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CONSTELLATION BRANDS, INC.

Form 8-K

August 19, 2004

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 19, 2004  
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CONSTELLATION BRANDS, INC.

-----  
(Exact name of registrant as specified in its charter)

001-08495

-----  
(Commission File Number)

Delaware

-----  
(State or other jurisdiction  
of incorporation)

16-0716709

-----  
(IRS Employer  
Identification No.)

370 Woodcliff Drive, Suite 300, Fairport, New York 14450

-----  
(Address of principal executive offices) (Zip Code)

(585) 218-3600

-----  
(Registrant's telephone number, including area code)

Not Applicable

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

ITEM 5. OTHER EVENTS

Unless the context otherwise requires, the term "Company" refers to Constellation Brands, Inc. and its subsidiaries. On May 14, 2004, the Company filed its Annual Report on Form 10-K for the fiscal year ended February 29, 2004, with the Securities and Exchange Commission. As reported in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2004, subsequent to May 31, 2004, four subsidiaries of the Company became Subsidiary Guarantors (as defined below) under the Company's existing indentures.

The information included in this Current Report on Form 8-K does not in any way restate or revise the financial position, results of operations or cash flows in any previously reported Consolidated Balance Sheet, Consolidated

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Statement of Income or Consolidated Statement of Cash Flows of the Company. As noted below, the information included herein reflects changes only to the disclosures related to the condensed consolidating financial information set forth in Note 21 to the consolidated financial statements.

Consistent with Rule 3-10(f) of Regulation S-X, Note 21 to the Company's audited consolidated financial statements for the fiscal year ended February 29, 2004 (included as part of Exhibit 99.1 hereto) provides the condensed consolidating balance sheets as of February 29, 2004, and February 28, 2003, the condensed consolidating statements of income and cash flows for each of the three years in the period ended February 29, 2004, for the Company, the parent company, the combined subsidiaries which guarantee the Company's senior notes and senior subordinated notes ("Subsidiary Guarantors") and the combined subsidiaries of the Company which are not Subsidiary Guarantors as if the new Subsidiary Guarantors had been in place as of and for all periods presented. This Form 8-K is being filed in order to incorporate the information herein by reference into the Company's currently effective and filed registration statements.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

No.	Description
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23.1	Consent of KPMG LLP.
23.2	Information Regarding Consent of Arthur Andersen LLP.
99.1	Audited consolidated financial statements of the Company for the fiscal year ended February 29, 2004, conformed to reflect the Company's condensed consolidating financial information as if the new Subsidiary Guarantors had been in place as of and for all periods presented.

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.

CONSTELLATION BRANDS, INC.

Dated: August 19, 2004

By: /s/ Thomas S. Summer

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

INDEX TO EXHIBITS

(1) UNDERWRITING AGREEMENT

Not Applicable.

(2) PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION

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Not Applicable.

(4) INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

Not Applicable.

(16) LETTER RE CHANGE IN CERTIFYING ACCOUNTANT

Not Applicable.

(17) LETTER RE DIRECTOR RESIGNATION

Not Applicable.

(20) OTHER DOCUMENTS OR STATEMENTS TO SECURITY HOLDERS

Not Applicable.

(23) CONSENTS OF EXPERTS AND COUNSEL

23.1 Consent of KPMG LLP (filed herewith).

23.2 Information regarding consent of Arthur Andersen LLP (filed herewith).

(24) POWER OF ATTORNEY

Not Applicable.

(99) ADDITIONAL EXHIBITS

99.1 Audited consolidated financial statements of the Company for the fiscal year ended February 29, 2004, conformed to reflect the Company's condensed consolidating financial information as if the new Subsidiary Guarantors had been in place as of and for all periods presented (filed herewith).

EXHIBIT 23.1

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors  
Constellation Brands, Inc.:

We consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-63480 and 333-110718) and Form S-8 (Nos. 33-26694, 33-56557, 333-88391, 333-57912 and 333-68180) of Constellation Brands, Inc. of our report dated April 7, 2004, except as to Note 21, which is as of August 4, 2004, with respect to the consolidated balance sheets of Constellation Brands, Inc. and subsidiaries as of February 29, 2004 and February 28, 2003, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, which report appears in the Form 8-K of Constellation Brands, Inc. dated August 19, 2004, and to the reference to our firm under the heading "Experts" in the Registration Statements on Form S-3 (Nos. 333-63480 and 333-110718).

Our report refers to our audit of the disclosures added and reclassifications and adjustments that were applied to restate the February 28, 2002 consolidated financial statements, which were applied to reflect the adoption of recent accounting pronouncements, a change in the Company's reportable segments, and an adjustment of stock-based compensation disclosures, as more fully described in

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Notes 1, 2, 5, 11 and 22 to the consolidated financial statements. However, we were not engaged to audit, review or apply any procedures to the February 28, 2002 consolidated financial statements other than with respect to such disclosures, reclassifications and adjustments.

/s/ KPMG LLP

Rochester, New York  
August 19, 2004

### EXHIBIT 23.2

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#### INFORMATION REGARDING CONSENT OF ARTHUR ANDERSEN LLP

Section 11 (a) of the Securities Act of 1933, as amended (the "Securities Act"), provides that if part of a registration statement at the time it becomes effective contains an untrue statement of a material fact, or omits a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may assert a claim against, among others, an accountant who has consented to be named as having certified any part of the registration statement or as having prepared any report for use in connection with the registration statement. In August of 2002, Arthur Andersen LLP ("Andersen") ceased operations. Accordingly, Andersen is unable to consent to the incorporation by reference in the Company's previously filed Registration Statements on Form S-8 file numbers 33-26694, 33-56557, 333-88391, 333-57912 and 333-68180 and Form S-3 file numbers 333-63480 and 333-110718 (the "Registration Statements") of Andersen's audit report with respect to Constellation Brands, Inc.'s consolidated financial statements as of February 28, 2002 and February 28, 2001 and for the three years ended February 28, 2002. Under these circumstances, Rule 437a under the Securities Act permits Constellation Brands, Inc. to file its Current Report on Form 8-K dated August 19, 2004 (the "Form 8-K"), of which this Exhibit 23.2 forms a part, which Form 8-K is incorporated by reference into the Registration Statements, without a written consent from Andersen. As a result, with respect to transactions in Constellation Brands, Inc. securities pursuant to the Registration Statements that occur subsequent to the date the Form 8-K is filed with the Securities and Exchange Commission, Andersen will not have any liability under Section 11(a) of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Andersen or any omissions of a material fact required to be stated therein. Accordingly, no one would be able to assert a claim against Andersen under Section 11(a) of the Securities Act, based upon the incorporation by reference from this Form 8-K into the Registration Statements, because Andersen has not consented to the incorporation by reference of its audit report into the Registration Statements.

### EXHIBIT 99.1

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY  
FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2004,  
CONFORMED TO REFLECT THE COMPANY'S CONDENSED CONSOLIDATING FINANCIAL INFORMATION  
AS IF THE NEW SUBSIDIARY GUARANTORS HAD BEEN IN PLACE  
AS OF AND FOR ALL PERIODS PRESENTED

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### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders  
Constellation Brands, Inc.:

We have audited the accompanying consolidated balance sheets of Constellation Brands, Inc. and subsidiaries as of February 29, 2004 and February 28, 2003 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The February 28, 2002 consolidated statements of income, changes in stockholders' equity and cash flows of Constellation Brands, Inc. and subsidiaries were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those consolidated financial statements, before the revisions described in Notes 1, 2, 5, 11 and 22 to the consolidated financial statements, in their report dated April 9, 2002.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Constellation Brands, Inc. and subsidiaries as of February 29, 2004 and February 28, 2003, and the results of their operations and their cash flows for the years then ended, in conformity with the standards of the Public Company Accounting Oversight Board (United States).

As discussed above, the accompanying consolidated statements of income, changes in stockholders' equity and cash flows of Constellation Brands, Inc. and subsidiaries for the year ended February 28, 2002 were audited by other auditors who have ceased operations. As described in Note 5, the consolidated financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, which was adopted by the Company as of March 1, 2002. In our opinion, these disclosures for 2002 in Note 5 are appropriate. Additionally, as described in Note 2, the consolidated statement of income for the year ended February 28, 2002 has been revised to reflect reclassifications of certain consumer and trade promotional expenses as required by Emerging Issues Task Force Issue No. 01-9, Accounting for Consideration Given by a Vendor to a Customer (EITF 01-9), which was also adopted by the Company as of March 1, 2002; as described in Notes 2 and 11, the consolidated statement of income and disclosure for income taxes for the year ended February 28, 2002 have been revised to reflect the reclassification of the extraordinary loss, net of income taxes, related to the extinguishment of debt by increasing selling, general and administrative expenses and adjusting the provision for income taxes as required by Statement of Financial Accounting Standards No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections (FASB No. 145), which was fully adopted by the Company as of March 1, 2003; as described in Note 1, the proforma disclosures of net income and earnings per common share related to stock-based compensation for the year ended

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February 28, 2002 have been adjusted from the amounts originally reported; and as described in Note 22, the Company changed the composition of its reportable segments, and the amounts in the 2002 consolidated financial statements relating to reportable segments have been restated to conform to the current composition of reportable segments. We audited the adjustments that were applied to restate the 2002 consolidated financial statements for the adoption of EITF 01-9 and FASB No. 145, to restate the disclosure of amounts of pro forma net income and earnings per share related to stock-based compensation for the year ended February 28, 2002 and to restate the disclosures for reportable segments reflected in the 2002 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the February 28, 2002 consolidated statements of income, changes in stockholders' equity and cash flows of Constellation Brands, Inc. and subsidiaries, other than with respect to such disclosures and adjustments; accordingly, we do not express an opinion or any other form of assurance on the February 28, 2002 consolidated financial statements taken as a whole.

/s/ KPMG LLP

Rochester, New York  
April 7, 2004, except as to Note 21,  
which is as of August 4, 2004

THE FOLLOWING REPORT IS A COPY OF A REPORT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP AND HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN LLP. AS DESCRIBED IN NOTE 2 TO THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS, IN THE YEAR ENDED FEBRUARY 28, 2003, THE COMPANY ADOPTED THE PROVISIONS OF EMERGING ISSUES TASK FORCE ISSUE NO. 01-9, ACCOUNTING FOR CONSIDERATION GIVEN BY A VENDOR TO A CUSTOMER, WHICH REQUIRED RECLASSIFICATION OF CERTAIN CONSUMER AND TRADE PROMOTIONAL EXPENSES IN CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED FEBRUARY 28, 2002. ALSO, IN THE YEAR ENDED FEBRUARY 28, 2003, THE COMPANY ADOPTED STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 142, GOODWILL AND OTHER INTANGIBLE ASSETS (SFAS NO. 142). INCLUDED IN NOTE 5 ARE TRANSITIONAL DISCLOSURES FOR THE YEAR ENDED FEBRUARY 28, 2002 THAT ARE REQUIRED BY SFAS NO. 142. IN THE YEAR ENDED FEBRUARY 29, 2004, THE COMPANY ADOPTED THE PROVISIONS OF STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 145, RESCISSION OF FASB STATEMENTS NO. 4, 44, AND 64, AMENDMENT OF FASB STATEMENT NO. 13, AND TECHNICAL CORRECTIONS, WHICH REQUIRES THE RECLASSIFICATION OF THE EXTRAORDINARY LOSS RELATED TO THE EXTINGUISHMENT OF DEBT RECORDED IN THE YEAR ENDED FEBRUARY 28, 2002, BY INCREASING SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AND DECREASING THE PROVISION FOR INCOME TAXES. NOTES 2 AND 11 REFLECT THE ADJUSTMENTS TO THE CONSOLIDATED STATEMENT OF INCOME AND DISCLOSURE FOR INCOME TAXES FOR THE YEAR ENDED FEBRUARY 28, 2002. ALSO, AS DESCRIBED IN NOTE 1 TO THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS, IN THE YEAR ENDED FEBRUARY 28, 2003, THE COMPANY ADJUSTED THE PRO FORMA DISCLOSURE OF NET INCOME AND EARNINGS PER COMMON SHARE RELATED TO STOCK-BASED COMPENSATION FOR THE YEAR ENDED FEBRUARY 28, 2002 FROM THE AMOUNTS ORIGINALLY REPORTED. LASTLY, AS DESCRIBED IN NOTE 22 TO THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS, IN THE YEAR ENDED FEBRUARY 29, 2004, THE COMPANY CHANGED THE COMPOSITION OF ITS REPORTABLE SEGMENTS. AMOUNTS FOR THE YEAR ENDED FEBRUARY 28, 2002, HAVE BEEN RESTATED TO CONFORM TO THE CURRENT COMPOSITION OF REPORTABLE SEGMENTS. THE ARTHUR ANDERSEN LLP REPORT DOES NOT EXTEND TO THESE CHANGES IN THE 2002 CONSOLIDATED FINANCIAL STATEMENTS. THE TRANSITIONAL DISCLOSURES IN AND THE ADJUSTMENTS TO THE FISCAL 2002 CONSOLIDATED FINANCIAL STATEMENTS WERE REPORTED ON BY KPMG LLP AS STATED IN THEIR REPORT APPEARING HEREIN.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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To Constellation Brands, Inc.:

We have audited the accompanying consolidated balance sheets of Constellation Brands, Inc. (a Delaware corporation) and subsidiaries as of February 28, 2002 and February 28, 2001, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended February 28, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Constellation Brands, Inc. and subsidiaries as of February 28, 2002 and February 28, 2001, and the results of their operations and their cash flows for each of the three years in the period ended February 28, 2002 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Rochester, New York  
April 9, 2002

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

	February 29, 2004	February 28, 2003
	-----	-----
ASSETS		
-----		
CURRENT ASSETS:		
Cash and cash investments	\$ 37,136	\$ 13,810
Accounts receivable, net	635,910	399,095
Inventories, net	1,261,378	819,912
Prepaid expenses and other	137,047	97,284
	-----	-----
Total current assets	2,071,471	1,330,101
PROPERTY, PLANT AND EQUIPMENT, net	1,097,362	602,469
GOODWILL	1,540,637	722,223
INTANGIBLE ASSETS, net	744,978	382,428
OTHER ASSETS	104,225	159,109
	-----	-----
Total assets	\$ 5,558,673	\$ 3,196,330

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LIABILITIES AND STOCKHOLDERS' EQUITY		
-----		
CURRENT LIABILITIES:		
Notes payable to banks	\$ 1,792	\$ 2,623
Current maturities of long-term debt	267,245	71,264
Accounts payable	270,291	171,073
Accrued excise taxes	48,465	36,421
Other accrued expenses and liabilities	442,009	303,827
	-----	-----
Total current liabilities	1,029,802	585,208
	-----	-----
LONG-TERM DEBT, less current maturities	1,778,853	1,191,631
	-----	-----
DEFERRED INCOME TAXES	187,410	145,239
	-----	-----
OTHER LIABILITIES	184,989	99,268
	-----	-----
COMMITMENTS AND CONTINGENCIES (Note 15)		
STOCKHOLDERS' EQUITY:		
Preferred Stock, \$.01 par value-		
Authorized, 1,000,000 shares;		
Issued, 170,500 shares at February 29, 2004, and none at February 28, 2003 (Aggregate liquidation preference of \$172,951 at February 29, 2004)	2	-
Class A Common Stock, \$.01 par value-		
Authorized, 275,000,000 shares;		
Issued, 97,150,219 shares at February 29, 2004, and 81,435,135 shares at February 28, 2003	971	814
Class B Convertible Common Stock, \$.01 par value-		
Authorized, 30,000,000 shares;		
Issued, 14,564,630 shares at February 29, 2004, and 14,578,490 shares at February 28, 2003	146	146
Additional paid-in capital	1,024,048	469,724
Retained earnings	1,010,193	795,525
Accumulated other comprehensive income (loss)	372,302	(59,257)
	-----	-----
	2,407,662	1,206,952
	-----	-----
Less-Treasury stock-		
Class A Common Stock, 2,583,608 shares at February 29, 2004, and 2,749,384 shares at February 28, 2003, at cost	(27,786)	(29,610)
Class B Convertible Common Stock, 2,502,900 shares at February 29, 2004, and February 28, 2003, at cost	(2,207)	(2,207)
	-----	-----
	(29,993)	(31,817)
	-----	-----
Less-Unearned compensation-restricted stock awards	(50)	(151)
	-----	-----
Total stockholders' equity	2,377,619	1,174,984
	-----	-----
Total liabilities and stockholders' equity	\$ 5,558,673	\$ 3,196,330
	=====	=====

The accompanying notes to consolidated financial statements are an integral part of these statements.



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

	For the Years Ended		
	February 29, 2004	February 28, 2003	Februar 200
SALES	\$ 4,469,270	\$ 3,583,082	\$ 3,4
Less - Excise taxes	(916,841)	(851,470)	(8
Net sales	3,552,429	2,731,612	2,6
COST OF PRODUCT SOLD	(2,576,641)	(1,970,897)	(1,9
Gross profit	975,788	760,715	6
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(457,277)	(350,993)	(3
RESTRUCTURING AND RELATED CHARGES	(31,154)	(4,764)	
Operating income	487,357	404,958	3
GAIN ON CHANGE IN FAIR VALUE OF DERIVATIVE INSTRUMENTS	1,181	23,129	
EQUITY IN EARNINGS OF JOINT VENTURE	542	12,236	
INTEREST EXPENSE, net	(144,683)	(105,387)	(1
Income before income taxes	344,397	334,936	2
PROVISION FOR INCOME TAXES	(123,983)	(131,630)	(
NET INCOME	220,414	203,306	1
Dividends on preferred stock	(5,746)	-	
INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 214,668	\$ 203,306	\$ 1
SHARE DATA:			
Earnings per common share:			
Basic	\$ 2.13	\$ 2.26	\$
Diluted	\$ 2.06	\$ 2.19	\$
Weighted average common shares outstanding:			
Basic	100,702	89,856	
Diluted	106,948	92,746	
SUPPLEMENTAL DATA RESTATED FOR EFFECT OF SFAS NO. 142:			
Adjusted operating income	\$ 487,357	\$ 404,958	\$ 3
Adjusted net income	\$ 220,414	\$ 203,306	\$ 1
Adjusted income available to common stockholders	\$ 214,668	\$ 203,306	\$ 1
Adjusted earnings per common share:			

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Basic	\$	2.13	\$	2.26	\$
		=====		=====	=====
Diluted	\$	2.06	\$	2.19	\$
		=====		=====	=====