

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) August 6, 2008

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

(IRS Employer
Identification No.)

370 Woodcliff Drive, Suite 300, Fairport, NY 14450

(Address of Principal Executive Offices) (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 2.05.**Costs Associated with Exit or Disposal Activities.**

On an ongoing basis, Constellation Brands, Inc. (the “Company”) seeks to maximize asset utilization, reduce costs and improve long-term return on invested capital throughout its operations. In connection with these efforts, the Company has conducted a strategic review of its Australian business and, on August 6, 2008, committed to the principal features of a plan, “the Australian Initiative,” to sell certain assets and implement operational changes designed to improve efficiencies and returns associated with its Australian business, primarily by consolidating certain winemaking and packaging operations and reducing the Company’s overall grape supply due to reduced capacity needs resulting from a streamlining of the Company’s product portfolio. The Australian Initiative includes the planned sale of three wineries and more than 20 vineyard properties, a streamlining of the Company’s wine product portfolio and production footprint, the buy-out and/or renegotiation of certain grape supply and other contracts, and equipment relocations. The Australian Initiative also includes costs for employee terminations. The actions under the Australian Initiative are expected to commence by August 7, 2008, and the Company currently expects the Australian Initiative to be substantially complete by the end of the Company’s fiscal year 2010 which ends on February 28, 2010.

As further detailed in the table below, the Company expects to incur approximately \$37 million of total net restructuring charges in connection with the Australian Initiative and approximately \$33 million of other related costs, all of which charges and costs are expected to be recorded in the Company’s results of operations during the fiscal years ending February 28, 2009 (“Fiscal 2009”) and February 28, 2010 (“Fiscal 2010”). Included within the total net restructuring charges of \$37 million are impairment charges during Fiscal 2009 of approximately \$37 million associated with certain property, plant and equipment held for sale. On August 6, 2008, the Company reached its conclusion regarding this impairment charge as well as its conclusion regarding impairment charges of approximately \$13 million on certain intangible assets and an equity method investment. Additionally, the Company expects to record inventory write-downs of approximately \$52 million during Fiscal 2009 and accelerated depreciation of approximately \$5 million for expected disposals of certain property, plant and equipment during Fiscal 2009 and Fiscal 2010. In connection with the Australian Initiative, the Company expects to incur aggregate cash expenditures of approximately \$45 million during Fiscal 2009 and Fiscal 2010, and an aggregate of approximately \$95 million of net non-cash costs during Fiscal 2009 and Fiscal 2010. The following table sets forth the Company’s current expectations related to the Australian Initiative:

| <i>(in millions)</i> | Estimated Pretax Charges During Fiscal 2009 | Estimated Pretax Charges During Fiscal 2010 | Estimated Pretax Charges Total |
|---|---|---|---|
| Restructuring charges: | | | |
| Employee termination costs (cash) ⁽¹⁾ | \$ 6 | \$ - | \$ 6 |
| Contract termination costs (cash) | - | 4 | 4 |
| Other associated costs (cash) | 1 | 1 | 2 |
| Impairment charges (gains) on assets held for sale (non-cash) | 37 | (12) | 25 |
| Total restructuring charges, net | 44 | (7) | 37 |
| Other related costs (cash) | 7 | 26 | 33 |
| Accelerated depreciation (non-cash) | 3 | 2 | 5 |
| Impairment charges on intangible assets and equity method investment (non-cash) | 13 | - | 13 |
| Inventory write-downs (non-cash) | 52 | - | 52 |
| Total costs, net | \$ 119 | \$ 21 | \$ 140 |
| Total cash costs | \$ 14 | \$ 31 | \$ 45 |
| Total non-cash costs (gains), net | \$ 105 | \$ (10) | \$ 95 |

⁽¹⁾ The Company may incur additional restructuring charges (and cash expenditures) of up to \$6 million for employee termination costs associated with assets held for sale.

This Current Report on Form 8-K 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, which 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 fact included in this Current Report on Form 8-K, including statements regarding the Company’s business plans, expected restructuring charges, other related costs, accelerated depreciation, impairment charges on intangible assets and equity method investment, and inventory write-downs, all of which are in connection with the Australian Initiative, are forward-looking statements. All forward-looking statements speak only as of the date of this Current Report on Form 8-K. 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 and conditions in the general economy and the markets in which the Company competes, the forward-looking statements of the Company contained in this Current Report on Form 8-K are also subject to the following risks and uncertainties: the Company’s restructuring charges, other related costs, accelerated depreciation, impairment charges on intangible assets and equity method investment, and inventory write-downs, all of which are in connection with the Australian Initiative, may vary materially from management’s current estimates of these charges and costs due to variations in anticipated headcount reductions, contract terminations or modifications, equipment relocation, proceeds from the sale of assets identified for sale, product portfolio rationalizations, production footprint, and other costs and timing in implementation, and other risks and uncertainties described in the Company’s Annual Report on Form 10-K for the fiscal year ended February 29, 2008, and other Securities and Exchange Commission filings.

Item 2.06. Material Impairments.

The information set forth in Item 2.05 above is hereby incorporated by reference into this Item 2.06.

Item 7.01. Regulation FD Disclosure.

On August 6, 2008, the Company issued a news release, a copy of which is furnished herewith as Exhibit 99.1 and is incorporated herein by reference. Among other items, the news release provided information about the Company's plans to sell certain assets and implement operational changes within its Australian operations to improve efficiencies and returns and also updated the diluted earnings per share outlook regarding the Company's fiscal year ending February 28, 2009, together with certain related assumptions. The projections constituting the guidance included in the news release involve risks and uncertainties, the outcome of which cannot be foreseen at this time and, therefore, actual results may vary materially from these projections. In this regard, see the information included in the news release under the caption "Forward-Looking Statements."

Reference to the Company's website in the release does not incorporate by reference the information on the website into this Current Report on Form 8-K and the Company disclaims any such incorporation by reference. The information in 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. This information is "furnished" and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, and is not 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 Constellation Brands, Inc. dated August 6, 2008. |

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: August 7, 2008

CONSTELLATION BRANDS, INC.

By: /s/ Robert Ryder
Robert Ryder
Executive Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

| Exhibit No. | Description |
|-------------|---|
| (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 August 6, 2008. |
| (100) | XBRL-RELATED DOCUMENTS Not Applicable. |



NEWS RELEASE

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CONTACTS

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Investor Relations

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Constellation Wines Australia to Sell Certain Assets and Implement Operational Changes to Improve Efficiencies and Returns

- **Net proceeds from asset sales expected to reduce Constellation Brands borrowings**
- **Company updates reported diluted EPS guidance**
- **Comparable earnings guidance not affected**

FAIRPORT, N.Y., Aug. 6, 2008 – Constellation Brands, Inc. (NYSE: STZ, ASX: CBR), a leading international beverage alcohol producer and marketer, announced today that Constellation Wines Australia (formerly Hardy Wine Company) will sell certain assets and implement changes to its wine portfolio and production footprint to simplify the business and provide better focus on premium brands and operational efficiencies aimed at increasing long-term profitable growth and improved returns. These activities are the result of the completion of a strategic review of the company's Australian business.

The initiative announced today involves the planned sale of three of 10 production facilities, in addition to the sale of more than 20 vineyard properties; consolidation of bottling operations; portfolio streamlining and rationalization of more than 30 percent of the company's Australian stock keeping units (SKUs). The company's Australian employment will be impacted by more than 20 percent, or 350 positions, primarily associated with assets expected to be sold.

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“This project is part of our ongoing efforts to enhance operating efficiencies, improve cash flow and return on invested capital (ROIC) and reduce existing borrowings,” said Rob Sands, Constellation Brands president and chief executive officer. “Australia remains one of the most important and dynamic New World Wine producing markets, and our Hardys and Banrock Station brands are two of the most recognized and consumed wines in the world. Australia is the largest New World Wine exporter based on volume and value, as well as being the second largest producer, and it is the third largest consumer market for these types of wines. This assessment of our Australian business has led to the development and implementation of an action plan that we believe will allow us to better position this business for success around the world. We will continue to provide consumers with an excellent array of the highest quality, premium Australian wine brands, along with many other high-quality Australian products that are Constellation Wines Australia hallmarks.”

Bob Ryder, Constellation Brands chief financial officer added, “We are eliminating less profitable SKUs, focusing on brand-building and increasing pricing to restore appropriate levels of profitability. We are also monetizing certain elements of our production footprint and increasing efficiencies. These actions are designed to reduce our cost base and improve our margins. We expect to see sales and profits grow, and ROIC improve. In addition, we expect this initiative to generate positive cash, with proceeds from asset sales projected to exceed the cash cost of this restructuring by more than \$50 million.”

Financial Details

In connection with the Australian initiative, the company expects to incur one-time cash costs of approximately \$45 million and net one-time non-cash costs of approximately \$95 million, for a total of approximately \$140 million in net one-time costs. The expected timing of the costs is as follows:

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| | Estimated Pretax Charges During Fiscal 2009 | Estimated Pretax Charges During Fiscal 2010 | Estimated Pretax Charges Total |
|---|---|---|---|
| <i>(in millions)</i> | | | |
| Restructuring charges: | | | |
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(1) The company may incur additional restructuring charges (and cash expenditures) of up to \$6 million for employee termination costs associated with assets held for sale.

As a result of these announced changes, the company is providing updated diluted earnings per share outlook for fiscal 2009.

Outlook

The table below sets forth management's current diluted earnings per share expectations for fiscal year 2009 on a reported basis and a comparable basis.

Constellation Brands Fiscal Year 2009 Diluted Earnings Per Share Outlook

| | Reported Basis FY 09 Estimate | Comparable Basis FY 09 Estimate |
|---|----------------------------------|------------------------------------|
| Fiscal Year Ending Feb. 28, 2009 | \$0.86 - \$0.94 | \$1.68 - \$1.76 |

The above guidance is based on information previously provided taking into account the developments described above.

Full-year fiscal 2009 guidance includes the following current assumptions:

- Net sales: mid to high single-digit growth in organic net sales combined with the incremental benefit from the BWE acquisition, impact of reporting the joint venture for the Matthew Clark wholesale business under the equity method, and divestiture of the Almaden and Inglenook brands, are expected to result in reported net sales increasing mid single-digits from net sales for fiscal 2008

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- Interest expense: approximately \$335 - \$345 million
- Tax rate: approximately 50 percent on a reported basis, due to the recognition of a valuation allowance against the net operating loss associated with the Australian initiative, and 37 percent on a comparable basis
- Weighted average diluted shares outstanding: approximately 222 million
- Free cash flow: \$310 - \$340 million

Explanations

Reported basis (“reported”) diluted earnings per share are as reported under generally accepted accounting principles. Diluted earnings per share on a comparable basis (“comparable”), exclude acquisition-related integration costs, restructuring charges and unusual items.

The company discusses the additional non-GAAP measure of free cash flow in this news release.

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, sales in about 150 countries and operates more than 60 facilities worldwide. It is also the largest wine producer in the world and an S&P 500 Index and Fortune 500® company. Major brands in the company’s portfolio include Corona, Black Velvet, SVEDKA Vodka, Robert Mondavi, Clos du Bois, Ravenswood, Blackstone, Hardys, Banrock Station, Nobilo, Kim Crawford, Inniskillin, Jackson-Triggs and Arbor Mist. To learn more about the company and its products visit Constellation’s Web site at www.cbrands.com.

Forward-Looking Statements

The statements and estimates in this news release under the heading Outlook replace in their entirety the statements and estimates set forth under the heading Outlook in the Company’s news release dated July 1, 2008.

The statements made under the heading Outlook, as well as all other statements set forth in this news release which are not historical facts regarding Constellation’s business strategy, future operations, financial position, estimated revenues, projected costs, prospects, plans and objectives of management, or information concerning expected actions of third parties, are forward-looking statements (collectively, the “Projections”) that involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the Projections.

During the current quarter, Constellation may reiterate the Projections. Prior to the start of the company’s quiet period, which will begin at the close of business on August 22, 2008, 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. During Constellation’s “quiet period” the Projections should not be considered to constitute the company’s expectations and should be considered historical, speaking as of prior to the quiet period only and not subject to update by the company.

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The Projections 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. The Projections 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 Projections of the company contained in this news release are subject to a number of risks and uncertainties, including:

- successful integration of acquired businesses, realization of expected synergies and completion of various portfolio actions;
- achievement of all expected cost savings from the company's various restructuring plans and realization of expected proceeds from the sale of inventory and other assets;
- accuracy of the bases for forecasts relating to joint ventures and associated costs and capital investment requirements;
- 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 company's acquisitions and from estimates of goodwill and intangible asset impairment charges;
- restructuring charges, acquisition-related integration costs, other one-time costs and purchase accounting adjustments associated with integration and restructuring plans may vary materially from management's current estimates due to variations in one or more of anticipated headcount reductions, contract terminations, costs or timing of plan implementation;
- 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 lower than expected sales or higher than expected costs;
- general economic, geo-political and regulatory conditions or unanticipated environmental liabilities and costs;
- changes to accounting rules and tax laws, and other factors which could impact the company's reported financial position or effective tax rate;
- changes in interest rates and the inherent unpredictability of currency fluctuations, commodity prices and raw material costs; and
- other factors and uncertainties disclosed in the company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended Feb. 29, 2008, which could cause actual future performance to differ from current expectations.

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Constellation Brands, Inc. and Subsidiaries
GUIDANCE - DILUTED EARNINGS PER SHARE AND FREE CASH FLOW
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 year ending February 28, 2009. 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 the historical non-GAAP financial measures.

Fiscal Year 2009

Diluted Earnings Per Share Guidance

| | Range for the Year Ending February 28, 2009 | |
|--|--|----------------|
| Forecasted diluted earnings per share - reported basis (GAAP) | \$ 0.86 | \$ 0.94 |
| Inventory step-up | 0.06 | 0.06 |
| Strategic business realignment ⁽¹⁾ | 0.70 | 0.70 |
| Other ⁽²⁾ | 0.06 | 0.06 |
| Forecasted diluted earnings per share - comparable basis (Non-GAAP)⁽³⁾ | \$ 1.68 | \$ 1.76 |

(1) Includes \$0.48, \$0.08, \$0.06, \$0.04, \$0.02 and \$0.01 diluted earnings per share for the year ending February 28, 2009, associated with the Australian initiative, the loss on the sale of certain California and Pacific Northwest Wine Assets and other related charges, the Fiscal 2008 Plan, the Fiscal 2007 Wine Plan, the Fiscal 2006 Plan and the Vincor Plan, respectively. ⁽³⁾

(2) Includes \$0.06 diluted earnings per share for the year ending February 28, 2009, associated with the Australian initiative for impairment of intangible assets and equity method investment.

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

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.

Fiscal Year 2009

Free Cash Flow Guidance

| | Range for the Year Ending February 28, 2009 | |
|---|--|-----------------|
| Net cash provided by operating activities (GAAP) | \$ 460.0 | \$ 510.0 |
| Purchases of property, plant and equipment | (150.0) | (170.0) |
| Free cash flow (Non-GAAP) | \$ 310.0 | \$ 340.0 |