

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) June 28, 2007

Constellation Brands, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-08495

(Commission
File Number)

16-0716709

(I.R.S. Employer
Identification No.)

370 Woodcliff Drive, Suite 300, Fairport, New York

(Address of principal executive offices)

14450

(Zip Code)

Registrant's telephone number, including area code **(585) 218-3600**

Not Applicable

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On June 28, 2007, Constellation Brands, Inc. (the “Company”), a Delaware corporation, issued a news release (the “release”) announcing its financial condition and results of operations as of and for the first fiscal quarter ended May 31, 2007. A copy of the release is attached hereto as Exhibit 99.1 and incorporated herein by reference. The projections constituting the guidance included in the release involve risks and uncertainties, the outcome of which cannot be foreseen at this time and, therefore, actual results may vary materially from these forecasts. In this regard, see the information included in the release under the caption “Forward-Looking Statements.”

The information in the release and in this Item 2.02 section is “furnished” and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section. Such information may only be incorporated by reference in another filing under the Securities Exchange Act of 1934 or the Securities Act of 1933 only if and to the extent such subsequent filing specifically references such information.

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

Comparable measures and organic net sales measures are provided because management uses this information in evaluating the results of the continuing operations of the Company and/or in internal goal setting. In addition, the Company believes this information provides investors a better insight on underlying business trends and results in order to evaluate year over year financial performance. As such, the following items, when appropriate, are excluded from comparable results: the flow through of adverse grape cost associated with an acquisition; the flow through of inventory step-up associated with acquisitions and investments in equity method investees; accelerated depreciation costs in connection with certain restructuring activities; the write-down of inventory in connection with certain restructuring and/or integration activities; acquisition-related integration costs; restructuring and related charges and other costs; the loss on the sale of the Company’s branded water business; the loss on disposal in connection with the Company’s contribution of its U.K. wholesale business to the Matthew Clark joint venture and the provision for income taxes in connection with the repatriation of proceeds associated with this transaction; and the gain on change in fair value of derivative instrument entered into to hedge the U.S. dollar cost of a foreign currency denominated acquisition and related payment of certain outstanding indebtedness. The Company acquired Vincor International Inc. (“Vincor”) on June 5, 2006 and the Svedka Vodka brand and related business on March 19, 2007. In addition, the Company formed the Crown Imports LLC joint venture (“Crown Imports”) effective January 2, 2007 and the Matthew Clark joint venture (“Matthew Clark”) effective April 17, 2007. Accordingly, during the indicated periods organic net sales measures exclude the net sales of Vincor products and Svedka Vodka or the net sales of the imported beers business and the U.K. wholesale business, as applicable.

Constant currency measures, which exclude the impact of year over year currency exchange rate fluctuations, are provided because management believes this information provides investors better insight on underlying business trends and results in order to evaluate year over year financial performance.

ITEM 7.01. REGULATION FD DISCLOSURE.

On June 28, 2007, the Company issued a news release, a copy of which is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

References to the Company's website in the release do not incorporate by reference the information on such website into this Current Report on Form 8-K and the Company disclaims any such incorporation by reference. The information in this Current Report on Form 8-K, including the news release attached as Exhibit 99.1, is incorporated by reference into this Item 7.01 in satisfaction of the public disclosure requirements of Regulation FD. The information in this Item 7.01 is "furnished" and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section. It may be incorporated by reference in another filing under the Securities Exchange Act of 1934 or the Securities Act of 1933 only if and to the extent such subsequent filing specifically references the information incorporated by reference herein.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Financial statements of businesses acquired.

Not applicable.

- (b) Pro forma financial information.

Not applicable.

- (c) Shell company transactions.

Not applicable.

- (d) Exhibits.

The following exhibit is furnished as part of this Current Report on Form 8-K:

<u>Exhibit No.</u>	<u>Description</u>
99.1	News Release of the Company dated June 28, 2007.

SIGNATURES

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

Date: June 28, 2007

CONSTELLATION BRANDS, INC.

By: /s/ Robert Ryder

Robert Ryder
Executive Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
(1)	UNDERWRITING AGREEMENT Not Applicable.
(2)	PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION Not Applicable.
(3)	ARTICLES OF INCORPORATION AND BYLAWS Not Applicable.
(4)	INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES Not Applicable.
(7)	CORRESPONDENCE FROM AN INDEPENDENT ACCOUNTANT REGARDING NON-RELIANCE ON A PREVIOUSLY ISSUED AUDIT REPORT OR COMPLETED INTERIM REVIEW Not Applicable.
(14)	CODE OF ETHICS Not Applicable.
(16)	LETTER RE CHANGE IN CERTIFYING ACCOUNTANT Not Applicable.
(17)	CORRESPONDENCE ON DEPARTURE OF DIRECTOR Not Applicable.
(20)	OTHER DOCUMENTS OR STATEMENTS TO SECURITY HOLDERS Not Applicable.
(23)	CONSENTS OF EXPERTS AND COUNSEL Not Applicable.
(24)	POWER OF ATTORNEY Not Applicable.
(99)	ADDITIONAL EXHIBITS
(99.1)	News Release of Constellation Brands, Inc. dated June 28, 2007.
(100)	XBRL-RELATED DOCUMENTS Not Applicable.



NEWS RELEASE

15

CONTACTS

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Constellation Brands Reports Q1 Fiscal 2008 Results; Company Reaffirms Full-Year Guidance

- **\$500 million utilized for share repurchases**
- **SVEDKA Vodka acquisition finalized**
- **U.K. wholesale business joint venture formed**

FAIRPORT, N.Y., June 28, 2007 - Constellation Brands, Inc. (NYSE: STZ, ASX: CBR), a leading international producer and marketer of beverage alcohol, today reported diluted earnings per share ("EPS") on a reported basis of \$0.13 for the quarter ended May 31, 2007 ("first quarter 2008"), compared with \$0.36 for the prior year first quarter. On a comparable basis, first quarter 2008 diluted EPS totaled \$0.21 versus \$0.31 for the prior year.

"As we anticipated, our first quarter performance was impacted by our previously announced initiative to reduce distributor wine inventories in the U.S. as well as lower results from our U.K. business," stated Richard Sands, Constellation Brands chairman and chief executive officer. "We achieved a number of important strategic objectives during the quarter, including the acquisition of SVEDKA Vodka as a platform from which we can grow our premium spirits portfolio, the formation of a joint venture with Punch Taverns for the Matthew Clark wholesale business that will help strengthen our on-premise route to market for our branded portfolio in the U.K. and our utilization of \$500 million for share repurchases."

- more -

-1-

First Quarter 2008 Net Sales Highlights*
(in millions)

	Reported			Organic		
	Net Sales	Change	Constant Currency Change	Net Sales	Change	Constant Currency Change
Consolidated	\$ 901	-22%	-25%	\$ 756	2%	-2%
Branded Wine	\$ 620	20%	16%	\$ 494	-5%	-8%
Imported Beers	-	-100%	-100%			
Spirits	\$ 97	16%	16%	\$ 85	2%	2%
Wholesale/other	\$ 184	-25%	-32%	\$ 177	26%	15%

First Quarter 2008 Financial Highlights*
(in millions, except per share data)

	Reported	Change	Comparable	Change
Operating Income	\$ 68	- 52%	\$ 82	- 50%
Equity in earnings of equity method investees**	\$ 76	NM	\$ 76	NM
Earnings before interest and taxes (EBIT)	-	-	\$ 158	- 4%
Operating margin	7.6%	- 480 bps	9.1%	- 520 bps
Net Income	\$ 30	- 65%	\$ 49	- 35%
Diluted EPS	\$ 0.13	- 64%	\$ 0.21	- 32%

* Definitions of reported, comparable, organic and constant currency, as well as reconciliations of non-GAAP financial measures, are contained elsewhere in this news release.

** Hereafter referred to as "equity earnings."

NM = Not meaningful.

Net Sales Commentary

The reported consolidated net sales decrease of 22 percent primarily reflects the benefits of the Vincor and SVEDKA Vodka acquisitions, more than offset by the impact of reporting the Crown Imports and Matthew Clark wholesale business joint ventures under the equity method. Organic net sales decreased two percent on a constant currency basis.

Branded wine net sales growth reflects the addition of Vincor, partially offset by an eight percent decrease in branded wine organic net sales on a constant currency basis. For North America, branded wine organic net sales decreased 13 percent, primarily due to Constellation's initiative to reduce distributor inventory levels. This effort is progressing and the company expects to complete this initiative by the end of the second quarter of fiscal 2008.

"In North America, the wine market remains healthy," explained Sands. "Consumer demand is strong and they continue to trade up to premium and luxury wines, with Woodbridge by Robert Mondavi, Toasted Head, Blackstone, Estancia and Simi as examples of our brands that have been benefiting from this trend."

- more -

Organic net sales for branded wine for Europe increased 11 percent on a constant currency basis, primarily due to increased sales of popular priced wine in mainland Europe and increased sales in the U.K. The branded wine market in the U.K. reflects ongoing competitive challenges as large retailers continue to benefit from the Australian wine oversupply, which has resulted in pricing pressure.

Total spirits net sales increased 16 percent for the quarter, primarily due to the acquisition of SVEDKA Vodka during the quarter, while organic net sales were up two percent.

“SVEDKA continued its rapid growth rate in the first quarter and has terrific consumer momentum,” said Sands. “We’re delighted with its progress. We’re also pleased with the continued U.S. consumer demand for premium spirits. As we continue to emphasize the growth of our premium spirits portfolio, with brands such as the Effen vodka line, Cocktails by Jenn, Ridgemont Reserve 1792 bourbon and the 99 Schnapps family, we see additional opportunities to expand our on-premise and off-premise business in the U.S., in addition to opportunities in other important markets, including Canada and Australia.”

Operating Income, Net Income, Diluted EPS Commentary

The decrease in operating income and the increase in equity earnings for first quarter 2008 were primarily due to the impact of reporting \$73.4 million of equity earnings from the Crown Imports joint venture under the equity method. “This joint venture provides us with the ability to execute nationwide marketing efforts, which is very beneficial as we look to maximize the long-term growth potential for Corona and the other brands in the number one imported beer portfolio in the U.S.,” stated Sands.

Wines segment operating income decreased \$10 million versus the prior year. This was primarily due to lower net sales associated with efforts to reduce distributor inventories in the U.S., the impact of the U.K. business performance, and higher stock compensation expense, partially offset by the contribution from Vincor.

- more -

-3-

Spirits segment operating income decreased \$1.9 million primarily due to increased material costs.

Net income and diluted EPS were also impacted by interest expense, which increased 64 percent to \$79.7 million for first quarter 2008, primarily due to the financing of the Vincor and SVEDKA acquisitions and \$500 million of share repurchases.

Summary

“The first quarter was a very dynamic one for Constellation Brands as we initiated a U.S. wine inventory reduction program with our distributors, acquired SVEDKA, formed a joint venture with respect to our U.K. wholesale business, utilized \$500 million for share repurchases and implemented measures to regain momentum in the U.K. market,” said Sands. “We continue to be encouraged by ongoing consumer trade-up activity that we see in the U.S., Canada and the U.K. In addition, we are optimistic about the Australian wine supply moving more into balance with demand, pleased with the progress the Crown Imports beer joint venture is making in the marketplace, and enthusiastic about future business expansion opportunities for Constellation Brands throughout Europe. We are confident about Constellation’s ability to maximize the benefits from opportunities it is harvesting, and to create increased shareholder value over the long-term.”

Outlook

The table below sets forth management’s current diluted earnings per share expectations for fiscal year 2008 compared to fiscal year 2007 actual results, both on a reported basis and a comparable basis.

**Constellation Brands Fiscal Year 2008
Diluted Earnings Per Share Outlook**

	Reported Basis		Comparable Basis	
	FY08 Estimate	FY07 Actual	FY08 Estimate	FY07 Actual
Fiscal Year Ending Feb. 29 or Feb. 28	\$1.16 - \$1.26	\$1.38	\$1.30 - \$1.40	\$1.68

- more -

Full-year fiscal 2008 guidance includes the following current assumptions:

- Net sales: low single-digit growth in organic net sales and low single-digit incremental benefit from the acquisitions of Vincor International Inc. and the SVEDKA Vodka brand and related business. As a result of these increases, and the impact of reporting the Crown Imports joint venture and the joint venture for the Matthew Clark wholesale business under the equity method, reported net sales are expected to decrease 30 to 32 percent from net sales for fiscal year 2007.
- Interest expense: approximately \$330 - \$340 million
- Stock compensation expense: approximately \$30 million
- Tax rate: approximately 40 percent on a reported basis, which includes a provision of approximately two percentage points related to the loss on disposal in connection with the company's contribution of its U.K. wholesale business to the Matthew Clark joint venture and the repatriation of proceeds associated with this transaction, or approximately 38 percent on a comparable basis
- Weighted average diluted shares outstanding: approximately 225 million
- Free cash flow: \$160 - \$180 million

Conference Call

A conference call to discuss first quarter 2008 results and outlook will be hosted by Chairman and Chief Executive Officer Richard Sands, President and Chief Operating Officer Rob Sands and Executive Vice President and Chief Financial Officer Bob Ryder on Thursday, June 28, 2007 at 10:00 a.m. (eastern). The conference call can be accessed by dialing +973-935-8505 beginning 10 minutes prior to the start of the call. A live listen-only webcast of the conference call, together with a copy of this news release (including the attachments) and other financial information that may be discussed in the call will be available on the Internet at Constellation's Web site: www.cbrands.com under "Investors," prior to the call.

Explanations

Reported basis ("reported") operating income, equity in earnings of equity method investees, net income and diluted earnings per share are as reported under generally accepted accounting principles. Operating income, equity in earnings of equity method investees, net income and diluted earnings per share on a comparable basis ("comparable"), exclude acquisition-related integration costs, restructuring and related charges and unusual items. The company's measure of segment profitability excludes acquisition-related integration costs, restructuring and related charges and unusual items, which is consistent with the measure used by management to evaluate results.

- more -

-5-

The company discusses additional non-GAAP measures in this news release, including constant currency net sales, organic net sales, comparable basis EBIT and free cash flow.

Tables reconciling non-GAAP measures, together with definitions of these measures and the reasons management uses these measures, are included in this news release.

About Constellation Brands

Constellation Brands, Inc. is a leading international producer and marketer of beverage alcohol in the wine, spirits and imported beer categories, with significant market presence in the U.S., Canada, U.K., Australia and New Zealand. Based in Fairport, N.Y., the company has more than 250 brands in its portfolio, sales in approximately 150 countries and operates approximately 60 wineries, distilleries and distribution facilities. It is the largest wine producer in the world; the largest wine company in the U.S. based upon sales dollar value, the largest wine company in the U.K., Australia and Canada; the second largest wine company in New Zealand; the largest beer importer and marketer in the U.S. through its Crown Imports joint venture with Mexico's Grupo Modelo; and the third largest spirits company in the U.S. Constellation Brands is an S&P 500 Index and Fortune 500(R) company. Major brands in the company's portfolio include Corona Extra, Black Velvet Canadian Whisky, the SVEDKA vodka line, Robert Mondavi wines, Ravenswood, Blackstone, Hardys, Banrock Station, Nobilo, Kim Crawford, Inniskillin, Jackson-Triggs and Arbor Mist. To learn more about Constellation Brands and its product portfolio visit the company's Web site at www.cbrands.com.

Forward-Looking Statements

The statements made under the heading Outlook, as well as all other statements set forth in this news release which are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the forward-looking statements.

During the current quarter, Constellation may reiterate the estimates set forth above under the heading Outlook and elsewhere in this news release (collectively, the "Projections"). Prior to the start of the company's quiet period, which will begin at the close of business on August 17, 2007, the public can continue to rely on the Projections as still being Constellation's current expectations on the matters covered, unless Constellation publishes a notice stating otherwise.

Commencing at the close of business on August 17, 2007, Constellation will observe a "quiet period" during which the Projections should not be considered to constitute the company's expectations. During the quiet period, the Projections should be considered to be historical, speaking as of prior to the quiet period only and not subject to update by the company.

- more -

-6-

The company's forward-looking statements are based on management's current expectations and, unless otherwise noted, do not take into account the impact of any future acquisition, merger or any other business combination, divestiture, restructuring or other strategic business realignments, or financing that may be completed after the date of this release. Any projections of future results of operations, and in particular, (i) the company's estimated diluted earnings per share on a reported basis for fiscal 2008, and (ii) the company's estimated diluted earnings per share on a comparable basis for fiscal 2008, should not be construed in any manner as a guarantee that such results will in fact occur. In addition to the risks and uncertainties of ordinary business operations, the forward-looking statements of the company contained in this news release are also subject to the following risks and uncertainties: factors relating to Constellation's ability to integrate Vincor's business, and the SVEDKA Vodka business, successfully and realize expected synergies associated with the Vincor acquisition; the continued strength of Vincor's relationships, and relationships of the SVEDKA Vodka business, with their respective employees, suppliers and customers; the accuracy of the bases for forecasts relating to Vincor's business and the SVEDKA Vodka brand and related business; final management determinations and independent appraisals may vary materially from current management estimates of the fair value of assets acquired and liabilities assumed in the SVEDKA Vodka business acquisition; the company's restructuring and related charges, acquisition-related integration costs and purchase accounting adjustments associated with the Vincor integration plan (announced in July 2006) and the company's restructuring and related charges associated with the Fiscal 2007 Wine Plan (announced in August 2006) and its global wine restructuring plan announced in February 2006 may vary materially from management's current estimates of these charges, costs and adjustments due to variations in one or more of anticipated headcount reductions, contract terminations, or costs of implementation of these plans; the company achieving all of the expected cost savings from its Fiscal 2007 Wine Plan, from its Vincor integration plan and from its global wine restructuring plan due to, with respect to any or all of these plans, lower than anticipated reductions in headcount or other expenses, or a delay or greater than anticipated costs in their implementation; the company may realize lower than expected proceeds from sale of assets identified for sale under the Fiscal 2007 Wine Plan and consequently incurs a greater than expected loss on the sale of such assets; the impact upon net sales and diluted earnings per share resulting from the decision to reduce distributor wine inventory levels in the U.S. varying from current expectations due to the actual levels of distributor wine inventory reductions; 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; governmental bodies may increase tax rates; proportionately, the company's taxable income may be higher than expected in jurisdictions with higher tax rates; and changes in interest rates and foreign currency exchange rates.

The company acquired Vincor International Inc. on June 5, 2006 and the SVEDKA Vodka brand and related business on March 19, 2007. In addition, on Jan. 2, 2007, the company formed the Crown Imports joint venture with Grupo Modelo S.A. de C.V. for the purpose of importing and marketing Modelo's Mexican beer portfolio into the United States and Guam, and on April 17, 2007, the company formed the Matthew Clark joint venture with Punch Taverns plc to own and operate the U.K. wholesale business formerly owned entirely by the company. Risks and uncertainties associated with these joint ventures include, among others, each joint venture's ability to operate the business successfully, each joint venture's ability to develop appropriate standards, controls, procedures and policies for the growth and management of such joint venture and the continued strength of each joint venture's relationships with, including without limitation, its employees, suppliers and customers. Additional risks and uncertainties associated with the Matthew Clark joint venture include factors relating to higher than expected formation and/or start-up costs for the joint venture, and the accuracy of the basis for the forecasts relating to the joint venture's business, including any capital investment in distribution infrastructure or the realization of any distribution efficiencies.

For additional information about risks and uncertainties that could adversely affect Constellation's forward-looking statements, please refer to Constellation's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended Feb. 28, 2007, which contains a discussion of additional factors that may affect Constellation's business. The factors discussed in these reports could cause actual future performance to differ from current expectations.

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Constellation Brands, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	May 31, 2007	February 28, 2007
Assets		
Current Assets:		
Cash and cash investments	\$ 33.5	\$ 33.5
Accounts receivable, net	763.9	881.0
Inventories	1,955.3	1,948.1
Prepaid expenses and other	156.6	160.7
Total current assets	2,909.3	3,023.3
Property, plant and equipment, net	1,744.2	1,750.2
Goodwill	3,348.9	3,083.9
Intangible assets, net	1,218.9	1,135.4
Other assets, net	604.9	445.4
Total assets	\$ 9,826.2	\$ 9,438.2
Liabilities and Stockholders' Equity		
Current Liabilities:		
Notes payable to banks	\$ 242.3	\$ 153.3
Current maturities of long-term debt	362.8	317.3
Accounts payable	270.6	376.1
Accrued excise taxes	64.9	73.7
Other accrued expenses and liabilities	566.9	670.7
Total current liabilities	1,507.5	1,591.1
Long-term debt, less current maturities	4,381.8	3,714.9
Deferred income taxes	490.8	474.1
Other liabilities	317.8	240.6
Total liabilities	6,697.9	6,020.7
Total stockholders' equity	3,128.3	3,417.5
Total liabilities and stockholders' equity	\$ 9,826.2	\$ 9,438.2

- more -

Constellation Brands, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share data)

	Three Months Ended	
	May 31, 2007	May 31, 2006
Sales	\$ 1,175.4	\$ 1,430.2
Excise taxes	(274.2)	(274.3)
Net sales	901.2	1,155.9
Cost of product sold	(633.0)	(837.3)
Gross profit	268.2	318.6
Selling, general and administrative expenses	(197.6)	(172.6)
Restructuring and related charges	(0.4)	(2.3)
Acquisition-related integration costs	(2.0)	(0.7)
Operating income	68.2	143.0
Equity in earnings of equity method investees	75.8	0.1
Gain on change in fair value of derivative instrument	-	52.5
Interest expense, net	(79.7)	(48.7)
Income before income taxes	64.3	146.9
Provision for income taxes	(34.5)	(61.4)
Net income	29.8	85.5
Dividends on preferred stock	-	(2.5)
Income available to common stockholders	\$ 29.8	\$ 83.0
Earnings Per Common Share:		
Basic - Class A Common Stock	\$ 0.13	\$ 0.38
Basic - Class B Common Stock	\$ 0.12	\$ 0.34
Diluted - Class A Common Stock	\$ 0.13	\$ 0.36
Diluted - Class B Common Stock	\$ 0.12	\$ 0.33
Weighted Average Common Shares Outstanding:		
Basic - Class A Common Stock	205.636	199.571
Basic - Class B Common Stock	23.824	23.853
Diluted - Class A Common Stock	233.439	240.100
Diluted - Class B Common Stock	23.824	23.853

- more -

Constellation Brands, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Three Months Ended	
	May 31, 2007	May 31, 2006
Cash Flows From Operating Activities		
Net income	\$ 29.8	\$ 85.5
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation of property, plant and equipment	36.1	26.7
Stock-based compensation expense	9.0	3.6
Loss on disposal of business	6.3	17.3
Deferred tax provision	3.6	15.6
Amortization of intangible and other assets	2.6	2.0
Loss on disposal or impairment of long-lived assets, net	0.8	0.3
Equity in earnings of equity method investees, net of distributed earnings	(46.6)	(0.1)
Gain on change in fair value of derivative instrument	-	(52.5)
Change in operating assets and liabilities, net of effects from purchases and sales of businesses:		
Accounts receivable, net	(38.9)	(66.4)
Inventories	(27.6)	(31.3)
Prepaid expenses and other current assets	(4.7)	(10.9)
Accounts payable	(23.1)	45.4
Accrued excise taxes	1.9	(9.7)
Other accrued expenses and liabilities	(17.6)	(12.2)
Other, net	(17.7)	(7.7)
Total adjustments	(115.9)	(79.9)
Net cash (used in) provided by operating activities	(86.1)	5.6
Cash Flows From Investing Activities		
Purchase of business, net of cash acquired	(385.5)	-
Purchases of property, plant and equipment	(17.7)	(45.1)
Payment of accrued earn-out amount	(2.9)	(1.1)
Proceeds from formation of joint venture	185.6	-
Proceeds from sales of businesses	3.0	28.0
Proceeds from sales of assets	1.8	0.7
Other investing activities	-	(2.1)
Net cash used in investing activities	(215.7)	(19.6)
Cash Flows From Financing Activities		
Proceeds from issuance of long-term debt	716.1	-
Net proceeds from notes payable	89.9	83.9
Exercise of employee stock options	7.0	8.6
Excess tax benefits from stock-based payment awards	5.0	2.8
Purchases of treasury stock	(500.0)	-
Principal payments of long-term debt	(9.0)	(52.6)
Payment of financing costs of long-term debt	(5.3)	-
Payment of preferred stock dividends	-	(2.5)
Net cash provided by financing activities	303.7	40.2
Effect of exchange rate changes on cash and cash investments	(1.9)	0.4
Net increase in cash and cash equivalents	-	26.6
Cash and cash investments, beginning of period	33.5	10.9
Cash and cash investments, end of period	\$ 33.5	\$ 37.5

- more -

Constellation Brands, Inc. and Subsidiaries
SEGMENT INFORMATION
(in millions)

	Three Months Ended		Percent Change
	May 31, 2007	May 31, 2006	
Segment Net Sales and Operating Income			
Constellation Wines			
Branded wine net sales	\$ 619.9	\$ 517.2	20%
Wholesale and other net sales	184.4	247.3	(25%)
Segment net sales	\$ 804.3	\$ 764.5	5%
Operating income	\$ 86.2	\$ 96.2	(10%)
<i>% Net sales</i>	<i>10.7%</i>	<i>12.6%</i>	
Equity in earnings of equity method investees	\$ 2.4	\$ 0.1	NM
Constellation Beers			
Segment net sales	\$ -	\$ 308.1	(100%)
Operating income	\$ -	\$ 65.1	(100%)
<i>% Net sales</i>	<i>N/A</i>	<i>21.1%</i>	
Constellation Spirits			
Segment net sales	\$ 96.9	\$ 83.3	16%
Operating income	\$ 15.8	\$ 17.7	(11%)
<i>% Net sales</i>	<i>16.3%</i>	<i>21.2%</i>	
Crown Imports			
Segment net sales	\$ 658.1	\$ -	N/A
Operating income	\$ 146.3	\$ -	N/A
<i>% Net sales</i>	<i>22.2%</i>	<i>N/A</i>	
Consolidation and Eliminations			
Segment net sales	\$ (658.1)	\$ -	N/A
Operating income	\$ (146.3)	\$ -	N/A
Equity in earnings of Crown Imports	\$ 73.4	\$ -	N/A
Corporate Operations and Other			
Consolidated net sales	\$ 901.2	\$ 1,155.9	(22%)
Operating income	\$ (19.7)	\$ (14.2)	39%
<i>% Net sales</i>	<i>2.2%</i>	<i>1.2%</i>	

- more -

Constellation Brands, Inc. and Subsidiaries
GEOGRAPHIC INFORMATION
(in millions)

	Three Months Ended		Percent Change	Currency Impact	Constant
	May 31, 2007	May 31, 2006			Currency Percent Change ⁽³⁾
Geographic Net Sales ⁽¹⁾⁽²⁾					
North America	\$ 506.2	\$ 745.2	(32%)	-	(32%)
Branded wine	\$ 393.4	\$ 347.7	13%	-	13%
Imported beers	\$ -	\$ 308.1	(100%)	-	(100%)
Spirits	\$ 96.9	\$ 83.3	16%	-	16%
Wholesale and other	\$ 15.9	\$ 6.1	161%	-	161%
Europe	\$ 302.2	\$ 329.4	(8%)	8%	(16%)
Branded wine	\$ 143.3	\$ 96.3	49%	11%	38%
Wholesale and other	\$ 158.9	\$ 233.1	(32%)	6%	(38%)
Australia/New Zealand	\$ 92.8	\$ 81.3	14%	9%	5%
Branded wine	\$ 83.2	\$ 73.2	14%	9%	4%
Wholesale and other	\$ 9.6	\$ 8.1	19%	11%	7%

	Three Months Ended		Percent Change	Acquisition Impact ⁽⁴⁾	Currency Impact	Organic
	May 31, 2007	May 31, 2006				Currency Percent Change ⁽³⁾
Branded Wine Geographic Net Sales ⁽¹⁾⁽²⁾						
North America	\$ 393.4	\$ 347.7	13%	26%	-	(13%)
Europe	143.3	96.3	49%	27%	11%	11%
Australia/New Zealand	83.2	73.2	14%	15%	9%	(11%)
Consolidated branded wine net sales	\$ 619.9	\$ 517.2	20%	24%	3%	(8%)

(1) Refer to discussion under "Reconciliation of Reported, Organic and Constant Currency Net Sales" on following page for definition of constant currency net sales and organic constant currency net sales and reasons for use.

(2) Net sales are attributed to countries based on the location of the selling company.

(3) May not sum due to rounding as each item is computed independently.

(4) Acquisition impact includes net sales of branded wine acquired in the acquisition of Vincor International Inc. ("Vincor") for the period March 1, 2007, through May 31, 2007.

- more -

Constellation Brands, Inc. and Subsidiaries
RECONCILIATION OF REPORTED, ORGANIC AND CONSTANT CURRENCY NET SALES

(in millions)

As the Company acquired Vincor on June 5, 2006, formed its imported beer joint venture on January 2, 2007, acquired Svedka on March 19, 2007, and formed its U.K. wholesale joint venture on April 17, 2007, organic net sales for the respective periods are defined by the Company as reported net sales less net sales of Vincor products, net sales of imported beers, net sales of Svedka products, or net sales of U.K. wholesale, as appropriate. Organic net sales and percentage increase (decrease) in constant currency net sales (which excludes the impact of year over year currency exchange rate fluctuations) are provided because management uses this information in monitoring and evaluating the underlying business trends of the continuing operations of the company. In addition, the company believes this information provides investors better insight on underlying business trends and results in order to evaluate year over year financial performance.

	Three Months Ended		Percent Change	Currency Impact	Constant Currency Percent Change ⁽¹⁾
	May 31, 2007	May 31, 2006			
Consolidated Net Sales					
Branded wine	\$ 619.9	\$ 517.2	20%	3%	16%
Wholesale and other	184.4	247.3	(25%)	6%	(32%)
Imported beers	-	308.1	(100%)	-	(100%)
Spirits	96.9	83.3	16%	-	16%
Consolidated reported net sales	901.2	1,155.9	(22%)	3%	(25%)
Less: Vincor ⁽²⁾	(133.7)	-			
Less: Imported beers ⁽³⁾	-	(308.1)			
Less: Svedka ⁽⁴⁾	(11.6)	-			
Less: U.K. wholesale ⁽⁵⁾	-	(106.4)			
Consolidated organic net sales	\$ 755.9	\$ 741.4	2%	4%	(2%)
Branded Wine Net Sales					
Branded wine reported net sales	\$ 619.9	\$ 517.2	20%	3%	16%
Less: Vincor ⁽²⁾	(126.3)	-			
Branded wine organic net sales	\$ 493.6	\$ 517.2	(5%)	3%	(8%)
Spirits Net Sales					
Spirits reported net sales	\$ 96.9	\$ 83.3	16%	-	16%
Less: Svedka ⁽⁴⁾	(11.6)	-			
Spirits organic net sales	\$ 85.3	\$ 83.3	2%	-	2%
Wholesale and Other Net Sales					
Wholesale and other reported net sales	\$ 184.4	\$ 247.3	(25%)	6%	(32%)
Less: Vincor ⁽²⁾	(7.4)	-			
Less: U.K. wholesale ⁽⁵⁾	-	(106.4)			
Wholesale and other organic net sales	\$ 177.0	\$ 140.9	26%	11%	15%

(1) May not sum due to rounding as each item is computed independently.

(2) For the period March 1, 2007, through May 31, 2007, included in the three months ended May 31, 2007.

(3) For the period March 1, 2006, through May 31, 2006, included in the three months ended May 31, 2006.

(4) For the period March 19, 2007, through May 31, 2007, included in the three months ended May 31, 2007.

(5) For the period April 17, 2006, through May 31, 2006, included in the three months ended May 31, 2006.

- more -

Constellation Brands, Inc. and Subsidiaries
RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in millions, except per share data)

The company reports its financial results in accordance with generally accepted accounting principles in the U.S. ("GAAP"). However, non-GAAP financial measures, as defined in the reconciliations below, are provided because management uses this information in evaluating the results of the continuing operations of the company and/or internal goal setting. In addition, the company believes this information provides investors better insight on underlying business trends and results in order to evaluate year over year financial performance. See the tables below for supplemental financial data and corresponding reconciliations of these non-GAAP financial measures to GAAP financial measures for the three months ended May 31, 2007, and May 31, 2006. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the company's reported results prepared in accordance with GAAP. Please refer to the company's Web site at <http://www.cbrands.com/CBI/investors.htm> for more detailed description and further discussion of these non-GAAP financial measures.

	Three Months Ended May 31, 2007					Three Months Ended May 31, 2006					Percent Change - Reported Basis (GAAP)	Percent Change - Comparable Basis (Non-GAAP)
	Reported Basis (GAAP)	Inventory Step-up	Strategic Business Realignment ⁽¹⁾	Other	Comparable Basis (Non-GAAP)	Reported Basis (GAAP)	Inventory Step-up	Strategic Business Realignment ⁽¹⁾	Other ⁽²⁾	Comparable Basis (Non-GAAP)		
Net Sales	\$ 901.2				\$ 901.2	\$ 1,155.9				\$ 1,155.9	(22%)	(22%)
Cost of product sold	(633.0)	2.9	2.2		(627.9)	(837.3)	0.6	1.1	1.5	(834.1)	(24%)	(25%)
Gross Profit	268.2	2.9	2.2	-	273.3	318.6	0.6	1.1	1.5	321.8	(16%)	(15%)
Selling, general and administrative expenses	(197.6)		6.6		(191.0)	(172.6)		15.6		(157.0)	14%	22%
Restructuring and related charges	(0.4)		0.4		-	(2.3)		2.3		-	(83%)	N/A
Acquisition-related integration costs	(2.0)		2.0		-	(0.7)		0.7		-	186%	N/A
Operating Income	68.2	2.9	11.2	-	82.3	143.0	0.6	19.7	1.5	164.8	(52%)	(50%)
Equity in earnings of equity method investees	75.8	0.2			76.0	0.1	0.5			0.6	NM	NM
EBIT					158.3					165.4	N/A	(4%)
Gain on change in fair value of derivative instrument	-				-	52.5			(52.5)	-	(100%)	N/A
Interest expense, net	(79.7)				(79.7)	(48.7)				(48.7)	64%	64%
Income Before Income Taxes	64.3	3.1	11.2	-	78.6	146.9	1.1	19.7	(51.0)	116.7	(56%)	(33%)
Provision for income taxes	(34.5)	(1.1)	5.5		(30.1)	(61.4)	(0.3)	1.2	18.5	(42.0)	(44%)	(28%)
Net Income	\$ 29.8	\$ 2.0	\$ 16.7	\$ -	\$ 48.5	\$ 85.5	\$ 0.8	\$ 20.9	\$ (32.5)	\$ 74.7	(65%)	(35%)
Diluted Earnings Per Common Share⁽³⁾	\$ 0.13	\$ 0.01	\$ 0.07	\$ -	\$ 0.21	\$ 0.36	\$ -	\$ 0.09	\$ (0.14)	\$ 0.31	(64%)	(32%)
Weighted Average Common Shares Outstanding - Diluted	233,439	233,439	233,439	233,439	233,439	240,100	240,100	240,100	240,100	240,100		
Gross Margin	29.8%				30.3%	27.6%				27.8%		
Operating Margin	7.6%				9.1%	12.4%				14.3%		
Effective Tax Rate	53.7%				38.3%	41.8%				36.0%		

- (1) For the three months ended May 31, 2007, strategic business realignment items include the loss on disposal in connection with the company's contribution of its U.K. wholesale business of \$13.3 million, including \$7.2 million additional tax expense, and costs recognized by the company primarily in connection with (i) the restructuring and integration of the operations of Vincer International Inc. (the "Vincer Plan") of \$1.3 million, net of a tax benefit of \$0.6 million, (ii) its plan to invest in new distribution and bottling facilities in the U.K. and to streamline certain Australian wine operations (collectively, the "Fiscal 2007 Wine Plan") of \$1.1 million, net of a tax benefit of \$0.5 million, and (iii) its worldwide wine reorganization, including its program to consolidate certain west coast production processes in the U.S. (collectively, the "Fiscal 2006 Plan") of \$0.9 million, net of a tax benefit of \$0.6 million. For the three months ended May 31, 2006, strategic business realignment items include costs recognized by the company in connection with (i) the Fiscal 2006 Plan of \$3.2 million, net of a tax benefit of \$1.7 million, (ii) the "Robert Mondavi Plan" of \$0.4 million, net of a tax benefit of \$0.3 million, and (iii) the loss on the sale of the company's branded bottled water business of \$17.3 million, including \$3.2 million additional tax expense.
- (2) For the three months ended May 31, 2006, other includes \$1.0 million, net of a tax benefit of \$0.5 million, of adverse grape costs recognized in connection with the acquisition of The Robert Mondavi Corporation, and a gain of \$33.5 million, net of tax expense of \$19.0 million, for the May 31, 2006, mark-to-market adjustment of a foreign currency forward contract entered into by the Company in connection with the acquisition of Vincer to fix the U.S. dollar cost of the acquisition and payment of certain outstanding indebtedness.
- (3) May not sum due to rounding as each item is computed independently.

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Constellation Brands, Inc. and Subsidiaries
RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES (continued)
GUIDANCE - DILUTED EARNINGS PER SHARE AND FREE CASH FLOW
(in millions, except per share data)

<i>Diluted Earnings Per Share Guidance</i>	Range for the Year	
	Ending February 29, 2008	
Forecasted diluted earnings per share - reported basis (GAAP)	\$ 1.16	\$ 1.26
Inventory step-up	0.03	0.03
Strategic business realignment ⁽¹⁾	0.11	0.11
Forecasted diluted earnings per share - comparable basis (Non-GAAP)⁽²⁾	\$ 1.30	\$ 1.40
		Actual for the Year Ended February 28, 2007
Diluted earnings per share - reported basis (GAAP)	\$	1.38
Mondavi adverse grape cost		0.01
Inventory step-up		0.09
Strategic business realignment ⁽¹⁾		0.30
Other ⁽³⁾		(0.10)
Diluted earnings per share - comparable basis (Non-GAAP)⁽²⁾	\$	1.68

(1) Includes \$0.05, \$0.03, \$0.02 and \$0.01 diluted earnings per share for the year ending February 29, 2008, associated with the loss on disposal in connection with the company's contribution of its U.K. wholesale business to the Matthew Clark joint venture and the company's provision for income taxes in connection with the repatriation of proceeds associated with this transaction, the Fiscal 2007 Wine Plan, the Vincor Plan and the Fiscal 2006 Plan, respectively. Includes \$0.13, \$0.07 and \$0.03 diluted earnings per share for the year ended February 28, 2007, associated with the company's Fiscal 2007 Wine Plan, Vincor Plan and Fiscal 2006 Plan, respectively, and \$0.07 diluted earnings per share associated with the loss on the sale of the company's branded bottled water business for the year ended February 28, 2007.⁽²⁾

(2) May not sum due to rounding as each item is computed independently.

(3) Includes (\$0.15), \$0.03 and \$0.01 diluted earnings per share for the year ended February 28, 2007, associated with the gain on the mark-to-market adjustment of the foreign currency forward contract entered into by the company in connection with the acquisition of Vincor to fix the U.S. dollar cost of the acquisition and payment of certain outstanding indebtedness, the write-off of deferred financing fees in connection with the company's repayment of its prior senior credit facility, and foreign currency losses on foreign denominated intercompany loan balances associated with the acquisition of Vincor, respectively.⁽²⁾

Free Cash Flow Guidance

Free cash flow, as defined in the reconciliation below, is considered a liquidity measure and is considered to provide useful information to investors about the amount of cash generated, which can then be used, after required debt service and dividend payments, for other general corporate purposes. A limitation of free cash flow is that it does not represent the total increase or decrease in the cash balance for the period. Free cash flow should be considered in addition to, not as a substitute for, or superior to, cash flow from operating activities prepared in accordance with GAAP.

	Range for the Year	
	Ending February 29, 2008	
Net cash provided by operating activities (GAAP)	\$ 325.0	\$ 345.0
Purchases of property, plant and equipment	(165.0)	(165.0)
Free cash flow (Non-GAAP)	\$ 160.0	\$ 180.0
		Actual for the Three Months Ended May 31, 2007
Net cash (used in) provided by operating activities (GAAP)	\$	(86.1)
Purchases of property, plant and equipment		(17.7)
Free cash flow (Non-GAAP)	\$	(103.8)