

**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) October 2, 2014

CONSTELLATION BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-08495

(Commission
File Number)

16-0716709

(IRS Employer
Identification No.)

207 High Point Drive, Building 100, Victor, NY 14564

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code **(585) 678-7100**

Not Applicable

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02. Results of Operations and Financial Condition.

On October 2, 2014, Constellation Brands, Inc. (the “Company”), a Delaware corporation, issued a news release (the “release”) announcing its financial condition and results of operations as of and for the second quarter ended August 31, 2014. A copy of the release is attached hereto as Exhibit 99.2 and incorporated herein by reference. The projections constituting the guidance included in the release involve risks and uncertainties, the outcome of which cannot be foreseen at this time and, therefore, actual results may vary materially from these forecasts. In this regard, see the information included in the release under the caption “Forward-Looking Statements.”

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

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

Comparable measures, organic net sales measures and constant currency measures are provided because management uses this information in monitoring and evaluating the results and underlying business trends of the continuing operations of the Company and/or in internal goal setting. In addition, the Company believes this information provides investors better insight on underlying business trends and results in order to evaluate year-over-year financial performance. As such, the following items, including any related income tax effect, are excluded from comparable results, when appropriate: costs associated with a voluntary product recall of select packages in the U.S. and Guam containing 12-ounce clear glass bottles of its Corona Extra beer that may contain small particles of glass; transaction, integration and other related costs recognized in connection with an acquisition; net unrealized gains and/or losses on mark to fair value of undesignated commodity swap contracts; loss on certain assets in connection with an earthquake in Napa, California; the flow through of inventory step-up associated with acquisitions; a prior period adjustment for deferred compensation related to certain employment agreements; restructuring and related charges; certain other selling, general and administrative costs; impairments of certain intangible assets; gain on remeasurement to fair value of an equity method investment; an equity method investee’s transaction costs associated with an acquisition; and loss on write-off of financing costs. On June 7, 2013, the Company acquired the remaining 50% interest in Crown Imports LLC which it did not already own, all of the issued and outstanding interests of Compañía Cervecería de Coahuila, S. de R.L. de C.V. and of Servicios Modelo de Coahuila, S. de R.L. de C.V., and an irrevocable, fully paid license to produce in Mexico (or worldwide under certain circumstances) and exclusively import, market and sell the Mexican beer brands sold by Crown Imports LLC in the United States and Guam as of the date of the acquisition and certain extensions (collectively, the “Beer Business Acquisition”). Accordingly, during the indicated period, organic net sales measures exclude the net sales of the Beer Business Acquisition. Constant currency measures exclude the impact of year-over-year currency exchange rate fluctuations.

Item 7.01. Regulation FD Disclosure.

On October 2, 2014, Constellation Brands, Inc. (“Constellation”) issued a news release regarding its glass sourcing strategy and brewery capacity expansion, a copy of which release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference. Also on October 2, 2014, Constellation issued a news release regarding its second quarter fiscal 2015 results, a copy of which release is furnished herewith as Exhibit 99.2 and is incorporated herein by reference.

References to Constellation’s website in the releases do not incorporate by reference the information on such website into this Current Report on Form 8-K and Constellation disclaims any such incorporation by reference. The information in the news releases attached as Exhibit 99.1 and Exhibit 99.2 is incorporated by reference into this Item 7.01 in satisfaction of the public disclosure requirements of Regulation FD. This information is “furnished” and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, and is not otherwise subject to the liabilities of that section. Such information may be incorporated by reference in another filing under the Securities Exchange Act of 1934 or the Securities Act of 1933 only if and to the extent such subsequent filing specifically references the information incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

- (a) Financial statements of businesses acquired.

Not applicable.

- (b) Pro forma financial information.

Not applicable.

- (c) Shell company transactions.

Not applicable.

- (d) Exhibits.

The following exhibits are furnished as part of this Current Report on Form 8-K:

Exhibit No. Description

99.1	News Release of Constellation Brands, Inc. dated October 2, 2014, regarding its glass sourcing strategy and brewery capacity expansion.
99.2	News Release of Constellation Brands, Inc. dated October 2, 2014, regarding its results for the fiscal quarter ended August 31, 2014.

SIGNATURES

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

Date: October 2, 2014

CONSTELLATION BRANDS, INC.

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

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
(1)	UNDERWRITING AGREEMENT Not Applicable.
(2)	PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION Not Applicable.
(3)	ARTICLES OF INCORPORATION AND BYLAWS Not Applicable.
(4)	INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES Not Applicable.
(7)	CORRESPONDENCE FROM AN INDEPENDENT ACCOUNTANT REGARDING NON-RELIANCE ON A PREVIOUSLY ISSUED AUDIT REPORT OR COMPLETED INTERIM REVIEW Not Applicable.
(14)	CODE OF ETHICS Not Applicable.
(16)	LETTER RE CHANGE IN CERTIFYING ACCOUNTANT Not Applicable.
(17)	CORRESPONDENCE ON DEPARTURE OF DIRECTOR Not Applicable.
(20)	OTHER DOCUMENTS OR STATEMENTS TO SECURITY HOLDERS Not Applicable.
(23)	CONSENTS OF EXPERTS AND COUNSEL Not Applicable.
(24)	POWER OF ATTORNEY Not Applicable.
(99)	ADDITIONAL EXHIBITS
(99.1)	News Release of Constellation Brands, Inc. dated October 2, 2014, regarding its glass sourcing strategy and brewery capacity expansion.
(99.2)	News Release of Constellation Brands, Inc. dated October 2, 2014, regarding its results for the fiscal quarter ended August 31, 2014.
(100)	XBRL-RELATED DOCUMENTS Not Applicable.

(101) INTERACTIVE DATA FILE

Not Applicable.



NEWS RELEASE

CONTACTS

Media
 Cheryl Gossin: 585-678-7191
 Amy Martin: 585-678-7141

Investor Relations
 Patty Yahn-Urlaub: 585-678-7483
 Bob Czudak: 585-678-7170

CONSTELLATION BRANDS ANNOUNCES GLASS SOURCING STRATEGY AND INCREMENTAL FIVE MILLION HECTOLITER CAPACITY EXPANSION AT NAVA BREWERY IN MEXICO

- **Agrees to acquire glass plant and associated warehouse, land and rail infrastructure in Nava, Mexico from Anheuser-Busch InBev for approximately \$300 million pending U.S. Department of Justice and Mexican regulatory approvals**
- **Agrees to enter into 50-50 joint venture with Owens-Illinois to own and operate new glass plant and to use O-I as a secondary glass supplier**
- **Enters into long-term glass supply agreement with Vitro**
- **Begins additional five million hectoliter production capacity expansion at Nava Brewery in Mexico**
- **Updates future beer segment volume growth, capital expenditure investments and operating margin, as well as consolidated free cash flow targets**

VICTOR, N.Y., OCT. 2, 2014 – Constellation Brands, Inc. (NYSE: STZ and STZ.B), a leading beverage alcohol company, announced today a multi-faceted approach to glass sourcing for the company’s beer business that includes the following components:

- Constellation and Anheuser-Busch InBev SA/NV (ABI) have submitted to the U.S. Department of Justice, a proposal for Constellation to acquire ABI’s state-of-the-art glass production plant that is located adjacent to the company’s brewery in Nava, Mexico for approximately \$300 million. This transaction also includes the purchase of a high-density warehouse, land and rail infrastructure and, along with customary closing conditions, is subject to U.S. Department of Justice and Mexican regulatory approvals, both of which are expected to be received before the end of calendar year 2014. The glass plant currently has one operational glass furnace and plans are in place to scale it to four furnaces. When fully operational with four furnaces, this facility is expected to supply more than 50% of the glass needs for Constellation’s U.S. beer business. Constellation currently plans to make capital investments of approximately \$175 - \$225 million to enhance site infrastructure related to rail and warehouse expansion at the newly acquired site.
- Constellation has also agreed to enter into a 50-50 joint venture with Owens-Illinois (O-I) to own and operate the glass container production plant to be purchased from ABI. O-I will contribute approximately

\$100 million for its 50% share of the joint venture, which does not include the warehouse, land and rail infrastructure, as these assets will be held by Constellation outside of the joint venture.

The joint venture will provide bottles exclusively for Constellation's adjacent Nava Brewery. O-I will have primary responsibility for plant operations including purchasing, technical services and the plant expansion. Plans are in place to expand the capacity of the plant from one furnace to four furnaces over the next four years at a cost of approximately \$300 - \$400 million. The expansion costs are expected to be shared equally by Constellation and O-I.

The joint venture management team will report to the JV's board of directors, which will be comprised of an equal number of management team members from Constellation and O-I. The approximately 260 employees currently working at the glass plant will continue to work at that location. Once the glass plant is expanded to four furnaces, the number of employees working at the plant is estimated to reach approximately 800. It is expected that the joint venture will become operational before year end calendar 2014 at which point the financial results of the joint venture will be consolidated by Constellation. At that time, O-I also expects to become a secondary glass supplier outside of the joint venture arrangement.

- Constellation previously announced that it had entered into a long-term supply agreement with Vitro (S.A.B. de C.V.). Under this agreement, Vitro is expected to supply 25% - 30% of the company's beer glass requirements during a seven year time period beginning Oct. 1, 2014.

Due to the transitional nature of these new sourcing arrangements, Constellation's beer business expects to continue to purchase glass supply for production at the Nava Brewery under the existing Transition Services Agreement with ABI through mid-year calendar 2015. Constellation will also continue to receive finished product under its Interim Supply Agreement with ABI until the expansion of the Nava Brewery to 20 million hectoliters is completed in calendar 2016.

In addition to the company's glass sourcing activities, Constellation has started an additional five million hectoliter expansion at the Nava Brewery in Mexico that will extend production capacity to 25 million hectoliters when completed. The estimated cost of the expansion from 20 million to 25 million hectoliters is \$450 - \$550 million and is expected to be completed by the end of calendar year 2017.

"We are pleased that we have been able to finalize our long-term glass strategy under favorable terms with key industry players," said Rob Sands, president and chief executive officer of Constellation Brands. "We believe this provides the best outcome in terms of quality, flexibility, cost-effectiveness and control for this critical area of our beer production. We look forward to working with our supply partner, Owens-Illinois, who has more than 100 years of experience in producing glass containers. As the world's leading glass producer, O-I is known for high quality standards, has built and expanded dozens of plants, and participates in joint ventures in several different countries throughout the world." Sands continued, "We are also pleased with the outcome of our beer glass supply arrangement with Vitro, which provides an optimal sourcing option and enables us to partner with a leader in the beer glass supply industry."

“Since completing the beer business acquisition in June 2013, our beer business has seen exceptional portfolio momentum, significantly outperforming the U.S. beer market as well as our original sales volume and depletion expectations,” said Bob Ryder, chief financial officer of Constellation Brands. “This excellent sales momentum, coupled with strong marketing and brand building, is expected to drive sales trends that will outpace the industry in the medium-term. Our additional investments in production capacity are designed to ensure that we are well-positioned to capture the continued momentum and growth opportunities we see in the marketplace for our portfolio well into the future.”

Given these collective activities the company is targeting the following:

Average annual beer volume growth assumption	FY 2016 - FY 2018: Mid-single digit
Beer segment operating margin estimate	FY 2018: Mid-30% range
Consolidated free cash flow generation ⁽¹⁾	FY 2018: > \$1 billion
Debt-to-comparable basis EBITDA ratio	FY 2016: Below 4.0X

⁽¹⁾ Free Cash Flow = Net cash provided by operating activities less purchases of property, plant and equipment

Constellation Brands Beer Segment				
Beer Project Capital Expenditures				
<i>(in millions)</i>	FY 2014	FY 2015	FY 2016 - 2018 ⁽²⁾	Total
Nava Brewery ⁽¹⁾				
<i>(Initial investment from 10M - 20M HL)</i>	\$125	\$450 - \$500	\$425 - \$475	\$1,000 - \$1,100
Nava Brewery				
<i>(Expansion from 20M - 25M HL)</i>		\$50	\$400 - \$500	\$450 - \$550
Nava Glass Plant - Warehouse and Rail				
<i>(Investments outside of the Glass JV)</i>		\$75	\$100 - \$150	\$175 - \$225
Glass Plant JV With O-I				
<i>(Furnace expansion)</i>		\$25	\$275 - \$375	\$300 - \$400
Total Beer Project Capital Expenditures	\$125	\$600 - \$650	\$1,200 - \$1,500	\$1,925 - \$2,275
<i>Contribution from O-I for Glass JV ⁽³⁾</i>		<i>(\$10)</i>	<i>(\$140 - \$190)</i>	<i>(\$150 - \$200)</i>

⁽¹⁾ The Nava Brewery expansion from 10M - 20M HL is expected to be completed in FY 2017

⁽²⁾ The significant majority of capex investment for FY 2016 - 2018 is expected to occur in FY 2016 and FY 2017

⁽³⁾ Some rounding for presentation purposes

Conference Call

The company’s glass sourcing strategy, incremental brewery expansion and related outlook will be discussed in a conference call hosted by President and Chief Executive Officer Rob Sands and Executive Vice President and Chief Financial Officer Bob Ryder on Thursday, Oct. 2, 2014 at 10:30 a.m. (eastern). The conference call can be accessed by dialing +973-935-8505 beginning 10 minutes prior to the start of the call. A live listen-only webcast of the conference call, together with a copy of this news release and other financial information that may be discussed during the call will be available on the Internet at the company’s website: www.cbrands.com under “Investors,” prior to the call.

About Constellation Brands

Constellation Brands (NYSE: STZ and STZ.B) is a leading international producer and marketer of beer, wine and spirits with operations in the U.S., Canada, Mexico, New Zealand and Italy. In 2013, Constellation was one of the best performing stocks in the S&P 500. Constellation is the number three beer company in the U.S. with high-end, iconic imported brands including Corona Extra, Corona Light, Modelo Especial, Negra Modelo and Pacifico. Constellation is also the world's leader in premium wine selling great brands that people love including Robert Mondavi, Clos du Bois, Kim Crawford, Rex Goliath, Mark West, Franciscan Estate, Ruffino and Jackson-Triggs. The company's premium spirits brands include SVEDKA Vodka and Black Velvet Canadian Whisky.

Based in Victor, N.Y., the company believes that industry leadership involves a commitment to brand-building, our trade partners, the environment, our investors and to consumers around the world who choose our products when celebrating big moments or enjoying quiet ones. Founded in 1945, Constellation has grown to become a significant player in the beverage alcohol industry with more than 100 brands in its portfolio, sales in approximately 100 countries, about 40 facilities and approximately 6,300 talented employees. We express our company vision: *to elevate life with every glass raised*. To learn more, visit www.cbrands.com.

Forward-Looking Statements

This news release contains forward-looking statements. All statements other than statements of historical fact are forward-looking statements. The word "expect" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These statements may relate to business strategy, future operations, prospects, plans and objectives of management, as well as information concerning expected actions of third parties. All forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements.

During the current quarter, Constellation Brands may reiterate the forward-looking statements. Prior to the start of the company's quiet period, which will begin at the close of business on Nov. 28, 2014, the public can continue to rely on the forward-looking statements as still being Constellation Brands' current expectations on the matters covered, unless the company publishes a notice stating otherwise. During Constellation Brands' "quiet period," the forward-looking statements should not be considered to constitute the company's expectations and should be considered historical, speaking as of prior to the quiet period only and not subject to update by the company.

The forward-looking statements are based on management's current expectations and should not be construed in any manner as a guarantee that such results will in fact occur or will occur on the timetable contemplated hereby. The transaction between Constellation Brands and ABI regarding the purchase of the glass plant and associated warehouse, land and rail infrastructure and the transactions between Constellation Brands and O-I regarding formation of the joint venture and additional glass supply arrangements are subject to the satisfaction of certain closing conditions. There can be no assurance that any of these transactions will occur or will occur on the timetables contemplated hereby.

In addition to the risks and uncertainties of ordinary business operations, the forward-looking statements of Constellation Brands contained in this news release are subject to a number of risks and uncertainties, including completion of the announced transaction with ABI on the expected terms, timetable and costs; completion of the formation of a joint venture with O-I on the expected terms, timetable and costs; completion of a secondary glass supply arrangement with O-I on the expected terms; receipt of all required regulatory approvals by the expected dates and on the expected terms; completion of the glass plant expansion and brewery expansions by the expected completion dates and on the expected terms and costs; the accuracy of all projections, including sales trends, glass supply sources, estimates of capital expenditure investments, glass plant supply output, and size of workforce at the glass plant location; ability to achieve targeted volume growth, operating margin, free cash flow generation, and debt leverage ratio may all vary due to different financial results from those anticipated and the timeframe in which achieved will depend on actual financial performance; and other factors and uncertainties disclosed from time-to-time in Constellation Brands, Inc.'s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended February 28, 2014, which could cause future performance to differ from current expectations.



NEWS RELEASE

CONTACTS**Media**

Cheryl Gossin: 585-678-7191

Amy Martin: 585-678-7141

Investor Relations

Patty Yahn-Urlaub: 585-678-7483

Bob Czudak: 585-678-7170

Constellation Brands Reports Second Quarter Fiscal 2015 Results

- Achieves comparable basis diluted EPS of \$1.11 and reported basis diluted EPS of \$0.98; results impacted by higher tax rate and beer recall as company expects beer sales shift from second to third quarter; maintains annual beer guidance
- Reaffirms fiscal 2015 comparable basis diluted EPS outlook of \$4.10 - \$4.25 and updates reported basis diluted EPS outlook to \$3.85 - \$4.00
- Updates free cash flow projection driven by incremental brewery expansion and glass sourcing initiatives: expects \$275 - \$350 million for fiscal 2015 including operating cash flow target of at least \$1 billion and total capital expenditure estimate of \$725 - \$775 million

Second Quarter 2015 Financial Highlights*

(in millions, except per share data)

	<u>Comparable</u>	<u>% Change</u>	<u>Reported</u>	<u>% Change</u>
Net sales	\$1,608	10%	\$1,604	10%
Operating income	\$413	17%	\$379	-77%
Operating margin	25.7%	+160 bps	23.6%	NM
Earnings before interest and taxes (EBIT)	\$413	16%	NA	NA
Net income	\$222	18%	\$196	-87%
Diluted earnings per share	\$1.11	16%	\$0.98	-87%

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

NM=Not Meaningful

NA=Not Applicable

VICTOR, N.Y., OCT. 2, 2014 – Constellation Brands, Inc. (NYSE: STZ and STZ.B), a leading beverage alcohol company, reported today its second quarter 2015 results.

“I am pleased with our results which reflect another quarter of excellent performance from our beer business. This was driven by the outstanding efforts of our wholesalers, retailers and employees in executing our plans in the marketplace during the key summer selling season as we achieved eight percent depletion growth during the quarter. I’m also grateful for the dedication and diligence of this group who acted swiftly and thoroughly during our previously announced recall efforts. Our wine and spirits performance for the quarter was solid,” said Rob Sands, president and chief executive officer, Constellation Brands. “While we expect to see some shift in beer sales from the second quarter into the third quarter as a result of the recall, we remain on track to achieve our comparable basis EPS goal for fiscal 2015.”

Net Sales Commentary

The 10 percent increase in consolidated net sales was driven by \$73 million of incremental net sales which represents the consolidation of one additional week of beer business net sales in the second quarter 2015 due to the timing of the beer business acquisition. In addition, the company posted consolidated organic growth of five percent.

For the quarter, net sales for the beer segment increased nine percent primarily due to volume growth driven by strong consumer demand. This result includes the reversal of approximately two million case shipments to wholesalers as part of the recall actions which translates to a reduction of approximately \$37 million of net sales for the second quarter. The company expects to replenish this volume with shipments to wholesalers primarily during the third quarter.

“We continue to invest behind our beer portfolio with creative advertising and promotional programs like our ‘120 Days of Summer’ campaign. Our beer business continued to significantly outperform the industry during the second quarter driven by Modelo Especial, Corona Extra, the roll-out of Modelo Especial Chelada, and market expansion for Victoria,” said Sands. “We are also pleased with the progress made in increasing our draft format presence in the on-premise channel. These efforts are being led by the Corona Light draft, which expanded to 35 new markets earlier this year.”

Wine and spirits net sales on a constant currency basis increased three percent. This primarily reflects higher shipment volume and lower promotion expense. “During the second quarter, we experienced improving depletion trends and favorable product mix driven by some of our fastest-growing wine and spirits brands, including Kim Crawford, SVEDKA Vodka, Mark West, Ruffino, Black Box and The Dreaming Tree,” said Sands.

Operating Income and Net Income Commentary

The increase in consolidated comparable basis operating income includes an incremental benefit of \$22 million due to the timing of the beer business acquisition and excellent volume growth for the base beer business. These benefits were partially offset by higher marketing and general and administrative expenses. The increase in wine and spirits operating income primarily reflects higher volume and lower promotion expense.

For the second quarter 2015, pre-tax unusual items totaled \$39 million. This included an estimated \$9 million reduction, net of recoveries, to operating income as a result of the company’s previously announced voluntary recall of select packages containing 12-ounce bottles of Corona Extra where certain glass bottles

contained defects. The affected bottles came from a glass plant operated by a third-party manufacturer which supplies the Nava brewery with bottles.

The second quarter of fiscal 2014 included a \$1.6 billion non-cash gain on the remeasurement to fair value of the company's original 50 percent interest in the Crown Imports joint venture as a result of the beer business acquisition and \$301 million of charges related to non-cash impairments of goodwill and intangible assets associated with the company's acquired Canadian wine business.

Interest expense for the second quarter totaled \$85 million, a decrease of six percent. The decrease was primarily due to lower average interest rates.

The comparable basis effective tax rate for the second quarter 2015 was 32 percent compared to a 29 percent tax rate for the prior year second quarter, which reflected the favorable outcome of various tax items.

The reported basis effective tax rate for the second quarter 2015 was 32 percent compared to a four percent tax rate for the prior year second quarter, which reflected the recognition of the \$1.6 billion non-taxable gain and the non-deductible goodwill impairment charge.

Free Cash Flow Commentary

Free cash flow for the first six months of fiscal 2015 totaled \$360 million as compared to \$440 million for the same period last year. Incremental benefits from the beer business acquisition were more than offset by higher capital expenditures related primarily to the expansion of the Nava brewery in Mexico.

"Earlier today we announced our new glass sourcing strategy and plans to add an incremental five million hectoliters of production capacity to our brewery in Nava, Mexico, which will take our total capacity to 25 million hectoliters at this facility. In addition, we outlined the additional capital investments needed for these initiatives which are designed to support the strong growth of the beer business over the long-term. As a result of these activities, we are increasing our total capital expenditure estimate for fiscal 2015 to a range of \$725 - \$775 million versus our previous range of \$575 - \$625 million. Due to this higher capital expenditure estimate, we are now targeting free cash flow for fiscal 2015 to be in the range of \$275 - \$350 million versus our previous range of \$425 - \$500 million," said Bob Ryder, chief financial officer, Constellation Brands. "We still expect to generate operating cash flow of at least \$1 billion for fiscal 2015 and despite the higher capital expenditure investments, we continue to expect our debt-to-comparable basis EBITDA ratio to be below 4 times during fiscal 2016."

Beer Business Acquisition

The company completed its acquisition of Grupo Modelo's U.S. beer business from Anheuser-Busch InBev on June 7, 2013 for approximately \$5.3 billion, including \$558 million that was paid as a post-closing purchase price adjustment in June 2014. The transaction includes full ownership of Crown, which provides Constellation with complete, independent control of its U.S. commercial business; a state-of-the-art brewery in Nava, Mexico; and an exclusive perpetual brand license in the U.S. to import, market and sell Corona and the other Modelo brands Crown currently sells in the U.S. market. The perpetual brand license also includes certain brands and brand extensions not currently marketed in the U.S. by Crown and the freedom to develop new brand extensions and innovations.

Outlook

The table below sets forth management's current diluted EPS expectations for fiscal 2015 compared to fiscal 2014 actual results, both on a reported basis and a comparable basis.

	Reported Basis		Comparable Basis	
	FY15 Estimate	FY14 Actual	FY15 Estimate	FY14 Actual
Fiscal Year Ending Feb. 28	\$3.85 - \$4.00	\$9.83	\$4.10 - \$4.25	\$3.25

Full-year fiscal 2015 guidance includes the following current assumptions:

- Interest expense: approximately \$345 - \$355 million
- Tax rate: approximately 30 percent
- Weighted average diluted shares outstanding: approximately 201 million
- Free cash flow: approximately \$275 - \$350 million
- Capital expenditures: approximately \$725 - \$775 million, including \$600 - \$650 million for the beer business

Conference Call

A conference call to discuss second quarter 2015 results and outlook, including the company's glass sourcing strategy and incremental brewery expansion will be hosted by President and Chief Executive Officer Rob Sands and Executive Vice President and Chief Financial Officer Bob Ryder on Thursday, Oct. 2, 2014 at 10:30 a.m. (eastern). The conference call can be accessed by dialing +973-935-8505 beginning 10 minutes prior to the start of the call. A live listen-only webcast of the conference call, together with a copy of this news release (including the attachments), a copy of the company's announcement regarding its glass sourcing strategy and incremental brewery expansion, and other financial information that may be discussed during the call will be available on the Internet at the company's website: www.cbrands.com under "Investors," prior to the call.

Explanations

Reported basis ("reported") operating income, net income and diluted EPS are as reported under generally accepted accounting principles. Operating income, net income and diluted EPS on a comparable basis ("comparable"), exclude items that affect comparability ("unusual items"). The company's measure of segment profitability excludes unusual items, which is consistent with the measure used by management to evaluate results.

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

Supplemental Financial Information

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

About Constellation Brands

Constellation Brands (NYSE: STZ and STZ.B) is a leading international producer and marketer of beer, wine and spirits with operations in the U.S., Canada, Mexico, New Zealand and Italy. In 2013, Constellation was one of the best performing stocks in the S&P 500. Constellation is the number three beer company in the U.S. with high-end, iconic imported brands including Corona Extra, Corona Light, Modelo Especial, Negra Modelo and Pacifico. Constellation is also the world's leader in premium wine selling great brands that people love including Robert Mondavi, Clos du Bois, Kim Crawford, Rex Goliath, Mark West, Franciscan Estate, Ruffino

and Jackson-Triggs. The company's premium spirits brands include SVEDKA Vodka and Black Velvet Canadian Whisky.

Based in Victor, N.Y., the company believes that industry leadership involves a commitment to brand-building, our trade partners, the environment, our investors and to consumers around the world who choose our products when celebrating big moments or enjoying quiet ones. Founded in 1945, Constellation has grown to become a significant player in the beverage alcohol industry with more than 100 brands in its portfolio, sales in approximately 100 countries, about 40 facilities and approximately 6,300 talented employees. We express our company vision: *to elevate life with every glass raised*. To learn more, visit www.cbrands.com.

Forward-Looking Statements

The statements made under the heading Outlook, and all statements other than statements of historical fact set forth in this news release regarding Constellation Brands' 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 (collectively, the "Projections") that involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the Projections.

During the current quarter, Constellation Brands may reiterate the Projections. Prior to the start of the company's quiet period, which will begin at the close of business Nov. 28, 2014, the public can continue to rely on the Projections as still being Constellation Brands' current expectations on the matters covered, unless the company publishes a notice stating otherwise. During Constellation Brands' "quiet period," the Projections should not be considered to constitute the company's expectations and should be considered historical, speaking as of prior to the quiet period only and not subject to update by the company.

The Projections are based on management's current expectations and, unless otherwise noted, do not take into account the impact of any future acquisition, merger or any other business combination, divestiture, restructuring or other strategic business realignments, financing or share repurchase that may be completed after the date of this release. The Projections should not be construed in any manner as a guarantee that such results will in fact occur. The glass sourcing strategy transactions between Constellation Brands and Anheuser-Busch InBev SA/NV regarding a glass plant purchase and between Constellation Brands and Owens-Illinois regarding formation of a joint venture and expansion of a glass plant are subject to the satisfaction of certain closing conditions and receipt of any required regulatory approvals. There can be no assurance that either of these transactions will occur or will occur on the timetable contemplated hereby.

In addition to the risks and uncertainties of ordinary business operations, the Projections of the company contained in this news release are subject to a number of risks and uncertainties, including:

- brewery expansion activities and glass sourcing strategy transactions take place with expected scope, on expected terms and timetable, and with receipt of any necessary regulatory approvals;
- accuracy of supply projections, including those relating to brewery expansion and glass sourcing;
- timeframe and actual costs associated with brewery expansion and glass sourcing may vary from management's current expectations due to market conditions, the company's cash and debt position, and other factors as determined by management;
- free cash flow, operating cash flow, capital expenditures to support long-term growth, and debt leverage ratios may vary from management's current estimates;
- timing and volume amount of beer shipments to wholesalers may vary from current expectations due to actual consumer demand;
- the impact of and the ability to realize the anticipated benefits of acquisitions, including as a result of difficulty in integrating the businesses of the companies involved;
- the exact duration of the share repurchase implementation and the amount and timing of any additional share repurchases;
- raw material and water supply, production or shipment difficulties could adversely affect the company's ability to supply its customers;
- increased competitive activities in the form of pricing, advertising and promotions could adversely impact consumer demand for the company's products and/or result in lower than expected sales or higher than expected expenses;

- general economic, geo-political and regulatory conditions, instability in world financial markets, or unanticipated environmental liabilities and costs;
- changes to accounting rules and tax laws, and other factors which could impact the company's reported financial position, results of operations or effective tax rate;
- changes in interest rates and the inherent unpredictability of currency fluctuations, commodity prices and raw material costs;
- accuracy of the bases for forecasts relating to joint ventures and associated costs, losses, purchase obligations and capital investment requirements; and
- other factors and uncertainties disclosed in the company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended Feb. 28, 2014, which could cause actual future performance to differ from current expectations.

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

	August 31, 2014	February 28, 2014
Assets		
Current Assets:		
Cash and cash investments	\$ 104.3	\$ 63.9
Accounts receivable, net	656.9	626.2
Inventories	1,778.9	1,743.8
Prepaid expenses and other	298.0	313.3
Total current assets	2,838.1	2,747.2
Property, plant and equipment, net	2,299.9	2,014.3
Goodwill	6,149.3	6,146.8
Intangible assets, net	3,213.5	3,231.1
Other assets, net	156.6	162.7
Total assets	\$ 14,657.4	\$ 14,302.1
Liabilities and Stockholders' Equity		
Current Liabilities:		
Notes payable to banks	\$ 253.0	\$ 57.2
Current maturities of long-term debt	615.7	590.0
Accounts payable	441.9	295.2
Accrued excise taxes	29.5	27.7
Other accrued expenses and liabilities	536.2	1,055.6
Total current liabilities	1,876.3	2,025.7
Long-term debt, less current maturities	6,323.2	6,373.3
Deferred income taxes	815.0	762.6
Other liabilities	155.5	159.2
Total liabilities	9,170.0	9,320.8
Total stockholders' equity	5,487.4	4,981.3
Total liabilities and stockholders' equity	\$ 14,657.4	\$ 14,302.1

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

	Three Months Ended		Six Months Ended	
	August 31, 2014	August 31, 2013	August 31, 2014	August 31, 2013
Sales	\$ 1,770.0	\$ 1,613.3	\$ 3,457.1	\$ 2,379.5
Excise taxes	(165.9)	(153.5)	(327.0)	(246.3)
Net sales	1,604.1	1,459.8	3,130.1	2,133.2
Cost of product sold	(932.1)	(882.8)	(1,788.0)	(1,300.1)
Gross profit	672.0	577.0	1,342.1	833.1
Selling, general and administrative expenses	(293.3)	(244.1)	(571.2)	(429.7)
Impairment of goodwill and intangible assets	—	(300.9)	—	(300.9)
Gain on remeasurement to fair value of equity method investment	—	1,642.0	—	1,642.0
Operating income	378.7	1,674.0	770.9	1,744.5
Equity in (losses) earnings of equity method investees	(0.6)	3.7	(0.1)	70.3
Interest expense, net	(85.0)	(90.3)	(171.4)	(145.1)
Loss on write-off of financing costs	(4.4)	—	(4.4)	—
Income before income taxes	288.7	1,587.4	595.0	1,669.7
Provision for income taxes	(92.9)	(65.4)	(192.5)	(94.8)
Net income	\$ 195.8	\$ 1,522.0	\$ 402.5	\$ 1,574.9

Earnings Per Common Share:

Basic - Class A Common Stock	\$ 1.03	\$ 8.18	\$ 2.12	\$ 8.53
Basic - Class B Convertible Common Stock	\$ 0.93	\$ 7.43	\$ 1.93	\$ 7.75
Diluted - Class A Common Stock	\$ 0.98	\$ 7.74	\$ 2.01	\$ 8.03
Diluted - Class B Convertible Common Stock	\$ 0.90	\$ 7.11	\$ 1.84	\$ 7.38

Weighted Average Common Shares Outstanding:

Basic - Class A Common Stock	169.158	164.825	168.663	163.277
Basic - Class B Convertible Common Stock	23.401	23.472	23.408	23.485
Diluted - Class A Common Stock	200.800	196.767	200.579	196.056
Diluted - Class B Convertible Common Stock	23.401	23.472	23.408	23.485

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

	Six Months Ended	
	August 31, 2014	August 31, 2013
Cash Flows From Operating Activities		
Net income	\$ 402.5	\$ 1,574.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	78.3	64.1
Deferred tax provision	67.6	9.6
Stock-based compensation expense	27.9	25.6
Amortization of intangible assets	24.7	7.1
Amortization of deferred financing costs	5.8	5.0
Noncash portion of loss on write-off of financing costs	3.3	—
Equity in earnings of equity method investees, net of distributed earnings	1.3	(39.1)
Gain on remeasurement to fair value of equity method investment	—	(1,642.0)
Impairment of goodwill and intangible assets	—	300.9
Change in operating assets and liabilities, net of effects from purchase of business:		
Accounts receivable, net	(31.3)	8.4
Inventories	(34.3)	67.4
Prepaid expenses and other current assets	(30.7)	17.6
Accounts payable	107.1	10.4
Accrued excise taxes	1.8	(5.6)
Other accrued expenses and liabilities	59.8	59.8
Other, net	(15.7)	24.9
Total adjustments	265.6	(1,085.9)
Net cash provided by operating activities	668.1	489.0
Cash Flows From Investing Activities		
Purchases of property, plant and equipment	(308.2)	(49.2)
Purchase of business, net of cash acquired	—	(4,672.9)
Other investing activities	2.0	2.7
Net cash used in investing activities	(306.2)	(4,719.4)
Cash Flows From Financing Activities		
Payment of delayed purchase price arrangement	(543.3)	—
Principal payments of long-term debt	(34.4)	(9.9)
Payments of minimum tax withholdings on stock-based payment awards	(28.4)	(18.0)
Payments of financing costs of long-term debt	(2.0)	(82.2)
Net proceeds from notes payable	197.0	272.1
Excess tax benefits from stock-based payment awards	64.0	53.8
Proceeds from exercises of employee stock options	18.3	77.5
Proceeds from employee stock purchases	3.8	2.5
Proceeds from issuance of long-term debt	—	3,725.0
Net cash (used in) provided by financing activities	(325.0)	4,020.8
Effect of exchange rate changes on cash and cash investments	3.5	(5.1)
Net increase (decrease) in cash and cash investments	40.4	(214.7)
Cash and cash investments, beginning of period	63.9	331.5
Cash and cash investments, end of period	\$ 104.3	\$ 116.8

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

(in millions)

On June 7, 2013, the company acquired the remaining 50% equity interest in Crown Imports, a brewery located in Nava, Coahuila, Mexico and an exclusive perpetual brand license in the U.S. to import, market and sell the Mexican beer brands Crown Imports currently sells in the U.S. market (the "Beer Business Acquisition"). Consolidated organic net sales for the respective periods are defined by the company as reported net sales less net sales of Beer Business Acquisition products. Organic net sales and percentage increase (decrease) in constant currency net sales (which excludes the impact of year-over-year currency exchange rate fluctuations) are provided because management uses this information in monitoring and evaluating the underlying business trends of the continuing operations of the company. In addition, the company believes this information provides investors better insight on underlying business trends and results in order to evaluate year-over-year financial performance.

	Three Months Ended				Constant Currency Percent Change ⁽¹⁾	Six Months Ended				Constant Currency Percent Change ⁽¹⁾
	August 31, 2014	August 31, 2013	Percent Change	Currency Impact		August 31, 2014	August 31, 2013	Percent Change	Currency Impact	
Consolidated Net Sales	\$ 1,604.1	\$ 1,459.8	10%	— %	10%	\$ 3,130.1	\$ 2,133.2	47%	(1%)	47%
Less: Beer Business Acquisition ⁽²⁾	(73.4)	—				(941.1)	—			
Consolidated Organic Net Sales	\$ 1,530.7	\$ 1,459.8	5%	— %	5%	\$ 2,189.0	\$ 2,133.2	3%	(1%)	3%
Wine and Spirits Net Sales	\$ 715.8	\$ 697.0	3%	(1%)	3%	\$ 1,374.1	\$ 1,370.4	—%	(1%)	1%

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

(2) For the period June 1, 2014, through June 6, 2014, included in the three months ended August 31, 2014, and the period March 1, 2014, through June 6, 2014, included in the six months ended August 31, 2014.

BEER SUPPLEMENTAL SHIPMENT AND DEPLETION INFORMATION

(in millions, branded product, 24 pack, 12 ounce case equivalents)

	Three Months Ended			Six Months Ended		
	August 31, 2014	August 31, 2013	Percent Change	August 31, 2014	August 31, 2013	Percent Change
Net Sales	\$ 891.8	\$ 814.6	9.5%	\$ 1,759.5	\$ 1,576.2	11.6%
Shipment Volume ⁽¹⁾	56.8	53.0	7.2%	111.5	102.5	8.8%
Depletion Volume ⁽²⁾			8.1%			8.0%

WINE AND SPIRITS SUPPLEMENTAL SHIPMENT, DEPLETION AND U.S. FOCUS BRANDS INFORMATION

(in millions, branded product, 9 liter case equivalents)

	Three Months Ended			Six Months Ended		
	August 31, 2014	August 31, 2013	Percent Change	August 31, 2014	August 31, 2013	Percent Change
Shipment Volume	16.8	16.6	1.2%	31.9	32.3	(1.2%)
U.S. Domestic Shipment Volume	12.6	12.5	0.8%	24.0	24.4	(1.6%)
U.S. Domestic Focus Brands Shipment Volume ⁽³⁾	8.6	8.9	(3.4%)	16.7	17.1	(2.3%)
U.S. Domestic Depletion Volume ⁽²⁾			2.4%			0.4%
U.S. Domestic Focus Brands Depletion Volume ⁽²⁾⁽³⁾			2.7%			0.8%

(1) Shipment volume trends for the three months and six months ended August 31, 2014, were unfavorably impacted by approximately two million cases as a result of the previously announced voluntary product recall of select packages in the U.S. and Guam containing 12-ounce clear glass bottles of Corona Extra beer that may contain small particles of glass (the "Product Recall").

(2) Depletions represent distributor shipments of the company's respective branded products to retail customers, based on third party data.

(3) U.S. Domestic Focus Brands include the following brands: Arbor Mist, Blackstone, Black Box, Black Velvet Canadian Whisky, Clos du Bois, Estancia, Franciscan Estate, Inniskillin, Kim Crawford, Mark West, Mount Veeder, Nobilo, Ravenswood, Rex Goliath, Robert Mondavi, Ruffino, Simi, SVEDKA Vodka, Toasted Head and Wild Horse.

Constellation Brands, Inc. and Subsidiaries
SUMMARIZED SEGMENT AND EQUITY EARNINGS INFORMATION
(in millions)

	Three Months Ended			Percent Change	Six Months Ended		
	August 31, 2014	August 31, 2013			August 31, 2014	August 31, 2013	Percent Change
Beer ⁽¹⁾							
Segment net sales	\$ 891.8	\$ 814.6	9%	\$ 1,759.5	\$ 1,576.2	12%	
Segment operating income	\$ 271.1	\$ 226.4	20%	\$ 558.6	\$ 360.4	55%	
% Net sales	30.4%	27.8%		31.7%	22.9%		
Wine and Spirits							
Wine net sales	\$ 640.7	\$ 629.1	2%	\$ 1,227.1	\$ 1,226.4	—%	
Spirits net sales	75.1	67.9	11%	147.0	144.0	2%	
Segment net sales	\$ 715.8	\$ 697.0	3%	\$ 1,374.1	\$ 1,370.4	—%	
Segment operating income	\$ 169.7	\$ 158.2	7%	\$ 312.9	\$ 285.8	9%	
% Net sales	23.7%	22.7%		22.8%	20.9%		
Equity in (losses) earnings of equity method investees	\$ (0.6)	\$ (0.6)	—%	\$ (0.1)	\$ 0.1	(200%)	
Consolidation and Eliminations related to Crown Imports ⁽¹⁾⁽²⁾							
Net sales	\$ —	\$ (51.8)		\$ —	\$ (813.4)		
Operating income	\$ —	\$ (8.6)		\$ —	\$ (142.6)		
Equity in earnings of Crown Imports	\$ —	\$ 4.3		\$ —	\$ 70.3		
Corporate Operations and Other Segment Operating Loss	\$ (27.4)	\$ (24.1)	14%	\$ (53.5)	\$ (48.1)	11%	
Reportable Segment Operating Income ^(A)	\$ 413.4	\$ 351.9		\$ 818.0	\$ 455.5		
Unusual Items	(34.7)	1,322.1		(47.1)	1,289.0		
Consolidated Operating Income (GAAP)	\$ 378.7	\$ 1,674.0		\$ 770.9	\$ 1,744.5		
Reportable Segment Equity in (Losses) Earnings of Equity Method Investees ^(B)	\$ (0.6)	\$ 3.7		\$ (0.1)	\$ 70.4		
Unusual Items	—	—		—	(0.1)		
Consolidated Equity in (Losses) Earnings of Equity Method Investees (GAAP)	\$ (0.6)	\$ 3.7		\$ (0.1)	\$ 70.3		
Consolidated Earnings Before Interest and Taxes (Non-GAAP) ^(A+B)	\$ 412.8	\$ 355.6		\$ 817.9	\$ 525.9		

- (1) Prior to the Beer Business Acquisition, the company accounted for its investment in Crown Imports under the equity method of accounting. Due to its significance, Crown Imports was a reportable segment for the company with appropriate elimination of the unconsolidated joint venture's result of operations and recognition of equity in earnings of Crown Imports for segment presentation. In connection with the Beer Business Acquisition and the resulting consolidation of the results of operations of the acquired businesses, the former Crown Imports segment, together with the acquired brewery, is now referred to as the beer segment.*
- (2) For the period June 1, 2013, through June 6, 2013, included in the three months ended August 31, 2013, and the period March 1, 2013, through June 6, 2013, included in the six months ended August 31, 2013.*

Constellation Brands, Inc. and Subsidiaries
RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES

(in millions, except per share data)

The company reports its financial results in accordance with generally accepted accounting principles in the U.S. (“GAAP”). However, non-GAAP financial measures, as defined in the reconciliation tables below, are provided because management uses this information in evaluating the results of the continuing operations of the company and/or internal goal setting. In addition, the company believes this information provides investors better insight on underlying business trends and results in order to evaluate year-over-year financial performance. See the tables below for supplemental financial data and corresponding reconciliations of these non-GAAP financial measures to GAAP financial measures for the three months and six months ended August 31, 2014, and August 31, 2013. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the company’s reported results prepared in accordance with GAAP. Please refer to the company’s website at <http://www.cbrands.com/investors> for a more detailed description and further discussion of these non-GAAP financial measures.

	Three Months Ended August 31, 2014			Three Months Ended August 31, 2013			Percent Change - Reported Basis (GAAP)	Percent Change - Comparable Basis (Non-GAAP)
	Reported Basis (GAAP)	Adjustments	Comparable Basis (Non-GAAP)	Reported Basis (GAAP)	Adjustments	Comparable Basis (Non-GAAP)		
Net Sales	\$ 1,604.1	\$ 3.5	\$ 1,607.6	\$ 1,459.8		\$ 1,459.8	10%	10%
Cost of product sold	(932.1)	22.3		(882.8)	\$ 11.6			
Gross Profit	672.0	25.8	\$ 697.8	577.0	11.6	\$ 588.6	16%	19%
Selling, general and administrative expenses	(293.3)	8.9		(244.1)	7.4			
Impairment of goodwill and intangible assets	—			(300.9)	300.9			
Gain on remeasurement to fair value of equity method investment	—			1,642.0	(1,642.0)			
Operating Income	378.7	34.7	\$ 413.4	1,674.0	(1,322.1)	\$ 351.9	(77%)	17%
Equity in (losses) earnings of equity method investees	(0.6)			3.7				
EBIT			\$ 412.8			\$ 355.6	NA	16%
Interest expense, net	(85.0)			(90.3)				
Loss on write-off of financing costs	(4.4)	4.4		—				
Income Before Income Taxes	288.7	39.1	\$ 327.8	1,587.4	(1,322.1)	\$ 265.3	(82%)	24%
Provision for income taxes	(92.9)	(12.9)		(65.4)	(11.2)			
Net Income	\$ 195.8	\$ 26.2	\$ 222.0	\$ 1,522.0	\$ (1,333.3)	\$ 188.7	(87%)	18%
Diluted Earnings Per Common Share ⁽¹⁾	\$ 0.98	\$ 0.13	\$ 1.11	\$ 7.74	\$ (6.78)	\$ 0.96	(87%)	16%
Weighted Average Common Shares Outstanding - Diluted	200.800		200.800	196.767		196.767		
Gross Margin	41.9%		43.4%	39.5%		40.3%		
Operating Margin	23.6%		25.7%	NM		24.1%		
Effective Tax Rate	32.2%		32.3%	4.1%		28.9%		

Adjustments	Net Sales	Cost of Product Sold	Selling, General and Administrative Expenses	Impairment of Goodwill and Intangible Assets	Gain on Remeasurement to Fair Value of Equity Method Investment	Operating Income	Equity in Losses of Equity Method Investees	Loss on Write-Off of Financing Costs	Provision for Income Taxes	Net Income	Diluted Earnings Per Common Share ⁽¹⁾
Three Months Ended August 31, 2014											
Acquisitions, divestitures and related costs ⁽²⁾	\$ —	\$ 11.3	\$ 8.6	\$ —	\$ —	\$ 19.9	\$ —	\$ —	\$ (6.2)	\$ 13.7	\$ 0.07
Other ⁽³⁾	3.5	11.0	0.3	—	—	14.8	—	4.4	(6.7)	12.5	0.06
Total	\$ 3.5	\$ 22.3	\$ 8.9	\$ —	\$ —	\$ 34.7	\$ —	\$ 4.4	\$ (12.9)	\$ 26.2	\$ 0.13

Three Months Ended August 31, 2013

Acquisitions, divestitures and related costs ⁽²⁾	\$ —	\$ 11.6	\$ 7.4	\$ —	\$ (1,642.0)	\$ (1,623.0)	\$ —	\$ —	\$ (6.7)	\$ (1,629.7)	\$ (8.28)
Other ⁽³⁾	—	—	—	300.9	—	300.9	—	—	(4.5)	296.4	1.51
Total	\$ —	\$ 11.6	\$ 7.4	\$ 300.9	\$ (1,642.0)	\$ (1,322.1)	\$ —	\$ —	\$ (11.2)	\$ (1,333.3)	\$ (6.78)

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

(2) For the three months ended August 31, 2014, acquisitions, divestitures and related costs consist of transaction, integration and other acquisition-related costs associated with the Beer Business Acquisition. For the three months ended August 31, 2013, acquisitions, divestitures and related costs consist primarily of the gain on remeasurement to fair value of the company's preexisting equity interest in Crown Imports, partially offset by transaction, integration and other acquisition-related costs associated with the Beer Business Acquisition.

(3) For the three months ended August 31, 2014, other consists primarily of costs, net of recoveries, associated with the Product Recall and a loss on the write-off of financing costs. For the three months ended August 31, 2013, other consists of impairment of certain goodwill and intangible assets.

Constellation Brands, Inc. and Subsidiaries
RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES (continued)

(in millions, except per share data)

	Six Months Ended August 31, 2014			Six Months Ended August 31, 2013			Percent Change - Reported Basis (GAAP)	Percent Change - Comparable Basis (Non-GAAP)
	Reported Basis (GAAP)	Adjustments	Comparable Basis (Non-GAAP)	Reported Basis (GAAP)	Adjustments	Comparable Basis (Non-GAAP)		
Net Sales	\$ 3,130.1	\$ 3.5	\$ 3,133.6	\$ 2,133.2		\$ 2,133.2	47%	47%
Cost of product sold	(1,788.0)	30.2		(1,300.1)	\$ 13.1			
Gross Profit	1,342.1	33.7	\$ 1,375.8	833.1	13.1	\$ 846.2	61%	63%
Selling, general and administrative expenses	(571.2)	13.4		(429.7)	39.0			
Impairment of goodwill and intangible assets	—			(300.9)	300.9			
Gain on remeasurement to fair value of equity method investment	—			1,642.0	(1,642.0)			
Operating Income	770.9	47.1	\$ 818.0	1,744.5	(1,289.0)	\$ 455.5	(56%)	80%
Equity in (losses) earnings of equity method investees	(0.1)			70.3	0.1			
EBIT			\$ 817.9			\$ 525.9	NA	56%
Interest expense, net	(171.4)			(145.1)				
Loss on write-off of financing costs	(4.4)	4.4		—				
Income Before Income Taxes	595.0	51.5	\$ 646.5	1,669.7	(1,288.9)	\$ 380.8	(64%)	70%
Provision for income taxes	(192.5)	(16.8)		(94.8)	(23.6)			
Net Income	\$ 402.5	\$ 34.7	\$ 437.2	\$ 1,574.9	\$ (1,312.5)	\$ 262.4	(74%)	67%
Diluted Earnings Per Common Share ⁽¹⁾	\$ 2.01	\$ 0.17	\$ 2.18	\$ 8.03	\$ (6.69)	\$ 1.34	(75%)	63%
Weighted Average Common Shares Outstanding - Diluted	200.579		200.579	196.056		196.056		
Gross Margin	42.9%		43.9%	39.1%		39.7%		
Operating Margin	24.6%		26.1%	NM		21.4%		
Effective Tax Rate	32.4%		32.4%	5.7%		31.1%		

Adjustments	Net Sales	Cost of Product Sold	Selling, General and Administrative Expenses	Impairment of Goodwill and Intangible Assets	Gain on Remeasurement to Fair Value of Equity Method Investment	Operating Income	Equity in Losses of Equity Method Investees	Loss on Write-Off of Financing Costs	Provision for Income Taxes	Net Income	Diluted Earnings Per Common Share ⁽¹⁾
Six Months Ended August 31, 2014											
Acquisitions, divestitures and related costs ⁽⁴⁾	\$ —	\$ 18.9	\$ 13.1	\$ —	\$ —	\$ 32.0	\$ —	\$ —	\$ (10.0)	\$ 22.0	\$ 0.11
Other ⁽⁵⁾	3.5	11.3	0.3	—	—	15.1	—	4.4	(6.8)	12.7	0.06
Total	\$ 3.5	\$ 30.2	\$ 13.4	\$ —	\$ —	\$ 47.1	\$ —	\$ 4.4	\$ (16.8)	\$ 34.7	\$ 0.17

Six Months Ended August 31, 2013

Acquisitions, divestitures and related costs ⁽⁴⁾	\$ —	\$ 13.1	\$ 34.9	\$ —	\$ (1,642.0)	\$ (1,594.0)	\$ 0.1	\$ —	\$ (17.6)	\$ (1,611.5)	\$ (8.22)
Restructuring and related charges	—	—	(2.9)	—	—	(2.9)	—	—	1.1	(1.8)	(0.01)
Other ⁽⁵⁾	—	—	7.0	300.9	—	307.9	—	—	(7.1)	300.8	1.53
Total	\$ —	\$ 13.1	\$ 39.0	\$ 300.9	\$ (1,642.0)	\$ (1,289.0)	\$ 0.1	\$ —	\$ (23.6)	\$ (1,312.5)	\$ (6.69)

(4) For the six months ended August 31, 2014, acquisitions, divestitures and related costs consist of transaction, integration and other acquisition-related costs associated with the Beer Business Acquisition. For the six months ended August 31, 2013, acquisitions, divestitures and related costs consist primarily of the gain on remeasurement to fair value of the company's preexisting equity interest in Crown Imports, partially offset by transaction, integration and other acquisition-related costs associated with the Beer Business Acquisition.

(5) For the six months ended August 31, 2014, other consists primarily of costs, net of recoveries, associated with the Product Recall and a loss on the write-off of financing costs. For the six months ended August 31, 2013, other consists of impairment of certain goodwill and intangible assets and a prior period adjustment for deferred compensation related to certain employment agreements.

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

	Range for the Year Ending February 28, 2015		
Diluted Earnings Per Share Guidance			
Forecasted diluted earnings per share - reported basis (GAAP)	\$	3.85	\$ 4.00
Acquisitions, divestitures and related costs ⁽¹⁾		0.19	0.19
Other ⁽²⁾		0.06	0.06
Forecasted diluted earnings per share - comparable basis (Non-GAAP) ⁽³⁾	\$	4.10	\$ 4.25
			Actual for the Year Ended February 28, 2014
Diluted earnings per share - reported basis (GAAP)	\$		9.83
Acquisitions, divestitures and related costs ⁽¹⁾			(8.09)
Restructuring and related charges ⁽⁴⁾			(0.01)
Other ⁽²⁾			1.51
Diluted earnings per share - comparable basis (Non-GAAP) ⁽³⁾	\$		3.25

(1) Includes an estimated \$0.19 diluted earnings per share for the year ending February 28, 2015, associated with transaction, integration and other acquisition-related costs recognized in connection with the Beer Business Acquisition. Includes (\$8.31) and \$0.22 diluted earnings per share for the year ended February 28, 2014, associated with the gain on remeasurement to fair value of the company's preexisting equity interest in Crown Imports, and transaction, integration and other acquisition-related costs recognized primarily in connection with the Beer Business Acquisition, respectively. ⁽³⁾

(2) Includes an estimated \$0.03, \$0.02, \$0.01 and \$0.01 diluted earnings per share for the year ending February 28, 2015, consisting of costs, net of recoveries, associated with the Product Recall, a loss on the write-off of financing costs, a net unrealized loss on undesignated commodity swap contracts, and a loss on certain assets in connection with an earthquake in Napa, California, respectively. Includes \$1.49 and \$0.02 diluted earnings per share for the year ended February 28, 2014, associated with impairment of certain goodwill and intangible assets and a prior period adjustment for deferred compensation related to certain employment agreements, respectively. ⁽³⁾

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

(4) Includes (\$0.01) diluted earnings per share for the year ended February 28, 2014, associated primarily with the reversal of costs recognized in connection with a prior restructuring plan as a result of the Beer Business Acquisition.

Free Cash Flow Guidance

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

	Range for the Year Ending February 28, 2015		
Net cash provided by operating activities (GAAP)	\$	1,000.0	\$ 1,125.0
Purchases of property, plant and equipment		(725.0)	(775.0)
Free cash flow (Non-GAAP)	\$	275.0	\$ 350.0
		Actual for the Six Months Ended August 31, 2014	Actual for the Six Months Ended August 31, 2013
Net cash provided by operating activities (GAAP)	\$	668.1	\$ 489.0
Purchases of property, plant and equipment		(308.2)	(49.2)
Free cash flow (Non-GAAP)	\$	359.9	\$ 439.8