CONSTELLATION BRANDS INC
Form 424B2
July 28, 2003
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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-63480

PROSPECTUS SUPPLEMENT

(To Prospectus Dated July 18, 2003)

6,000,000 Shares

Constellation Brands, Inc.

Depositary Shares

Each representing 1/40 of a share of 5.75% Series A Mandatory Convertible Preferred Stock

We are offering 6,000,000 depositary shares by this prospectus supplement and the accompanying prospectus. We will receive all of the net proceeds from the sale of the depositary shares. We have granted the underwriters an option to purchase up to 820,000 additional depositary shares to cover over-allotments.

Each depositary share represents 1/40 of a share of our Series A mandatory convertible preferred stock, liquidation preference $1,000 per share, which is equivalent to $25 per depositary share. Holders of depositary shares are entitled to all proportional rights and preferences of the Series A mandatory convertible preferred stock, including dividend, voting, conversion and liquidation rights.

We will pay annual dividends on each depositary share in the amount of $1.4375, which is based on the annual dividend rate of $57.50 for each share of our Series A mandatory convertible preferred stock. Dividends will be cumulative from the date of issuance and to the extent that dividends are not prohibited or restricted under our debt agreements, assets are legally available to pay dividends and our board of directors or an authorized committee of our board declares a dividend payable, we will pay dividends in cash, shares of our Class A common stock or a combination thereof, in our sole discretion, after every quarter. Shares of our Class A common stock used to pay dividends will be delivered to the transfer agent to be sold on the holders behalf, resulting in net cash proceeds to be distributed to the holders in an amount equal to the cash dividends otherwise payable. The first dividend payment will be made on December 1, 2003.

On September 1, 2006, each depositary share will automatically convert, subject to adjustments described in this prospectus supplement, into between 0.7319 and 0.8929 shares of our Class A common stock, depending on the then current market price of our Class A common stock. At any time prior to September 1, 2006, holders may elect to convert each depositary share, subject to adjustments described in this prospectus supplement, into 0.7319 shares of our Class A common stock. If the closing price per share of our Class A common stock exceeds $51.24 for at least 20 trading days within a period of 30 consecutive trading days, we may elect, subject to certain limitations described in this prospectus supplement, to cause the conversion of all, but not less than all, of the depositary shares then outstanding into shares of our Class A common stock at a conversion rate of 0.7319 shares of our Class A common stock for each depositary share.

Prior to this offering, there has been no public market for our depositary shares. We have applied to list our depositary shares on the New York Stock Exchange under the symbol STZ Pr A. Our Class A common stock is listed on the New York Stock Exchange under the symbol STZ. On July 24, 2003, the last reported sale price of our Class A common stock was $28.00 per share.

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 9,500,000 shares of our Class A common stock (or 10,925,000 shares if the underwriters exercise in full their over-allotment option). However, neither offering is contingent upon the consummation of the other.

Investing in our depositary shares involves risks. See Risk Factors beginning on page S-13 of this prospectus supplement and on page 1 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	**Total**
Public Offering Price	$25.00	$150,000,000
Underwriting Discount	$ 0.75	$ 4,500,000
Proceeds to Constellation Brands, Inc. (before expenses)	$24.25	$145,500,000

The underwriters expect to deliver the depositary shares to purchasers on or about July 30, 2003.

Joint Book-Running Managers

JPMorgan **Citigroup**

Joint Lead Manager

UBS Investment Bank

July 24, 2003

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[Company Product]

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer to sell these securities in any state where the offer is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain 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 our control, that could cause actual results to differ materially from those set forth in, or implied by, our forward-looking statements. All statements other than statements of historical facts included in this prospectus supplement and the accompanying prospectus, including the statements under Prospectus Supplement Summary, Management s Discussion and Analysis of Financial Condition and Results of Operations and Business regarding our business strategy, future operations, financial position, estimated revenues, projected costs, prospects, plans and objectives of management, as well as information concerning expected actions of third parties, are forward-looking statements. When used in this prospectus supplement and the accompanying prospectus, the words anticipate, intend, estimate, expect, project, and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. All forward-looking statements speak only as of the date of this prospectus supplement. Neither we nor the underwriters undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could cause our actual results to differ materially from our expectations, or cautionary statements, are disclosed under Risk Factors and elsewhere in the prospectus supplement and the accompanying prospectus. The cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

CURRENCIES

In this prospectus supplement references to dollars and $ are references to United States dollars, and references to U.S. are references to the United States of America. References to Australian dollars and A$ are references to Australian currency. In addition, references to pounds sterling, sterling or £ are references to the United Kingdom currency. These translations should not be construed as representations that the amounts in Australian dollars or pounds sterling actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated herein or at any other rate.

INDUSTRY DATA

Market share and industry data disclosed in this prospectus supplement have been obtained from various third party sources including the following industry and government publications: Adams Liquor Handbook; Adams Wine Handbook; Adams Beer Handbook; Adams Media Handbook Advance; The United States Wine Market: Impact Databank Review and Forecast; The United States Beer Market: Impact Databank Review and Forecast; The United States Spirits Market: Impact Databank Review and Forecast; International Wine and Spirit Record; Australian Wine and Brandy Reports; NACM; AC Nielsen; IRI; The Drink Pocketbook; Beer Marketers Insights and Winemaker s Federal of Australia. We have not independently verified these data. Unless otherwise noted, all references to market share data are based on unit volume and unless otherwise noted, the most recent complete industry data available are for calendar 2002.

INTELLECTUAL PROPERTY

We own or have rights to various trademarks, copyrights and trade names used in our business including the following: Alice White, Almaden, Arbor Mist, Banrock, Banrock Station, Berri Estates, Blackthorn, Black Velvet, Canadian Ltd, Columbia, Cook s, Covey Run, Diamond White, Dunnewood, Estancia, Estate Cellars, Fleischmann s, Fleischmann s Royal, Fleischmann s Schenley, Franciscan, Franciscan Oakville Estate, Gaymor s Olde English, Golden Wedding, Grant s of St. James, Hardys, Hardys Signature, Hardys VR Varietal Range, Inglenook, J. Roget, K

Cider, La Baume, Leasingham, MacNaughton, Manischewitz, Marcus James, McMaster s, Montezuma, Motif, Mr. Boston, Mystic Cliffs, Nectar Valley, Nottage Hill, Oakville Estate, OFC, Omni, Paul Masson, Paul Masson Grande Amber Brandy, QC, Ravenswood, Remano, St. Regis, Ste. Chapelle, St. James, Simi, Stone s, Stamps of Australia, Stowells, Talus, Taylor, Triple Crown and Vendange. This prospectus supplement, the accompanying prospectus, and the documents incorporated by reference also include trademarks, service marks and trade names of other companies.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary highlights selected information from this prospectus supplement, the accompanying prospectus and the documents incorporated by reference and may not contain all the information that is important to you. We encourage you to read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in their entirety. Unless we indicate otherwise, the terms we, us and our refer to Constellation Brands, Inc. together with its subsidiaries. Constellation Brands, Inc. is a Delaware corporation that was incorporated on December 4, 1972, as the successor to a business founded in 1945. On September 19, 2000, we changed our name to Constellation Brands, Inc. from Canandaigua Brands, Inc.

Constellation Brands, Inc.

We are a leading international producer and marketer of beverage alcohol in North America, Europe and Australia with a broad portfolio of brands across the wine, imported beer and distilled spirits categories. We have the largest wine business in the world and are the largest multi-category supplier of beverage alcohol brands in the United States. In the United Kingdom, we are the largest marketer of wine and a leading independent drinks wholesaler. We are the largest producer and marketer of wine in Australia. Our strong market positions increase our purchasing power and make us a supplier of choice to our customers.

With our broad product portfolio, we believe we are distinctly positioned to satisfy an array of consumer preferences across all beverage alcohol categories and price points. Many of our products are recognized leaders in their respective categories. Leading brands in our portfolio include Corona Extra, Modelo Especial, Pacifico, St. Pauli Girl, Franciscan Oakville Estate, Simi, Estancia, Ravenswood, Blackstone, Banrock Station, Hardys, Nobilo, Houghton, Leasingham, Almaden, Inglenook, Arbor Mist, Vendange, Alice White, Stowells, Black Velvet, Fleischmann s, Schenley, Ten High and Blackthorn.

Since our founding in 1945 as a producer and marketer of wine products, we have grown through a combination of internal growth and acquisitions. Our internal growth has been driven by leveraging our existing portfolio of leading brands, developing new products, new packaging and line extensions, and focusing on the faster growing sectors of the beverage alcohol industry.

Since 1991, we have successfully integrated a number of major acquisitions that have broadened our portfolio and increased our market share, net sales, operating income and cash flow. Our acquisition in April 2003 of BRL Hardy Limited, now known as Hardy Wine Company Limited, or Hardy, Australia s largest producer of wine, enhanced our overall growth prospects and gave us an immediate presence in the Australian domestic and export markets. We and Hardy formed Pacific Wine Partners LLC, or PWP, in July 2001 as an equally-owned joint venture to produce, market and sell a global portfolio of premium wines in the United States, including a range of Australian wines. Other recent acquisitions include: the Ravenswood brand, a leading premium wine from Sonoma, California in July 2001; the Covey Run, Columbia, Ste. Chapelle, Alice White and other premium wine brands in March 2001; and the Vendange, Nathanson Creek, Heritage, Talus and other premium wine brands also in March 2001.

Through these acquisitions, we have become more competitive by: diversifying our portfolio; developing strong market positions in the growing beverage alcohol product categories of varietal table wine and imported beer; strengthening our relationships with wholesalers; expanding our distribution and enhancing our production capabilities; and acquiring additional management, operational, marketing, and research and development expertise.

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Competitive Strengths

Leading Market Positions. We are the largest supplier of wine in the world. We have leading market positions in various sectors within each of our major product categories in the United States, Australia and New Zealand, and the United Kingdom, which increases our purchasing power and makes us a supplier of choice to our customers.

In the United States, we are the second largest producer and marketer of wine with an 18% market share, the largest marketer of imported beer in 25 primarily western U.S. states, with a 42% share of the imported beer market in such states, and the third largest producer and marketer of distilled spirits with a 10% market share.

In Australia, we are the largest producer and marketer of wine with a 22% market share.

In the United Kingdom, we are the largest marketer of wine and a leading independent drinks wholesaler to on-premise outlets.

Strong Brand Recognition. Many of our products are recognized leaders in their respective categories in the United States, Australia and New Zealand, and the United Kingdom.

Wine. We sell more than 40 different brands of table wines, dessert wines and sparkling wines around the world. We sell 22 of the top 100 wine brands in the United States, including Almaden, Inglenook, Arbor Mist, Vendange, Richards Wild Irish Rose, Paul Masson, Cook s, Blackstone, Ravenswood and Banrock Station. With brands like Estancia, Franciscan Oakville Estate, Simi, Blackstone and Ravenswood, we have one of the largest fine wine portfolios in the United States. In the United Kingdom, we have seven of the top 20 selling table wine brands to the off-premise market including: Stowells, Hardys Stamp, Banrock Station, Nottage Hill and Paul Masson. In the on-premise market, we have three of the top 10 selling table wine brands: Stowells, Hardys Stamp and Hardys. We also have QC, the best selling brand of fortified British wine. In Australia, we are the largest producer of cask wines with the Stanley, Berri Estates, Renmano, Banrock Station and Hardy cask wine brands, complemented by Australia s most comprehensive range of premium regional wine brands, including Houghton, Leasingham, Yarra Burn, Stonehaven and BVE.

Imported Beer. We are the distributor of six of the top 25 imported beers in the United States: Corona Extra, the best selling imported beer in the United States and the seventh best selling beer overall in the United States, Corona Light, Modelo Especial, St. Pauli Girl, Pacifico and Negra Modelo. We have an exclusive distribution agreement in 25 primarily western U.S. states through 2006 for our Mexican brands, with provisions for five-year automatic renewals of the agreement thereafter.

Distilled Spirits. We have 15 of the top 100 distilled spirits brands in the United States, including Black Velvet, Barton, Sköl, Paul Masson Grande Amber Brandy, Canadian LTD, Montezuma and Fleischmann s Royal.

Broad Product Portfolio and Geographic Presence. Through new product introductions, product line extensions, innovative packaging and acquisitions, we have broadened our product portfolio, expanded our geographic scope and improved the consistency of our financial results.

Our sales are primarily spread across three major beverage alcohol categories wine, beer and distilled spirits and across three geographies North America (primarily the United States and Canada), Europe (primarily the United Kingdom) and Australasia (primarily Australia and New Zealand).

With a broad portfolio of products, we are well positioned to meet an array of consumer preferences with the ability to quickly allocate resources to faster growing product categories.

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Our portfolio generates balanced sales and earnings streams. Growth in our premium and super premium wine portfolio in the United States and the United Kingdom, our imported beer portfolio in the United States, our wine exports from Australia and our wholesale business in the United Kingdom are supported by more stable financial results from sales of spirits and popular priced wines in the United States and domestic wine in Australia.

Proven Acquisition Track Record. We have successfully integrated newly acquired companies with our existing operations and achieved revenue growth and cost savings in the process.

Since 1991, we have successfully integrated a number of major acquisitions. From Fiscal 1999 through Fiscal 2003, these acquisitions have contributed to compound annual growth rates in net sales and adjusted operating income of 18.5% and 27.2%, respectively.

Revenue and cost synergies achieved from acquisitions and a focus on higher margin wine brands have contributed to the increase in our gross profit margin from 24.1% in Fiscal 1999 to 27.8% in Fiscal 2003, and in our adjusted operating margin from 11.1% to 14.8% during this period.

Our December 1998 acquisition of Matthew Clark plc has given us a presence in the United Kingdom and a platform for growth in the European market.

With the acquisitions of Franciscan Vineyards, Inc., or Franciscan Estates, and Simi Winery, Inc., or Simi, in June 1999, we entered the faster growing, higher margin super premium and ultra premium wine categories.

We continued to build our portfolio in the premium wine category. In July 2001, we acquired Ravenswood Winery, Inc., or Ravenswood, which has the best selling super premium zinfandel wine in the United States, and in October 2001, we acquired the Blackstone brand through PWP, the best selling red wine brand in the United States selling for greater than $11 per bottle.

In August of 2001, we formed Pacific Wine Partners LLC, or PWP, a joint venture with Hardy, to capitalize on the fast growing Australian and premium wine segments in the United States. Due in part to the success of PWP, we acquired Hardy this year, enhancing our ability to participate in the expected growth of Australian wine around the world and establishing Constellation in Australia. We expect the acquisition will contribute to overall increases in our sales and earnings.

Experienced and Incentivized Management Team. We have one of the most experienced management teams in the beverage alcohol industry.

Our chief executive officer, chief operating officer, division presidents, including the head of our worldwide wines division and former chief executive officer of Hardy, and company presidents have an average of 13 years with Constellation or its affiliates and an average of 25 years in the beverage alcohol industry.

Richard Sands, our Chairman and Chief Executive Officer, and Robert Sands, our President and Chief Operating Officer, are members of the Sands family, which, upon completion of the concurrent offering of our Class A common stock, will own common stock representing approximately 55% of our voting power and approximately 14% of our outstanding common equity.

Business Strategy

We will remain focused across the beverage alcohol industry by offering a broad range of products in each of our three major categories wine, beer and spirits. We intend to keep our portfolio positioned for superior top-line growth while maximizing the profitability of our brands. In addition, we seek to increase our relative

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importance to key customers in major markets by increasing our share of their overall purchasing, which is increasingly important in a consolidating industry. We also seek to grow internationally by establishing a presence in other significant mass markets when opportunities for attractive cross-border acquisitions become available. We intend to continue to build our growth-oriented and profitable brands through the following key initiatives:

Effectively Manage Brand Portfolio. With over 200 brands in our portfolio, it is essential that we maintain focus in order to be responsive to our customers and the marketplace.

We manage our brand portfolio with individual sales and marketing teams focused by major product category and geography. Where appropriate, we leverage our sales and marketing expertise across product categories to take advantage of high-growth opportunities, particularly in national accounts.

We concentrate our efforts in geographic markets with attractive demographics.

Capitalize on Growth Opportunities. We maximize the profitability of our brand portfolio by allocating resources to and focusing on the faster growing segments of the beverage alcohol market. A number of product categories have demonstrated growth potential in existing markets or are underserved by products currently available in the market.

We intend to further capitalize on the growth of the United States imported beer market. Sales from our portfolio of imported beers, led by Corona Extra, grew at a compound annual growth rate of 16% from 1997 through 2002.

Recognizing the potential for Australian wines in the United States, we acquired Australian wine brand Alice White in March of 2001 and created the PWP joint venture with Hardy the same year. With the recent acquisition of Hardy, we expect to benefit from growth of Australian wines around the world.

Hardys Stamp, already a success in the United Kingdom, was recently launched in the United States to capitalize on three growth opportunities Australian wines, premium wines and cask (box) wine. Hardys Stamp of Australia was introduced in glass and cask packages and has been well received by the trade.

Capitalizing on our direct access to the California grape market and the growth in California wines in the United Kingdom, we successfully launched a new wine brand specific to the United Kingdom market, Echo Falls. Positioned at a fast growing price point, Echo Falls offers quality varietal wines and pricing ideal for everyday consumption.

In late 2001, we launched the new Hardys VR range in the United Kingdom and in the first 12 months, sales were in excess of one million cases.

The Franciscan Estates, Simi and Ravenswood product lines are well established in the super-premium and ultra-premium wine categories. Organic sales from our portfolio of super-premium and ultra-premium wines had a compound annual growth rate of 22% from 1997 through 2002.

In 1998, we created the wine-with-fruit category to tap a new group of wine consumers with the introduction of Arbor Mist. By building distribution, we now have a brand which sells more than four million cases annually and is the top selling wine-with-fruit brand in the United States.

We continue to increase our market share in our United Kingdom wholesale business by focusing our offerings on the primary growth categories in the on-premise market wine, spirits and ready-to-drink beverages.

Introduce Product Line Extensions. The commercial success and brand name recognition of our products give us the ability to introduce product line extensions to generate additional growth and to gain market share.

Offering consumers a greater choice of packaging, we expect to introduce several new package extensions for our portfolio of Mexican beers later this year, including Corona Extra, Corona Light and Pacifico in a 24 loose package.

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Blackstone Winery, whose Merlot is the top selling red wine priced over $11 per bottle in the United States, expanded its offerings to include a California Syrah, Zinfandel, Pinot Noir and Sauvignon Blanc.

We are using the well-known Almaden wine name to strengthen our number two position in the growing box wine market in the United States, which now accounts for approximately 20% of all table wine consumed. We continue to offer an increasing number of blends designed to appeal to consumers with preferences for lighter-tasting red wines. We recently introduced two new flavor concepts, red and white Sangria, in a new package with high-impact vibrant colors and a festive theme that sets it apart from the traditional image of the segment.

We continue to take advantage of the top-ranked position of the Stowells wine brand in the United Kingdom. We have successfully introduced Stowells in a variety of bottle sizes, giving consumers the ability to enjoy Stowells beyond the traditional box package. Recently, we introduced the Stowells Cellar Collection: six wine varieties that will appeal to existing Stowells consumers, but who prefer more premium wines for special occasions.

We recently introduced Arbor Mist Wine Blenders, the only blender drinks available made with wine in the United States, to capitalize on the strong growth and brand equity of our wine-with-fruit brand, Arbor Mist.

Following the success of 99 Bananas and 99 Blackberries, the 99 Brand family of fruit-flavored liqueurs introduced 99 Apples, helping the brand grow 56% in Fiscal 2003. We expect to continue to introduce new flavors designed to capitalize on changing consumer tastes.

Building on the success of the Chi-Chi s prepared cocktail line, which include Margarita, Long Island Iced Tea and Pina Colada flavors, we introduced Cosmopolitan and Mango Margarita flavors to the line to capitalize on some of the most popular cocktails in the United States.

Continuing to capitalize on the trend toward flavored vodkas, Fleischmann s Vodka added apple to its existing line of flavors, which includes raspberry, orange, lime and vanilla.

We are introducing Beachcomber, a new line of flavored rums to take advantage of growth in the rum category.

Consider Selective Acquisition Opportunities. Strategic acquisitions will continue to be a component of our growth strategy to complement our internal brand development initiatives.

We have supplemented our internal growth with a number of major acquisitions since 1991.

Matthew Clark s established reputation within the industry and proven track record provide us with a platform from which to pursue future acquisitions in Europe.

We will continue to seek to make acquisitions that capitalize on our existing infrastructure or that offer complementary product lines, geographic scope or additional distribution channels.

We have a seasoned management team experienced in identifying, evaluating and integrating acquisitions.

Information About Us

Our principal executive offices are located at 300 WillowBrook Office Park, Fairport, New York 14450, and our telephone number is 585-218-3600. We maintain a website at *www.cbrands.com*. The information on our website is not part of this prospectus supplement or the accompanying prospectus.

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The Offering

Issuer	Constellation Brands, Inc.
Securities offered	6,000,000 depositary shares, each representing 1/40 of a share of 5.75% Series A mandatory convertible preferred stock, liquidation preference $1,000 per share, which is equivalent to $25 per depositary share. To the extent that the underwriters sell more than 6,000,000 depositary shares, they have the option to purchase up to an additional 820,000 depositary shares from us at the initial offering price less the underwriting discount.
Initial price	$25.00 for each depositary share.
Dividends	$1.4375 for each depositary share per year, which is based on the annual dividend rate of $57.50 for each share of Series A mandatory convertible preferred stock per year. Dividends will be cumulative from the date of issuance and to the extent that dividends are not prohibited or restricted under our debt agreements, assets are legally available to pay dividends and our board of directors or an authorized committee of our board declares a dividend payable, we will pay dividends in cash, shares of our Class A common stock, or a combination thereof, in our sole discretion, after every quarter. Shares of our Class A common stock used to pay dividends will be delivered to the transfer agent to be sold on the holders behalf, resulting in net cash proceeds to be distributed to the holders in an amount equal to the cash dividends otherwise payable. See Risk Factors Our debt agreements may restrict us from paying cash dividends on our Series A mandatory convertible preferred stock under certain circumstances and We cannot assure you that we will be able to file, cause to be declared effective or keep effective, as the case may be, the registration statement required to permit us to pay dividends on our Series A mandatory convertible preferred stock in shares of our Class A common stock.
Dividend payment dates	The 1st calendar day (or the first following business day if the 1st calendar day is not a business day) of each March, June, September and December, commencing on December 1, 2003.
Conversion rate	The conversion rate for each depositary share will not be more than 0.8929 shares and not less than 0.7319 shares of our Class A common stock, depending on the applicable market value of our Class A common stock, as described below.
	The conversion rate is subject to certain adjustments, including those described under Description of Series A Mandatory Convertible Preferred Stock Anti-dilution Adjustments.
	The applicable market value is the average of the closing prices per share of our Class A common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding

the applicable conversion date. It will be calculated as described under Description of Series A Mandatory Convertible Preferred Stock Conversion.

The following table illustrates the conversion rate per depositary share and the value of our Class A common stock issuable upon conversion on the automatic conversion date, at the applicable market value shown, subject to certain adjustments described under Description of Series A Mandatory Convertible Preferred Stock Anti-dilution Adjustments :

Applicable market value on applicable conversion date	Conversion rate
less than or equal to $28.00	0.8929
between $28.00 and $34.16	0.8929 to 0.7319
equal to or greater than $34.16	0.7319

Automatic conversion date

September 1, 2006, which we call the automatic conversion date.

Automatic conversion

On the automatic conversion date, each depositary share will automatically convert into shares of our Class A common stock, based on the conversion rate then in effect for $^1/_{40}$ of a share of our Series A mandatory convertible preferred stock.

Holders of the depositary shares on the automatic conversion date will have the right to receive a dividend of cash, shares of our Class A common stock, or a combination thereof, as we determine in our sole discretion, in an amount equal to the accrued and unpaid dividends on our Series A mandatory convertible preferred stock as of the automatic conversion date, whether or not declared, out of legally available assets.

Conversion at the option of the holder

At any time prior to September 1, 2006, you may elect to convert each of your depositary shares into 0.7319 shares of our Class A common stock, at the optional conversion rate for $^1/_{40}$ of a share of Series A mandatory convertible preferred stock. This conversion rate is subject to certain adjustments as described under Description of Series A Mandatory Convertible Preferred Stock Anti-dilution Adjustments.

Provisional conversion at our option

If the closing price per share of our Class A common stock exceeds $51.24 for at least 20 trading days within a period of 30 consecutive trading days, we may elect to cause the conversion of all, but not less than all, of the depositary shares then outstanding for shares of our Class A common stock, based on a conversion rate of 0.7319 shares of our Class A common stock for each depositary share, subject to certain adjustments as described under Description of Series A Mandatory Convertible Preferred Stock Anti-dilution Adjustments, only if, in addition to issuing you such shares of Class A common

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	stock, we pay you in cash the present value of all the remaining dividend payments through and including September 1, 2006, on the depositary shares, computed using a discount rate equal to the Treasury Yield, plus any accrued and unpaid dividend payments on the depositary shares, whether or not declared, in each case, out of legally available assets. See Description of Series A Mandatory Convertible Preferred Stock Provisional Conversion at Our Option.
Early conversion upon cash merger	Prior to the automatic conversion date, if we are involved in a merger in which at least 30% of the consideration for all or any class of our common stock consists of cash or cash equivalents, which we refer to as the cash merger, then on or after the date of the cash merger, each holder of depositary shares will have the right to convert its depositary shares at the conversion rate in effect for $^{1}/40$ of a share of our Series A mandatory convertible preferred stock determined in accordance with Automatic Conversion above immediately prior to the cash merger. See Description of Series A Mandatory Convertible Preferred Stock Early Conversion upon Cash Merger.
Anti-dilution adjustments	The formula for determining the conversion rate on the automatic conversion date and the number of shares of our Class A common stock to be delivered upon an early conversion event may be adjusted if certain events occur. See Description of Series A Mandatory Convertible Preferred Stock Anti-dilution Adjustments.
Liquidation preference	$25 per depositary share, based on $1,000 for each share of Series A mandatory convertible preferred stock, plus an amount equal to the sum of all accrued and unpaid dividends.
Voting rights	Holders of Series A mandatory convertible preferred stock will not be entitled to any voting rights, except as required by applicable state law. Holders of the depositary shares will be entitled to instruct the depositary as to any exercise of voting rights pertaining to the number of shares of Series A mandatory convertible preferred stock, or fraction thereof, represented by such holder s depositary shares. See Description of Depositary Shares Voting of Series A Mandatory Convertible Preferred Stock.
Ranking	Our Series A mandatory convertible preferred stock (and the corresponding depositary shares) will rank senior in right of payment to all of our common stock, including our Class A common stock and Class B common stock, now outstanding or to be issued in the future.
Concurrent offering of shares of Class A common stock	Concurrently with this offering we are offering by separate prospectus supplement, 9,500,000 shares of Class A common stock (or 10,925,000 shares of Class A common stock if the underwriters exercise their over-allotment option in full). This offering of depository shares is not contingent upon the closing of the offering of shares of Class A common stock.

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Use of proceeds	We estimate that the net proceeds from this offering will be approximately $144.9 million. We intend to use the net proceeds from this offering, together with the net proceeds from the concurrent offering of Class A common stock and available cash to repay $400.0 million of borrowings plus $1.3 million of accrued interest under the bridge loans, incurred to partially finance the acquisition of Hardy. In the event the concurrent offering of Class A common stock is not consummated, the net proceeds from this offering will be applied to repay a portion of the bridge loans plus accrued interest. See Use of Proceeds.

Unless otherwise specified, the information contained in this prospectus supplement assumes:

- the consummation of the concurrent offering of Class A common stock; and

- no exercise of the underwriters over-allotment option to purchase up to an additional 820,000 depositary shares in this offering or of the underwriters over-allotment option in the concurrent offering to purchase up to an additional 1,425,000 shares of Class A common stock.

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Summary Financial Data for Constellation

Summary Historical Consolidated Financial Data

The following table sets forth our summary income statement data for each of the fiscal years in the three year period ended February 28, 2003 and for the three month periods ended May 31, 2002 and 2003, and our summary balance sheet as of May 31, 2003 and as of such date on an as adjusted basis to give effect to the completion of this offering and the concurrent offering of our Class A common stock. The historical data have been derived from our audited and unaudited financial statements incorporated by reference into this prospectus supplement. In our opinion, the information for the three months ended May 31, 2002 and 2003 reflects all adjustments consisting only of normal recurring adjustments, necessary to fairly present the results of operations and financial condition. Results for interim periods should not be considered indicative of results for any other periods.

The as adjusted balance sheet data as of May 31, 2003, has been adjusted to give effect to the sale of the 6,000,000 depositary shares offered by this prospectus supplement and the sale of the 9,500,000 shares of our Class A common stock offered concurrently under a separate prospectus supplement, in each case after deducting the underwriting discounts and our estimated offering fees and expenses and the application of the net proceeds therefrom. See Use of Proceeds .

	Year Ended February 28,			Three Months Ended May 31,	
	2001	2002	2003	2002	2003
	(in thousands, except per share data)			(unaudited)	
Income Statement Data:					
Net sales	$ 2,226,020	$ 2,606,758	$ 2,731,612	$ 650,393	$ 771,629
Gross profit	578,939	695,160	760,715	176,726	207,912
Selling, general and administrative expenses	(308,071)	(352,679)	(350,993)	(90,761)	(106,629)
Restructuring charges			(4,764)		(2,316)
Operating income	270,868	342,481	404,958	85,965	98,967
Interest expense, net	(108,631)	(114,189)	(105,387)	(27,141)	(39,243)
Income before income taxes and extraordinary items	162,237	229,959	334,936	61,563	61,233
Net income	97,342	136,421	203,306	37,369	39,189
Earnings per common share:					
Basic	$ 1.33	$ 1.60	$ 2.26	$ 0.42	$ 0.42
Diluted	$ 1.30	$ 1.55	$ 2.19	$ 0.40	$ 0.41
Weighted average common shares outstanding:					
Basic	73,446	85,505	89,856	88,845	92,880
Diluted	74,751	87,825	92,746	92,353	95,661

	As of May 31, 2003	
	Actual	As Adjusted
	(in thousands, unaudited)	

Balance Sheet Data:		
Working capital	$ 830,046	$ 1,229,574
Total assets	5,358,956	5,350,892
Long-term debt, less current maturities	2,293,548	2,293,548
Total debt	2,778,385	2,378,385
Total stockholders equity	1,439,662	1,834,573

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Summary Pro Forma Combined Financial Data

The following table sets forth certain of our unaudited summary pro forma combined income statement data for the year ended February 28, 2003 as described in Unaudited Pro Forma Combined Income Statement Data included elsewhere in this prospectus supplement, which gives effect to the Hardy acquisition as if it had occurred on March 1, 2002. The unaudited summary pro forma combined income statement data for the three months ended May 31, 2003 was derived from our quarterly report on Form 10-Q for the fiscal quarter ended May 31, 2003. The consolidated financial statements of Hardy prepared in accordance with accounting principles generally accepted in Australia, or Australian GAAP, used in preparing Unaudited Pro Forma Combined Income Statement Data have been adjusted to present such information in accordance with accounting principles generally accepted in the United States and translated into U.S. dollar equivalent financial statements.

This summary pro forma combined income statement data do not purport to represent what our results of operations would have actually been had the transaction been consummated as of such dates or to our results of operations for any future period. It is important that you read the summary pro forma combined income statement data presented below along with Management s Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements and those of Hardy, and Unaudited Pro Forma Income Statement Data included elsewhere in this prospectus supplement and our unaudited financial statements filed in our quarterly report on Form 10-Q for the fiscal quarter ended May 31, 2003.

	Year Ended February 28, 2003	Three Months Ended May 31, 2003
	(in thousands, except per share data)	
Net sales	$ 3,236,508	$ 805,381
Income before income taxes	314,999	63,079
Net income	197,299	39,236
Earnings per common share:		
Basic	$ 2.12	$ 0.42
Diluted	$ 2.05	$ 0.40
Weighted average common shares outstanding:		
Basic	93,145	94,274
Diluted	96,035	97,055

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Summary Historical Consolidated Financial Data For Hardy

The following table sets forth summary financial data of Hardy for each of the fiscal years in the three year period ended December 31, 2002 prepared in accordance with Australian GAAP, except as noted, and reported in Australian dollars. The statement of income data is derived from Hardy s audited historical financial statements, the most recent two years of which are incorporated by reference into this prospectus supplement. It is important that you read the summary historical financial data presented below along with Selected Financial Data of Hardy included elsewhere in this prospectus supplement and the consolidated financial statements of Hardy incorporated by reference into this prospectus supplement.

As a result of Hardy s adopting AASB 1004 Revenue effective January 1, 1999, and applying the revised AASB 1018 Statement of Financial Performance , revised AASB 1034 Financial Report Presentation and Disclosure and AASB 1040 Statement of Financial Position for the first time in the 2001 financial year, a number of comparative amounts for 2000 have been reclassified to ensure comparability with the 2001 and 2002 reporting periods.

	For the Year Ended December 31,		
	2000	2001	2002
	(A$ and in thousands)		
Statement of Financial Performance:			
Revenue from ordinary activities	A$ 641,775	A$ 771,377	A$ 870,336
Profit from ordinary activities before borrowing costs and income tax expense	102,276	124,248	144,626
Borrowing costs	(16,266)	(22,390)	(25,273)
Income tax expense	(22,354)	(29,699)	(35,191)
Net profit	63,656	72,159	84,162
Net (profit)/loss attributable to outside equity interests	(108)	53	176
Net profit attributable to members of BRL Hardy Limited	A$ 63,548	A$ 72,212	A$ 84,338
Net profit attributable to members of BRL Hardy in U.S. GAAP		A$ 43,423	A$ 83,181

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RISK FACTORS

Before you buy any depositary shares offered by this prospectus supplement and the accompanying prospectus, you should be aware that there are various risks, including those described below and in the accompanying prospectus. You should consider carefully these risk factors together with all of the other information in this prospectus supplement, the accompanying prospectus and the documents that are incorporated by reference before you decide to acquire any depositary shares.

Risks related to this offering

The trading prices for our depositary shares will be directly affected by the trading prices for our Class A common stock.

Prior to this offering, there has been no public market for our depositary shares. We have applied to list the depositary shares, each representing $^1/_{40}$ of a share of our Series A mandatory convertible preferred stock, on the New York Stock Exchange. Our Class A common stock is listed on the New York Stock Exchange under the symbol STZ. We believe that the trading prices of the depositary shares will be directly affected by the trading prices of our Class A common stock. We cannot predict how our Class A common stock will trade. Trading prices of our Class A common stock will be influenced by our consolidated operating results and financial condition and by economic, financial and other factors and market conditions that can affect the capital markets generally. These include the level of, and fluctuations in, the trading prices of stocks generally and sales of substantial amounts of the depositary shares in the market at the same time as or subsequent to this offering, or the perception that these sales may occur.

Purchasers of depositary shares who convert their shares into Class A common stock will incur immediate dilution.

Persons purchasing our depositary shares, each representing $^1/_{40}$ of a share of Series A mandatory convertible preferred stock, who convert their shares into our Class A common stock will incur immediate and substantial net tangible book value dilution. In addition, the terms of our Series A mandatory convertible preferred stock do not restrict our ability to offer a new series of preferred stock that is on parity with the Series A mandatory convertible preferred stock in the future or to engage in other transactions that could dilute our Series A mandatory convertible preferred stock. We have no obligation to consider the interests of the holders of our depositary shares in engaging in any such offering or transaction.

The market value of our Class A common stock may decline.

The market value of our Class A common stock on September 1, 2006, the automatic conversion date, may be less than $34.16 per share, which we call the threshold appreciation price. If that market value of the Class A common stock is less than the threshold appreciation price, then holders of our depositary shares, each representing $^1/_{40}$ of a share of Series A mandatory convertible preferred stock, will receive shares of our Class A common stock on September 1, 2006 with a market value that is less than the threshold appreciation price. Accordingly, a holder of depositary shares assumes the entire risk that the market value of our Class A common stock may decline. Any decline in the market value of our Class A common stock may be substantial.

The opportunity for equity appreciation provided by an investment in the depositary shares is less than that provided by a direct investment in our Class A common stock.

The number of shares of our Class A common stock that are issuable upon mandatory conversion on the automatic conversion date of our Series A mandatory convertible preferred stock will decrease if the 20-day average market price per share of our common stock increases to $34.16. Therefore, the opportunity for equity appreciation provided by an investment in our Series A mandatory convertible preferred stock is less than that provided by a direct investment in our Class A common stock. Assuming the initial price accurately reflects the fair market value, the market price of our Class A common stock on September 1, 2006 must exceed the threshold appreciation price of $34.16 before a holder of our Series A mandatory convertible preferred stock will realize any equity appreciation.

Holders of our depositary shares will have no rights as a common stockholder until they acquire our Class A common stock.

Until you acquire shares of our Class A common stock upon conversion of your depositary receipts, you will have no rights with respect to our Class A common stock, including voting rights (except as required by applicable state law or our restated certificate of incorporation and as described under Description of the Series A Mandatory Convertible Preferred Stock Voting rights), rights to respond to tender offers for shares of our Class A common stock and rights to receive any dividends or other distributions on our common stock. Upon conversion, you will be entitled to exercise the rights of a holder of Class A common stock only as to matters for which the record date occurs after the conversion date.

Our depositary shares have never been publicly traded and an active trading market for such shares may not develop.

Prior to this offering, there has been no public market for our depositary shares. Although we have applied to list the depositary shares on the New York Stock Exchange, there can be no assurance that an active trading market will develop, or, if developed, will be maintained. Also, the underwriters have advised us that they intend to facilitate secondary market trading by making a market in the depositary shares. However, the underwriters are not obligated to make a market in the depositary shares and may discontinue market making activities at any time.

Our debt agreements may restrict us from paying cash dividends on our Series A mandatory convertible preferred stock under certain circumstances.

We will pay dividends on the Series A mandatory convertible preferred stock after every quarter, in cash, shares of our Class A common stock or a combination thereof, in our sole discretion, only to the extent that payment of dividends is not prohibited or restricted under our debt agreements, assets are legally available to pay dividends and our board of directors declares a dividend payable. The terms of our senior credit facility and the indentures governing our outstanding notes may restrict our ability to pay cash dividends on our Series A mandatory convertible preferred stock under certain circumstances that include the occurrence and continuation of any default or event of default. We cannot assure you that the agreements governing our current and future indebtedness, including our senior credit facility and the indentures governing our outstanding notes, will permit us to pay cash dividends on our Series A mandatory convertible preferred stock.

We do not intend to pay cash dividends on our Class A common stock in the foreseeable future.

We do not anticipate paying cash dividends on our Class A common stock in the foreseeable future. Any payment of cash dividends will depend upon our financial condition, capital requirements, earnings and other factors deemed relevant by our board of directors. Further, the terms of our credit facility, our bridge loan agreement and the indentures governing our outstanding notes currently restrict us from paying cash dividends on our Class A common stock. We cannot assure you that the agreements governing our current and future indebtedness will permit us to pay cash dividends on Class A our common stock. In addition, under the terms of the Series A mandatory convertible preferred stock represented by the depositary shares, we are restricted from paying cash dividends on our Class A common stock if we are not current in our dividend payments with respect to such preferred stock.

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We cannot assure you that we will be able to file, cause to be declared effective or keep effective, as the case may be, the registration statement required to permit us to pay dividends on our Series A mandatory convertible preferred stock in shares of our Class A common stock.

We are permitted to pay dividends on our Series A mandatory convertible preferred stock by delivering shares of our Class A common stock to the transfer agent to be sold on behalf of the holders of our Series A mandatory convertible preferred stock. We may pay dividends in this manner, however, only if there is an effective registration statement permitting the transfer agent to sell our Class A common stock in the public market. We cannot assure you that we will be able to file, cause to be declared effective or keep effective, as the case may be, such registration statement.

Our issuance of preferred stock could adversely affect holders of our Class A common stock.

Our board of directors is authorized to issue additional series of preferred stock without any action on the part of our common stockholders. Our board of directors also has the power, without the approval of our common stockholders, to set the terms of any such series of shares of preferred stock that may be issued including voting rights, dividend rights, preferences over our common stock with respect to dividends or if we liquidate, dissolve or wind up our business and other terms. If we issue preferred stock in the future that has preference over our common stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of our Class A common stock or the market price of our Class A common stock could be adversely affected.

Our Series A mandatory convertible preferred stock will rank junior to all our and our subsidiaries liabilities in the event of a bankruptcy, liquidation or winding up of our assets.

In the event of bankruptcy, liquidation or winding up, our assets will be available to pay obligations on our Series A mandatory convertible preferred stock only after all our liabilities have been paid and only on a pari passu basis with any pari passu preferred stock we may issue following this offering. In addition, our Series A mandatory convertible preferred stock will effectively rank junior to all existing and future liabilities of our subsidiaries and the capital stock (other than common stock) of our subsidiaries held by third parties. The rights of holders of our Series A mandatory convertible preferred stock to participate in the assets of our subsidiaries upon any liquidation or reorganization of any subsidiary will rank junior to the prior claims of that subsidiary s creditors and equity holders. As of May 31, 2003, we had $2.8 billion of total debt (including debt of our subsidiaries) outstanding. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying our and our subsidiaries liabilities, to pay amounts due on any or all of our Series A mandatory convertible preferred stock then outstanding.

We are controlled by the Sands family.

Our outstanding capital stock consists of Class A common stock and Class B common stock. Holders of Class A common stock are entitled to one vote per share and are entitled, as a class, to elect one fourth of the members of our board of directors. Holders of Class B common stock are entitled to 10 votes per share and are entitled, as a class, to elect the remaining directors. Prior to this offering, the Sands family beneficially owned approximately 5.4% of the outstanding shares of Class A common stock, exclusive of shares of Class A common stock issuable pursuant to the conversion feature of the Class B common stock owned by the Sands family, and approximately 94.1% of the outstanding shares of Class B common stock. On the same basis, on all matters other than the election of directors, the Sands family has the ability to vote approximately 57.3% of the votes entitled to be cast by holders of our outstanding Class A common stock and Class B common stock, voting together as a single class. Consequently, we are essentially controlled by the Sands family and they would generally have sufficient voting power to determine the outcome of any corporate transaction or other matter submitted to our stockholders for approval.

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As a result of the concurrent offering of Class A common stock, the holders of Class B common stock will no longer have the right to vote as a single class in an election of directors. After giving effect to the closing of concurrent offering of Class A common stock, the Sands family will beneficially own approximately 4.9% of the outstanding shares of Class A common stock and approximately 94.1% of the outstanding shares of Class B common stock. On all matters in which holders of Class A common stock and Class B common stock vote together as a single class (including the election of three-fourths of the directors), the Sands family will have the ability to vote approximately 54.8% of the votes entitled to be cast. Additionally, after giving effect to this offering of depositary shares, on an as converted basis, assuming the conversion of all of such shares at a price equal to the offering price of the Class A common stock sold pursuant to the concurrent offering, the Sands family will beneficially own approximately 4.6% of the outstanding shares of Class A common stock and approximately 94.1% of the outstanding shares of Class B common stock. On all matters in which holders of Class A common stock and Class B common stock vote together as a single class, including the election of directors, the Sands family will have the ability to vote approximately 53.4% of the votes entitled to be cast. Therefore, we will continue to be controlled by the Sands family given their sufficient voting power to elect three-fourths of our directors and to determine the outcome of any corporate transaction or other matter submitted to our stockholders for approval.

If our stockholders, including members of the Sands family, sell substantial amounts of our common stock after this offering, the market price of our Class A common stock may fall.

Sales of a substantial number of shares of our common stock in the public market by our stockholders, including members of the Sands family, or the perception that such sales may occur, could adversely affect the price of our Class A common stock. Giving effect to the closing of the concurrent Class A common stock offering, we will have outstanding an aggregate of 92,366,947 shares of Class A common stock, based on the number of shares outstanding as of June 30, 2003, of which 91,460,169 shares will be freely tradeable without restriction or further registration under the Securities Act. A total of 906,778 shares of our Class A common stock are held by our affiliates and other holders of restricted securities within the meaning of Rule 144 under the Securities Act and may only be sold in compliance with Rule 144. Members of the Sands family and related entities, and our executive officers and directors have agreed that, for a period of 90 days, from the date of this prospectus supplement, subject to certain exceptions, they will not, without the prior written consent of each of Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for our common stock. The aggregate maximum number of outstanding shares of Class A common stock and Class B common stock that are subject to these lock-up agreements are 941,779 (not taking into account shares of Class A common stock that would be received upon exchange of shares of Class B common stock) and 11,353,616, respectively.

In addition, the sale of shares of Class A common stock issuable upon conversion of the depositary shares, each representing $^{1}/_{40}$ of a share of Series A mandatory convertible preferred stock, could depress the market price of our Class A common stock. We have reserved 6,089,578 shares of Class A common stock for issuance upon conversion of the depositary shares being offered in this offering (including the depositary shares subject to the underwriters over-allotment option). The shares of our Class A common stock issued upon conversion of the depositary shares will be freely transferable, unless they are held by our affiliates as that term is used under the Securities Act of 1933, as amended. Under the proposed terms of the Series A mandatory convertible preferred stock, we will have the option of paying dividends on the Series A mandatory convertible preferred stock in Class A common stock rather than cash. The sale of shares of Class A common stock issued to pay dividends on the Series A mandatory convertible preferred stock could also depress the sale price of our Class A common stock.

We intend to file, from time to time, registration statements on Form S-8 with respect to shares of our Class A common stock that are subject to issuance under our stock option and other stock incentive plans. Following filing of these registration statements, all of these shares will become freely tradeable upon their issuance, subject to compliance with Rule 144.

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Risks relating to our business

Our indebtedness could have a material adverse effect on our financial health.

We have incurred substantial indebtedness to finance our acquisitions and we may incur substantial additional indebtedness in the future to finance further acquisitions or for other purposes. As of May 31, 2003, we had approximately $2.8 billion of indebtedness outstanding, which does not include approximately $369.9 million of revolving loans we had available to draw upon under our senior credit facility. Our ability to satisfy our debt obligations outstanding from time to time will depend upon our future operating performance, which is subject to prevailing economic conditions, levels of interest rates and financial, business and other factors, many of which are beyond our control. Therefore, there can be no assurance that our cash flow from operations will be sufficient to meet all of our debt service requirements and to fund our capital expenditure requirements.

Our current and future debt service obligations and covenants could have important consequences to you if you purchase the depositary shares offered by this prospectus supplement. These consequences may include the following:

- our ability to obtain financing for future working capital needs or acquisitions or other purposes may be limited;
- a significant portion of our cash flow from operations will be dedicated to the payment of principal and interest on our indebtedness and dividends on our Series A mandatory convertible preferred stock, thereby reducing funds available for operations;
- our ability to conduct our business could be limited by restrictive covenants; and
- we may be more vulnerable to adverse economic conditions than our less leveraged competitors and, thus, may be limited in our ability to withstand competitive pressures.

The restrictive covenants and provisions in our senior credit facility, our bridge loan agreement and the indentures under which our debt securities are issued include, among others, those restricting additional liens, additional borrowing, the sale of assets, changes of control, the payment of dividends, transactions with affiliates, the making of investments and certain other fundamental changes. Our senior credit facility and our bridge loan agreement also contain restrictions on acquisitions and certain financial ratio tests including a debt coverage ratio, a senior debt coverage ratio, a fixed charges ratio and an interest coverage ratio. These restrictions could limit our ability to conduct business. A failure to comply with the obligations contained in our senior credit facility, our bridge loan agreement, our existing indentures or other loan agreements or indentures entered into in the future could result in an event of default under such agreements, which could require us to immediately repay the related debt and also debt under other agreements that may contain cross-acceleration or cross-default provisions.

Our acquisition and joint venture strategies may not be successful.

We have made a number of acquisitions, including the recent acquisitions of Hardy, Ravenswood Winery, Inc., or Ravenswood, wine brands and other assets from Sebastiani Vineyards, Inc., wine brands and other assets from Tuolomne River Vintners Group and wine brands and other assets from Corus Brands, Inc., and anticipate that we may, from time to time, acquire additional businesses, assets or securities of companies that we believe would provide a strategic fit with our business. Acquired businesses will need to be integrated with our existing operations.

There can be no assurance that we will effectively assimilate the business or product offerings of acquired companies into our business or product offerings. We have also entered into joint ventures and may enter into additional joint ventures.

Acquisitions are also accompanied by risks such as potential exposure to unknown liabilities of acquired companies, the possible loss of key employees and customers of the acquired business. Acquisitions are subject to risks associated with the difficulty and expense of integrating the operations and personnel of the acquired companies, the potential disruption to our business and the diversion of management time and attention.

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We share control of existing joint ventures and may not have majority interest or control of future joint ventures, and, therefore, there is the risk that our joint venture partners may at any time have economic, business or legal interests or goals that are inconsistent with our interests or goals or those of the joint venture. There is also risk that our joint venture partners may be unable to meet their economic or other obligations and that we may be required to fulfill those obligations alone.

Failure by us or an entity in which we have a joint venture interest to adequately manage the risks associated with any acquisitions or joint ventures could have a material adverse effect on our financial condition or results of operations. There can be no assurance that any of our acquisitions or joint ventures will be profitable.

Competition could have a material adverse effect on our business.

We are in a highly competitive industry and the dollar amount and unit volume of our sales could be negatively affected by our inability to maintain or increase prices, changes in geographic or product mix, a general decline in beverage alcohol consumption or the decision of our wholesale customers, retailers or consumers to purchase competitive products instead of our products. Wholesaler, retailer and consumer purchasing decisions are influenced by, among other things, the perceived absolute or relative overall value of our products, including their quality and pricing, compared to competitive products. Unit volume and dollar sales could also be affected by pricing, purchasing, financing, operational, advertising or promotional decisions made by wholesalers and retailers which could affect their supply of, or consumer demand for, our products. We could also experience higher than expected selling, general and administrative expenses if we find it necessary to increase the number of our personnel or our advertising or promotional expenditures to maintain our competitive position or for other reasons.

An increase in excise taxes or government regulations could have a material adverse effect on our business.

In the United States, the United Kingdom, Australia and other countries in which we operate, we are subject to excise and other taxes on beverage alcohol products in varying amounts which have been subject to change. Significant increases in excise taxes on beverage alcohol products could materially and adversely affect our financial condition or results of operations. Recently, many states have considered proposals to increase, and some of these states have increased, state alcohol excise taxes. In addition, the beverage alcohol industry is subject to extensive regulation by federal, state, local and foreign governmental agencies concerning such matters as licensing, trade and pricing practices, required labeling and advertising. New or revised regulations or increased licensing fees, requirements or taxes could have a material adverse effect on our financial condition or results of operations.

We rely on the performance of wholesale distributors, major retailers and chains for the success of our business.

In the United States, we sell our products principally to wholesalers for resale to retail outlets including grocery stores, package liquor stores, club and discount stores and restaurants. In the United Kingdom and Australia, we sell our products principally to wholesalers and directly to major retailers and chains. The replacement or poor performance of our major wholesalers, retailers or chains or our inability to collect accounts receivable from our major wholesalers, retailers or chains could materially and adversely affect our results of operations and financial condition. Distribution channels for beverage alcohol products have been consolidating in recent years. In addition, wholesalers and retailers of our products offer products which compete directly with our products for retail shelf space and consumer purchases. Accordingly, there is a risk that wholesalers or retailers may give higher priority to products of our competitors. In the future, our wholesalers and retailers may not continue to purchase our products or provide our products with adequate levels of promotional support.

Our business could be adversely affected by a decline in the consumption of products we sell.

Although since 1995 there have been modest increases in consumption of beverage alcohol products in most of our product categories, there have been periods in the past in which there were substantial declines in the

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overall per capita consumption of beverage alcohol products in the United States and other markets in which we participate. A limited or general decline in consumption in one or more of our product categories could occur in the future due to a variety of factors, including:

- a general decline in economic conditions;
- increased concern about the health consequences of consuming beverage alcohol products and about drinking and driving;
- a trend toward a healthier diet including lighter, lower calorie beverages such as diet soft drinks, juices and water products;
- the increased activity of anti-alcohol consumer groups; and
- increased federal, state or foreign excise taxes.

We generally purchase raw materials under short-term supply contracts, and we are subject to substantial price fluctuations for grapes and grape-related materials and we have a limited group of suppliers of glass bottles.

Our business is heavily dependent upon raw materials, such as grapes, grape juice concentrate, grains, alcohol and packaging materials from third-party suppliers. We could experience raw material supply, production or shipment difficulties that could adversely affect our ability to supply goods to our customers. We are also directly affected by increases in the costs of raw materials. In the past, we have experienced dramatic increases in the cost of grapes. Although we believe we have adequate sources of grape supplies, in the event demand for certain wine products exceeds expectations, we could experience shortages.

One of our largest components of cost of goods sold is that of glass bottles, which, in the United States and Australia, have only a small number of producers. Currently, substantially all of our glass container requirements for our United States operations are supplied by one producer and substantially all of our glass container requirements for our Australian operations are supplied by another producer. The inability of any of our glass bottle suppliers to satisfy our requirements could adversely affect our business.

Our global operations subject us to currency rate fluctuations and geopolitical uncertainty which could have a material adverse effect on our business.

We have operations throughout the world and, therefore, are subject to risks associated with currency fluctuations. Subsequent to the Hardy acquisition, our exposure to foreign currency risk has increased significantly as a result of having additional international operations in Australia, New Zealand, the United Kingdom and France. We could experience changes in our ability to obtain or hedge against fluctuations in exchange rates. We could also be affected by nationalizations or unstable governments or legal systems or intergovernmental disputes. These currency, economic and political uncertainties may have a material adverse effect on our results of operation, especially to the extent these matters, or the decisions, policies or economic strength of our suppliers, affect our global operations.

We have a material amount of goodwill, and if we are required to write down goodwill, it would reduce our net income, which in turn could materially and adversely affect our results of operations.

As of May 31, 2003, approximately $1,382.9 million, or 25.8% of our total assets, represented goodwill. Goodwill is the amount by which the costs of an acquisition accounted for using the purchase method exceeds the fair value of the net assets acquired.

On March 1, 2002, we adopted the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 142, Goodwill and Other Intangible Assets. Under SFAS No. 142 goodwill is no longer amortized, but instead is subject to a periodic impairment evaluation based on the fair value of the reporting unit. Reductions in our net income caused by the write-down of goodwill could materially and adversely affect our results of operations.

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The termination or non-renewal of our imported beer distribution agreements could have a material adverse effect on our business.

All of our imported beer products are marketed and sold pursuant to exclusive distribution agreements with the suppliers of these products and are subject to renewal from time to time. Our agreement to distribute Corona Extra and our other Mexican beer brands in 25 primarily western U.S. states expires in December 2006 and, subject to compliance with certain performance criteria, continued retention of certain personnel and other terms of the agreement, will be automatically renewed for additional terms of five years. Changes in control of Constellation Brands, Inc. or its subsidiaries involved in importing the Mexican beer brands, or changes in the chief executive officer of such subsidiaries, may be a basis for the supplier, unless it consents to such changes, to terminate the agreement. The supplier s consent to such changes may not be unreasonably withheld. Prior to their expiration, all of our imported beer agreements may be terminated if we fail to meet certain performance criteria. We believe that we are currently in compliance with all of our material imported beer distribution agreements. From time to time we have failed, and may in the future fail, to satisfy certain performance criteria in our distribution agreements. It is possible that our beer distribution agreements may not be renewed or may be terminated prior to expiration.

Our financial statements for the four fiscal years ended February 28, 2002 were audited by Arthur Andersen LLP.

Our consolidated financial statements for the four fiscal years ended February 28, 2002 were audited by Arthur Andersen LLP.

On August 31, 2002, Arthur Andersen LLP ceased to practice before the SEC. Therefore, Arthur Andersen did not participate in the preparation of our Annual Report on Form 10-K for the fiscal year ended February 28, 2003 that is incorporated by reference into this prospectus supplement (the 2003 Form 10-K), did not reissue its audit report with respect to the financial statements included in the 2003 Form 10-K, and did not consent to the inclusion of a copy of its previously issued audit report in the 2003 Form 10-K or the incorporation by reference of such report into this prospectus supplement. As a result, holders of our securities may have no effective remedy against Arthur Andersen LLP in connection with a material misstatement or omission in the financial statements to which its audit report relates. In addition, even if such holders were able to assert such a claim, because it has ceased operations, Arthur Andersen LLP may fail or otherwise have insufficient assets to satisfy claims made by holders of our securities that might arise under federal securities laws or otherwise with respect to the audit report of Arthur Andersen LLP.

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USE OF PROCEEDS

We estimate that our net proceeds from this offering will be approximately $144.9 million, or $164.8 million if the underwriters over-allotment option is exercised in full, after deducting the underwriting discount and our estimated offering fees and expenses. We intend to use the net proceeds from this offering, together with the net proceeds of the concurrent offering of shares of Class A common stock discussed below and available cash, to repay $400 million of borrowings plus $1.3 million of accrued interest under our bridge loans. In the event the concurrent offering of Class A common stock is not consummated, the net proceeds from this offering will be applied to repay a portion of the bridge loans plus accrued interest.

The bridge loans were incurred to partially finance the acquisition of Hardy and are due to be repaid in full on April 9, 2004. The rate of interest payable on the bridge loans is equal to LIBOR plus a margin. As of July 15, 2003, the bridge loans had a weighted average interest rate of 5.625% per year.

Concurrently with this offering of our depositary shares, we are offering 9,500,000 shares of Class A common stock (or 10,925,000 shares if the underwriters over-allotment option is exercised in full). We estimate that our net proceeds from that offering will be approximately $253.0 million, or $291.1 million if the underwriters over-allotment option is exercised in full, after deducting the underwriting discount and our estimated offering fees and expenses. This offering of depositary shares is not contingent upon the closing of the offering of the shares of Class A common stock.

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PRICE RANGE OF CLASS A COMMON STOCK AND DIVIDEND POLICY

Our Class A common stock trades on the New York Stock Exchange under the symbol STZ. The following tables set forth for the periods indicated the high and low sales prices of the Class A common stock as reported on the NYSE.

	High	Low
Fiscal Year Ended February 28, 2002		
First Quarter	$ 20.00	$ 15.65
Second Quarter	23.25	18.40
Third Quarter	22.50	17.38
Fourth Quarter	27.18	19.01
Fiscal Year Ended February 28, 2003		
First Quarter	$ 31.62	$ 25.25
Second Quarter	32.00	24.10
Third Quarter	29.80	21.99
Fourth Quarter	26.26	22.30
Fiscal Year Ending February 28, 2004		
First Quarter	$ 27.65	$ 21.90
Second Quarter (through July 24, 2003)	31.80	27.39

On July 24, 2003, the last sale price of our Class A common stock on the New York Stock Exchange was $28.00 per share. On July 15, 2003, the number of holders of record of our Class A common stock was 989. The above data have been adjusted to give effect to the two-for-one splits of our two classes of common stock in each of May 2001 and 2002.

We have not paid any cash dividends since our initial public offering in 1973. We currently intend to retain all of our future earnings to finance the development and expansion of our business. In addition, the indentures for our outstanding senior notes, our outstanding senior subordinated notes, our existing senior credit facility and our existing bridge facility may restrict the payment of cash dividends under certain circumstances. Any indentures for debt securities issued in the future and any credit agreements entered into in the future may also restrict or prohibit the payment of cash dividends. However, we intend to pay cash dividends on the depositary shares.

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CAPITALIZATION

The following table sets forth our unaudited capitalization as of May 31, 2003:

- on an actual basis, and
- on an as adjusted basis to give effect to:
  - the sale of 6,000,000 depositary shares offered by this prospectus supplement and the application of the proceeds from such sale, after deducting underwriting discounts and our estimated offering fees and expenses related thereto, and
  - the sale of 9,500,000 shares of our Class A common stock offered in the concurrent offering and the application of the proceeds from such sale, after deducting underwriting discount and our estimated offering fees and expenses related thereto.

The table should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations section of this prospectus supplement and our consolidated financial statements and related notes incorporated by reference into this prospectus supplement.

	May 31, 2003	
	Actual	**As Adjusted**
	(in millions, except per share data)	
Cash and cash equivalents	$ 46.0	$ 42.6
Long-term debt (including current maturities):		
Senior Credit Facility Revolving Credit Loans	$ 15.0	$ 15.0
Senior Credit Facility Term Loans	1,200.0	1,200.0
Bridge Loans	400.0	
8 5/8% Senior Notes due 2006	200.0	200.0
8% Senior Notes due 2008	200.0	200.0
8 1/2% Series B Senior Notes due 2009[a]	1.6	1.6
8 1/2% Series C Senior Notes due 2009[b]	251.5	251.5
8 1/2% Senior Subordinated Notes due 2009	200.0	200.0
8 1/8% Senior Subordinated Notes due 2012	250.0	250.0
Other	60.3	60.3
Total debt	2,778.4	2,378.4
Stockholders equity:		
		0.0

Preferred Stock, $.01 par value authorized, 1,000,000 shares; issued, none, actual; 150,000 shares, as adjusted for the depositary share offering		
Class A common stock, $.01 par value authorized, 275,000,000 shares; issued, 85,428,198 shares, actual; 94,928,198 shares, as adjusted	0.9	0.9
Class B common stock, $.01 par value authorized, 30,000,000 shares; issued, 14,573,670 shares, actual and as adjusted	0.1	0.1
Additional paid-in capital	556.7	954.5
Retained earnings	834.7	831.8
Accumulated other comprehensive income	79.2	79.2
Less: Treasury stock[c]	(31.9)	(31.9)