

Simultaneously, we've maintained our historically decentralized management structure for sales, marketing and production that keeps us responsive to our customers and markets.

Constellation is aggressively pursuing all practical margin-building opportunities. A strategic sourcing initiative undertaken during the year will advance cost savings and synergies across all divisions and companies around the world.

Our commitment to prudent financial management was demonstrated by our July equity offering which dramatically improved our balance sheet and leverage ratios. In Fiscal 2004 we once again generated record cash flow to pay down debt. We also recently refinanced major portions of our debt further lowering our average borrowing costs.

LEADERSHIP

I believe a sustaining strength of our company is the people who make up the Constellation Family. They are the finest team in the beverage alcohol industry. Beyond their particular business acumen, craft skills and industry knowledge, Constellation executives, supervisors and associates at all levels typically apply two uncommon skills to their responsibilities: innovation and ownership.

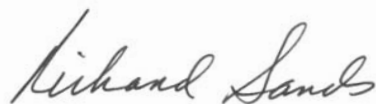
Again last year, we won more "Impact Hot Brand" awards than any competitor. Here, it's resourceful people who initiate and inspire new Constellation products, packaging, brand and line extensions that drive revenue, and achieve results that are the envy of the industry.

Every day our people live the notion of ownership. Beyond any vested interest in our success, our managers take responsibility for their results. Constellation sustains relatively flat, but highly nimble organizations because our people – from those closest to purchasing to those face-to-face with the customer – are accountable and empowered to meet the challenges and opportunities they encounter every day. The result is an unwaivering orientation towards long-term profitable growth.

A PROVEN STRATEGY

Our focus on scale and breadth as primary drivers for long-term profitable growth has proven itself very conclusively during this era of highly intense industry competition. With the acquisition of Hardy transforming Constellation into the world's largest wine company, the restructuring of our global wine business to create more nimble, customer and consumer focused sales, marketing and production companies, and the continued growth of our imported beer and spirits businesses, we are well poised to exploit fully our strengths in product breadth and organizational scale to continue to deliver long-term profitable growth.

My gratification by our past accomplishments is exceeded only by my anticipation of a powerful performance in 2005 and the coming years.



Chairman of the Board and Chief Executive Officer

