. This decrease resulted from a \$16.8 million write-down of commodity concentrate inventory in Second Quarter 2004 in connection with the Company's decision to exit the commodity concentrate product line (see additional discussion under "Restructuring and Related Charges" below) and reduced flow through of inventory step-up associated with the Hardy Acquisition. Gross profit as a percent of net sales increased to 27.9% for Second Quarter 2005 from 26.4% for Second Quarter 2004 primarily due to the lower unusual costs, partially offset by reduced gross margins in the Constellation Wines segment, driven primarily by increased sales of lower margin U.K. wholesale products and branded wine products.

### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses increased to \$132.4 million for Second Quarter 2005 from \$127.3 million for Second Quarter 2004, an increase of \$5.1 million, or 4.0%. The Constellation Wines segment's selling, general and administrative expenses increased \$7.1 million primarily due to increased selling and advertising expenses as the Company continues to invest behind specific wine brands to drive broader distribution. The Constellation Beers and Spirits segment's selling, general and administrative expenses were relatively flat as increased selling expenses were offset by decreased general and administrative expenses. The Corporate Operations and Other segment's selling, general and administrative expenses increased \$3.0 million primarily due to increased general and administrative expenses to support the Company's growth. Lastly, there was a decrease of \$5.2 million of net unusual costs which consist of certain items that are excluded by management in their evaluation of the results of each operating segment. The Second Quarter 2004 costs consisted of financing costs recorded in connection with the Hardy Acquisition. There were no unusual costs in Second Quarter 2005. Selling, general and administrative expenses as a percent of net sales decreased to 12.8% for Second Quarter 2005 as compared to 14.0% for Second Quarter 2004 primarily due to (i) lower unusual costs, (ii) the percent increase in Constellation Wines segment's general and administrative expenses growing at a slower rate than the percent increase in the Constellation Wines segment's net sales, and (iii) the percent increase in the Constellation Beers and Spirits segment's selling, general and administrative costs growing at a slower rate than the percent increase in the Constellation Beers and Spirits segment's net sales.

### *Restructuring and Related Charges*

The Company recorded \$1.2 million of restructuring and related charges for Second Quarter 2005 associated with the restructuring plan of the Constellation Wines segment. Restructuring and related charges resulted from the further realignment of business operations as previously announced in Fiscal 2004, and included \$0.2 million of employee termination benefit costs (net of reversal of prior accruals of \$0.2 million), \$0.3 million of facility consolidation and relocation costs, and other related charges of \$0.7 million. The Company recorded \$17.1 million of restructuring and related charges for Second Quarter 2004 associated with (i) the Company's decision to exit the commodity concentrate product line and sell its winery located in Escalon, California, and (ii) the realignment of business operations in the Constellation Wines segment. In total, the Company recorded \$33.9 million of costs in Second Quarter 2004 allocated between cost of product sold and restructuring and related charges associated with these actions.

For Fiscal 2005, the Company expects to incur total restructuring and related charges of \$7.2 million associated with the restructuring plan of the Constellation Wines segment. These charges are expected to consist of \$6.9 million related to the further realignment of business operations in the Constellation Wines segment and \$0.3 million related to renegotiating existing grape contracts as a result of exiting the commodity concentrate product line.

### *Operating Income*

The following table sets forth the operating income (loss) (in thousands of dollars) by operating segment of the Company for Second Quarter 2005 and Second Quarter 2004.

	Second Quarter 2005 Compared to Second Quarter 2004		
	Operating Income (Loss)		
	2005	2004	% Increase/ (Decrease)
Constellation Wines	\$ 87,745	\$ 84,413	3.9%
Constellation Beers and Spirits	83,811	70,117	19.5%

Corporate Operations and Other	(13,256)	(10,238)	29.5%
Total Reportable Segments	158,300	144,292	9.7%
Restructuring and Related Charges and Unusual Costs	(2,141)	(48,136)	(95.6)%
Consolidated Operating Income	<u>\$ 156,159</u>	<u>\$ 96,156</u>	62.4%

Restructuring and related charges and unusual costs of \$2.1 million for Second Quarter 2005 consist of certain costs that are excluded by management in their evaluation of the results of each operating segment. These costs represent the flow through of inventory step-up associated with the Hardy Acquisition of \$0.9 million and restructuring and related charges associated with the Company's realignment of its business operations in the wine segment of \$1.2 million. Restructuring and related charges and unusual costs of \$48.1 million for Second Quarter 2004 represent the flow through of inventory step-up and the amortization of deferred financing costs associated with the Hardy Acquisition of \$9.0 million and \$5.2 million, respectively, and costs associated with exiting the commodity concentrate product line and the Company's realignment of its business operations in the wine segment, including the write-down of commodity concentrate inventory of \$16.8 million and restructuring and related charges of \$17.1 million. As a result of these costs and the factors discussed above, consolidated operating income increased to \$156.2 million for Second Quarter 2005 from \$96.2 million for Second Quarter 2004, an increase of \$60.0 million, or 62.4%.

### *Interest Expense, Net*

Interest expense, net of interest income of \$0.3 million and \$0.9 million for Second Quarter 2005 and Second Quarter 2004, respectively, decreased to \$30.4 million for Second Quarter 2005 from \$41.1 million for Second Quarter 2004, a decrease of \$10.7 million, or (26.0%). The decrease resulted from lower average borrowings in Second Quarter 2005 as well as slightly lower average borrowing rates. The reduction in debt resulted from the use of proceeds from the Company's equity offerings in July 2003 to pay down debt incurred to partially finance the Hardy Acquisition combined with on-going principal payments on long-term debt. The reduction in average borrowing rates was attributed in part to the replacement of \$200.0 million of higher fixed rate subordinated note debt with lower variable rate revolver debt.

### *Provision for Income Taxes*

The Company's effective tax rate remained the same at 36.0% for Second Quarter 2005 and Second Quarter 2004.

### *Net Income*

As a result of the above factors, net income increased to \$80.6 million for Second Quarter 2005 from \$35.6 million for Second Quarter 2004, an increase of \$45.1 million, or 126.7%.

## **Six Months 2005 Compared to Six Months 2004**

### *Net Sales*

The following table sets forth the net sales (in thousands of dollars) by operating segment of the Company for Six Months 2005 and Six Months 2004.

	Six Months 2005 Compared to Six Months 2004		
	Net Sales		
	2005	2004	% Increase
Constellation Wines:			
Branded wine	\$ 777,446	\$ 694,365	12.0%
Wholesale and other	505,396	392,114	28.9%
Constellation Wines net sales	<u>\$ 1,282,842</u>	<u>\$ 1,086,479</u>	18.1%
Constellation Beers and Spirits:			
Imported beers	\$ 526,033	\$ 454,678	15.7%
Spirits	155,371	142,709	8.9%
Constellation Beers and Spirits net sales	<u>\$ 681,404</u>	<u>\$ 597,387</u>	14.1%
Corporate Operations and Other	\$ -	\$ -	N/A
Consolidated Net Sales	<u>\$ 1,964,246</u>	<u>\$ 1,683,866</u>	16.7%

Net sales for Six Months 2005 increased to \$1,964.2 million from \$1,683.9 million for Six Months 2004, an increase of \$280.4 million, or 16.7%. This increase resulted primarily from increases in imported beer net sales of \$71.4 million, increases in U.K. wholesale net sales of \$48.9 million (on a local currency basis), and the inclusion of \$48.9 million of net sales of products acquired in the Hardy Acquisition. In addition, net sales benefited from a favorable foreign currency impact of \$81.5 million.

### *Constellation Wines*

Net sales for Constellation Wines increased to \$1,282.8 million for Six Months 2005 from \$1,086.5 million in Six Months 2004, an increase of \$196.4 million, or 18.1%. Branded wine net sales increased \$83.1 million. This increase resulted primarily from an additional one month of net sales of \$45.7 million of branded wines acquired in the Hardy Acquisition, completed in March 2003, and a favorable foreign currency impact of \$27.1 million. Wholesale and other net sales increased \$113.3 million primarily due to growth in the U.K. wholesale business of \$48.9 million (on a local currency basis) and a favorable foreign currency impact of \$54.4 million. The net sales increase in the U.K. wholesale business on a local currency basis is primarily due to the addition of new national accounts in the first quarter of fiscal 2005 and increased sales in existing accounts during Six Months 2005.

The global wine industry continues to be very competitive. The Company has taken a strategy of preserving the long-term brand equity of its wine portfolio and of making investments in the higher growth sectors of the wine business. In the U.S., the 2003 and 2004 California grape harvests were generally lighter than expected. The lighter than expected harvests should bring certain U.S. wine industry inventories closer into balance. At the same time, open market prices in the U.S. for many types of grapes and bulk wine have increased. These increases are expected to have minimal impact on the Company's overall product cost.

### *Constellation Beers and Spirits*

Net sales for Constellation Beers and Spirits increased to \$681.4 million for Six Months 2005 from \$597.4 million for Six Months 2004, an increase of \$84.0 million, or 14.1%. This increase resulted from both volume and pricing gains on the Company's imported beer portfolio, which increased \$71.4 million, as well as an increase in spirits net sales of \$12.7 million. The Company believes the volume gains on its imported beer portfolio for Six Months 2005 were attributable to several factors, including increased advertising and selling expenses behind the Company's Mexican beer portfolio and favorable depletion results following the price increase on the Mexican beer portfolio. The Company believes the favorable depletion results were due in part to the inclusion of Corona in special product promotions by certain grocery stores in California, the purpose of which were to attract customers back to those stores following the end of strikes. The pricing gains are due to the price increase that was introduced in January 2004 on the Company's Mexican beer portfolio. The growth in spirits net sales is attributable to increases in both the Company's contract production net sales as well as branded net sales.

The Company's imported beer volume was better than expected for Six Months 2005. The Company expects net sales growth for imported beer for Fiscal 2005 to be in the mid to high single digits despite difficult volume comparisons for the third and fourth quarters of Fiscal 2005. The difficult volume comparisons are primarily due to the timing of the price increase which resulted in strong wholesaler and retailer demand in the third and fourth quarters of Fiscal 2004.

### ***Gross Profit***

The Company's gross profit increased to \$540.1 million for Six Months 2005 from \$449.6 million for Six Months 2004, an increase of \$90.5 million, or 20.1%. The Constellation Wines segment's gross profit increased \$34.5 million primarily due to the additional one month of sales of branded wines acquired in the Hardy Acquisition plus a favorable foreign currency impact. The Constellation Beers and Spirits segment's gross profit increased \$26.9 million primarily due to the volume growth and price increase in the segment's imported beer portfolio. In addition, unusual costs, which consist of certain costs that are excluded by management in their evaluation of the results of each operating segment, were lower by \$29.1 million in Six Months 2005 versus Six Months 2004. This decrease resulted from a \$16.8 million write-down of commodity concentrate inventory in Second Quarter 2004 in connection with the Company's decision to exit the commodity concentrate product line (see additional discussion under "Restructuring and Related Charges" below) and reduced flow through of inventory step-up associated with the Hardy Acquisition. Gross profit as a percent of net sales increased to 27.5% for Six Months 2005 from 26.7% for Six Months 2004 primarily due to the lower unusual costs, partially offset by reduced gross margins in the Constellation Wines segment, driven primarily by increased sales of lower margin U.K. wholesale products and branded wine products.

### ***Selling, General and Administrative Expenses***

Selling, general and administrative expenses increased to \$270.8 million for Six Months 2005 from \$235.1 million for Six Months 2004, an increase of \$35.7 million, or 15.2%. The Constellation Wines segment's selling, general and administrative expenses increased \$24.6 million primarily due to the increased selling and advertising expenses as the Company continues to invest behind specific wine brands to drive broader distribution. The Constellation Beers and Spirits segment's selling, general and administrative expenses increased \$5.2 million due to increased advertising and selling behind its Mexican beer portfolio and increased general and administrative expenses to support the growth across this segment's businesses. The Corporate Operations and Other segment's selling, general and administrative expenses increased \$4.8 million primarily due to increased general and administrative expenses to support the Company's growth. Lastly, there was an increase of \$1.1 million of net unusual costs which consist of certain items that are excluded by management in their evaluation of the results of each operating segment. This increase consists of \$10.3 million of financing costs recorded in Six Months 2005 related to the Company's redemption of its Senior Subordinated

Notes (as defined below) as compared to \$9.2 million of financing costs recorded in Six Months 2004 in connection with the Hardy Acquisition. Selling, general and administrative expenses as a percent of net sales decreased to 13.8% for Six Months 2005 as compared to 14.0% for Six Months 2004 primarily due to (i) the percent increase in Constellation Wines segment's general and administrative expenses growing at a slower rate than the percent increase in the Constellation Wines segment's net sales, and (ii) the percent increase in the Constellation Beers and Spirits segment's selling, general and administrative costs growing at a slower rate than the percent increase in the Constellation Beers and Spirits segment's net sales, both of which were partially offset by the growth in the Corporate Operations and Other segment's general and administrative expenses.

### ***Restructuring and Related Charges***

The Company recorded \$2.8 million of restructuring and related charges for Six Months 2005 associated with the restructuring plan of the Constellation Wines segment. Restructuring and related charges resulted from the further realignment of business operations as previously announced in Fiscal 2004, and included \$1.4 million of employee termination benefit costs (net of reversal of prior accruals of \$0.2 million), \$0.6 million of facility consolidation and relocation costs, and other related charges of \$0.8 million. The Company recorded \$19.4 million of restructuring and related charges for Six Months 2004 associated with (i) the Company's decision to exit the commodity concentrate product line and sell its winery located in Escalon, California, and (ii) the realignment of business operations in the Constellation Wines segment. In total, the Company recorded \$33.9 million of costs in Second Quarter 2004 allocated between cost of product sold and restructuring and related charges associated with these actions.

For Fiscal 2005, the Company expects to incur total restructuring and related charges of \$7.2 million associated with the restructuring plan of the Constellation Wines segment. These charges are expected to consist of \$6.9 million related to the further realignment of business operations in the Constellation Wines segment and \$0.3 million related to renegotiating existing grape contracts as a result of exiting the commodity concentrate product line.

### ***Operating Income***

The following table sets forth the operating income (loss) (in thousands of dollars) by operating segment of the Company for Six Months 2005 and Six Months 2004.

	Six Months 2005 Compared to Six Months 2004		
	Operating Income (Loss)		
	2005	2004	% Increase/ (Decrease)
Constellation Wines	\$ 155,404	\$ 145,436	6.9%
Constellation Beers and Spirits	151,663	130,000	16.7%
Corporate Operations and Other	(25,125)	(20,309)	23.7%
Total Reportable Segments	281,942	255,127	10.5%
Restructuring and Related Charges and Unusual Costs	(15,362)	(60,004)	(74.4)%
Consolidated Operating Income	\$ 266,580	\$ 195,123	36.6%

Restructuring and related charges and unusual costs of \$15.4 million for Six Months 2005 consist of certain costs that are excluded by management in their evaluation of the results of each operating segment. These costs represent the flow through of inventory step-up associated with the Hardy Acquisition of \$2.3 million, financing costs associated with the redemption of the Company's Senior Subordinated Notes of \$10.3 million, and restructuring and related charges associated with the Company's realignment of its business operations in the wine segment of \$2.8 million. Restructuring and related charges and unusual costs of \$60.0 million for Six Months 2004 represent the flow through of inventory step-up and the amortization of deferred financing costs associated with the Hardy Acquisition of \$14.5 million and \$9.2 million, respectively, and costs associated with exiting the commodity concentrate product line and the Company's realignment of its business operations in the wine segment, including the write-down of commodity concentrate inventory of \$16.8 million and restructuring and related charges of \$19.5 million. As a result of these costs and the factors discussed above, consolidated operating income increased to \$266.6 million for Six Months 2005 from \$195.1 million for Six Months 2004, an increase of \$71.5 million, or 36.6%.

### ***Interest Expense, Net***

Interest expense, net of interest income of \$0.8 million and \$2.0 million for Six Months 2005 and Six Months 2004, respectively, decreased to \$60.7 million for Six Months 2005 from \$80.3 million for Six Months 2004, a decrease of \$19.7 million, or (24.5%). The decrease resulted from lower average borrowings in Six Months 2005 as well as lower average borrowing rates. The reduction in debt resulted from the use of proceeds from the Company's equity offerings in July 2003 to pay down debt incurred to partially finance the Hardy Acquisition combined with on-going principal payments on long-term debt. The reduction in average borrowing rates was attributed in part to the replacement of \$200.0 million of higher fixed rate subordinated note debt with lower variable rate revolver debt.

### ***Provision for Income Taxes***

The Company's effective tax rate remained the same at 36.0% for Six Months 2005 and Six Months 2004.



## *Net Income*

As a result of the above factors, net income increased to \$131.9 million for Six Months 2005 from \$74.8 million for Six Months 2004, an increase of \$57.2 million, or 76.5%.

## **Financial Liquidity and Capital Resources**

### **General**

The Company's principal use of cash in its operating activities is for purchasing and carrying inventories and carrying seasonal accounts receivable. The Company's primary source of liquidity has historically been cash flow from operations, except during annual grape harvests when the Company has relied on short-term borrowings. In the United States, the annual grape crush normally begins in August and runs through October. In Australia, the annual grape crush normally begins in February and runs through May. The Company generally begins taking delivery of grapes at the beginning of the crush season with payments for such grapes beginning to come due one month later. The Company's short-term borrowings to support such purchases generally reach their highest levels one to two months after the crush season has ended. Historically, the Company has used cash flow from operating activities to repay its short-term borrowings and fund capital expenditures. The Company will continue to use its short-term borrowings to support its working capital requirements. The Company believes that cash provided by operating activities and its financing activities, primarily short-term borrowings, will provide adequate resources to satisfy its working capital, scheduled principal and interest payments on debt, preferred dividend payment requirements, and anticipated capital expenditure requirements for both its short-term and long-term capital needs. The Company also has in place an effective shelf registration statement covering the potential sale of up to \$750.0 million of debt securities, preferred stock, Class A Common Stock or any combination thereof. As of October 12, 2004, the entire \$750.0 million of capacity was available under the shelf registration statement.

### **Six Months 2005 Cash Flows**

#### *Operating Activities*

Net cash provided by operating activities for Second Quarter 2005 was \$54.2 million, which resulted from \$131.9 million of net income, plus \$68.4 million of net noncash items charged to the Consolidated Statement of Income, less \$146.2 million representing the net change in the Company's operating assets and liabilities. The net noncash items consisted primarily of depreciation of property, plant and equipment and deferred tax provision. The net change in operating assets and liabilities resulted primarily from seasonal increases in accounts receivable and inventories, partially offset by a seasonal increase in accounts payable.

#### *Investing Activities*

Net cash used in investing activities for Second Quarter 2005 was \$51.2 million, which resulted primarily from \$50.9 million of capital expenditures.

#### *Financing Activities*

Net cash used in financing activities for Second Quarter 2005 was \$28.2 million resulting primarily from principal payments of long-term debt of \$234.7 million partially offset by net proceeds of \$192.5 million from notes payable.

During June 1998, the Company's Board of Directors authorized the repurchase of up to \$100.0 million of its Class A Common Stock and Class B Common Stock. The repurchase of shares of common stock will be accomplished, from time to time, in management's discretion and depending upon market conditions, through open market or privately negotiated transactions. The Company may finance such repurchases through cash generated from operations or through the senior credit facility. The repurchased shares will become treasury shares. As of October 12, 2004, under the share repurchase program, the Company had purchased 4,075,344 shares of Class A Common Stock at an aggregate cost of \$44.9 million, or at an average cost of \$11.01 per share. No shares were repurchased during Six Months 2005 under the Company's share repurchase program.

### **Debt**

Total debt outstanding as of August 31, 2004, amounted to \$1,993.5 million, a decrease of \$54.4 million from February 29, 2004. The ratio of total debt to total capitalization decreased to 45.6% as of August 31, 2004, from 46.3% as of February 29, 2004.

### **Senior Credit Facility**

In connection with the Hardy Acquisition, on January 16, 2003, the Company, certain subsidiaries of the Company, JPMorgan Chase Bank, as a lender and administrative agent, and certain other agents, lenders, and financial institutions entered into a new credit agreement, which since has been amended (or amended and restated) in March 2003, October 2003, February 2004 and August 2004 (as amended and restated in August 2004, the "Credit Agreement"). The Credit Agreement provides for aggregate credit facilities of \$1.2 billion consisting of a \$345.0 million Tranche A Term Loan facility due in February 2008, a \$500.0 million Tranche B Term Loan facility due in November 2008 and a \$400.0 million Revolving Credit facility (including an Australian Dollar revolving sub-facility of up to A\$10.0 million and a sub-facility for letters of credit of up to \$40.0 million) which expires on February 29, 2008. The Company uses the Revolving Credit facility under the Credit Agreement to fund its working capital needs on an on-going basis. In August 2004 the then outstanding principal balance under both the Tranche A and Tranche B Term Loan facilities was refinanced on essentially the same terms as the credit agreement in effect prior to August 2004 but at a lower Applicable Rate (as such term is defined in the Credit Agreement) and the remaining payment schedule of the Tranche B Term Loan facility was modified.

As of August 31, 2004, the required principal repayments of the Tranche A Term Loan and the Tranche B Term Loan are as follows:

	Tranche A Term Loan	Tranche B Term Loan	Total
<i>(in thousands)</i>			
2005	\$ 30,000	\$ -	\$ 30,000
2006	80,000	5,000	85,000
2007	100,000	5,000	105,000
2008	120,000	125,313	245,313
2009	-	364,687	364,687
	<u>\$ 330,000</u>	<u>\$ 500,000</u>	<u>\$ 830,000</u>

The rate of interest payable, at the Company's option, is LIBOR plus a margin, the federal funds rate plus a margin, or the prime rate plus a margin. The margin is adjustable based upon the Company's Debt Ratio (as defined in the Credit Agreement) and, with respect to LIBOR borrowings, ranges between 1.00% and 2.50%. As of August 31, 2004, the LIBOR margin for the Revolving Credit facility is 1.75%, the LIBOR margin for the Tranche A Term Loan facility is 1.25%, and the LIBOR margin on the Tranche B Term Loan facility is 1.50%.

The Company's obligations are guaranteed by certain subsidiaries of the Company ("Guarantors") and the Company is obligated to pledge collateral of (i) 100% of the capital stock of all of the Company's U.S. subsidiaries and certain foreign subsidiaries and (ii) 65% of the voting capital stock of certain other foreign subsidiaries of the Company.

The Company and its subsidiaries are subject to customary lending covenants including those restricting additional liens, the incurrence of additional indebtedness (including guarantees of indebtedness), the sale of assets, the payment of dividends, transactions with affiliates and the making of certain investments, in each case subject to baskets, exceptions and/or thresholds. The primary financial covenants require the maintenance of a debt coverage ratio, a senior debt coverage ratio, a fixed charge ratio and an interest coverage ratio. As of August 31, 2004, the Company is in compliance with all of its covenants under its Credit Agreement.

As of August 31, 2004, under the Credit Agreement, the Company had outstanding Tranche A Term Loans of \$330.0 million bearing a weighted average interest rate of 3.2%, Tranche B Term Loans of \$500.0 million bearing a weighted average interest rate of 3.5%, \$139.0 million of revolving loans bearing a weighted average interest rate of 3.2%, undrawn revolving letters of credit of \$26.9 million, and \$234.1 million in revolving loans available to be drawn.

### **Subsidiary Facilities**

The Company has additional line of credit facilities totaling \$155.7 million as of August 31, 2004. These lines support the borrowing needs of certain of the Company's foreign subsidiary operations. Interest rates and other terms of these borrowings vary from country to country, depending on local market conditions. As of August 31, 2004, amounts outstanding under the subsidiary revolving credit facilities were \$54.6 million.

### **Senior Notes**

As of August 31, 2004, the Company had outstanding \$200.0 million aggregate principal amount of 8 5/8% Senior Notes due August 2006 (the "Senior Notes"). The Senior Notes are currently redeemable, in whole or in part, at the option of the Company.

As of August 31, 2004, the Company had outstanding £1.0 million (\$1.8 million) aggregate principal amount of 8 1/2% Series B Senior Notes due November 2009 (the "Sterling Series B Senior Notes"). In addition, as of August 31, 2004, the Company had outstanding £154.0 million (\$277.1 million, net of \$0.5 million unamortized discount) aggregate principal amount of 8 1/2% Series C Senior Notes due November 2009 (the "Sterling Series C Senior Notes"). The Sterling Series B Senior Notes and Sterling Series C Senior Notes are currently redeemable, in whole or in part, at the option of the Company.

Also, as of August 31, 2004, the Company had outstanding \$200.0 million aggregate principal amount of 8% Senior Notes due February 2008 (the "February 2001 Senior Notes"). The February 2001 Senior Notes are currently redeemable, in whole or in part, at the option of the Company.

### ***Senior Subordinated Notes***

On March 4, 1999, the Company issued \$200.0 million aggregate principal amount of 8 1/2% Senior Subordinated Notes due March 2009 ("Senior Subordinated Notes"). The Senior Subordinated Notes were redeemable at the option of the Company, in whole or in part, at any time on or after March 1, 2004. On February 10, 2004, the Company issued a Notice of Redemption for its Senior Subordinated Notes. The Senior Subordinated Notes were redeemed with proceeds from the Revolving Credit facility on March 11, 2004, at 104.25% of par plus accrued interest. During Six Months 2005, in connection with this redemption, the Company recorded a charge of \$10.3 million in selling, general and administrative expenses for the call premium and the remaining unamortized financing fees associated with the original issuance of the Senior Subordinated Notes.

As of August 31, 2004, the Company had outstanding \$250.0 million aggregate principal amount of 8 1/8% Senior Subordinated Notes due January 2012 (the "January 2002 Senior Subordinated Notes"). The January 2002 Senior Subordinated Notes are redeemable at the option of the Company, in whole or in part, at any time on or after January 15, 2007. The Company may also redeem up to 35% of the January 2002 Senior Subordinated Notes using the proceeds of certain equity offerings completed before January 15, 2005.

### ***Guarantees***

A foreign subsidiary of the Company has guaranteed debt of a joint venture in the maximum amount of \$3.8 million as of August 31, 2004. The liability for this guarantee is not material and the Company does not have any collateral from this entity.

### **Accounting Pronouncements Not Yet Adopted**

In December 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132 (revised 2003) ("SFAS No. 132(R)", "Employers' Disclosures about Pensions and Other Postretirement Benefits—an amendment of FASB Statements No. 87, 88, and 106." SFAS No. 132(R) supersedes Statement of Financial Accounting Standards No. 132 ("SFAS No. 132"), by revising employers' disclosures about pension plans and other postretirement benefit plans. SFAS No. 132(R) requires additional disclosures to those in SFAS No. 132 regarding the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. SFAS No. 132(R) also amends Accounting Principles Board Opinion No. 28 ("APB Opinion No. 28"), "Interim Financial Reporting," to require additional disclosures for interim periods. The Company has adopted certain of the annual disclosure provisions of SFAS No. 132(R), primarily those related to its U.S. postretirement plan, for the fiscal year ended February 29, 2004. In addition, the Company has adopted the interim disclosure provisions of SFAS No. 132(R) for the three months ended August 31, 2004. The Company is required to adopt the remaining annual disclosure provisions, primarily those related to its foreign plans, for the fiscal year ending February 28, 2005.

In March 2004, the Financial Accounting Standards Board issued a proposed statement, "Share-Based Payment, an amendment of FASB Statements No. 123 and 95." The objective of the proposed statement is to require recognition in an entity's financial statements of the cost of employee services received in exchange for equity instruments issued, and liabilities incurred, to employees in share-based payment (or compensation) transactions based on the fair value of the instruments at the grant date. The proposed statement would eliminate the alternative of continuing to account for share-based payment arrangements with employees under APB No. 25 and require that the compensation cost resulting from all share-based payment transactions be recognized in an entity's financial statements. If adopted in its current form, the proposed statement would be effective for awards that are granted, modified, or settled in fiscal years beginning after December 15, 2004. Also, if adopted in its current form, the proposed statement could result in a significant charge to the Company's Consolidated Statement of Income for the fiscal year ending February 28, 2006.

### **Information Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control, that could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements. All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including statements regarding the Company's future financial position and prospects, are forward-looking statements. All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition to the risks and uncertainties of ordinary business operations, the forward-looking statements of the Company contained in this Form 10-Q 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 currency 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 Annual Report on Form 10-K for the fiscal year ended February 29, 2004.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The Company, as a result of its global operating and financing activities, is exposed to market risk associated with changes in interest rates and foreign currency exchange rates. To manage the volatility relating to these risks, the Company periodically enters into derivative transactions including foreign currency exchange contracts and interest rate swap agreements. The Company uses derivative instruments solely to reduce the financial impact of these risks and does not use derivative instruments for trading purposes.

Foreign currency forward contracts and foreign currency options are used to hedge existing foreign currency denominated assets and liabilities, forecasted foreign currency denominated sales both to third parties as well as intercompany sales, and intercompany principal and interest payments. As of August 31, 2004, the Company had exposures to foreign currency risk primarily related to the Australian dollar, euro, New Zealand dollar, British pound sterling, Canadian dollar and Mexican peso.

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As of August 31, 2004, and August 31, 2003, the Company had outstanding derivative contracts with a notional value of \$694.6 million and \$561.5 million, respectively. Using a sensitivity analysis based on estimated fair value of open contracts using forward rates, if the U.S. dollar had been 10% weaker as of August 31, 2004, and August 31, 2003, the fair value of open foreign exchange contracts would have been increased by \$68.8 million and \$56.4 million, respectively. Losses or gains from the revaluation or settlement of the related underlying positions would substantially offset such gains or losses.

The fair value of fixed rate debt is subject to interest rate risk, credit risk and foreign currency risk. The estimated fair value of the Company's total fixed rate debt, including current maturities, was \$1,062.1 million and \$1,025.6 million as of August 31, 2004, and August 31, 2003, respectively. A hypothetical 1% increase from prevailing interest rates as of August 31, 2004, and August 31, 2003, would have resulted in a decrease in fair value of fixed interest rate long-term debt by \$39.2 million and \$45.6 million, respectively.

In addition to the \$1,062.1 million and \$1,025.6 million estimated fair value of fixed rate debt outstanding as of August 31, 2004, and August 31, 2003, respectively, the Company also had variable rate debt outstanding (primarily LIBOR based) as of August 31, 2004, and August 31, 2003, of \$1,023.6 million and \$1,118.5 million, respectively. Using a sensitivity analysis based on a hypothetical 1% increase in prevailing interest rates at August 31, 2004, and August 31, 2003, would result in an approximate increase in cash required for interest of \$9.0 million and \$9.3 million, respectively.

The Company has on occasion entered into interest rate swap agreements to reduce its exposure to interest rate changes relative to its variable rate debt. As of August 31, 2004, and August 31, 2003, the Company had no interest rate swap agreements outstanding.

### **Item 4. Controls and Procedures**

The Company's Chief Executive Officer and its Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. In connection with that evaluation, no changes were identified in the Company's "internal control over financial reporting" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f)) that occurred during the Company's fiscal quarter ended August 31, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**ISSUER PURCHASES OF EQUITY SECURITIES**

<u>Period</u>	<u>Total Number of Shares Purchased <sup>(1)</sup></u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of a Publicly Announced Program</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program <sup>(2)</sup></u>
June 1 - 30, 2004	-	\$ -	-	\$ 55,122,140
July 1 - 31, 2004	5,017	37.88	-	55,122,140
August 1 - 31, 2004	-	-	-	55,122,140
Total	<u>5,017</u>	<u>\$ 37.88</u>	<u>-</u>	<u>\$ 55,122,140</u>

(1) The total number of shares purchased consist of shares tendered to the Company, as permitted under the Company's Long-Term Stock Incentive Plan, in payment of the exercise price and taxes due upon an exercise of stock options.

(2) In June 1998, the Company's Board of Directors authorized the repurchase from time to time of up to \$100.0 million of the Company's Class A and Class B Common Stock. The program does not have a specified expiration date. The Company did not repurchase any shares under this program during the period June 1, 2004 through and including August 31, 2004.

**Item 4. Submission of Matters to a Vote of Security Holders**

At the Annual Meeting of Stockholders of Constellation Brands, Inc. held on July 20, 2004 (the "Annual Meeting"), the holders of the Company's Class A Common Stock (the "Class A Stock"), voting as a separate class, elected the Company's slate of director nominees designated to be elected by the holders of the Class A Stock, and the holders of the Company's Class A Stock and Class B Common Stock (the "Class B Stock"), voting together as a single class with holders of Class A Stock having one (1) vote per share and holders of Class B Stock having ten (10) votes per share, elected the Company's slate of director nominees designated to be elected by the holders of the Class A Stock and Class B Stock voting together as a single class.

In addition, at the Annual Meeting, the holders of Class A Stock and the holders of Class B Stock, voting together as a single class, voted upon a proposal to ratify the selection of KPMG LLP, Certified Public Accountants, as the Company's independent public accountants for the fiscal year ending February 28, 2005, and a proposal to approve Amendment Number Five to the Company's Long-Term Stock Incentive Plan.

Set forth below is the number of votes cast for, against or withheld, as well as the number of abstentions and broker nonvotes, as applicable, as to each of the foregoing matters.

I. The results of the voting for the election of Directors of the Company are as follows:

Directors Elected by the Holders of Class A Stock:

<u>Nominee</u>	<u>For</u>	<u>Withheld</u>
Thomas C. McDermott	57,701,480	27,365,915
Paul L. Smith	57,712,296	27,355,099

Directors Elected by the Holders of Class A Stock and Class B Stock:

<u>Nominee</u>	<u>For</u>	<u>Withheld</u>
George Bresler	175,489,755	29,284,480
Jeananne K. Hauswald	177,152,406	27,621,829
James A. Locke III	175,567,766	29,206,469
Richard Sands	176,960,501	27,813,734

II. The selection of KPMG LLP was ratified with the following votes:

For:	174,659,414
Against:	30,055,771
Abstain:	59,050
Broker Nonvotes:	0

III. Amendment Number Five to the Company's Long-Term Stock Incentive Plan was approved with the following votes:

For:	135,410,376
Against:	52,024,272
Abstain:	314,135
Broker Nonvotes:	17,025,452

## **Item 6. Exhibits**

The following Exhibits are furnished as part of this Form 10-Q:

### **Exhibit Number**

### **Description**

#### **(2) Plan of acquisition, reorganization, arrangement, liquidation or succession.**

- 2.1 Implementation Deed dated 17 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited.
- 2.2 Transaction Compensation Agreement dated 17 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited.
- 2.3 No Solicitation Agreement dated 13 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited.

- 2.4 Backstop Fee Agreement dated 13 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited.

- 2.5 Letter Agreement dated 6 February 2003 between Constellation Brands, Inc. and BRL Hardy Limited.

#### **(3) Articles of Incorporation and By-Laws.**

- 3.1 Restated Certificate of Incorporation of the Company.
- 3.2 Certificate of Designations of 5.75% Series A Mandatory Convertible Preferred Stock of the Company.
- 3.3 By-Laws of the Company.

#### **(4) Instruments defining the rights of security holders, including indentures.**

- 4.1 Indenture, dated as of February 25, 1999, among the Company, as issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee.
- 4.2 Supplemental Indenture No. 1, with respect to 8 1/2% Senior Subordinated Notes due 2009, dated as of February 25, 1999, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee.
- 4.3 Supplemental Indenture No. 2, with respect to 8 5/8% Senior Notes due 2006, dated as of August 4, 1999, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee.

- 4.4 Supplemental Indenture No. 3, dated as of August 6, 1999, by and among the Company, Canandaigua B.V., Barton Canada, Ltd., Simi Winery, Inc., Franciscan Vineyards, Inc., Allberry, Inc., M.J. Lewis Corp., Cloud Peak Corporation, Mt. Veeder Corporation, SCV-EPI Vineyards, Inc., and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee.
- 4.5 Supplemental Indenture No. 4, with respect to 8 1/2% Senior Notes due 2009, dated as of May 15, 2000, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to Harris Trust and Savings Bank), as Trustee.
- 4.6 Supplemental Indenture No. 5, dated as of September 14, 2000, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor Trustee to The Bank of New York), as Trustee.
- 4.7 Supplemental Indenture No. 6, dated as of August 21, 2001, among the Company, Ravenswood Winery, Inc. and BNY Midwest Trust Company (successor trustee to Harris Trust and Savings Bank and The Bank of New York, as applicable), as Trustee.
- 4.8 Supplemental Indenture No. 7, dated as of January 23, 2002, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company, as Trustee.
- 4.9 Supplemental Indenture No. 8, dated as of March 27, 2003, by and among the Company, CBI Australia Holdings Pty Limited (ACN 103 359 299), Constellation Australia Pty Limited (ACN 103 362 232) and BNY Midwest Trust Company, as Trustee.

- 4.10 Supplemental Indenture No. 9, dated as of July 8, 2004, by and among the Company, BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC, Nobilo Holdings, and BNY Midwest Trust Company, as Trustee.
- 4.11 Supplemental Indenture No. 10, dated as of September 13, 2004, by and among the Company, Constellation Trading, Inc., and BNY Midwest Trust Company, as Trustee.
- 4.12 Indenture, with respect to 8 1/2% Senior Notes due 2009, dated as of November 17, 1999, among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and BNY Midwest Trust Company (successor to Harris Trust and Savings Bank), as Trustee.
- 4.13 Supplemental Indenture No. 1, dated as of August 21, 2001, among the Company, Ravenswood Winery, Inc. and BNY Midwest Trust Company (successor to Harris Trust and Savings Bank), as Trustee.
- 4.14 Supplemental Indenture No. 2, dated as of March 27, 2003, among the Company, CBI Australia Holdings Pty Limited (ACN 103 359 299), Constellation Australia Pty Limited (ACN 103 362 232) and BNY Midwest Trust Company (successor to Harris Trust and Savings Bank), as Trustee.
- 4.15 Supplemental Indenture No. 3, dated as of July 8, 2004, by and among the Company, BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC, Nobilo Holdings, and BNY Midwest Trust Company, as Trustee.
- 4.16 Supplemental Indenture No. 4, dated as of September 13, 2004, by and among the Company, Constellation Trading, Inc., and BNY Midwest Trust Company, as Trustee.
- 4.17 Indenture, with respect to 8% Senior Notes due 2008, dated as of February 21, 2001, by and among the Company, as Issuer, certain principal subsidiaries, as Guarantors and BNY Midwest Trust Company, as Trustee.
- 4.18 Supplemental Indenture No. 1, dated as of August 21, 2001, among the Company, Ravenswood Winery, Inc. and BNY Midwest Trust Company, as Trustee.
- 4.19 Supplemental Indenture No. 2, dated as of March 27, 2003, among the Company, CBI Australia Holdings Pty Limited (ACN 103 359 299), Constellation Australia Pty Limited (ACN 103 362 232) and BNY Midwest Trust Company, as Trustee.
- 4.20 Supplemental Indenture No. 3, dated as of July 8, 2004, by and among the Company, BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC, Nobilo Holdings, and BNY Midwest Trust Company, as Trustee.
- 4.21 Supplemental Indenture No. 4, dated as of September 13, 2004, by and among the Company, Constellation Trading, Inc., and BNY Midwest Trust Company, as Trustee.

- 4.22 Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J. P. Morgan Europe Limited, as London Agent.
- 4.23 Amendment No. 1 to the Amended and Restated Credit Agreement, dated as of July 18, 2003, among the Company, certain of its subsidiaries, and JPMorgan Chase Bank, as Administrative Agent.
- 4.24 Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J. P. Morgan Europe Limited, as London Agent.

- 4.25 Amendment No. 1, dated as of February 10, 2004, to the Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company, the Subsidiary Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, as Administrative Agent.
- 4.26 Third Amended and Restated Credit Agreement, dated as of August 17, 2004, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent.
- 4.27 Amended and Restated Bridge Loan Agreement, dated as of January 16, 2003 and amended and restated as of March 26, 2003, among the Company and certain of its subsidiaries, the lenders named therein, and JPMorgan Chase Bank, as Administrative Agent.
- 4.28 Certificate of Designations of 5.75% Series A Mandatory Convertible Preferred Stock of the Company.
- 4.29 Deposit Agreement by and among the Company, Mellon Investor Services LLC and all holders from time to time of Depository Receipts evidencing Depository Shares Representing 5.75% Series A Mandatory Convertible Preferred Stock of the Company.
- 4.30 Guarantee Assumption Agreement, dated as of July 8, 2004, by BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC and Nobilo Holdings in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Second Amended and Restated Credit Agreement dated as of October 31, 2003 (as modified and supplemented and in effect from time to time).
- 4.31 Guarantee Assumption Agreement, dated as of September 13, 2004, by Constellation Trading Company, Inc., in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Third Amended and Restated Credit Agreement dated as of August 17, 2003 (as modified and supplemented and in effect from time to time).

**(10) Material contracts.**

- 10.1 Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent.
- 10.2 Amendment No. 1, dated as of July 18, 2003, to the Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, and JPMorgan Chase Bank, as Administrative Agent.
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10.7 Guarantee Assumption Agreement, dated as of September 13, 2004, by Constellation Trading Company, Inc., in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Third Amended and Restated Credit Agreement dated as of August 17, 2003 (as modified and supplemented and in effect from time to time).

10.8 Amendment Number Five to the Company's Long-Term Stock Incentive Plan.

**(31) Rule 13a-14(a)/15d-14(a) Certifications.**

31.1 Certificate of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.

31.2 Certificate of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.

**(32) Section 1350 Certifications.**

32.1 Certification of Chief Executive Officer pursuant to Section 18 U.S.C. 1350.

32.2 Certification of Chief Financial Officer pursuant to Section 18 U.S.C. 1350.

## SIGNATURES

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

**CONSTELLATION BRANDS, INC.**

Dated: October 12, 2004

By: /s/ Thomas F. Howe

\_\_\_\_\_  
Thomas F. Howe, Senior Vice President, Controller

Dated: October 12, 2004

By: /s/ Thomas S. Summer

\_\_\_\_\_  
Thomas S. Summer, Executive Vice President and  
Chief Financial Officer (principal financial officer  
and principal accounting officer)

## INDEX TO EXHIBITS

**(2) Plan of acquisition, reorganization, arrangement, liquidation or succession.**

2.1 Implementation Deed dated 17 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K dated January 21, 2003 and incorporated herein by reference).

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- 2.3 No Solicitation Agreement dated 13 January 2003 between Constellation Brands, Inc. and BRL Hardy Limited (filed as Exhibit 99.3 to the Company's Current Report on Form 8-K dated January 21, 2003 and incorporated herein by reference).
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- 3.3 By-Laws of the Company (filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2002 and incorporated herein by reference).

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- 4.25 Amendment No. 1, dated as of February 10, 2004, to the Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company, the Subsidiary Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, as Administrative Agent (filed as Exhibit 4.25 to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2004 and incorporated herein by reference).
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- 4.29 Deposit Agreement, dated as of July 30, 2003, by and among the Company, Mellon Investor Services LLC and all holders from time to time of Depositary Receipts evidencing Depositary Shares Representing 5.75% Series A Mandatory Convertible Preferred Stock of the Company (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated July 24, 2003, filed July 30, 2003 and incorporated herein by reference).
- 4.30 Guarantee Assumption Agreement, dated as of July 8, 2004, by BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC and Nobilo Holdings in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Second Amended and Restated Credit Agreement dated as of October 31, 2003 (as modified and supplemented and in effect from time to time) (filed herewith).
- 4.31 Guarantee Assumption Agreement, dated as of September 13, 2004, by Constellation Trading Company, Inc., in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Third Amended and Restated Credit Agreement dated as of August 17, 2003 (as modified and supplemented and in effect from time to time) (filed herewith).
- (10) Material contracts.**
- 10.1 Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated March 27, 2003 and incorporated herein by reference).
- 10.2 Amendment No. 1, dated as of July 18, 2003, to the Amended and Restated Credit Agreement, dated as of March 19, 2003, among the Company and certain of its subsidiaries, and JPMorgan Chase Bank, as Administrative Agent (filed as Exhibit 4.17 to the Company's Report on Form 10-Q for the fiscal quarter ended August 31, 2003 and incorporated herein by reference).
- 10.3 Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent (filed as Exhibit 4.18 to the Company's Report on Form 10-Q for the fiscal quarter ended November 30, 2003 and incorporated herein by reference).
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- 10.4 Amendment No. 1, dated as of February 10, 2004, to the Second Amended and Restated Credit Agreement, dated as of October 31, 2003, among the Company and certain of its subsidiaries, the lenders named therein, and JPMorgan Chase Bank, as Administrative Agent (filed as Exhibit 4.25 to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2004 and incorporated herein by reference).
- 10.5 Third Amended and Restated Credit Agreement, dated as of August 17, 2004, among the Company and certain of its subsidiaries, the lenders named therein, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent (filed as Exhibit 4.26 to the Company's Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 10.6 Guarantee Assumption Agreement, dated as of July 8, 2004, by BRL Hardy Investments (USA) Inc., BRL Hardy (USA) Inc., Pacific Wine Partners LLC and Nobile Holdings in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Second Amended and Restated Credit Agreement dated as of October 31, 2003 (as modified and supplemented and in effect from time to time) (filed as Exhibit 4.30 to the Company's Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 10.7 Guarantee Assumption Agreement, dated as of September 13, 2004, by Constellation Trading Company, Inc., in favor of JP Morgan Chase Bank, as administrative agent, pursuant to the Third Amended and Restated Credit Agreement dated as of August 17, 2003 (as modified and supplemented and in effect from time to time) (filed as Exhibit 4.31 to the Company's Report on Form 10-Q for the fiscal quarter ended August 31, 2004 and incorporated herein by reference).
- 10.8 Amendment Number Five to the Company's Long-Term Stock Incentive Plan (filed herewith).

**(11) Statement re computation of per share earnings.**

Not applicable.

**(15) Letter re unaudited interim financial information.**

Not applicable.

**(18) Letter re change in accounting principles.**

Not applicable.

**(19) Report furnished to security holders.**

Not applicable.

**(22) Published report regarding matters submitted to a vote of security holders.**

Not applicable.

**(23) Consents of experts and counsel.**

Not applicable.

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**(24) Power of attorney.**

Not applicable.

**(31) Rule 13a-14(a)/15d-14(a) Certifications.**

- 31.1 Certificate of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith).

31.2 Certificate of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith).

**(32) Section 1350 Certifications.**

32.1 Certificate of Chief Executive Officer pursuant to Section 18 U.S.C. 1350 (filed herewith).

32.2 Certificate of Chief Financial Officer pursuant to Section 18 U.S.C. 1350 (filed herewith).

**(99) Additional Exhibits.**

Not applicable.

## EXHIBIT 4.10

**SUPPLEMENTAL INDENTURE NO. 9** (this "Supplement"), dated as of July 8, 2004, is entered into by and among CONSTELLATION BRANDS, INC., a Delaware corporation (the "Company"), BRL HARDY INVESTMENTS (USA) INC., a Delaware corporation ("BRL Inv. US"), BRL HARDY (USA) INC., a Delaware corporation ("BRLUSA"), PACIFIC WINE PARTNERS LLC, a New York limited liability company ("PWP"), NOBILO HOLDINGS, a New Zealand unlimited liability company (together with BRL Inv. US, BRLUSA and PWP, collectively, the "New Guarantors"), and BNY MIDWEST TRUST COMPANY (successor trustee to Harris Trust and Savings Bank and The Bank of New York, as applicable), as trustee (the "Trustee").

### RECITALS OF THE COMPANY AND EACH NEW GUARANTOR

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of February 25, 1999 (the "Base Indenture") as supplemented by a Supplemental Indenture No. 1, dated as of February 25, 1999 with respect to the issuance by the Company of its 8 1/2% Senior Subordinated Notes due 2009 in the aggregate principal amount of \$200,000,000 (the "First Supplemental Indenture"); a Supplemental Indenture No. 2 dated as of August 4, 1999 with respect to the issuance by the Company of its 8 5/8% Senior Notes due 2006 in the aggregate principal amount of \$200,000,000 (the "Second Supplemental Indenture"); a Supplemental Indenture No. 3 dated as of August 6, 1999 with respect to the guarantee of the Indenture Obligations by new Subsidiaries of the Company (the "Third Supplemental Indenture"); a Supplemental Indenture No. 4 dated as of May 15, 2000 with respect to the issuance by the Company of its 8 1/2% Series C Senior Notes due 2009 in the aggregate principal amount of £154,000,000 (the "Fourth Supplemental Indenture"); a Supplemental Indenture No. 5 dated as of September 14, 2000 providing for certain amendments to the Fourth Supplemental Indenture (the "Fifth Supplemental Indenture"); a Supplemental Indenture No. 6 dated as of August 21, 2001 with respect to the guarantee of the Indenture Obligations (the "Sixth Supplemental Indenture"); a Supplemental Indenture No. 7 dated as of January 23, 2002 with respect to the issuance by the Company of its 8 1/8% Senior Subordinated Notes due 2012 in the aggregate principal amount of \$250,000,000 (the "Seventh Supplemental Indenture"); and a Supplemental Indenture No. 8 dated as of March 27, 2003 with respect to the guarantee of the Indenture Obligations by new Subsidiaries of the Company (the "Eighth Supplemental Indenture") (the Base Indenture, First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, Fifth Supplemental Indenture, Sixth Supplemental Indenture, Seventh Supplemental Indenture and Eighth Supplemental Indenture are collectively referred to herein as the "Indentures");

WHEREAS, the Guarantors guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to (i) Section 3.10 of the First Supplemental Indenture; (ii) Section 3.9 of the Second Supplemental Indenture; (iii) Section 4.15 of the Fourth Supplemental Indenture; and (iv) Section 3.10 of the Seventh Supplemental Indenture, the New Guarantors are obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to (i) Section 11.1 of the First Supplemental Indenture; (ii) Section 9.1 of the Second Supplemental Indenture; (iii) Section 8.01 of the Fourth Supplemental Indenture; and Section 11.1 of the Seventh Supplemental Indenture, the Company, the New Guarantors and the Trustee may enter into this Supplement without the consent of any Holder;

WHEREAS, the execution and delivery of this Supplement have been duly authorized by Board Resolutions of the respective Boards of Directors of the Company and each New Guarantor; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and each New Guarantor, and enforceable against the Company and each New Guarantor in accordance with its terms, have been performed and fulfilled.

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

### ARTICLE ONE THE NEW GUARANTEE

Section 1.01. For value received, each New Guarantor hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if such New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by each New Guarantor shall constitute and shall be deemed to constitute a Guarantee under the Indentures and for all purposes of the Indentures, and each New Guarantor shall be considered a Guarantor for all purposes of the Indentures as if such New

Guarantor was originally named therein as a Guarantor.

Section 1.02. The New Guarantee shall be released upon the occurrence of the events as provided in the Indentures.

Section 1.03. Each New Guarantor hereby waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by such New Guarantor under its Guarantee under the Indentures.

**ARTICLE TWO  
MISCELLANEOUS**

Section 2.01. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indentures shall have the meanings assigned to them in the Indentures. Except as supplemented hereby, the Indentures (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 2.02. This Supplement shall be effective as of the close of business on July 8, 2004.

Section 2.03. The recitals contained herein shall be taken as the statements of the Company and each New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 2.04. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indentures and their construction.

Section 2.05. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

---

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and attested all as of the day and year first above written.

**CONSTELLATION BRANDS, INC**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Executive Vice President &  
Chief Financial Officer

Attest:

/s/ David S. Sorce  
Name: David S. Sorce  
Title: Secretary

**BRL HARDY INVESTMENTS (USA) INC.**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President and Treasurer

Attest:



/s/ David S. Sorce

Name: David S. Sorce  
Title Assistant Secretary

**BRL HARDY (USA) INC.**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President

Attest:

/s/ David S. Sorce

Name: David S. Sorce  
Title Assistant Secretary

**PACIFIC WINE PARTNERS LLC**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President and Treasurer

Attest:

/s/ David S. Sorce

Name: David S. Sorce  
Title Assistant Secretary

**NOBILO HOLDINGS**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Chief Financial Officer

Attest:

/s/ David S. Sorce

Name: David S. Sorce  
Title Secretary

**BNY MIDWEST TRUST COMPANY**

By: /s/ D. G. Donovan  
Name: D. G. Donovan  
Title: Vice President

Attest:

/s/ L. Garcia

Name: L. Garcia  
Title Assistant Vice President

## EXHIBIT 4.11

**SUPPLEMENTAL INDENTURE NO. 10** (this "Supplement"), dated as of September 13, 2004, is entered into by and among CONSTELLATION BRANDS, INC., a Delaware corporation (the "Company"), CONSTELLATION TRADING COMPANY, INC., a New York corporation (the "New Guarantor"), and BNY MIDWEST TRUST COMPANY (successor trustee to Harris Trust and Savings Bank and The Bank of New York, as applicable), as trustee (the "Trustee").

### RECITALS OF THE COMPANY AND THE NEW GUARANTOR

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of February 25, 1999 (the "Base Indenture") as supplemented by a Supplemental Indenture No. 1, dated as of February 25, 1999 with respect to the issuance by the Company of its 8 1/2% Senior Subordinated Notes due 2009 in the aggregate principal amount of \$200,000,000 (the "First Supplemental Indenture"); a Supplemental Indenture No. 2 dated as of August 4, 1999 with respect to the issuance by the Company of its 8 5/8% Senior Notes due 2006 in the aggregate principal amount of \$200,000,000 (the "Second Supplemental Indenture"); a Supplemental Indenture No. 3 dated as of August 6, 1999 with respect to the guarantee of the Indenture Obligations by new Subsidiaries of the Company (the "Third Supplemental Indenture"); a Supplemental Indenture No. 4 dated as of May 15, 2000 with respect to the issuance by the Company of its 8 1/2% Series C Senior Notes due 2009 in the aggregate principal amount of £154,000,000 (the "Fourth Supplemental Indenture"); a Supplemental Indenture No. 5 dated as of September 14, 2000 providing for certain amendments to the Fourth Supplemental Indenture (the "Fifth Supplemental Indenture"); a Supplemental Indenture No. 6 dated as of August 21, 2001 with respect to the guarantee of the Indenture Obligations (the "Sixth Supplemental Indenture"); a Supplemental Indenture No. 7 dated as of January 23, 2002 with respect to the issuance by the Company of its 8 1/8% Senior Subordinated Notes due 2012 in the aggregate principal amount of \$250,000,000 (the "Seventh Supplemental Indenture"); a Supplemental Indenture No. 8 dated as of March 27, 2003 with respect to the guarantee of the Indenture Obligations by new Subsidiaries of the Company (the "Eighth Supplemental Indenture"); and a Supplemental Indenture No. 9 dated as of July 8, 2004 with respect to the guarantee of the Indenture Obligations by Subsidiaries of the Company (the "Ninth Supplemental Indenture") (the Base Indenture, First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, Fifth Supplemental Indenture, Sixth Supplemental Indenture, Seventh Supplemental Indenture, Eighth Supplemental Indenture and Ninth Supplemental Indenture are collectively referred to herein as the "Indentures");

WHEREAS, the Guarantors guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to (i) Section 3.10 of the First Supplemental Indenture; (ii) Section 3.9 of the Second Supplemental Indenture; (iii) Section 4.15 of the Fourth Supplemental Indenture; and (iv) Section 3.10 of the Seventh Supplemental Indenture, the New Guarantor is obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to (i) Section 11.1 of the First Supplemental Indenture; (ii) Section 9.1 of the Second Supplemental Indenture; (iii) Section 8.01 of the Fourth Supplemental Indenture; and Section 11.1 of the Seventh Supplemental Indenture, the Company, the New Guarantor and the Trustee may enter into this Supplement without the consent of any Holder;

WHEREAS, the execution and delivery of this Supplement have been duly authorized by Board Resolutions of the Boards of Directors of the Company and the New Guarantor; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and the New Guarantor, and enforceable against the Company and the New Guarantor in accordance with its terms, have been performed and fulfilled.

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

### ARTICLE ONE THE NEW GUARANTEE

Section 1.01. For value received, the New Guarantor hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if the New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by the New Guarantor shall constitute and shall be deemed to constitute a Guarantee under the Indentures and for all purposes of the Indentures, and the New Guarantor shall be considered a Guarantor for all purposes of the Indentures as if the New Guarantor was originally named therein as a Guarantor.

Section 1.02. The New Guarantee shall be released upon the occurrence of the events as provided in the Indentures.

Section 1.03. The New Guarantor hereby waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by the New Guarantor under its Guarantee under the Indentures.

**ARTICLE TWO  
MISCELLANEOUS**

Section 2.01. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indentures shall have the meanings assigned to them in the Indentures. Except as supplemented hereby, the Indentures (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 2.02. This Supplement shall be effective as of the close of business on September 13, 2004.

Section 2.03. The recitals contained herein shall be taken as the statements of the Company and the New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 2.04. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indentures and their construction.

Section 2.05. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

---

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and attested all as of the day and year first above written.

CONSTELLATION BRANDS, INC.

By:           /s/ Thomas D. Roberts          

Name:           Thomas D. Roberts            
Title:           Senior Vice President and Treasurer          

ATTEST:

          /s/ H. Elaine Farry            
Name:           H. Elaine Farry            
Title:           Assistant Secretary          

CONSTELLATION TRADING COMPANY, INC.

By:           /s/ Thomas D. Roberts          

Name:           Thomas D. Roberts            
Title:           Vice President and Assistant Treasurer          

ATTEST:

/s/ H. Elaine Farry

Name: H. Elaine Farry  
Title: Assistant Secretary

BNY MIDWEST TRUST COMPANY

By: /s/ D. G. Donovan

Name: D. G. Donovan  
Title: Vice President

ATTEST:

/s/ L. Garcia  
Name: L. Garcia  
Title: Assistant Vice President

## EXHIBIT 4.15

**SUPPLEMENTAL INDENTURE NO. 3** (this "Supplement"), dated as of July 8, 2004, is entered into by and among CONSTELLATION BRANDS, INC., a Delaware corporation (the "Company"), BRL HARDY INVESTMENTS (USA) INC., a Delaware corporation ("BRL Inv. US"), BRL HARDY (USA) INC., a Delaware corporation ("BRLUSA"), PACIFIC WINE PARTNERS LLC, a New York limited liability company ("PWP"), NOBILO HOLDINGS, a New Zealand unlimited liability company (together with BRL Inv. US, BRLUSA and PWP, collectively, the "New Guarantors"), and BNY MIDWEST TRUST COMPANY (successor trustee to Harris Trust and Savings Bank), as trustee (the "Trustee").

### RECITALS OF THE COMPANY AND EACH NEW GUARANTOR

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of November 17, 1999, as supplemented by Supplemental Indenture No. 1, dated as of August 21, 2001, and Supplemental Indenture No. 2, dated as of March 27, 2003 (collectively, the "Indenture"), providing for the issuance by the Company of £150,000,000 aggregate principal amount of the Company's 8 ½% Senior Notes due 2009, pursuant to which the Guarantors have agreed to guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations;

WHEREAS, each New Guarantor has become a Subsidiary and, pursuant to Section 4.15 of the Indenture, is obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to Section 8.01 of the Indenture, the Company, the New Guarantors and the Trustee may enter into this Supplement without the consent of any Holder;

WHEREAS, the execution and delivery of this Supplement have been duly authorized by Board Resolutions of the respective Boards of Directors of the Company and each New Guarantor; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and each New Guarantor, and enforceable against the Company and each New Guarantor in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

### ARTICLE ONE THE NEW GUARANTEE

Section 1.01. For value received, each New Guarantor hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if such New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by each New Guarantor shall constitute and shall be deemed to constitute a Guarantee under the Indenture and for all purposes of the Indenture, and each New Guarantor shall be considered a Guarantor for all purposes of the Indenture as if such New Guarantor was originally named therein as the Guarantor.

Section 1.02. The New Guarantee shall be released upon the occurrence of the events as provided in the Indenture.

Section 1.03. Each New Guarantor hereby waives, and will not in any manner whatsoever claim or take the benefit or advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by such New Guarantor under its Guarantee under the Indentures.

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### ARTICLE TWO MISCELLANEOUS

Section 2.01. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are

defined in the Indenture shall have the meanings assigned to them in the Indenture. Except as supplemented hereby, the Indenture (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 2.02 This Supplement shall be effective as of the close of business on July 8, 2004.

Section 2.03. The recitals contained herein shall be taken as the statements of the Company and each New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 2.04. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indenture and its construction.

Section 2.05. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

---

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and attested all as of the day and year first above written.

**CONSTELLATION BRANDS, INC**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Executive Vice President &  
Chief Financial Officer

Attest:

/s/ David S. Sorce  
Name: David S. Sorce  
Title Secretary

**BRL HARDY INVESTMENTS (USA) INC.**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President and Treasurer

Attest:

/s/ David S. Sorce  
Name: David S. Sorce  
Title Assistant Secretary

**BRL HARDY (USA) INC.**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President

Attest:

/s/ David S. Sorce

Name: David S. Sorce  
Title: Assistant Secretary

---

**PACIFIC WINE PARTNERS LLC**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President and Treasurer

Attest:

/s/ David S. Sorce

Name: David S. Sorce  
Title: Assistant Secretary

**NOBILO HOLDINGS**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Chief Financial Officer

Attest:

/s/ David S. Sorce

Name: David S. Sorce  
Title: Secretary

**BNY MIDWEST TRUST COMPANY**

By: /s/ D. G. Donovan  
Name: D. G. Donovan  
Title: Vice President

Attest:

/s/ L. Garcia

Name: L. Garcia  
Title: Assistant Vice President

## EXHIBIT 4.16

**SUPPLEMENTAL INDENTURE NO. 4** (this "Supplement"), dated as of September 13, 2004, is entered into by and among CONSTELLATION BRANDS, INC., a Delaware corporation (the "Company"), CONSTELLATION TRADING COMPANY, INC., a New York corporation (the "New Guarantor"), and BNY MIDWEST TRUST COMPANY (successor trustee to Harris Trust and Savings Bank), as trustee (the "Trustee").

### RECITALS OF THE COMPANY AND THE NEW GUARANTOR

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of November 17, 1999, as supplemented by Supplemental Indenture No. 1, dated as of August 21, 2001; Supplemental Indenture No. 2, dated as of March 27, 2003; and Supplemental Indenture No. 3, dated as of July 8, 2004 (collectively, the "Indenture"), providing for the issuance by the Company of £150,000,000 aggregate principal amount of the Company's 8 ½% Senior Notes due 2009, pursuant to which the Guarantors have agreed to guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations;

WHEREAS, the New Guarantor has become a Subsidiary and, pursuant to Section 4.15 of the Indenture, is obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to Section 8.01 of the Indenture, the Company, the New Guarantor and the Trustee may enter into this Supplement without the consent of any Holder;

WHEREAS, the execution and delivery of this Supplement have been duly authorized by Board Resolutions of the respective Boards of Directors of the Company and the New Guarantor; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and the New Guarantor, and enforceable against the Company and the New Guarantor in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

### ARTICLE ONE THE NEW GUARANTEE

Section 1.01. For value received, the New Guarantor hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if the New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by the New Guarantor shall constitute and shall be deemed to constitute a Guarantee under the Indenture and for all purposes of the Indenture, and the New Guarantor shall be considered a Guarantor for all purposes of the Indenture as if the New Guarantor was originally named therein as the Guarantor.

Section 1.02. The New Guarantee shall be released upon the occurrence of the events as provided in the Indenture.

Section 1.03. The New Guarantor hereby waives, and will not in any manner whatsoever claim or take the benefit or advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by the New Guarantor under its Guarantee under the Indenture.

### ARTICLE TWO MISCELLANEOUS

Section 2.01. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indenture shall have the meanings assigned to them in the Indenture. Except as supplemented hereby, the Indenture (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 2.02 This Supplement shall be effective as of the close of business on September 13, 2004.

Section 2.03. The recitals contained herein shall be taken as the statements of the Company and the New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.



Section 2.04. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indenture and its construction.

Section 2.05. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

---

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and attested all as of the day and year first above written.

CONSTELLATION BRANDS, INC.

By: /s/ Thomas D. Roberts

Name: Thomas D. Roberts  
Title: Senior Vice President and Treasurer

ATTEST:

/s/ H. Elaine Farry  
Name: H. Elaine Farry  
Title: Assistant Secretary

CONSTELLATION TRADING COMPANY, INC.

By: /s/ Thomas D. Roberts

Name: Thomas D. Roberts  
Title: Vice President and Assistant Treasurer

ATTEST:

/s/ H. Elaine Farry  
Name: H. Elaine Farry  
Title: Assistant Secretary

BNY MIDWEST TRUST COMPANY

By: /s/ D. G. Donovan

Name: D. G. Donovan  
Title: Vice President

ATTEST:

/s/ L. Garcia  
Name: L. Garcia  
Title: Assistant Vice President



## EXHIBIT 4.20

**SUPPLEMENTAL INDENTURE NO. 3** (this "Supplement"), dated as of July 8, 2004, is entered into by and among CONSTELLATION BRANDS, INC., a Delaware corporation (the "Company"), BRL HARDY INVESTMENTS (USA) INC., a Delaware corporation ("BRL Inv. US"), BRL HARDY (USA) INC., a Delaware corporation ("BRLUSA"), PACIFIC WINE PARTNERS LLC, a New York limited liability company ("PWP"), NOBILO HOLDINGS, a New Zealand unlimited liability company (together with BRL Inv. US, BRLUSA and PWP, collectively, the "New Guarantors"), and BNY MIDWEST TRUST COMPANY, as trustee (the "Trustee").

### RECITALS OF THE COMPANY AND EACH NEW GUARANTOR

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of February 21, 2001, as supplemented by Supplemental Indenture No. 1, dated as of August 21, 2001, and Supplemental Indenture No. 2, dated as of March 27, 2003 (collectively, the "Indenture"), providing for the issuance by the Company of \$200,000,000 aggregate principal amount of the Company's 8% Senior Notes due 2008, pursuant to which the Guarantors have agreed to guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations;

WHEREAS, each New Guarantor has become a Subsidiary and, pursuant to Section 4.15 of the Indenture, is obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to Section 8.01 of the Indenture, the Company, the New Guarantors and the Trustee may enter into this Supplement without the consent of any Holder;

WHEREAS, the execution and delivery of this Supplement have been duly authorized by Board Resolutions of the respective Boards of Directors of the Company and each New Guarantor; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and each New Guarantor, and enforceable against the Company and each New Guarantor in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

### ARTICLE ONE THE NEW GUARANTEE

Section 1.01. For value received, each New Guarantor hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if such New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by each New Guarantor shall constitute and shall be deemed to constitute a Guarantee under the Indenture and for all purposes of the Indenture, and each New Guarantor shall be considered a Guarantor for all purposes of the Indenture as if such New Guarantor was originally named therein as the Guarantor.

Section 1.02. The New Guarantee shall be released upon the occurrence of the events as provided in the Indenture.

Section 1.03. Each New Guarantor hereby waives, and will not in any manner whatsoever claim or take the benefit or advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by such New Guarantor under its Guarantee under the Indentures.

### ARTICLE TWO MISCELLANEOUS

Section 2.01. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indenture shall have the meanings assigned to them in the Indenture. Except as supplemented hereby, the Indenture (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 2.02. This Supplement shall be effective as of the close of business on July 8, 2004.

Section 2.03. The recitals contained herein shall be taken as the statements of the Company and each New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 2.04. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indenture and its construction.

Section 2.05. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

---

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and attested all as of the day and year first above written.

**CONSTELLATION BRANDS, INC**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Executive Vice President &  
Chief Financial Officer

Attest:

/s/ David S. Sorce  
Name: David S. Sorce  
Title: Secretary

**BRL HARDY INVESTMENTS (USA) INC.**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President and Treasurer

Attest:

/s/ David S. Sorce  
Name: David S. Sorce  
Title: Assistant Secretary

**BRL HARDY (USA) INC.**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President

Attest:

/s/ David S. Sorce  
Name: David S. Sorce  
Title: Assistant Secretary

---

**PACIFIC WINE PARTNERS LLC**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President and Treasurer

Attest:

/s/ David S. Sorce  
Name: David S. Sorce  
Title: Assistant Secretary

**NOBILO HOLDINGS**

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Chief Financial Officer

Attest:

/s/ David S. Sorce  
Name: David S. Sorce  
Title: Secretary

**BNY MIDWEST TRUST COMPANY**

By: /s/ D. G. Donovan  
Name: D. G. Donovan  
Title: Vice President

Attest:

/s/ L. Garcia  
Name: L. Garcia  
Title: Assistant Vice President

## EXHIBIT 4.21

**SUPPLEMENTAL INDENTURE NO. 4** (this "Supplement"), dated as of September 13, 2004, is entered into by and among CONSTELLATION BRANDS, INC., a Delaware corporation (the "Company"), CONSTELLATION TRADING COMPANY, INC., a New York corporation (the "New Guarantor"), and BNY MIDWEST TRUST COMPANY, as trustee (the "Trustee").

### RECITALS OF THE COMPANY AND THE NEW GUARANTOR

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of February 21, 2001, as supplemented by Supplemental Indenture No. 1, dated as of August 21, 2001; Supplemental Indenture No. 2, dated as of March 27, 2003; and Supplemental Indenture No. 3, dated as of July 8, 2004 (collectively, the "Indenture"), providing for the issuance by the Company of \$200,000,000 aggregate principal amount of the Company's 8% Senior Notes due 2008, pursuant to which the Guarantors have agreed to guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations;

WHEREAS, the New Guarantor has become a Subsidiary and, pursuant to Section 4.15 of the Indenture, is obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to Section 8.01 of the Indenture, the Company, the New Guarantor and the Trustee may enter into this Supplement without the consent of any Holder;

WHEREAS, the execution and delivery of this Supplement have been duly authorized by Board Resolutions of the respective Boards of Directors of the Company and the New Guarantor; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and the New Guarantor, and enforceable against the Company and the New Guarantor in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

### ARTICLE ONE THE NEW GUARANTEE

Section 1.01. For value received, the New Guarantor hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if the New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by the New Guarantor shall constitute and shall be deemed to constitute a Guarantee under the Indenture and for all purposes of the Indenture, and the New Guarantor shall be considered a Guarantor for all purposes of the Indenture as if the New Guarantor was originally named therein as the Guarantor.

Section 1.02. The New Guarantee shall be released upon the occurrence of the events as provided in the Indenture.

Section 1.03. The New Guarantor hereby waives, and will not in any manner whatsoever claim or take the benefit or advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by the New Guarantor under its Guarantee under the Indenture.

### ARTICLE TWO MISCELLANEOUS

Section 2.01. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indenture shall have the meanings assigned to them in the Indenture. Except as supplemented hereby, the Indenture (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 2.02. This Supplement shall be effective as of the close of business on September 13, 2004.

Section 2.03. The recitals contained herein shall be taken as the statements of the Company and the New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 2.04. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the



**EXHIBIT 4.26**

EXECUTION COPY

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

August 17, 2004

Between

CONSTELLATION BRANDS, INC.,

The SUBSIDIARY GUARANTORS Party Hereto,

The LENDERS Party Hereto

JPMORGAN CHASE BANK,  
as Administrative Agent

and

J.P. MORGAN EUROPE LIMITED,  
as London Agent

J.P. MORGAN SECURITIES INC.,  
as Sole and Exclusive Arranger and Bookrunner

U.S.\$1,245,000,000

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THIRD AMENDED AND RESTATED CREDIT AGREEMENT dated as of August 17, 2004 between CONSTELLATION BRANDS, INC. (the "Borrower"), the SUBSIDIARY GUARANTORS party hereto, certain REVOLVING LENDERS party to the Existing Credit Agreement referred to below, the LENDERS referred to below as "New Tranche A Term Loan Lenders" and "New Tranche B Term Loan Lenders", JPMORGAN CHASE BANK, as Administrative Agent and J.P. MORGAN EUROPE LIMITED, as London Agent.

WITNESSETH:

The Borrower, certain subsidiaries of the Borrower, certain lenders, JPMorgan Chase Bank, as administrative agent, and J.P.



Morgan Europe Limited, as London agent, are party to the Second Amended and Restated Credit Agreement dated as of October 31, 2003 (as amended and in effect immediately before giving effect to the amendment and restatement contemplated hereby, the "Existing Credit Agreement"). Capitalized terms used but not otherwise defined herein have the meanings given them in the Existing Credit Agreement.

The parties hereto wish to amend and restate the Existing Credit Agreement (as so amended and restated, the "Credit Agreement") to provide for a refinancing of (i) the Tranche A Term Loans outstanding immediately before giving effect to the amendment and restatement contemplated hereby with the proceeds of new loans to be made by the New Tranche A Term Loan Lenders under the Credit Agreement and (ii) the Tranche B Term Loans outstanding immediately before giving effect to the amendment and restatement contemplated hereby with the proceeds of new loans to be made by the New Tranche B Term Loan Lenders under the Credit Agreement.

Accordingly, the parties hereto hereby agree that the Existing Credit Agreement shall, with effect as of the Effective Date (as defined below), be amended and restated to read in its entirety as set forth in the Existing Credit Agreement, which is hereby incorporated herein by reference, with the amendments set forth in Section 1 below:

Section 1. Amendments. Subject to Section 3 hereof, the Existing Credit Agreement is hereby amended as follows:

A. General. Direct and indirect references in the Existing Credit Agreement to the Existing Credit Agreement shall be deemed to be references to the Credit Agreement (as defined above).

B. Applicable Rate. The first paragraph of the definition of "Applicable Rate" in the Existing Credit Agreement and the schedule set forth in said definition are deleted in their entirety and replaced with the following:

"means, for any day, with respect to any ABR Borrowing (including any Swingline ABR Borrowing), Eurocurrency Borrowing or Swingline FFBR Borrowing, or with respect to the commitment fees payable hereunder, as the case may be, (x) 0.50% in the case of any ABR Borrowing of Tranche B Term Loans, and 1.50% per annum in the case of any Eurocurrency Borrowing of Tranche B Term Loans, and (y) for each other Borrowing and commitment fees payable hereunder, the rate per annum set forth in the schedule below, as applicable, based upon the Debt Ratio as of the most recent determination date:

Debt Ratio:	U.S. Dollar Revolving, and Swingline Loan: ABR Rate and Swingline FFBR Rate	U.S. Dollar Revolving and Australian Dollar Revolving: Eurodollar Rate	Tranche A Term Loan: ABR Rate	Tranche A Term Loan: Eurodollar Rate	Commitment Fee Rate
Category 1 = 4.50x	1.50	2.50	0.50	1.50	0.50
Category 2 < 4.50x and = 4.00x	1.25	2.25	0.50	1.50	0.50
Category 3 < 4.00x and = 3.50x	1.00	2.00	0.50	1.50	0.50
Category 4 < 3.50x and = 3.00x	0.75	1.75	0.25	1.25	0.375
Category 5 < 3.00x and = 2.50x	0.50	1.50	0.25	1.25	0.375
Category 6 < 2.50x	0.50	1.50	0.00	1.00	0.375

C. Definitions. The definitions of "New Lender Addendum", "Second Amended and Restated Credit Agreement" and "Tranche B Refinancing Effective Date" in Section 1.01 of the Existing Credit Agreement are deleted in their entirety. In addition, Section 1.01 of the Existing Credit Agreement is amended by adding the following new defined terms (to the extent not already included in said Section 1.01) and inserting the same in their appropriate alphabetical locations and by amending the following definitions (to the extent already included in said Section 1.01) to read in their entirety as follows:

"Continuing Tranche A Term Loan Lender" means a New Tranche A Term Loan Lender that was also an Existing Tranche A Term Loan Lender.

"Continuing Tranche B Term Loan Lender" means a New Tranche B Term Loan Lender that was also an Existing Tranche B Term Loan Lender.

"Existing Tranche A Term Loan" means a Loan made pursuant to Section 2.01(c) of the Existing Credit Agreement.

"Existing Tranche A Term Loan Lender" means a Person holding an outstanding Existing Tranche A Term Loan on the 2004 Refinancing Effective Date.

"Existing Tranche B Term Loan" means a Loan made pursuant to the last sentence of Section 2.01(d) of the Existing Credit Agreement.

"Existing Tranche B Term Loan Lender" means a Person holding an outstanding Existing Tranche B Term Loan on the 2004 Refinancing Effective Date.

"New Tranche A Term Loan" means a Loan made pursuant to the last sentence of Section 2.01(c), which may be an ABR Loan and/or a Eurocurrency Loan.

"New Tranche A Term Loan Lender" means a Person identified as a New Tranche A Term Loan Lender on the signature pages of the Third Amended and Restated Credit Agreement (each of whom shall be deemed a Tranche A Term Loan Lender upon and after the making of the New Tranche A Term Loans).

"New Tranche B Term Loan" means a Loan made pursuant to the last sentence of Section 2.01(d), which may be an ABR Loan and/or a Eurocurrency Loan.

"New Tranche B Term Loan Lender" means a Person identified as a New Tranche B Term Loan Lender on the signature pages of the Third Amended and Restated Credit Agreement (each of whom shall be deemed a Tranche B Term Loan Lender upon and after the making of the New Tranche B Term Loans).

"Third Amended and Restated Credit Agreement" means the Third Amended and Restated Credit Agreement dated as of August 17, 2004 amending and restating this Agreement.

"Tranche A Term Loan Refinancing Commitment" means, for each New Tranche A Term Loan Lender, the amount set forth opposite the name of such New Tranche A Term Loan Lender on the signature pages of the Third Amended and Restated Credit Agreement under the caption "Tranche A Term Loan Refinancing Commitment".

"Tranche B Term Loan Refinancing Commitment" means, for each New Tranche B Term Loan Lender, the amount set forth opposite the name of such New Tranche B Term Loan Lender on the signature pages of the Third Amended and Restated Credit Agreement under the caption "Tranche B Term Loan Refinancing Commitment".

"2004 Refinancing Effective Date" means the "Effective Date" as defined in the Third Amended and Restated Credit Agreement.

D. New Tranche A Term Loans. Section 2.01(c) of the Existing Credit Agreement shall be amended by adding at the end thereof:

"In addition, on the 2004 Refinancing Effective Date:

(i) subject to the conditions set forth in paragraph (v) below in this Section 2.01(c), each New Tranche A Term Loan Lender shall make a loan to the Borrower in U.S. Dollars in a principal amount equal to its Tranche A Term Loan Refinancing Commitment;

(ii) (x) the proceeds of the New Tranche A Term Loans and the amount received by the Administrative Agent pursuant to clause (y)(1) below shall be directly applied by the Administrative Agent to the prepayment in full of the principal amount of the Existing Tranche A Term Loans then outstanding and (y) the Borrower shall pay to the Administrative Agent for the account of the Existing Tranche A Term Loan Lenders (1) the excess, if any, of the principal amount of the Existing Tranche A Term Loans then outstanding

over the proceeds of the New Tranche A Term Loans to be applied by the Administrative Agent as provided in the immediately preceding clause (x) such that the principal amount of the Existing Tranche A Term Loans then outstanding shall be prepaid in full plus (2) all accrued and unpaid interest on the Existing Tranche A Term Loans, all amounts (if any) required by Section 2.15 to be paid to the Existing Tranche A Term Loan Lenders as a result of such prepayment and all other amounts owing by it to the Existing Tranche A Term Loan Lenders under the Loan Documents;

(iii) each Continuing Tranche A Term Loan Lender that shall maintain or increase its lending commitment may, by notice to the Administrative Agent, with respect to an amount equal to the aggregate principal amount of its Existing Tranche A Term Loans then outstanding, make its New Tranche A Term Loans under paragraph (i) above and receive prepayment under clause (x) of paragraph (ii) above by continuing its Existing Tranche A Term Loans rather than by disbursing and receiving new funds, and such Continuing Tranche A Term Loan Lender shall only be required to disburse new funds under said paragraph (i) in an amount equal to the excess of its Tranche A Term Loan Refinancing Commitment over the aggregate outstanding principal amount of its Existing Tranche A Term Loan;

(iv) subject to the satisfaction of the requirements set forth in paragraphs (i) and (ii) above, and for all purposes of the Loan Documents, (x) the New Tranche A Term Loans shall be treated as and deemed to be Tranche A Term Loans, (y) the New Tranche A Term Loan Lenders shall be treated as and deemed to be Tranche A Term Loan Lenders and (z) the Existing Tranche A Term Loan Lenders that are not Continuing New Tranche A Term Loan Lenders shall cease to be Tranche A Term Loan Lenders;

(v) the obligation of each New Tranche A Term Loan Lender to make a New Tranche A Term Loan is subject to the satisfaction of the following conditions:

(a) the representations and warranties of the Borrower set forth in this Agreement, and of each Obligor in each of the other Loan Documents to which it is a party (but as to such other Loan Documents, in all material respects), shall be true and correct on and as of the 2004 Refinancing Effective Date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

(b) at the time of and immediately after giving effect to such New Tranche A Term Loan, no Default shall have occurred and be continuing; and

(c) the Borrower shall have remitted to the Administrative Agent sufficient funds for the satisfaction of its obligations under clause (y) of paragraph (ii) above; and

(vi) the Borrower shall be deemed to have made a representation and warranty as to the matters specified in the preceding clause (v)."

E. New Tranche B Term Loans. The last sentence of Section 2.01(d) of the Existing Credit Agreement is amended in its entirety to read as follows:

"In addition, on the 2004 Refinancing Effective Date:

(i) subject to the conditions set forth in paragraph (v) below in this Section 2.01(d), each New Tranche B Term Loan Lender shall make a loan to the Borrower in U.S. Dollars in a principal amount equal to its Tranche B Term Loan Refinancing Commitment;

(ii) (x) the proceeds of the New Tranche B Term Loans and the amount received by the Administrative Agent pursuant to clause (y)(1) below shall be directly applied by the Administrative Agent to the prepayment in full of the principal amount of the Existing Tranche B Term Loans then outstanding and (y) the Borrower shall pay to the Administrative Agent for the account of the Existing Tranche B Term Loan Lenders (1) the excess, if any, of the principal amount of the Existing Tranche B Term Loans then outstanding over the proceeds of the New Tranche B Term Loans to be applied by the Administrative Agent as provided in the immediately preceding clause (x) such that the principal amount of the Existing Tranche B Term Loans then outstanding shall be prepaid in full plus (2) all accrued and unpaid interest on the Existing Tranche B Term Loans, all amounts (if any) required by Section 2.15 to be paid to the Existing Tranche B Term Loan Lenders as a result of such prepayment and all other amounts owing by it to the Existing Tranche B Term Loan Lenders under the Loan Documents;

(iii) each Continuing Tranche B Term Loan Lender that shall maintain or increase its lending commitment may, by notice to the Administrative Agent, with respect to an amount equal to the aggregate principal amount of its Existing Tranche B Term Loans then outstanding, make its New Tranche B Term Loans under paragraph (i) above and receive prepayment under clause (x) of paragraph (ii) above by continuing its Existing Tranche B Term Loans rather than by disbursing and receiving new funds, and such Continuing Tranche B Term Loan Lender shall only be required to disburse new funds under said paragraph (i) in an amount equal to the excess of its Tranche B Term Loan Refinancing Commitment over the aggregate outstanding principal amount of its Existing Tranche B Term Loan;

(iv) subject to the satisfaction of the requirements set forth in paragraphs (i) and (ii) above, and for all purposes of the Loan

Documents, (x) the New Tranche B Term Loans shall be treated as and deemed to be Tranche B Term Loans, (y) the New Tranche B Term Loan Lenders shall be treated as and deemed to be Tranche B Term Loan Lenders and (z) the Existing Tranche B Term Loan Lenders that are not Continuing Tranche B Term Loan Lenders shall cease to be Tranche B Term Loan Lenders;

(v) the obligation of each New Tranche B Term Loan Lender to make a New Tranche B Term Loan is subject to the satisfaction of the following conditions:

(a) the representations and warranties of the Borrower set forth in this Agreement, and of each Obligor in each of the other Loan Documents to which it is a party (but as to such other Loan Documents, in all material respects), shall be true and correct on and as of the 2004 Refinancing Effective Date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

(b) at the time of and immediately after giving effect to such New Tranche B Term Loan, no Default shall have occurred and be continuing; and

(c) the Borrower shall have remitted to the Administrative Agent sufficient funds for the satisfaction of its obligations under clause (y) of paragraph (ii) above; and

(vi) the Borrower shall be deemed to have made a representation and warranty as to the matters specified in the preceding clause (v)."

F. Amortization of New Tranche B Term Loans. Section 2.09(a)(iv) shall be amended in its entirety to read as follows:

"(iv) to the Administrative Agent for account of the Tranche B Term Loan Lenders the outstanding principal amount of the Tranche B Term Loans on each Principal Payment Date set forth below in the aggregate principal amount set forth opposite such Principal Payment Date (subject to adjustment pursuant to the first sentence of paragraph (b) of this Section):

<u>Principal Payment Date</u>	<u>Amount (U.S.\$)</u>
May 31, 2005	1,250,000
August 31, 2005	1,250,000
November 30, 2005	1,250,000
February 28, 2006	1,250,000
May 31, 2006	1,250,000
August 31, 2006	1,250,000
November 30, 2006	1,250,000
February 28, 2007	1,250,000
May 31, 2007	1,250,000
August 31, 2007	1,250,000
November 30, 2007	1,250,000
February 29, 2008	121,562,500
May 31, 2008	121,562,500
August 31, 2008	121,562,500
November 30, 2008	121,562,500

G. Commitment Fees. Section 2.11(a) shall be amended by inserting the following sentence immediately after the second sentence thereof:

"For the avoidance of doubt (and notwithstanding any other provision of this Agreement), for all purposes of this Section 2.11(a), outstanding Swingline Loans shall not constitute a usage of the Revolving Loan Commitments."

Section 2. Representations and Warranties. The Borrower represents and warrants to the Lenders and the Administrative Agent that (i) the representations and warranties set forth in the Credit Agreement, and of each Obligor in each of the other Loan Documents to which it is party (but as to such other Loan Documents, in all material respects), are true and correct on and as of the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty shall be true and correct as of such specific date) and as if each reference to the "Credit Agreement", or similar words of import, included reference to this Third Amended and Restated Credit Agreement and (ii) at the time of and immediately after giving effect to this Third Amended and Restated Credit Agreement, no Default has occurred and is continuing.

Section 3. Conditions Precedent. The amendments to the Existing Credit Agreement contemplated by Section 1 hereof shall become effective on the date (the "Effective Date") on which each of the following conditions has been satisfied:

(a) Documents. The Administrative Agent shall have received each of the following documents, each of which shall be satisfactory to the Administrative Agent in form and substance:

(i) Executed Counterparts. From the Obligors, Revolving Lenders that constitute the Required Lenders as of the Effective Date and the New Tranche A Term Loan Lenders and the New Tranche B Term Loan Lenders under the Credit Agreement either (i) counterparts of this Third Amended and Restated Credit Agreement signed on their behalf or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page to this Third Amended and Restated Credit Agreement) that they have signed counterparts of this Third Amended and Restated Credit Agreement or have otherwise agreed to the terms and conditions hereof and to be bound hereby, together with evidence that under the Credit Agreement the aggregate amount of the Tranche A Term Loan Refinancing Commitments is \$345,000,000 and the Aggregate amount of the Tranche B Term Loan Refinancing Commitments is \$500,000,000.

(ii) Opinion of Counsel to the Obligors. A favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Nixon Peabody LLP, U.S. counsel for the Obligors (and each such Obligor hereby instructs such counsel to deliver such opinion to the Lenders and the Administrative Agent).

(iii) Corporate Documents. Such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the borrowings in respect of the Term Loans and any other legal matters relating to the Obligors.

(iv) Notices. A duly completed notice of prepayment for the Term Loans pursuant to Section 2.10(e) of the Existing Credit Agreement and a duly completed Borrowing Request for the New Tranche A Term Loans and the New Tranche B Term Loans (which Borrowing Request the parties hereto hereby agree shall be deemed to be a notice contemplated by Section 2.15(c) of the Existing Credit Agreement as if the New Tranche A Term Loans and the New Tranche B Term Loans were Loans, and the New Tranche A Term Loan Lenders and the New Tranche B Term Loan Lenders were Lenders, for purposes thereof whether or not the Effective Date occurs), specifying the Effective Date as the requested date of such prepayment and borrowing and dated at least three Business Days prior to the Effective Date.

(v) U.S. Pledge Agreement. From the Obligors party to the U.S. Pledge Agreement, an amendment to the U.S. Pledge Agreement in form and substance reasonably acceptable to the Administrative Agent pursuant to which the therein referenced terms "Swap Indebtedness" and "Secured Obligations" shall be amended to include obligations of any Subsidiary Guarantor in respect of Hedging Agreements entered into by such Subsidiary Guarantor with any Lender or an affiliate of any Lender (and each Lender party hereto hereby consents to such amendment pursuant to Section 10.02(c) of the Credit Agreement).

(vi) Other Documents. Such other documents as the Administrative Agent or any Lender or special New York counsel to JPMorgan Chase may reasonably request.

(b) Payment of Fees and Expenses. The payment by the Borrower to the Administrative Agent for the account of J.P. Morgan Securities Inc. of such fees and expenses (including the reasonable fees and expenses of counsel to the extent that statements for such fees and expenses have been delivered to the Borrower) as have been agreed to be paid in connection with this Third Amended and Restated Credit Agreement.

Section 4. Ratification. The Obligors hereby confirm their obligations and the Liens granted by them under the respective Loan Documents to which they are parties and hereby represent, warrant and confirm that, with effect as of the Effective Date, all references in such Loan Documents to the Existing Credit Agreement fully and effectively mean the Credit Agreement without impairing any such obligations or Liens in any respect.

Section 5. Miscellaneous. Except as herein provided, the Existing Credit Agreement shall remain unchanged and in full force and effect. This Third Amended and Restated Credit Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Third Amended and Restated Credit Agreement by signing any such counterpart and sending the same by telecopier, mail messenger or courier to the Administrative Agent or counsel to the Administrative Agent. This Third Amended and Restated Credit Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

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IN WITNESS WHEREOF, the parties hereto have caused this Third Amended and Restated Credit Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

By /s/ Thomas S. Summer

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Name: Thomas S. Summer  
Title: Executive Vice President and  
Chief Financial Officer

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SUBSIDIARY GUARANTORS

ALLBERRY, INC.  
BRL HARDY (USA) INC.  
BRL HARDY INVESTMENTS (USA) INC.  
CLOUD PEAK CORPORATION  
FRANCISCAN VINEYARDS, INC.  
MT. VEEDER CORPORATION  
PACIFIC WINE PARTNERS LLC

By /s/ Thomas D. Roberts

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Name: Thomas D. Roberts  
Title: Vice President and Assistant Treasurer

CANANDAIGUA WINE COMPANY, INC.  
CONSTELLATION INTERNATIONAL  
HOLDINGS LIMITED  
ROBERTS TRADING CORP.

By /s/ Thomas D. Roberts

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Name: Thomas D. Roberts  
Title: Assistant Treasurer

BARTON INCORPORATED  
BARTON BRANDS, LTD.  
BARTON BEERS, LTD.  
BARTON BEERS OF WISCONSIN, LTD.  
BARTON BRANDS OF CALIFORNIA, INC.  
BARTON BRANDS OF GEORGIA, INC.  
BARTON CANADA, LTD.  
BARTON DISTILLERS IMPORT CORP.  
MONARCH IMPORT COMPANY  
BARTON FINANCIAL CORPORATION

By /s/ Thomas D. Roberts

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Name: Thomas D. Roberts  
Title: Vice President

NOBILO HOLDINGS

By /s/ Thomas D. Roberts

---

Name: Thomas D. Roberts  
Title: Vice President and Treasurer

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CANANDAIGUA LIMITED

By /s/ Thomas S. Summer

Name: Thomas S. Summer

Title: Finance Director

CBI AUSTRALIA HOLDINGS PTY LIMITED  
CONSTELLATION AUSTRALIA PTY LIMITED

By /s/ Thomas S. Summer

Name: Thomas S. Summer

Title: Chief Financial Officer

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JPMORGAN CHASE BANK, individually and as Issuing  
Lender  
and Administrative Agent

By /s/ John C. Riordan

Name: John C. Riordan

Title: Vice President

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J.P. MORGAN EUROPE LIMITED,  
as London Agent

By /s/ John C. Riordan

Name: John C. Riordan

Title: Vice President

---

CoBank, ABC, as Revolving Lender

By /s/ Sushim R. Shah

Name: Sushim R. Shah

Title: Vice President

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[to be completed by each Revolving Lender]

COOPERATIEVE CENTRALE  
RAIFFEINSEN-BOERENLEENBANK  
B.A., "Rabobank International,"  
New York Branch,  
as Revolving Lender

By /s/ Betty Mills

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Name: Betty Mills  
Title: Executive Director

By /s/Rebecca Morrow

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Name: Rebecca Morrow  
Title: Executive Director

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Wells Fargo Bank, N.A., as Revolving Lender

By /s/ Michelle Saenz

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Name: Michelle Saenz  
Title: Vice President

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[to be completed by each Revolving Lender]

The Bank of Nova Scotia, as Revolving Lender

By /s/ Todd S. Meller

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Name: Todd S. Meller  
Title: Managing Director

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SunTrust Bank, as Revolving Lender

By /s/ Mike Lapresi

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Name: Mike Lapresi  
Title: Managing Director



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Commonwealth Bank of Australia, Grand Cayman Branch,  
as Revolving Lender

By /s/ Roger Knott

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Name: Roger Knott  
Title: Head of Risk Management, Americas

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FLEET NATIONAL BANK, a Bank of America  
Company, as Swingline Lender and Revolving  
Lender

By /s/ Colleen O'Brien

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Name: Colleen O'Brien  
Title: Vice President

Revolving Loan Commitment: \$26,000,000.00\*

\* Reflects the combined commitments of Fleet National Bank and Bank of America, N.A.

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HARRIS TRUST AND SAVINGS BANK,  
as Revolving Lender

By /s/ William A. Bishop

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Name: William A. Bishop  
Title: Managing Director

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*[to be completed by each Revolving Lender]*

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BARCLAYS BANK PLC, as Revolving Lender

By /s/ Nicholas Bell

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Name: Nicholas Bell  
Title: Director

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HSBC Bank USA, National Association, as  
Revolving Lender

By /s/ Richard L. Ford

Name: Richard L. Ford  
Title: Vice President

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*[to be completed by each Revolving Lender]*

M&T Bank, as Revolving Lender

By /s/ Philip M. Smith

Name: Philip M. Smith  
Title: Regional Senior Vice President

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Farm Credit Services of Mid-America, PCA,  
as Revolving Lender

By /s/ Gregory A. Beachy

Name: Gregory A. Beachy  
Title: Vice President-Risk Management

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*[to be completed by each Revolving Lender]*

United Overseas Bank Limited, New York  
Agency as Revolving Lender

By /s/ Kwong Yew Wong

Name: Kwong Yew Wong  
Title: Agent & General Manager

By /s/ Philip Cheong

Name: Philip Cheong  
Title: VP& Deputy General Manager

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Citicorp North America, Inc., as Revolving Lender

By /s/ Robert Kane

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Name: Robert Kane  
Title: Vice President

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AMERICA AGCREDIT, PCA

By /s/ James Cooper

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Name: James Cooper  
Title: Vice President

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UBS AG, Cayman Islands Branch, as  
Revolving Lender

By /s/ Wilfred V. Saint

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Name: Wilfred V. Saint  
Title: Director Banking Products  
Services, US

By /s/ Salloz Sikka

---

Name: Salloz Sikka  
Title: Associate Director Banking  
Products Services, US

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*[to be completed by each Revolving Lender]*

Credit Industriel et Commercial as  
Revolving Lender

By /s/ Anthony Rock /s/ Brian  
O'Leary

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Name:	Anthony Rock	Brian O'Leary
Title:	Vice President	Vice President

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KEYBANK NATIONAL ASSOCIATION, as Revolving  
Lender

By /s/ David J. Wechter

Name: David J. Wechter

Title: Vice President

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U.S. BANK NATIONAL ASSOCIATION,  
as Revolving Lender

By /s/ John W. Ball

Name: John W. Ball

Title: Vice President

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Merrill Lynch Business Financial Services Inc.,  
as Revolving Lender

By /s/ Timothy G. Beh

Name: Timothy G. Beh

Title: Vice President

---

THE BANK OF NEW YORK, as Revolving Lender

By /s/ David S. Csatari

Name: David S. Csatari

Title: Vice President

---

JPMORGAN CHASE BANK, as New Tranche A  
Term Loan Lender

By /s/ John C. Riordan

Name: John C. Riordan

Title: Vice President

New Tranche A Term Loan Refinancing  
Commitment \$26,521,875

---

CoBank, ACB, as New Tranche A Term Loan  
Lender

By /s/ Sushim R. Shah

Name: Sushim R. Shah

Title: Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$59,501,101.00

---

*[to be completed by each New Tranche A Term Loan Lender]*

COOPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK  
B.A., "Rabobank International,"  
New York Branch, as New Tranche A  
Term Loan Lender

By /s/ Betty Mills

Name: Betty Mills

Title: Executive Director

By /s/ Rebecca Morrow

Name: Rebecca Morrow

Title: Executive Director

New Tranche A Term Loan  
Refinancing Commitment: \$28,893,750

---

Wells Fargo Bank, N.A., as New Tranche A  
Term Loan Lender

By /s/ Michelle Saenz

Name: Michelle Saenz

Title: Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$17,250,000.00

---

*[to be completed by each New Tranche A Term Loan Lender]*

The Bank of Nova Scotia, as New Tranche A  
Term Loan Lender

By /s/ Todd S. Meller

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Name: Todd S. Meller  
Title: Managing Director

New Tranche A Term Loan Refinancing Commitment:  
\$17,250,000

---

SunTrust Bank, as New Tranche A  
Term Loan Lender

By /s/ Mike Lapresi

---

Name: Mike LaPresi  
Title: Managing Director

New Tranche A Term Loan Refinancing  
Commitment \$17,250,000

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Commonwealth Bank of Australia, Grand  
Cayman Branch, as New Tranche A Term  
Loan Lender

By /s/ Roger Knott

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Name: Roger Knott  
Title: Head of Risk Management, Americas

New Tranche A Term Loan Refinancing  
Commitment: USD15,525,000.00

---

FLEET NATIONAL BANK, a Bank of America  
Company, as New Tranche A Term Loan Lender

By /s/ Colleen O'Brien

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Name: Colleen O'Brien  
Title: Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$22,425,000.00

---

HARRIS TRUST AND SAVINGS BANK,  
as New Tranche A Term Loan Lender

By /s/ William A. Bishop

Name: William A. Bishop

Title: Managing Director

New Tranche A Term Loan Refinancing  
Commitment: \$11,212,500

---

*[to be completed by each New Tranche A Term Loan Lender]*

BARCLAYS BANK PLC, as New Tranche A  
Term Loan Lender

By /s/ Nicholas Bell

Name: Nicholas Bell

Title: Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$11,212,500

---

HSBC BANK USA, National Association,  
as New Tranche A Term Loan Lender

By /s/ JohnM. Carroll

Name: John M. Carroll

Title: Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$11,212,500.00

---

*[to be completed by each New Tranche A Term Loan Lender]*

M&T Bank, as new Tranche A  
Term Loan Lender

By /s/ Philip M. Smith

Name: Philip M. Smith

Title: Regional Senior Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$10,781,250.00

---

Farm Credit Services of Mid-America, PCA,  
as New Tranche A Term Loan Lender

By /s/ Gregory A. Beachy

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Name: Gregory A. Beachy  
Title: Vice President-Risk Management

New Tranche A Term Loan Refinancing  
Commitment: \$10,350,000.00

---

*[to be completed by each New Tranche A Term Loan Lender]*

United Overseas Bank Limited, New York Agency  
as New Tranche A Term Loan Lender

By /s/ Kwong Yew Wong

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Name: Kwong Yew Wong  
Title: Agent & General Manager

By /s/ Philip Cheong

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Name: Philip Cheong  
Title: for its VP & Deputy General Manager

New Tranche A Term Loan Refinancing  
Commitment: US\$9,487,500.00

---

Citicorp North America, inc., as New Tranche A  
Term Loan Lender

By /s/ Robert Kane

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Name: Robert Kane  
Title: Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$2,371,875

---



American AgCredit, PCA, as New  
Tranche A Term Loan Lender

By /s/ James Cooper

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Name: James Cooper  
Title: Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$7,773,898.68

---

UBS AG, Cayman Islands Branch, as  
New Tranche A Term Loan Lender

By /s/ Wilfred V. Saint

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Name: Wilfred V. Saint  
Title: Director Banking Products  
Services, US

By /s/ Salloz Sikka

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Name: Salloz Sikka  
Title: Associate Director Banking Products  
Services, US

New Tranche A Term Loan Refinancing  
Commitment: \$7,762,500

---

*[to be completed by each New Tranche A Term Loan Lender]*

Credit Industriel et Commercial as New  
Tranche A Term Loan Lender

By /s/ Anthony Rock /s/ Brian O'Leary

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Name: Anthony Rock Brian O'Leary  
Title: Vice President Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$7,546,875

---

KEYBANK NATIONAL ASSOCIATION,  
as New Tranche A Term Loan Lender

By /s/ Michael J. Vegh

Name: Michael J. Vegh  
Title: Assistant Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$7,546,875

---

U.S. BANK NATIONAL ASSOCIATION,  
as New Tranche A Term Loan Lender

By /s/ John W. Ball

Name: John W. Ball  
Title: Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$7,546,875

---

COMMERZBANK AG, NEW YORK AND  
GRAND CAYMAN BRANCHES, as  
New Tranche A Term Loan Lender

By /s/ Douglas I. Glickman

Name: Douglas I. Glickman  
Title: Vice President

By /s/ Charles W. Polet

Name: Charles W. Polet  
Title: Assistant Treasurer

New Tranche A Term Loan Refinancing  
Commitment: \$14,878,125.00

---

THE BANK OF NEW YORK, as New  
Tranche A Term Loan Lender

By /s/ David S. Csatari

Name: David S. Csatari  
Title: Vice President

New Tranche A Term Loan Refinancing  
Commitment: \$6,468,750

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[to be completed by each New Tranche A Term Loan Lender]

The Norinchukin Bank, New York Branch,  
as New Tranche A Term Loan Lender

By /s/ Toshifumi Tsukitani

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Name: Toshifumi Tsukitani  
Title: General Manager

New Tranche A Term Loan Refinancing  
Commitment: \$6,468,750

---

[to be completed by each New Tranche A Term Loan Lender]

ERSTE BANK NEW YORK, as  
New Tranche A Term Loan Lender

By /s/ Paul Judicke

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Name: Paul Judicke  
Title: Director  
Erste Bank New York Branch

New Tranche A Term Loan Refinancing  
Commitment: \$7,762,500.00

By /s/ John Fay

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John Fay  
Vice President  
Erste Bank New York Branch

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JPMORGAN CHASE BANK, as New Tranche B  
Term Loan Lender

By /s/ John C. Riordan

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Name: John C. Riordan  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$236,775,667.85

---

WINGED FOOT FUNDING TRUST, as New  
Tranche B Term Loan Lender

By /s/ Diana M. Himes

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Name: Diana M. Himes  
Title: Authorized Agent

New Tranche B Term Loan Refinancing  
Commitment: 3,750,000.00

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JUPITER LOAN FUNDING LLC, as New  
Tranche B Term Loan Lender

By /s/ Diana M. Himes

---

Name: Diana M. Himes  
Title: Assistant Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$1,875,000.00

---

PINEHURST TRADING, INC., as New  
Tranche B Term Loan Lender

By /s/ Diana M. Himes

---

Name: Diana M. Himes  
Title: Assistant Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$4,375,000.00

---

[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
Pacifica CDOII, Ltd., by Alcentra

By /s/ Anna Popovici

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Name: Anna Popovici  
Title: Associate

New Tranche B Term Loan Refinancing  
Commitment: \$2,500,000

---

American AgCredit, PCA, as New  
Tranche B Term Loan Lender

By /s/ James Cooper

---

Name: James Cooper  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$1,250,000.00

---

*[to be completed by each New Tranche B Term Loan Lender]*

American Express Certificate Company  
By: American Express Asset Management  
Group as Collateral Manager, as  
New Tranche B Term Loan Lender

By /s/ Yvonne E. Stevens

---

Name: Yvonne E. Stevens  
Title: Senior Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 625,000

---

*[to be completed by each New Tranche B Term Loan Lender]*

Centurion CDO II, Ltd.  
By: American Express Asset Management  
Group, Inc. as Collateral Manager, as  
New Tranche B Term Loan Lender

By /s/ Leanne Stavrakis

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Name: Leanne Stavrakis  
Title: Director - Operations

New Tranche B Term Loan Refinancing  
Commitment: 937,500

---

*[to be completed by each New Tranche B Term Loan Lender]*

Centurion CDO VI, Ltd.  
By: American Express Asset Management  
Group, as Collateral Manager, as  
New Tranche B Term Loan Lender

By /s/ Leanne Stavrakis

---

Name: Leanne Stavrakis  
Title: Director - Operations

New Tranche B Term Loan Refinancing  
Commitment: 937,500

---

*[to be completed by each New Tranche B Term Loan Lender]*

IDS Life Insurance Company  
By: American Express Asset Management  
Group, Inc., as Collateral Manager, as  
New Tranche B Term Loan Lender

By /s/ Yvonne E. Stevens

---

Name: Yvonne E. Stevens  
Title: Senior Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 625,000

---

*(to be completed by each New Tranche B Term Loan Lender)*

KZH CYPRESSTREE-1 LLC

By /s/ Dorian Herrera

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Name: Dorian Herrera  
Title: Authorized Agent

New Tranche B Term Loan Refinancing  
Commitment: \$3,750,000.00

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*(to be completed by each New Tranche B Term Loan Lender)*

KZH Sterling LLC

By /s/ Dorian Herrera

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Name: Dorian Herrera  
Title: Authorized Agent

New Tranche B Term Loan Refinancing  
Commitment: \$2,187,500.00

---

*(to be completed by each New Tranche B Term Loan Lender)*

Sequils-Centurion V, Ltd.  
By: American Express Asset Management  
Group, Inc., as Collateral Manager,  
as New Tranche B Term Loan Lender

By /s/ Leanne Stavrakis

---

Name: Leanne Stavrakis  
Title: Director - Operations

New Tranche B Term Loan Refinancing  
Commitment: 937,500

---

*[to be completed by each New Tranche B Term Loan Lender]*

Centurion CDO VII, Ltd.  
By: American Express Asset Management  
Group, Inc. as Collateral Manager, as  
New Tranche B Term Loan Lender

By /s/ Leanne Stavrakis

---

Name: Leanne Stavrakis  
Title: Director - Operations

New Tranche B Term Loan Refinancing  
Commitment: 4,750,000

---

*[to be completed by each New Tranche B Term Loan Lender]*

Centurion CDO III, Ltd.  
By: American Express Asset Management  
Group, Inc. as Collateral Manager, as  
New Tranche B Term Loan Lender

By /s/ Leanne Stavrakis

---

Name: Leanne Stavrakis  
Title: Director - Operations

New Tranche B Term Loan Refinancing  
Commitment: 1,250,000

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*[to be completed by each New Tranche B Term Loan Lender]*

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
APEX (IDM) CDO I, LTD.  
By: Babson Capital Management LLC as  
Collateral Manager

By /s/ David P. Wells, CFA

---

Name: David P. Wells, CFA  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 2,731,328.65

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*[to be completed by each New Tranche B Term Loan Lender]*

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
BABSON CLO LTD. 2003-I  
By: Babson Capital Management LLC  
as Collateral Manager

By /s/ David P. Wells

---

Name: David P. Wells, CFA  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 1,666,666.07

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*[to be completed by each New Tranche B Term Loan Lender]*

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
ELC (CAYMAN) LTD.  
By: Babson Capital Management LLC  
as Collateral Manager

By /s/ David P. Wells

---

Name: David P. Wells, CFA  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 1,250,000.00



---

[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
SUFFIELD CLO, LIMITED  
By: Babson Capital Management LLC  
as Collateral Manager

By /s/ David P. Wells

---

Name: David P. Wells, CFA  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 2,500,000.00

---

[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
TRYON CLO, LTD. 2000-I  
By: Babson Capital Management LLC  
as Collateral Manager

By /s/ David P. Wells

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Name: David P. Wells, CFA  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 1,458,333.33

---

[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
ELC (CAYMAN) LTD. CDO SERIES 1999-I  
By: Babson Capital Management LLC as  
Collateral Manager

By /s/ David P. Wells

---

Name: David P. Wells, CFA  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 3,458,333.33

---

[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
ELC (CAYMAN) LTD. 1999-III  
By: Babson Capital Management LLC  
as Collateral Manager

By /s/ David P. Wells

---

Name: David P. Wells, CFA  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 1,458,333.33

---

[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
ELC (CAYMAN) LTD. 2000-I  
By: Babson Capital Management LLC\  
as Collateral Manager

By /s/ David P. Wells

---

Name: David P. Wells, CFA  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 1,458,333.33

---

[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
BILL & MELINDA GATES FOUNDATION  
By: Babson Capital Management LLC  
as Investment Adviser

By /s/ MaryAnn Spencer

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Name: MaryAnn Spencer  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 833,333.33

---

[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
MAPLEWOOD (CAYMAN) LIMITED  
By: Babson Capital Management LLC  
under delegated authority from Massachusetts Mutual  
Life Insurance Company as Investment Manager

By /s/ MaryAnn Spencer

---

Name: MaryAnn Spencer  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 4,285,714.29

---

[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
MASSACHUSETTS MUTUAL LIFE  
INSURANCE COMPANY  
By: Babson Capital Management LLC  
as Investment Advisor

By /s/ MaryAnn Spencer

---

Name: MaryAnn Spencer  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: \$2,930,873.73

---

[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
SIMSBURY CLO, LIMITED  
By: Babson Capital Management LLC  
under delegated authority from Massachusetts  
Mutual Life Insurance Company as Collateral Manager

By /s/ MaryAnn Spencer

---

Name: MaryAnn Spencer  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: 1,250,000.00

---

HARBOUR TOWN FUNDING LLC,  
as New Tranche B Term Loan Lender

By /s/ Diana M. Himes

Name: Diana M. Himes  
Title: Assistant Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$1,250,000.00

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Third Amended and Restated Credit Agreement

Bangkok Bank PCL,  
as New Tranche B Term Loan Lender

By /s/ Piyaratana Condron

Name: Piyaratana Condron  
Title: Vice President and Manager

New Tranche B Term Loan Refinancing  
Commitment: \$3,125,000.00

---

[to be completed by each New Tranche B Term Loan Lender]

*Bank of Montreal*, as New Tranche B  
Term Loan Lender

By /s/ Peter Konigsmann

Name: Peter Konigsmann  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$5,375,000.00

---

[to be completed by each New Tranche B Term Loan Lender]

*Bank of Montreal*, as New Tranche B  
Term Loan Lender

By /s/ S. Valia

Name: S. Valia  
Title: MD [Managing Director]

New Tranche B Term Loan Refinancing  
Commitment: \$1,250,000

---

*[to be completed by each New Tranche B Term Loan Lender]*

Hamilton Floating Rate Fund, LLC,  
as New Tranche B Term Loan Lender

By /s/ Dean Stephan

---

Name: Dean Stephan  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: \$3,125,000

---

*[to be completed by each New Tranche B Term Loan Lender]*

*[SPECIFY LENDER]*, as New Tranche B  
Term Loan Lender  
Carlyle High Yield Partners II, Ltd.

By /s/ Linda Pace

---

Name: Linda Pace  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: \$1,250,000.00

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*[to be completed by each New Tranche B Term Loan Lender]*

*[SPECIFY LENDER]*, as New Tranche B  
Term Loan Lender  
Carlyle Loan Opportunity Fund

By /s/ Linda Pace

---

Name: Linda Pace  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: \$1,250,000.00

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[to be completed by each New Tranche B Term Loan Lender]

[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
Carlyle High Yield Partners VI, Ltd.

By /s/ Linda Pace

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Name: Linda Pace  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: \$2,000,000.00

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[to be completed by each New Tranche B Term Loan Lender]

Sierra CLO I LTD, as New Tranche B  
Term Loan Lender

By /s/ John M. Casparian

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Name: John M. Casparian  
Title: Chief Operating Officer,  
Centre Pacific LLP (Manager)

New Tranche B Term Loan Refinancing  
Commitment: \$2,500,000.00

---

[to be completed by each New Tranche B Term Loan Lender]

CITIBANK, N.A., as New Tranche B  
Term Loan Lender

By /s/ James Nessel

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Name: James Nessel  
Title: Director

New Tranche B Term Loan Refinancing  
Commitment: \$2,000,000

---

CoBank, ACB, as New Tranche B  
Term Loan Lender

By /s/ Sushim R. Shah

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Name: Sushim R. Shah  
Title: Vice President



ERSTE BANK NEW YORK, as New  
Tranche B Term Loan Lender

By /s/ Paul Judicke

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Name: Paul Judicke  
Title: Director  
Erste Bank New York Branch

New Tranche B Term Loan Refinancing  
Commitment: \$5,995,332.17

By /s/ John Fay

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John Fay  
Vice President  
Erste Bank New York Branch

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Farm Credit Services of Mid-America,  
PCA, as New Tranche B Term  
Loan Lender

By /s/ Gregory A. Beachy

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Name: Gregory A. Beachy  
Title: Vice President-Risk Management

New Tranche B Term Loan Refinancing  
Commitment: \$1,562,500.00

---

FLEET NATIONAL BANK, a Bank of  
America Company, as New Tranche B  
Term Loan Lender

By /s/ Colleen O'Brien

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Name: Colleen O'Brien  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$3,333,333.33

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*[to be completed by each New Tranche B Term Loan Lender]*



[SPECIFY LENDER], as New Tranche B  
Term Loan Lender  
Franklin Floating Rate Trust  
Franklin CLO II, Limited  
Franklin CLO III, Limited  
Franklin CLO IV, Limited

By /s/ Tyler Chan

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Name: Tyler Chan  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$9,687,500

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General Electric Capital Corporation,  
as New Tranche B Term Loan Lender

By /s/ Robert M. Kadlick

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Name: Robert M. Kadlick  
Title: Duly Authorized Signatory

New Tranche B Term Loan Refinancing  
Commitment: \$25,000,000.00

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*[to be completed by each New Tranche B Term Loan Lender]*

JP MORGAN CHASE BANK, as  
New Tranche B Term Loan Lender

By /s/ Eugene O'Neill

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Name: Eugene O'Neill  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$4,375,000.00

---

*[to be completed by each New Tranche B Term Loan Lender]*

Metropolitan Life Insurance Company,  
as New Tranche B Term Loan Lender

By /s/ Scott Inglis

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Name: Scott Inglis  
Title: Managing Director

New Tranche B Term Loan Refinancing  
Commitment: \$12,500,000

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*[to be completed by each New Tranche B Term Loan Lender]*

Metlife Bank National Association, as  
New Tranche B Term Loan Lender

By /s/ Lawrence Truglio

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Name: Lawrence Truglio  
Title: Director

New Tranche B Term Loan Refinancing  
Commitment: \$3,125,000

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*[to be completed by each New Tranche B Term Loan Lender]*

Morgan Stanley Prime Income Trust, as New  
Tranche B Term Loan Lender

By /s/ Elizabeth Bodisch

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Name: Elizabeth Bodisch  
Title: Authorized Signatory

New Tranche B Term Loan Refinancing  
Commitment: \$2,500,000.00

---

*[to be completed by each New Tranche B Term Loan Lender]*

*[SPECIFY LENDER]*  
Mountain Capital CLO 1 Ltd., as New  
Tranche B Term Loan Lender

By /s/ Chris Siddons

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Name: Chris Siddons  
Title: Director

New Tranche B Term Loan Refinancing  
Commitment: \$3,125,000

---

NATIONAL CITY BANK, as New  
Tranche B Term Loan Lender

By /s/ Tony J. Daher

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Name: Tony J. Daher  
Title: Assist. Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$7,083,333

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NUVEEN SENIOR INCOME FUND, as a Lender  
By: Symphony Asset Management LLC

By /s/ Larry Mason

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Name: Larry Mason  
Title: Portfolio Manager

New Tranche B Term Loan Refinancing  
Commitment: \$1,875,000.00

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Octagon Investment Partners III, Ltd.  
By: Octagon Credit Investors, LLC  
as Portfolio Manager, as New  
Tranche B Term Loan Lender

By /s/ Michael B. Nechamkin

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Name: Michael B. Nechamkin  
Title: Portfolio Manager

New Tranche B Term Loan Refinancing  
Commitment: \$5,833,333.33

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Octagon Investment Partners IV, Ltd.  
By: Octagon Credit Investors, LLC  
as collateral manager, as New  
Tranche B Term Loan Lender

By /s/ Michael B. Nechamkin

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Name: Michael B. Nechamkin  
Title: Portfolio Manager

New Tranche B Term Loan Refinancing  
Commitment: \$1,666,666.67

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Octagon Investment Partners V, Ltd.  
By: Octagon Credit Investors, LLC  
as Portfolio Manager, as New  
Tranche B Term Loan Lender

By /s/ Michael B. Nechamkin

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Name: Michael B. Nechamkin  
Title: Portfolio Manager

New Tranche B Term Loan Refinancing  
Commitment: \$2,500,000.00

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Octagon Investment Partners VI, Ltd.  
By: Octagon Credit Investors, LLC  
as collateral manager, as New  
Tranche B Term Loan Lender

By /s/ Michael B. Nechamkin

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Name: Michael B. Nechamkin  
Title: Portfolio Manager

New Tranche B Term Loan Refinancing  
Commitment: \$2,500,000.00

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*[to be completed by each New Tranche B Term Loan Lender]*

Dryden III Leveraged Loan CDO 2002  
By: Prudential Investment Management, Inc.,  
as Collateral Manager, as New Tranche B  
Term Loan Lender

By /s/ B. Ross Smeed

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Name: B. Ross Smeed  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$2,500,000

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*[to be completed by each New Tranche B Term Loan Lender]*

Dryden V Leveraged Loan CDO 2003  
By: Prudential Investment Management, Inc.,  
as Collateral Manager, as New  
Tranche B Term Loan Lender

By /s/ B. Ross Smeed

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Name: B. Ross Smeed  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$2,500,000

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*[to be completed by each New Tranche B Term Loan Lender]*

Dryden VII Leveraged Loan CDO 2004  
By: Prudential Investment Management, Inc.,  
as Collateral Manager, as New Tranche B  
Term Loan Lender

By /s/ B. Ross Smeed

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Name: B. Ross Smeed  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$1, 250,000

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*[to be completed by each New Tranche B Term Loan Lender]*

Loan Funding V, LLC  
By: Prudential Investment Management, Inc.,  
as Portfolio Manager, as New Tranche B  
Term Loan Lender

By /s/ B. Ross Smeed

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Name: B. Ross Smeed  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$2,875,000

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*[to be completed by each New Tranche B Term Loan Lender]*

COOPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK B.A.,  
"Rabobank International," New York Branch,  
as New Tranche B Term Loan Lender

By /s/ Betty Mills

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Name: Betty Mills  
Title: Executive Director

By /s/ Rebecca Morrow

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Name: Rebecca Morrow  
Title: Executive Director  
New Tranche B Term Loan Refinancing  
Commitment: \$3,125,000

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*[to be completed by each New Tranche B Term Loan Lender]*

The Sumitomo Trust & Banking Co., Ltd.,  
New York Branch, as New Tranche B  
Term Loan Lender

By /s/ Elizabeth A. Quirk

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Name: Elizabeth A. Quirk  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$5,208,333.33

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*[to be completed by each New Tranche B Term Loan Lender]*

KZH Soleil LLC

By /s/ Dorian Herrera

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Name: Dorian Herrera  
Title: Authorized Agent

New Tranche B Term Loan Refinancing  
Commitment: \$1,316,250.00

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*[to be completed by each New Tranche B Term Loan Lender]*

KZH Soleil-2 LLC

By /s/ Dorian Herrera

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Name: Dorian Herrera  
Title: Authorized Agent

New Tranche B Term Loan Refinancing  
Commitment: \$2,632,500.00

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*[to be completed by each New Tranche B Term Loan Lender]*

TORONTO DOMINION (NEW YORK), INC.  
as New Tranche B Term Loan Lender

By /s/ Stacey Malek

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Name: Stacey Malek  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$1,875,000.00

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*[to be completed by each New Tranche B Term Loan Lender]*

C-SQUARED CDO LTD  
By: TCW Advisors, Inc., as its  
Portfolio Manager, as New Tranche B  
Term Loan Lender

By /s/ G. Steven Kalin

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Name: G. Steven Kalin  
Title: Senior Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$1,250,000.00

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*[to be completed by each New Tranche B Term Loan Lender]*

KZH CRESCENT-2 LLC

By /s/ Dorian Herrera

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Name: Dorian Herrera  
Title: Authorized Agent

New Tranche B Term Loan Refinancing  
Commitment: \$1,250,000.00

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[to be completed by each New Tranche B Term Loan Lender]

KZH CRESCENT-3 LLC

By /s/ Dorian Herrera

Name: Dorian Herrera  
Title: Authorized Agent

New Tranche B Term Loan Refinancing  
Commitment: \$625,000.00

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[to be completed by each New Tranche B Term Loan Lender]

CELERITY CLO LIMITED

By: TCW Advisors, Inc., As Agent,  
as New Tranche B Term Loan Lender

By /s/ G. Steven Kalin

Name: G. Steven Kalin  
Title: Senior Vice President

By /s/ Richard F. Kurth

Name: Richard F. Kurth  
Title: Senior Vice President

New Tranche B  
Term Loan Refinancing  
Commitment: \$625,000.00

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[to be completed by each New Tranche B Term Loan Lender]

TCW SELECT LOAN FUND, LIMITED

By: TCW Advisors, Inc., as its  
Collateral Manager, as New  
Tranche B Term Loan Lender

By /s/ G. Steven Kalin

Name: G. Steven Kalin  
Title: Senior Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$1,250,000.00

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[to be completed by each New Tranche B Term Loan Lender]

FIRST 2004-I CLO, LTD.  
By: TCW Advisors, Inc.,  
its Collateral Manager, as New  
Tranche B Term Loan Lender

By /s/ G. Steven Kalin

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Name: G. Steven Kalin  
Title: Senior Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$1,875,000.00

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UBS AG, Stamford Branch, as New  
Tranche B Term Loan Lender

By /s/ Wilfred V. Saint

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Name: Wilfred V. Saint  
Title: Director  
Banking Products Services, US

By /s/ Salloz Sikka

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Name: Salloz Sikka  
Title: Associate Director  
Banking Products Services, US

New Tranche B Term Loan Refinancing  
Commitment: \$1,250,000

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VAN KAMPEN  
SENIOR INCOME TRUST  
By: Van Kampen Investment Advisory Corp.,  
as New Tranche B Term Loan Lender

By /s/ Christina Jamieson

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Name: Christina Jamieson  
Title: Executive Director

New Tranche B Term Loan Refinancing  
Commitment: \$6,375,000

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VAN KAMPEN  
SENIOR LOAN FUND  
By: Van Kampen Investment Advisory Corp.,  
as New Tranche B Term Loan Lender

By /s/ Christina Jamieson

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Name: Christina Jamieson  
Title: Executive Director

New Tranche B Term Loan Refinancing  
Commitment: \$1,250,000

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*[to be completed by each New Tranche B Term Loan Lender]*

Wachovia Bank, N.A., as New  
Tranche B Term Loan Lender

By /s/ Steven L. Sawyer

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Name: Steven L. Sawyer  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$6,250,000.00

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Wells Fargo Bank, N.A., as New  
Tranche B Term Loan Lender

By /s/ Michelle Saenz

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Name: Michelle Saenz  
Title: Vice President

New Tranche B Term Loan Refinancing  
Commitment: \$6,250,000.00

**EXHIBIT 4.30**

**GUARANTEE ASSUMPTION AGREEMENT**

GUARANTEE ASSUMPTION AGREEMENT dated as of July 8, 2004, by BRL Hardy Investments (USA) Inc., a Delaware corporation ("BRL Inv. US"), BRL Hardy (USA) Inc., a Delaware corporation ("BRLUSA"), Pacific Wine Partners LLC, a New York limited liability company ("PWP"), and Nobilo Holdings, a New Zealand unlimited liability company (together with BRL Inv. US, BRLUSA and PWP, collectively, the "Additional Subsidiary Guarantors"), in favor of JPMorgan Chase Bank, as administrative agent for the lenders or other financial institutions or entities party as "Lenders" to the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the "Administrative Agent").

Constellation Brands, Inc., a Delaware corporation, the Subsidiary Guarantors referred to therein and the Administrative Agent are parties to a Second Amended and Restated Credit Agreement dated as of October 31, 2003 (as modified and supplemented and in effect from time to time, the "Credit Agreement").

Pursuant to Section 6.09 of the Credit Agreement, each Additional Subsidiary Guarantor hereby agrees to become a "Subsidiary Guarantor" for all purposes of the Credit Agreement, and an "Obligor" for all purposes of the U.S. Pledge Agreement. Without limiting the foregoing, each Additional Subsidiary Guarantor hereby, jointly and severally with the other Subsidiary Guarantors, guarantees to each Lender and the Administrative Agent and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of all Guaranteed Obligations (as defined in Section 3.01 of the Credit Agreement) in the same manner and to the same extent as is provided in Article III of the Credit Agreement. In addition, each Additional Subsidiary Guarantor hereby makes the representations and warranties set forth in Sections 4.01, 4.02 and 4.03 of the Credit Agreement, and in Section 2 of the U.S. Pledge Agreement, with respect to itself and its obligations under this Agreement, as if each reference in such Sections to the Loan Documents included reference to this Agreement.

Without limiting any of the foregoing, each of BRLUSA and Canandaigua Wine Company, Inc. ("CWC") hereby acknowledge and agree that the meaning of the words "common stock" and "capital stock" as used in Section 3(a) of the U.S. Pledge Agreement shall be deemed to include the membership interests of PWP for all purposes of the U.S. Pledge Agreement.

Each Additional Subsidiary Guarantor and CWC hereby agrees that Annex 1 of the U.S. Pledge Agreement shall be supplemented as provided in Attachment A hereto.

Guarantee Assumption Agreement

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2

IN WITNESS WHEREOF, each Additional Subsidiary Guarantor has caused this Guarantee Assumption Agreement to be duly executed and delivered as of the day and year first above written.

BRL HARDY INVESTMENTS (USA) INC.

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President and Treasurer

BRL HARDY (USA) INC.

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President

PACIFIC WINE PARTNERS LLC

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Vice President and Treasurer

NOBILO HOLDINGS

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Chief Financial Officer

Guarantee Assumption Agreement

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3

IN WITNESS WHEREOF, CWC has caused this Guarantee Assumption Agreement to be duly executed and delivered as of the day and year first above written solely with respect to the last two paragraphs of this Guarantee and Assumption Agreement.

CANANDAIGUA WINE COMPANY, INC.

By: /s/ Thomas S. Summer  
Name: Thomas S. Summer  
Title: Treasurer

Guarantee Assumption Agreement

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Accepted and agreed:

JPMORGAN CHASE BANK, as Administrative Agent

By: /s/ Laura J. Cumming  
Title: Laura J. Cumming  
Vice President

Guarantee Assumption Agreement

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APPENDIX A

SUPPLEMENT TO ANNEX 1 TO U.S. PLEDGE AGREEMENT

**PLEDGED STOCK**

<b>U.S. ISSUERS</b>			
Issuer	Certificate No.	Registered Owner/Ownership Percentage	Number of Shares
BRL Hardy Investments (USA) Inc.	7	Constellation Brands, Inc./100%	762,896 shares of Common Stock
BRL Hardy (USA) Inc.	6,7,8	BRL Hardy Investments (USA) Inc./100%	285,397 shares of Common Stock
Pacific Wine Partners LLC	N/A	BRL Hardy (USA) Inc./50%	N/A
Pacific Wine Partners LLC	N/A	Canandaigua Wine Company, Inc./50%	N/A

<b>FOREIGN ISSUERS</b>			
Issuer	Certificate No.	Registered Owner/Ownership Percentage	Number of Shares

Nobilo Holdings	N/A	Constellation International Holdings Limited/100%	65 ordinary shares
Nobilo Wine Group Limited	N/A	Nobilo Holdings/100%	72,562750 ordinary shares

Guarantee Assumption Agreement

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**EXHIBIT 4.31**

**GUARANTEE ASSUMPTION AGREEMENT**

GUARANTEE ASSUMPTION AGREEMENT dated as of September 13, 2004, by Constellation Trading Company, Inc., a New York corporation, the "Additional Subsidiary Guarantor"), in favor of JPMorgan Chase Bank, as administrative agent for the lenders or other financial institutions or entities party as "Lenders" to the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the "Administrative Agent").

Constellation Brands, Inc., a Delaware corporation, the Subsidiary Guarantors referred to therein and the Administrative Agent are parties to a Third Amended and Restated Credit Agreement dated as of August 17, 2004 (as modified and supplemented and in effect from time to time, the "Credit Agreement").

Pursuant to Section 6.09 of the Credit Agreement, the Additional Subsidiary Guarantor hereby agrees to become a "Subsidiary Guarantor" for all purposes of the Credit Agreement, and an "Obligor" for all purposes of the U.S. Pledge Agreement (as modified and supplemented and in effect from time to time). Without limiting the foregoing, the Additional Subsidiary Guarantor hereby, jointly and severally with the other Subsidiary Guarantors, guarantees to each Lender and the Administrative Agent and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of all Guaranteed Obligations (as defined in Section 3.01 of the Credit Agreement) in the same manner and to the same extent as is provided in Article III of the Credit Agreement. In addition, the Additional Subsidiary Guarantor hereby makes the representations and warranties set forth in Sections 4.01, 4.02 and 4.03 of the Credit Agreement, and in Section 2 of the U.S. Pledge Agreement, with respect to itself and its obligations under this Agreement, as if each reference in such Sections to the Loan Documents included reference to this Agreement.

The Additional Subsidiary Guarantor hereby agrees that Annex 1 of the U.S. Pledge Agreement shall be supplemented as provided in Appendix A hereto.

Guarantee Assumption Agreement

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2

IN WITNESS WHEREOF, the Additional Subsidiary Guarantor has caused this Guarantee Assumption Agreement to be duly executed and delivered as of the day and year first above written.

CONSTELLATION TRADING COMPANY, INC.

By: /s/ Thomas D. Roberts  
Name: Thomas D. Roberts  
Title: Vice President and Assistant Treasurer

Guarantee Assumption Agreement

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3

Accepted and agreed:

JPMORGAN CHASE BANK, as Administrative Agent

By /s/ Bruce Borden  
Name: Bruce Borden  
Title: Vice President

Guarantee Assumption Agreement

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APPENDIX A

SUPPLEMENT TO ANNEX 1 TO U.S. PLEDGE AGREEMENT

**PLEDGED STOCK**

<b>U.S. ISSUERS</b>			
Issuer	Certificate No.	Registered Owner/Ownership Percentage	Number of Shares
Constellation Trading Company, Inc.	1	Constellation Brands, Inc./100%	100 shares of Common Stock

Guarantee Assumption Agreement

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**EXHIBIT 10.8**

**AMENDMENT NUMBER FIVE  
TO THE  
CONSTELLATION BRANDS, INC.  
LONG-TERM STOCK INCENTIVE PLAN**

This Amendment Number Five to the Constellation Brands, Inc. Long-Term Stock Incentive Plan (the "Plan") is adopted pursuant to Section 19 of the Plan by the Board of Directors of Constellation Brands, Inc. (the "Company"), acting in its capacity as the Committee under the Plan, and by the stockholders of the Company. Capitalized terms used herein which are not otherwise defined shall have the meanings ascribed to them in the Plan and Annex A thereto.

The Plan is hereby amended to increase the number of shares of the Company's Common Stock with respect to which Awards may be made under the Plan to forty million shares by amending the first sentence of the first paragraph of Section 4 of the Plan to read in its entirety as follows:

The total number of shares of the Company's Common Stock available for Awards under the Plan in the aggregate shall not exceed forty million shares.

In witness whereof, Constellation Brands, Inc. has caused this instrument to be executed as of July 20, 2004.

**CONSTELLATION BRANDS, INC.**

Name: /s/ W. Keith Wilson  
W. Keith Wilson  
Title: Executive Vice President and Chief  
Human Resources Officer

**Exhibit 31.1**

**RULE 13a-14(a)/15d-14(a) CERTIFICATION  
OF CHIEF EXECUTIVE OFFICER**

**Constellation Brands, Inc.  
Form 10-Q for Fiscal Quarter Ended August 31, 2004**

I, Richard Sands, certify that:

1. I have reviewed this report on Form 10-Q of Constellation Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 12, 2004

/s/ Richard Sands  
\_\_\_\_\_  
Richard Sands,  
Chairman of the Board and  
Chief Executive Officer

**Exhibit 31.2**

**RULE 13a-14(a)/15d-14(a) CERTIFICATION  
OF CHIEF FINANCIAL OFFICER**

**Constellation Brands, Inc.  
Form 10-Q for Fiscal Quarter Ended August 31, 2004**

I, Thomas S. Summer, certify that:

1. I have reviewed this report on Form 10-Q of Constellation Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 12, 2004

/s/ Thomas S. Summer  
\_\_\_\_\_  
Thomas S. Summer,  
Executive Vice President and  
Chief Financial Officer

**Exhibit 32.1**

**SECTION 1350 CERTIFICATION  
OF CHIEF EXECUTIVE OFFICER**

**Constellation Brands, Inc.  
Form 10-Q for Fiscal Quarter Ended August 31, 2004**

In connection with the Constellation Brands, Inc. Quarterly Report on Form 10-Q for the Fiscal Quarter Ended August 31, 2004, I, Richard Sands, certify that, to the best of my knowledge:

1. The quarterly report on Form 10-Q for the Fiscal Quarter Ended August 31, 2004 of Constellation Brands, Inc. fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the periodic report on Form 10-Q for the Fiscal Quarter Ended August 31, 2004 of Constellation Brands, Inc. fairly presents, in all material respects, the financial condition and results of operations of Constellation Brands, Inc.

Dated: October 12, 2004

/s/ Richard Sands

Richard Sands,  
Chairman of the Board and  
Chief Executive Officer

A signed original of this written statement required by 18 U.S.C. 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Constellation Brands, Inc., and will be retained by Constellation Brands, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2**

**SECTION 1350 CERTIFICATION  
OF CHIEF FINANCIAL OFFICER**

**Constellation Brands, Inc.  
Form 10-Q for Fiscal Quarter Ended August 31, 2004**

In connection with the Constellation Brands, Inc. Quarterly Report on Form 10-Q for the Fiscal Quarter Ended August 31, 2004, I, Thomas S. Summer, certify that, to the best of my knowledge:

1. The quarterly report on Form 10-Q for the Fiscal Quarter Ended August 31, 2004 of Constellation Brands, Inc. fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the periodic report on Form 10-Q for the Fiscal Quarter Ended August 31, 2004 of Constellation Brands, Inc. fairly presents, in all material respects, the financial condition and results of operations of Constellation Brands, Inc.

Dated: October 12, 2004

/s/ Thomas S. Summer

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

A signed original of this written statement required by 18 U.S.C. 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Constellation Brands, Inc., and will be retained by Constellation Brands, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.