

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 31, 2015

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-08495



**Constellation Brands**

**CONSTELLATION BRANDS, INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**16-0716709**

(I.R.S. Employer  
Identification No.)

**207 High Point Drive, Building 100, Victor, New York**

**14564**

(Address of principal executive offices)

(Zip Code)

**(585) 678-7100**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding with respect to each of the classes of common stock of Constellation Brands, Inc., as of June 30, 2015, is set forth below:

<b><u>Class</u></b>	<b><u>Number of Shares Outstanding</u></b>
Class A Common Stock, par value \$.01 per share	171,987,269
Class B Common Stock, par value \$.01 per share	23,362,953
Class 1 Common Stock, par value \$.01 per share	None

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*This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control, that could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements. For further information regarding such forward-looking statements, risks and uncertainties, please see “Information Regarding Forward-Looking Statements” under Part I – Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”*

*Unless the context otherwise requires, the terms “Company,” “CBI,” “we,” “our,” or “us” refer to Constellation Brands, Inc. and its subsidiaries. Unless otherwise defined herein, refer to the Notes to Consolidated Financial Statements under Item 1 of this Quarterly Report on Form 10-Q for the definition of capitalized terms used herein.*

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**PART I – FINANCIAL INFORMATION****Item 1. Financial Statements.**

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

	May 31, 2015	February 28, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 130.7	\$ 110.1
Accounts receivable	696.2	598.9
Inventories	1,783.7	1,827.2
Prepaid expenses and other	368.7	374.6
Total current assets	2,979.3	2,910.8
Property, plant and equipment	2,742.1	2,681.6
Goodwill	6,200.3	6,208.2
Intangible assets	3,166.7	3,181.0
Other assets	158.9	162.9
Total assets	<u>\$ 15,247.3</u>	<u>\$ 15,144.5</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable to banks	\$ 100.9	\$ 52.4
Current maturities of long-term debt	178.5	158.1
Accounts payable	289.1	285.8
Accrued excise taxes	30.8	28.7
Other accrued expenses and liabilities	521.0	605.7
Total current liabilities	1,120.3	1,130.7
Long-term debt, less current maturities	7,038.2	7,137.5
Deferred income taxes	860.0	818.9
Other liabilities	176.9	176.1
Total liabilities	9,195.4	9,263.2
Commitments and contingencies		
CBI stockholders' equity:		
Class A Common Stock, \$.01 par value- Authorized, 322,000,000 shares; Issued, 251,209,452 shares and 250,839,359 shares, respectively	2.5	2.5
Class B Convertible Common Stock, \$.01 par value- Authorized, 30,000,000 shares; Issued, 28,376,008 shares and 28,389,608 shares, respectively	0.3	0.3
Additional paid-in capital	2,307.3	2,269.8
Retained earnings	5,456.2	5,277.5
Accumulated other comprehensive loss	(184.8)	(130.9)
	7,581.5	7,419.2
Less: Treasury stock –		
Class A Common Stock, at cost, 79,306,503 shares and 79,681,859 shares, respectively	(1,636.8)	(1,646.3)
Class B Convertible Common Stock, at cost, 5,005,800 shares	(2.2)	(2.2)
	(1,639.0)	(1,648.5)
Total CBI stockholders' equity	5,942.5	5,770.7
Noncontrolling interests	109.4	110.6
Total stockholders' equity	6,051.9	5,881.3
Total liabilities and stockholders' equity	<u>\$ 15,247.3</u>	<u>\$ 15,144.5</u>

The accompanying notes are an integral part of these statements.

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

	For the Three Months Ended May 31,	
	2015	2014
Sales	\$ 1,798.0	\$ 1,687.1
Less – excise taxes	(166.7)	(161.1)
Net sales	1,631.3	1,526.0
Cost of product sold	(894.2)	(855.9)
Gross profit	737.1	670.1
Selling, general and administrative expenses	(309.8)	(277.9)
Operating income	427.3	392.2
Equity in earnings of equity method investees	1.0	0.5
Interest expense	(77.5)	(86.4)
Income before income taxes	350.8	306.3
Provision for income taxes	(110.6)	(99.6)
Net income	240.2	206.7
Net income attributable to noncontrolling interests	(1.6)	—
Net income attributable to CBI	\$ 238.6	\$ 206.7
Comprehensive income	\$ 183.5	\$ 254.1
Comprehensive loss attributable to noncontrolling interests	1.2	—
Comprehensive income attributable to CBI	\$ 184.7	\$ 254.1
Net income per common share attributable to CBI:		
Basic – Class A Common Stock	\$ 1.24	\$ 1.09
Basic – Class B Convertible Common Stock	\$ 1.12	\$ 0.99
Diluted – Class A Common Stock	\$ 1.18	\$ 1.03
Diluted – Class B Convertible Common Stock	\$ 1.09	\$ 0.95
Weighted average common shares outstanding:		
Basic – Class A Common Stock	171.370	168.158
Basic – Class B Convertible Common Stock	23.376	23.415
Diluted – Class A Common Stock	202.855	200.358
Diluted – Class B Convertible Common Stock	23.376	23.415
Cash dividends declared per common share:		
Class A Common Stock	\$ 0.31	\$ —
Class B Convertible Common Stock	\$ 0.28	\$ —

The accompanying notes are an integral part of these statements.

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in millions)  
(unaudited)

	For the Three Months Ended May 31,	
	2015	2014
<b>Cash flows from operating activities:</b>		
Net income	\$ 240.2	\$ 206.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	43.0	39.0
Deferred tax provision	38.3	39.6
Stock-based compensation	12.3	11.7
Amortization of intangible assets	11.7	10.5
Amortization of deferred financing costs	3.2	2.6
Change in operating assets and liabilities:		
Accounts receivable	(98.3)	(24.3)
Inventories	37.0	(31.8)
Prepaid expenses and other current assets	0.6	(17.4)
Accounts payable	21.1	32.5
Accrued excise taxes	2.2	(0.3)
Other accrued expenses and liabilities	(105.2)	(44.1)
Other	(0.4)	7.6
Total adjustments	(34.5)	25.6
Net cash provided by operating activities	205.7	232.3
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(129.7)	(131.4)
Other investing activities	(1.6)	(4.9)
Net cash used in investing activities	(131.3)	(136.3)
<b>Cash flows from financing activities:</b>		
Principal payments of long-term debt	(79.4)	(4.8)
Dividends paid	(59.8)	—
Payments of minimum tax withholdings on stock-based payment awards	(38.3)	(28.4)
Excess tax benefits from stock-based payment awards	63.6	57.4
Net proceeds from notes payable	50.9	178.1
Proceeds from shares issued under equity compensation plans	9.6	10.8
Net cash provided by (used in) financing activities	(53.4)	213.1
Effect of exchange rate changes on cash and cash equivalents	(0.4)	5.0
Net increase in cash and cash equivalents	20.6	314.1
Cash and cash equivalents, beginning of period	110.1	63.9
Cash and cash equivalents, end of period	\$ 130.7	\$ 378.0

The accompanying notes are an integral part of these statements.

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MAY 31, 2015  
(unaudited)

1. BASIS OF PRESENTATION:

Unless the context otherwise requires, the terms “Company,” “CBI,” “we,” “our,” or “us” refer to Constellation Brands, Inc. and its subsidiaries. We have prepared the consolidated financial statements included herein, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q and reflect, in our opinion, all adjustments necessary to present fairly our financial information. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted as permitted by such rules and regulations. These consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended February 28, 2015 (the “2015 Annual Report”). Results of operations for interim periods are not necessarily indicative of annual results.

2. INVENTORIES:

Inventories are stated at the lower of cost (computed in accordance with the first-in, first-out method) or market. Elements of cost include materials, labor and overhead and consist of the following:

<i>(in millions)</i>	May 31, 2015	February 28, 2015
Raw materials and supplies	\$ 98.4	\$ 106.0
In-process inventories	1,168.5	1,244.0
Finished case goods	516.8	477.2
	<u>\$ 1,783.7</u>	<u>\$ 1,827.2</u>

3. DERIVATIVE INSTRUMENTS:

*Overview –*

Our risk management and derivative accounting policies are presented in Notes 1 and 6 to our consolidated financial statements included in our 2015 Annual Report and have not changed significantly during the three months ended May 31, 2015.

*Credit risk –*

We are exposed to credit-related losses if the counterparties to our derivative contracts default. This credit risk is limited to the fair value of the derivative contracts. To manage this risk, we contract only with major financial institutions that have earned investment-grade credit ratings and with whom we have standard International Swaps and Derivatives Association agreements which allow for net settlement of the derivative contracts. We have also established counterparty credit guidelines that are regularly monitored. Because of these safeguards, we believe the risk of loss from counterparty default to be immaterial.

In addition, our derivative instruments are not subject to credit rating contingencies or collateral requirements. As of May 31, 2015, the estimated fair value of derivative instruments in a net liability position due to counterparties was \$75.9 million. If we were required to settle the net liability position under these derivative instruments on May 31, 2015, we would have had sufficient availability under our available liquidity on hand to satisfy this obligation.

The aggregate notional value of outstanding derivative instruments is as follows:

	May 31, 2015	February 28, 2015
<i>(in millions)</i>		
<u>Derivative instruments designated as hedging instruments</u>		
Foreign currency contracts	\$ 500.7	\$ 454.8
Interest rate swap contracts	\$ 500.0	\$ 500.0
<u>Derivative instruments not designated as hedging instruments</u>		
Foreign currency contracts	\$ 981.6	\$ 1,548.5
Commodity derivative contracts	\$ 195.8	\$ 190.8
Interest rate swap contracts	\$ 1,000.0	\$ 1,000.0

*Results of period derivative activity –*

The estimated fair value and location of our derivative instruments on our balance sheets are as follows (see Note 4):

	Assets				Liabilities	
	May 31, 2015	February 28, 2015			May 31, 2015	February 28, 2015
<i>(in millions)</i>						
<u>Derivative instruments designated as hedging instruments</u>						
Foreign currency contracts:						
Prepaid expenses and other	\$ 4.6	\$ 5.3	Other accrued expenses and liabilities		\$ 26.3	\$ 23.1
Other assets	\$ 1.9	\$ 2.0	Other liabilities		\$ 9.5	\$ 9.5
Interest rate swap contracts:						
Prepaid expenses and other	\$ —	\$ —	Other accrued expenses and liabilities		\$ 2.8	\$ 2.7
Other assets	\$ —	\$ 0.2	Other liabilities		\$ 0.1	\$ —
<u>Derivative instruments not designated as hedging instruments</u>						
Foreign currency contracts:						
Prepaid expenses and other	\$ 2.9	\$ 27.3	Other accrued expenses and liabilities		\$ 3.3	\$ 26.4
Commodity derivative contracts:						
Prepaid expenses and other	\$ 0.6	\$ 0.5	Other accrued expenses and liabilities		\$ 17.9	\$ 18.0
Other assets	\$ 0.4	\$ 0.2	Other liabilities		\$ 9.1	\$ 9.4
Interest rate swap contracts:						
Prepaid expenses and other	\$ 3.3	\$ 3.3	Other accrued expenses and liabilities		\$ 15.6	\$ 15.6
Other assets	\$ 0.1	\$ —	Other liabilities		\$ 2.5	\$ 4.9

The effect of our derivative instruments designated in cash flow hedging relationships on our results of operations, as well as Other Comprehensive Income (“OCI”), net of income tax effect, is as follows:

Derivative Instruments in Designated Cash Flow Hedging Relationships	Net Gain (Loss) Recognized in OCI (Effective portion)	Location of Net Gain (Loss) Reclassified from AOCI to Income (Effective portion)	Net Gain (Loss) Reclassified from AOCI to Income (Effective portion)
<i>(in millions)</i>			
<b>For the Three Months Ended May 31, 2015</b>			
Foreign currency contracts	\$ (2.9)	Sales	\$ (0.5)
Foreign currency contracts	(4.0)	Cost of product sold	(2.4)
Interest rate swap contracts	(0.7)	Interest expense	(2.1)
	<u>\$ (7.6)</u>		<u>\$ (5.0)</u>
<b>For the Three Months Ended May 31, 2014</b>			
Foreign currency contracts	\$ 9.9	Sales	\$ 1.2
Foreign currency contracts	0.4	Cost of product sold	0.3
Interest rate swap contracts	(0.5)	Interest expense	(2.0)
	<u>\$ 9.8</u>		<u>\$ (0.5)</u>

Derivative Instruments in Designated Cash Flow Hedging Relationships	Location of Net Loss Recognized in Income (Ineffective portion)	Net Loss Recognized in Income (Ineffective portion)
<i>(in millions)</i>		
<b>For the Three Months Ended May 31, 2015</b>		
Foreign currency contracts	Selling, general and administrative expenses	\$ (0.1)
<b>For the Three Months Ended May 31, 2014</b>		
Foreign currency contracts	Selling, general and administrative expenses	\$ (0.1)

We expect \$19.2 million of net losses, net of income tax effect, to be reclassified from accumulated other comprehensive income (loss) (“AOCI”) to our results of operations within the next 12 months.

The effect of our undesignated derivative instruments on our results of operations is as follows:

Derivative Instruments Not Designated as Hedging Instruments	Location of Net Gain (Loss) Recognized in Income	Net Gain (Loss) Recognized in Income
<i>(in millions)</i>		
<b>For the Three Months Ended May 31, 2015</b>		
Commodity derivative contracts	Cost of product sold	\$ (5.2)
Foreign currency contracts	Selling, general and administrative expenses	(4.1)
		<u>\$ (9.3)</u>
<b>For the Three Months Ended May 31, 2014</b>		
Commodity derivative contracts	Cost of product sold	\$ 0.2
Foreign currency contracts	Selling, general and administrative expenses	(5.7)
		<u>\$ (5.5)</u>



4. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Authoritative guidance establishes a framework for measuring fair value and requires disclosures about fair value measurements for financial instruments. This guidance emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on assumptions that market participants would use in pricing an asset or liability. It establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy includes three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs include data points that are observable such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) such as interest rates and yield curves that are observable for the asset and liability, either directly or indirectly; and
- Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The methods and assumptions we use to estimate the fair value for each class of our financial instruments are presented in Notes 1 and 7 to our consolidated financial statements included in our 2015 Annual Report and have not changed significantly during the three months ended May 31, 2015. The carrying amounts of certain of our financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and notes payable to banks, approximate fair value as of May 31, 2015, and February 28, 2015, due to the relatively short maturity of these instruments. As of May 31, 2015, the carrying amount of long-term debt, including the current portion, was \$7,216.7 million, compared with an estimated fair value of \$7,559.7 million. As of February 28, 2015, the carrying amount of long-term debt, including the current portion, was \$7,295.6 million, compared with an estimated fair value of \$7,378.6 million.

The following table presents our financial assets and liabilities measured at estimated fair value on a recurring basis.

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>(in millions)</i>				
<u>May 31, 2015</u>				
Assets:				
Foreign currency contracts	\$ —	\$ 9.4	\$ —	\$ 9.4
Commodity derivative contracts	\$ —	\$ 1.0	\$ —	\$ 1.0
Interest rate swap contracts	\$ —	\$ 3.4	\$ —	\$ 3.4
AFS debt securities	\$ —	\$ —	\$ 7.7	\$ 7.7
Liabilities:				
Foreign currency contracts	\$ —	\$ 39.1	\$ —	\$ 39.1
Commodity derivative contracts	\$ —	\$ 27.0	\$ —	\$ 27.0
Interest rate swap contracts	\$ —	\$ 21.0	\$ —	\$ 21.0

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>(in millions)</i>				
<b>February 28, 2015</b>				
Assets:				
Foreign currency contracts	\$ —	\$ 34.6	\$ —	\$ 34.6
Commodity derivative contracts	\$ —	\$ 0.7	\$ —	\$ 0.7
Interest rate swap contracts	\$ —	\$ 3.5	\$ —	\$ 3.5
Available-for-sale (“AFS”) debt securities	\$ —	\$ —	\$ 7.8	\$ 7.8
Liabilities:				
Foreign currency contracts	\$ —	\$ 59.0	\$ —	\$ 59.0
Commodity derivative contracts	\$ —	\$ 27.4	\$ —	\$ 27.4
Interest rate swap contracts	\$ —	\$ 23.2	\$ —	\$ 23.2

Our foreign currency contracts consist of foreign currency forward and option contracts which are valued using market-based inputs, obtained from independent pricing services, into valuation models. These valuation models require various inputs, including contractual terms, market foreign exchange prices, interest-rate yield curves and currency volatilities. Commodity derivative fair values are based on quotes from respective counterparties. Quotes are corroborated by using market data. Interest rate swap fair values are based on quotes from respective counterparties. Quotes are corroborated by using discounted cash flow calculations based upon forward interest-rate yield curves, which are obtained from independent pricing services. AFS debt securities are valued using market-based inputs into discounted cash flow models.

## 5. GOODWILL:

The changes in the carrying amount of goodwill are as follows:

	Beer	Wine and Spirits	Consolidated
<i>(in millions)</i>			
Balance, February 28, 2014	\$ 3,714.6	\$ 2,432.2	\$ 6,146.8
Purchase accounting allocations <sup>(1)</sup>	66.7	34.0	100.7
Foreign currency translation adjustments	(5.1)	(34.2)	(39.3)
Balance, February 28, 2015	3,776.2	2,432.0	6,208.2
Foreign currency translation adjustments	(1.2)	(6.7)	(7.9)
Balance, May 31, 2015	\$ 3,775.0	\$ 2,425.3	\$ 6,200.3

<sup>(1)</sup> Purchase accounting allocations associated with acquisitions of a glass production plant (Beer) and a super-premium tequila brand (Wine and Spirits).

As of May 31, 2015, and February 28, 2015, we have accumulated impairment losses of \$232.2 million and \$231.0 million, respectively, within our Wine and Spirits segment.

### *Meiomi* –

In June 2015, we signed a definitive agreement to acquire the Meiomi wine brand for approximately \$315 million, subject to customary closing conditions and adjustments. The transaction includes the acquisition of the Meiomi trademark, related inventories and certain grape supply contracts (“Meiomi”). The transaction is expected to close around the beginning of August. The results of operations of Meiomi will be reported in the Wine and Spirits segment and will be included in our consolidated results of operations from the date of acquisition.

6. INTANGIBLE ASSETS:

The major components of intangible assets are as follows:

	May 31, 2015		February 28, 2015	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
<i>(in millions)</i>				
<u>Amortizable intangible assets</u>				
Customer relationships	\$ 100.9	\$ 62.0	\$ 100.9	\$ 63.3
Favorable interim supply agreement	68.3	25.0	68.3	33.9
Other	21.0	4.1	21.0	5.5
Total	<u>\$ 190.2</u>	<u>91.1</u>	<u>\$ 190.2</u>	<u>102.7</u>
<u>Nonamortizable intangible assets</u>				
Trademarks		3,071.2		3,073.9
Other		4.4		4.4
Total		<u>3,075.6</u>		<u>3,078.3</u>
Total intangible assets		<u>\$ 3,166.7</u>		<u>\$ 3,181.0</u>

We did not incur costs to renew or extend the term of acquired intangible assets for the three months ended May 31, 2015, and May 31, 2014. Net carrying amount represents the gross carrying value net of accumulated amortization. Amortization expense for intangible assets was \$11.7 million and \$10.5 million for the three months ended May 31, 2015, and May 31, 2014, respectively. Estimated amortization expense for the remaining nine months of fiscal 2016 and for each of the five succeeding fiscal years and thereafter is as follows:

<i>(in millions)</i>	
2016	\$ 28.2
2017	\$ 10.3
2018	\$ 5.4
2019	\$ 5.4
2020	\$ 5.4
2021	\$ 5.4
Thereafter	\$ 31.0

7. BORROWINGS:

Borrowings consist of the following:

	May 31, 2015			February 28, 2015
	Current	Long-term	Total	Total
<i>(in millions)</i>				
<u>Notes payable to banks</u>				
Senior Credit Facility – Revolving Credit Loans	\$ —	\$ —	\$ —	\$ —
Other	100.9	—	100.9	52.4
	<u>\$ 100.9</u>	<u>\$ —</u>	<u>\$ 100.9</u>	<u>\$ 52.4</u>
<u>Long-term debt</u>				
Senior Credit Facility – Term Loans	\$ 160.3	\$ 2,607.5	\$ 2,767.8	\$ 2,792.1
Senior Notes	—	4,348.9	4,348.9	4,348.6
Other	18.2	81.8	100.0	154.9
	<u>\$ 178.5</u>	<u>\$ 7,038.2</u>	<u>\$ 7,216.7</u>	<u>\$ 7,295.6</u>

*Senior credit facility –*

The Company, CIH International S.à r.l., an indirect wholly-owned subsidiary of ours (“CIH” and together with the Company, the “Borrowers”), Bank of America, N.A., as administrative agent (the “Administrative Agent”), and certain other lenders (all such parties other than either of the Borrowers are collectively referred to as the “Lenders”) are parties to a credit agreement, as amended (the “2014 Credit Agreement”).

As of May 31, 2015, information with respect to borrowings under the 2014 Credit Agreement is as follows:

	Revolving Credit Facility	U.S. Term A Facility	U.S. Term A-1 Facility	U.S. Term A-2 Facility	European Term A Facility	European Term B-1 Facility
<i>(in millions)</i>						
Outstanding borrowings	\$ —	\$ 470.5	\$ 242.6	\$ 615.9	\$ 456.2	\$ 982.6
Interest rate	—%	1.7%	1.9%	1.7%	1.7%	1.9%
Libor margin	1.5%	1.5%	1.75%	1.5%	1.5%	1.75%
Outstanding letters of credit	\$ 15.3					
Remaining borrowing capacity	\$ 834.7					

In addition, in April 2012, we entered into interest rate swap agreements which fixed our interest rates on \$500.0 million of our floating LIBOR rate debt at an average rate of 2.8% (exclusive of borrowing margins) through September 1, 2016.

*Accounts receivable securitization facilities –*

On September 29, 2014, we entered into an amended 364-day revolving trade accounts receivable securitization facility (the “CBI Facility”). Under the CBI Facility, trade accounts receivable generated by us and certain of our subsidiaries are sold by us to a wholly-owned bankruptcy remote single purpose subsidiary (the “CBI SPV”), which is consolidated by us for financial reporting purposes. The CBI Facility provides borrowing capacity of \$190.0 million up to \$290.0 million structured to account for the seasonality of our business, subject to further limitations based upon various pre-agreed formulas.

Also, on September 29, 2014, Crown Imports entered into a 364-day revolving trade accounts receivable securitization facility (the “Crown Facility”). Under the Crown Facility, trade accounts receivable generated by Crown Imports are sold by Crown Imports to its wholly-owned bankruptcy remote single purpose subsidiary (the “Crown SPV”), which is consolidated by us for financial reporting purposes. The Crown Facility provides

borrowing capacity of \$100.0 million up to \$160.0 million structured to account for the seasonality of Crown Imports' business.

As of May 31, 2015, our accounts receivable securitization facilities are as follows:

<i>(in millions)</i>	Outstanding Borrowings	Weighted Average Interest Rate	Remaining Borrowing Capacity
CBI Facility	\$ —	—%	\$ 270.0
Crown Facility	\$ —	—%	\$ 160.0

#### 8. INCOME TAXES:

Our effective tax rate for the three months ended May 31, 2015, and May 31, 2014, was 31.5% and 32.5%, respectively. Our effective tax rates for the three months ended May 31, 2015, and May 31, 2014, were lower than the federal statutory rate of 35% primarily due to lower effective tax rates applicable to our foreign businesses. Our effective tax rate for the three months ended May 31, 2015, also benefited from a decrease in uncertain tax positions.

We are currently under examination by the Internal Revenue Service ("IRS"). Subsequent to May 31, 2015, we received a Revenue Agent's Report ("RAR") from the IRS proposing tax assessments for the 2010 and 2011 tax years. We disagree with certain assessments in this report and intend to submit a written protest stating our formal disagreement with the conclusions presented in the RAR. We believe that our position will be successfully sustained.

#### 9. NET INCOME PER COMMON SHARE ATTRIBUTABLE TO CBI:

For the three months ended May 31, 2015, and May 31, 2014, net income per common share – diluted for Class A Common Stock has been calculated using the if-converted method. For the three months ended May 31, 2015, and May 31, 2014, net income per common share – diluted for Class B Convertible Common Stock is presented without assuming conversion into Class A Common Stock and is computed using the two-class computation method.

The computation of basic and diluted net income per common share is as follows:

<i>(in millions, except per share data)</i>	For the Three Months Ended May 31,	
	2015	2014
Net income attributable to CBI	\$ 238.6	\$ 206.7
Weighted average common shares outstanding – basic:		
Class A Common Stock	171.370	168.158
Class B Convertible Common Stock	23.376	23.415
Weighted average common shares outstanding – diluted:		
Class A Common Stock	171.370	168.158
Class B Convertible Common Stock	23.376	23.415
Stock-based awards, primarily stock options	8.109	8.785
Weighted average common shares outstanding – diluted	202.855	200.358

	For the Three Months Ended May 31,	
	2015	2014
<i>(in millions, except per share data)</i>		
Net income per common share attributable to CBI – basic:		
Class A Common Stock	\$ 1.24	\$ 1.09
Class B Convertible Common Stock	\$ 1.12	\$ 0.99
Net income per common share attributable to CBI – diluted:		
Class A Common Stock	\$ 1.18	\$ 1.03
Class B Convertible Common Stock	\$ 1.09	\$ 0.95

10. COMPREHENSIVE INCOME ATTRIBUTABLE TO CBI:

Comprehensive income consists of net income, foreign currency translation adjustments, net unrealized gains (losses) on derivative instruments, net unrealized gains (losses) on AFS debt securities and pension/postretirement adjustments. The reconciliation of net income attributable to CBI to comprehensive income attributable to CBI is as follows:

	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
<i>(in millions)</i>			
<u>For the Three Months Ended May 31, 2015</u>			
Net income attributable to CBI			\$ 238.6
Other comprehensive loss:			
Foreign currency translation adjustments:			
Net losses	\$ (50.7)	\$ (0.6)	(51.3)
Reclassification adjustments	—	—	—
Net loss recognized in other comprehensive loss	(50.7)	(0.6)	(51.3)
Unrealized loss on cash flow hedges:			
Net derivative losses	(10.5)	2.9	(7.6)
Reclassification adjustments	7.6	(2.5)	5.1
Net loss recognized in other comprehensive loss	(2.9)	0.4	(2.5)
Unrealized loss on AFS debt securities:			
Net AFS debt securities losses	(0.1)	—	(0.1)
Reclassification adjustments	—	—	—
Net loss recognized in other comprehensive loss	(0.1)	—	(0.1)
Pension/postretirement adjustments:			
Net actuarial losses	(0.1)	—	(0.1)
Reclassification adjustments	0.1	—	0.1
Net loss recognized in other comprehensive loss	—	—	—
Other comprehensive loss attributable to CBI	\$ (53.7)	\$ (0.2)	(53.9)
Comprehensive income attributable to CBI			\$ 184.7

	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
<i>(in millions)</i>			
<b>For the Three Months Ended May 31, 2014</b>			
Net income attributable to CBI			\$ 206.7
Other comprehensive income:			
Foreign currency translation adjustments:			
Net gains	\$ 37.5	\$ (0.7)	36.8
Reclassification adjustments	—	—	—
Net gain recognized in other comprehensive income	37.5	(0.7)	36.8
Unrealized gain on cash flow hedges:			
Net derivative gains	13.6	(3.8)	9.8
Reclassification adjustments	1.4	(0.8)	0.6
Net gain recognized in other comprehensive income	15.0	(4.6)	10.4
Unrealized gain on AFS debt securities:			
Net AFS debt securities gains	0.3	(0.1)	0.2
Reclassification adjustments	—	—	—
Net gain recognized in other comprehensive income	0.3	(0.1)	0.2
Other comprehensive income attributable to CBI	\$ 52.8	\$ (5.4)	47.4
Comprehensive income attributable to CBI			\$ 254.1

Accumulated other comprehensive loss, net of income tax effect, includes the following components:

	Foreign Currency Translation Adjustments	Net Unrealized Losses on Derivative Instruments	Net Unrealized Losses on AFS Debt Securities	Pension/ Postretirement Adjustments	Accumulated Other Comprehensive Loss
<i>(in millions)</i>					
Balance, February 28, 2015	\$ (86.1)	\$ (29.1)	\$ (2.5)	\$ (13.2)	\$ (130.9)
Other comprehensive loss:					
Other comprehensive loss before reclassification adjustments	(51.3)	(7.6)	(0.1)	(0.1)	(59.1)
Amounts reclassified from accumulated other comprehensive loss	—	5.1	—	0.1	5.2
Other comprehensive loss	(51.3)	(2.5)	(0.1)	—	(53.9)
Balance, May 31, 2015	\$ (137.4)	\$ (31.6)	\$ (2.6)	\$ (13.2)	\$ (184.8)

#### 11. CONDENSED CONSOLIDATING FINANCIAL INFORMATION:

The following information sets forth the condensed consolidating balance sheets as of May 31, 2015, and February 28, 2015, the condensed consolidating statements of comprehensive income for the three months ended May 31, 2015, and May 31, 2014, and the condensed consolidating statements of cash flows for the three months ended May 31, 2015, and May 31, 2014, for the parent company, our combined subsidiaries which guarantee our senior notes (“Subsidiary Guarantors”), our combined subsidiaries which are not Subsidiary Guarantors (primarily foreign subsidiaries) (“Subsidiary Nonguarantors”) and the Company. The Subsidiary Guarantors are 100% owned, directly or indirectly, by the parent company and the guarantees are joint and several obligations of each of the Subsidiary Guarantors. The guarantees are full and unconditional, as those terms are used in Rule 3-10 of Regulation S-X, except that a Subsidiary Guarantor can be automatically released and relieved of its obligations under certain customary circumstances contained in the indentures governing our senior notes. These customary circumstances include, so long as other applicable provisions of the indentures are adhered to, the termination or release of a Subsidiary Guarantor’s guarantee of other indebtedness or upon the legal defeasance or covenant defeasance or satisfaction and discharge of our senior notes. Separate financial statements for our Subsidiary Guarantors are not presented because we have

determined that such financial statements would not be material to investors. The accounting policies of the parent company, the Subsidiary Guarantors and the Subsidiary Nonguarantors are the same as those described for the Company in Note 1 to our consolidated financial statements included in our 2015 Annual Report. There are no restrictions on the ability of the Subsidiary Guarantors to transfer funds to us in the form of cash dividends, loans or advances.

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in millions)</i>					
<b>Condensed Consolidating Balance Sheet at May 31, 2015</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 33.9	\$ 1.2	\$ 95.6	\$ —	\$ 130.7
Accounts receivable	1.1	20.6	674.5	—	696.2
Inventories	159.2	1,368.6	380.4	(124.5)	1,783.7
Intercompany receivable	14,007.5	19,737.1	7,179.7	(40,924.3)	—
Prepaid expenses and other	52.2	60.1	393.6	(137.2)	368.7
Total current assets	14,253.9	21,187.6	8,723.8	(41,186.0)	2,979.3
Property, plant and equipment	58.3	836.3	1,847.5	—	2,742.1
Investments in subsidiaries	12,181.3	15.3	—	(12,196.6)	—
Goodwill	—	5,411.2	789.1	—	6,200.3
Intangible assets	—	700.8	2,461.8	4.1	3,166.7
Intercompany notes receivable	3,836.9	87.4	—	(3,924.3)	—
Other assets	59.3	69.6	30.0	—	158.9
Total assets	\$ 30,389.7	\$ 28,308.2	\$ 13,852.2	\$ (57,302.8)	\$ 15,247.3
<b>Current liabilities:</b>					
Notes payable to banks	\$ —	\$ —	\$ 100.9	\$ —	\$ 100.9
Current maturities of long-term debt	106.8	16.5	55.2	—	178.5
Accounts payable	31.7	109.5	147.9	—	289.1
Accrued excise taxes	13.9	10.7	6.2	—	30.8
Intercompany payable	18,323.0	15,274.8	7,326.5	(40,924.3)	—
Other accrued expenses and liabilities	334.7	169.5	193.3	(176.5)	521.0
Total current liabilities	18,810.1	15,581.0	7,830.0	(41,100.8)	1,120.3
Long-term debt, less current maturities	5,571.2	27.1	1,439.9	—	7,038.2
Deferred income taxes	19.3	650.2	190.5	—	860.0
Intercompany notes payable	—	3,906.9	17.4	(3,924.3)	—
Other liabilities	46.6	34.7	95.6	—	176.9
Total liabilities	24,447.2	20,199.9	9,573.4	(45,025.1)	9,195.4
Total CBI stockholders' equity	5,942.5	8,108.3	4,169.4	(12,277.7)	5,942.5
Noncontrolling interests	—	—	109.4	—	109.4
Total stockholders' equity	5,942.5	8,108.3	4,278.8	(12,277.7)	6,051.9
Total liabilities and stockholders' equity	\$ 30,389.7	\$ 28,308.2	\$ 13,852.2	\$ (57,302.8)	\$ 15,247.3



	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in millions)</i>					
<b>Condensed Consolidating Balance Sheet at February 28, 2015</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 24.5	\$ 0.7	\$ 84.9	\$ —	\$ 110.1
Accounts receivable	0.8	27.3	570.8	—	598.9
Inventories	153.3	1,419.0	357.7	(102.8)	1,827.2
Intercompany receivable	13,158.7	18,389.9	6,512.0	(38,060.6)	—
Prepaid expenses and other	46.2	94.0	427.0	(192.6)	374.6
Total current assets	13,383.5	19,930.9	7,952.4	(38,356.0)	2,910.8
Property, plant and equipment	59.3	854.5	1,767.8	—	2,681.6
Investments in subsidiaries	11,657.2	13.8	—	(11,671.0)	—
Goodwill	—	5,411.3	796.9	—	6,208.2
Intangible assets	—	703.3	2,474.3	3.4	3,181.0
Intercompany notes receivable	4,087.3	129.9	—	(4,217.2)	—
Other assets	61.4	68.4	33.1	—	162.9
Total assets	\$ 29,248.7	\$ 27,112.1	\$ 13,024.5	\$ (54,240.8)	\$ 15,144.5
<b>Current liabilities:</b>					
Notes payable to banks	\$ —	\$ —	\$ 52.4	\$ —	\$ 52.4
Current maturities of long-term debt	92.3	16.9	48.9	—	158.1
Accounts payable	41.2	113.2	131.4	—	285.8
Accrued excise taxes	12.6	11.3	4.8	—	28.7
Intercompany payable	17,206.7	14,201.6	6,652.3	(38,060.6)	—
Other accrued expenses and liabilities	462.5	211.2	156.9	(224.9)	605.7
Total current liabilities	17,815.3	14,554.2	7,046.7	(38,285.5)	1,130.7
Long-term debt, less current maturities	5,601.4	30.9	1,505.2	—	7,137.5
Deferred income taxes	17.6	633.6	167.7	—	818.9
Intercompany notes payable	—	3,863.4	353.8	(4,217.2)	—
Other liabilities	43.7	36.7	95.7	—	176.1
Total liabilities	23,478.0	19,118.8	9,169.1	(42,502.7)	9,263.2
Total CBI stockholders' equity	5,770.7	7,993.3	3,744.8	(11,738.1)	5,770.7
Noncontrolling interests	—	—	110.6	—	110.6
Total stockholders' equity	5,770.7	7,993.3	3,855.4	(11,738.1)	5,881.3
Total liabilities and stockholders' equity	\$ 29,248.7	\$ 27,112.1	\$ 13,024.5	\$ (54,240.8)	\$ 15,144.5

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in millions)</i>					
<b>Condensed Consolidating Statement of Comprehensive Income for the Three Months Ended May 31, 2015</b>					
Sales	\$ 558.6	\$ 1,424.9	\$ 825.2	\$ (1,010.7)	\$ 1,798.0
Less – excise taxes	(76.2)	(75.1)	(15.4)	—	(166.7)
Net sales	482.4	1,349.8	809.8	(1,010.7)	1,631.3
Cost of product sold	(390.8)	(1,003.6)	(486.1)	986.3	(894.2)
Gross profit	91.6	346.2	323.7	(24.4)	737.1
Selling, general and administrative expenses	(102.8)	(177.2)	(33.5)	3.7	(309.8)
Operating income (loss)	(11.2)	169.0	290.2	(20.7)	427.3
Equity in earnings of equity method investees and subsidiaries	304.2	2.2	0.2	(305.6)	1.0
Interest income	0.1	—	0.2	—	0.3
Intercompany interest income	45.8	63.9	—	(109.7)	—
Interest expense	(69.3)	(0.3)	(8.2)	—	(77.8)
Intercompany interest expense	(63.6)	(45.9)	(0.2)	109.7	—
Income before income taxes	206.0	188.9	282.2	(326.3)	350.8
(Provision for) benefit from income taxes	32.6	(73.1)	(76.7)	6.6	(110.6)
Net income	238.6	115.8	205.5	(319.7)	240.2
Net income attributable to noncontrolling interests	—	—	(1.6)	—	(1.6)
Net income attributable to CBI	\$ 238.6	\$ 115.8	\$ 203.9	\$ (319.7)	\$ 238.6
Comprehensive income attributable to CBI	\$ 184.7	\$ 115.1	\$ 149.6	\$ (264.7)	\$ 184.7
<b>Condensed Consolidating Statement of Comprehensive Income for the Three Months Ended May 31, 2014</b>					
Sales	\$ 544.5	\$ 1,302.3	\$ 814.0	\$ (973.7)	\$ 1,687.1
Less – excise taxes	(76.3)	(67.6)	(17.2)	—	(161.1)
Net sales	468.2	1,234.7	796.8	(973.7)	1,526.0
Cost of product sold	(378.3)	(923.3)	(508.7)	954.4	(855.9)
Gross profit	89.9	311.4	288.1	(19.3)	670.1
Selling, general and administrative expenses	(92.9)	(148.5)	(40.4)	3.9	(277.9)
Operating income (loss)	(3.0)	162.9	247.7	(15.4)	392.2
Equity in earnings of equity method investees and subsidiaries	505.8	1.5	0.2	(507.0)	0.5
Interest income	—	—	0.5	—	0.5
Intercompany interest income	44.1	49.3	0.1	(93.5)	—
Interest expense	(71.9)	(0.3)	(14.7)	—	(86.9)
Intercompany interest expense	(49.2)	(44.1)	(0.2)	93.5	—
Income before income taxes	425.8	169.3	233.6	(522.4)	306.3
(Provision for) benefit from income taxes	(219.1)	(62.5)	177.4	4.6	(99.6)
Net income	206.7	106.8	411.0	(517.8)	206.7
Net income attributable to noncontrolling interests	—	—	—	—	—
Net income attributable to CBI	\$ 206.7	\$ 106.8	\$ 411.0	\$ (517.8)	\$ 206.7
Comprehensive income attributable to CBI	\$ 254.1	\$ 108.5	\$ 457.8	\$ (566.3)	\$ 254.1

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in millions)</i>					
<b>Condensed Consolidating Statement of Cash Flows for the Three Months Ended May 31, 2015</b>					
Net cash provided by (used in) operating activities	\$ (214.6)	\$ 213.1	\$ 207.2	\$ —	\$ 205.7
Cash flows from investing activities:					
Purchases of property, plant and equipment	(2.9)	(8.2)	(118.6)	—	(129.7)
Net proceeds from intercompany notes	205.1	—	—	(205.1)	—
Net investments in equity affiliates	(279.9)	—	—	279.9	—
Other investing activities	—	—	(1.6)	—	(1.6)
Net cash used in investing activities	(77.7)	(8.2)	(120.2)	74.8	(131.3)
Cash flows from financing activities:					
Net contributions from equity affiliates	—	4.4	275.5	(279.9)	—
Net proceeds from (repayments of) intercompany notes	304.1	(168.8)	(340.4)	205.1	—
Principal payments of long-term debt	(15.8)	(4.4)	(59.2)	—	(79.4)
Dividends paid	(59.8)	—	—	—	(59.8)
Payments of minimum tax withholdings on stock-based payment awards	—	(35.6)	(2.7)	—	(38.3)
Excess tax benefits from stock-based payment awards	63.6	—	—	—	63.6
Net proceeds from notes payable	—	—	50.9	—	50.9
Proceeds from shares issued under equity compensation plans	9.6	—	—	—	9.6
Net cash provided by (used in) financing activities	301.7	(204.4)	(75.9)	(74.8)	(53.4)
Effect of exchange rate changes on cash and cash equivalents					
	—	—	(0.4)	—	(0.4)
Net increase in cash and cash equivalents	9.4	0.5	10.7	—	20.6
Cash and cash equivalents, beginning of period	24.5	0.7	84.9	—	110.1
Cash and cash equivalents, end of period	\$ 33.9	\$ 1.2	\$ 95.6	\$ —	\$ 130.7

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in millions)</i>					
<b>Condensed Consolidating Statement of Cash Flows for the Three Months Ended May 31, 2014</b>					
Net cash provided by (used in) operating activities	\$ (453.9)	\$ 486.3	\$ 199.9	\$ —	\$ 232.3
Cash flows from investing activities:					
Purchases of property, plant and equipment	(5.0)	(31.1)	(95.3)	—	(131.4)
Net proceeds from intercompany notes	329.3	—	—	(329.3)	—
Net returns of capital from equity affiliates	35.5	—	—	(35.5)	—
Other investing activities	—	(5.9)	1.0	—	(4.9)
Net cash provided by (used in) investing activities	359.8	(37.0)	(94.3)	(364.8)	(136.3)
Cash flows from financing activities:					
Dividends paid to parent company	—	—	(24.9)	24.9	—
Net returns of capital to equity affiliates	—	(5.9)	(4.7)	10.6	—
Net proceeds from (repayments of) intercompany notes	35.9	(411.6)	46.4	329.3	—
Principal payments of long-term debt	(0.7)	(4.0)	(0.1)	—	(4.8)
Payments of minimum tax withholdings on stock-based payment awards	—	(26.0)	(2.4)	—	(28.4)
Excess tax benefits from stock-based payment awards	57.4	—	—	—	57.4
Net proceeds from notes payable	—	—	178.1	—	178.1
Proceeds from shares issued under equity compensation plans	10.8	—	—	—	10.8
Net cash provided by (used in) financing activities	103.4	(447.5)	192.4	364.8	213.1
Effect of exchange rate changes on cash and cash equivalents					
	—	—	5.0	—	5.0
Net increase in cash and cash equivalents	9.3	1.8	303.0	—	314.1
Cash and cash equivalents, beginning of period	0.5	0.8	62.6	—	63.9
Cash and cash equivalents, end of period	\$ 9.8	\$ 2.6	\$ 365.6	\$ —	\$ 378.0

## 12. BUSINESS SEGMENT INFORMATION:

Our internal management financial reporting consists of two business divisions: (i) Beer and (ii) Wine and Spirits, and we report our operating results in three segments: (i) Beer, (ii) Wine and Spirits, and (iii) Corporate Operations and Other. In the Beer segment, we have an exclusive perpetual brand license to import, market and sell in the U.S. our Mexican beer portfolio. In the Wine and Spirits segment, we sell a large number of wine brands across all categories – table wine, sparkling wine and dessert wine – and across all price points – popular, premium, super-premium and fine wine, complemented by certain premium spirits brands. Amounts included in the Corporate Operations and Other segment consist of costs of executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal, public relations and global information technology. The amounts included in the Corporate Operations and Other segment are general costs that are applicable to the consolidated group and are therefore not allocated to the other reportable segments. All costs reported within the Corporate Operations and Other segment are not included in our chief operating decision maker's evaluation of the operating income performance of the other reportable segments. The business segments reflect how our operations are managed, how operating performance within the Company is evaluated by senior management and the structure of our internal financial reporting.

In addition, management excludes items that affect comparability (“Comparable Adjustments”) from its evaluation of the results of each operating segment as these Comparable Adjustments are not reflective of core operations of the segments. Segment operating performance and segment management compensation are evaluated based upon core segment operating income (loss). As such, the performance measures for incentive compensation purposes for segment management do not include the impact of these items.

We evaluate segment operating performance based on operating income (loss) of the respective business units. Comparable Adjustments that impacted comparability in our segment operating income (loss) for each period are as follows:

	For the Three Months Ended May 31,	
	2015	2014
<i>(in millions)</i>		
<b>Cost of product sold</b>		
Amortization of favorable interim supply agreement	\$ (8.9)	\$ (7.6)
Net gain (loss) on undesignated commodity derivative contracts	(5.2)	0.2
Settlements of undesignated commodity derivative contracts	5.5	(0.5)
<b>Total cost of product sold</b>	<b>(8.6)</b>	<b>(7.9)</b>
<b>Selling, general and administrative expenses</b>		
Restructuring and related charges	(13.0)	—
Integration and other acquisition-related costs	(5.3)	(4.5)
<b>Total selling, general and administrative expenses</b>	<b>(18.3)</b>	<b>(4.5)</b>
<b>Comparable Adjustments, Operating loss</b>	<b>\$ (26.9)</b>	<b>\$ (12.4)</b>

The accounting policies of the segments are the same as those described for the Company in Note 1 to our consolidated financial statements included in our 2015 Annual Report. Segment information is as follows:

	For the Three Months Ended May 31,	
	2015	2014
<i>(in millions)</i>		
<b>Beer</b>		
Net sales	\$ 965.8	\$ 867.7
Segment operating income	\$ 336.5	\$ 287.5
Long-lived tangible assets	\$ 1,570.7	\$ 926.8
<b>Total assets</b>	<b>\$ 8,416.8</b>	<b>\$ 7,800.8</b>
Capital expenditures	\$ 111.5	\$ 85.3
Depreciation and amortization	\$ 14.3	\$ 9.8
<b>Wine and Spirits</b>		
Net sales:		
Wine	\$ 587.8	\$ 586.4
Spirits	77.7	71.9
<b>Net sales</b>	<b>\$ 665.5</b>	<b>\$ 658.3</b>
Segment operating income	\$ 144.2	\$ 143.2
Equity in earnings of equity method investees	\$ 1.0	\$ 0.5
Long-lived tangible assets	\$ 1,053.6	\$ 1,105.6
Investments in equity method investees	\$ 73.7	\$ 73.2
<b>Total assets</b>	<b>\$ 6,425.1</b>	<b>\$ 6,679.5</b>
Capital expenditures	\$ 16.7	\$ 31.3
Depreciation and amortization	\$ 24.2	\$ 25.6

	For the Three Months Ended May 31,	
	2015	2014
<i>(in millions)</i>		
<u>Corporate Operations and Other</u>		
Segment operating loss	\$ (26.5)	\$ (26.1)
Long-lived tangible assets	\$ 117.8	\$ 124.7
Total assets	\$ 405.4	\$ 362.1
Capital expenditures	\$ 1.5	\$ 14.8
Depreciation and amortization	\$ 7.3	\$ 6.5
<u>Comparable Adjustments</u>		
Operating loss	\$ (26.9)	\$ (12.4)
Depreciation and amortization	\$ 8.9	\$ 7.6
<u>Consolidated</u>		
Net sales	\$ 1,631.3	\$ 1,526.0
Operating income	\$ 427.3	\$ 392.2
Equity in earnings of equity method investees	\$ 1.0	\$ 0.5
Long-lived tangible assets	\$ 2,742.1	\$ 2,157.1
Investments in equity method investees	\$ 73.7	\$ 73.2
Total assets	\$ 15,247.3	\$ 14,842.4
Capital expenditures	\$ 129.7	\$ 131.4
Depreciation and amortization	\$ 54.7	\$ 49.5

13. ACCOUNTING GUIDANCE NOT YET ADOPTED:

*Revenue recognition –*

In May 2014, the FASB issued guidance regarding the recognition of revenue from contracts with customers. Under this guidance, an entity will recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A five step process will be utilized to recognize revenue, as follows: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation. Additionally, this guidance requires improved disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. We are required to adopt this guidance for our annual and interim periods beginning March 1, 2017, utilizing one of two methods: retrospective restatement for each reporting period presented at time of adoption, or retrospectively with the cumulative effect of initially applying this guidance recognized at the date of initial application. In April 2015, the FASB agreed to propose a one-year deferral of the revenue recognition standard's effective date for all entities. We are currently assessing the financial impact of this guidance on our consolidated financial statements.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

### **Introduction**

This MD&A provides additional information on our businesses, current developments, financial condition, cash flows and results of operations. It should be read in conjunction with our consolidated financial statements and notes thereto included herein (the “Financial Statements”) and with our consolidated financial statements and notes included in our 2015 Annual Report. This MD&A is organized as follows:

- *Overview.* This section provides a general description of our business, which we believe is important in understanding the results of our operations, financial condition and potential future trends.
- *Strategy.* This section provides a description of our strategy on a business segment basis and a discussion of a recent development.
- *Results of operations.* This section provides an analysis of our results of operations presented on a business segment basis. In addition, a brief description of transactions and other items that affect the comparability of the results is provided.
- *Financial liquidity and capital resources.* This section provides an analysis of our cash flows and a discussion of the amount of financial capacity available to fund our ongoing operations and future commitments, as well as a discussion of other financing arrangements.

### **Overview**

We are a leading international beverage alcohol company with a broad portfolio of consumer-preferred premium imported beer, wine and spirits brands complemented by other select beverage alcohol products. We are the third-largest producer and marketer of beer for the U.S. market and the world’s leading premium wine company. We are the largest multi-category supplier (beer, wine and spirits) (“Multi-category Supplier”) of beverage alcohol in the U.S., the leading producer and marketer of wine in Canada, and a leading producer and exporter of wine from New Zealand and Italy.

Our internal management financial reporting consists of two business divisions: (i) Beer and (ii) Wine and Spirits, and we report our operating results in three segments: (i) Beer, (ii) Wine and Spirits, and (iii) Corporate Operations and Other. In the Beer segment, we have an exclusive perpetual brand license to import, market and sell in the U.S. our Mexican beer portfolio. In the Wine and Spirits segment, we sell a large number of wine brands across all categories – table wine, sparkling wine and dessert wine – and across all price points – popular, premium, super-premium and fine wine, complemented by certain premium spirits brands. Amounts included in the Corporate Operations and Other segment consist of costs of executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal, public relations and global information technology. The amounts included in the Corporate Operations and Other segment are general costs that are applicable to the consolidated group and are therefore not allocated to the other reportable segments. All costs reported within the Corporate Operations and Other segment are not included in our chief operating decision maker’s evaluation of the operating income performance of the other reportable segments. The business segments reflect how our operations are managed, how operating performance is evaluated by senior management and the structure of our internal financial reporting.

### **Strategy**

Our business strategy in the Beer segment includes the following: (i) continued focus on growing our premium Mexican beer portfolio in the U.S. through expanding distribution for key brands, as well as new product development and innovation within the existing portfolio of brands; (ii) completion of the required expansion of our brewery located in Nava, Coahuila, Mexico (the “Brewery”) from 10 million hectoliters production capacity to 20 million hectoliters production capacity by December 31, 2016, with a goal to complete the expansion in June

2016; and (iii) incremental expansion of the Brewery from 20 million hectoliters production capacity to 25 million hectoliters production capacity by December 31, 2017. In addition, we are assessing the need for additional brewery production capacity beyond 25 million hectoliters.

Our business strategy in the Wine and Spirits segment is centered on continued focus on consumer-preferred premium wine brands, complemented by premium spirits. In this segment, we continue to focus on growing premium product categories. We have consolidated our U.S. distribution network in markets where it was feasible, which currently represents about 70% of our branded wine and spirits volume in the U.S., in order to obtain dedicated distributor selling resources which focus on our U.S. wine and spirits portfolio to drive organic growth. Throughout the terms of these contracts, we generally expect shipments on an annual basis to these distributors to essentially equal the distributors' shipments to retailers. In addition, we dedicate a large share of our sales and marketing resources to some of our well-known wine and spirits brands sold in the U.S., which comprise our U.S. Focus Brands ("Focus Brands"), as they represent a majority of our U.S. wine and spirits revenue and profitability, and generally have strong positions in their respective price segments. These brands include: Black Box, Clos du Bois, Estancia, Franciscan Estate, Inniskillin, Kim Crawford, Mark West, Mount Veeder, Robert Mondavi, Ruffino, Saved, Simi, SVEDKA Vodka, The Dreaming Tree and Wild Horse.

Marketing, sales and distribution of our products are managed on a geographic basis in order to fully leverage leading market positions. In addition, market dynamics and consumer trends vary across each of our markets. Within our primary market in the U.S., we offer a range of beverage alcohol products across the imported beer, branded wine and spirits categories, with separate distribution networks utilized for our imported beer portfolio and our wine and spirits portfolio. Within our next largest market, Canada, we offer a range of beverage alcohol products primarily across the branded wine category. The environment for our products is competitive in each of our markets.

We remain committed to our long-term financial model of growing sales, expanding margins and increasing cash flow in order to achieve earnings per share growth, reduce borrowings and pay quarterly cash dividends.

## **Recent Development**

### ***Meiomi***

In June 2015, we signed a definitive agreement to acquire the Meiomi wine brand for approximately \$315 million, subject to customary closing conditions and adjustments. The transaction includes the acquisition of the Meiomi trademark, related inventories and certain grape supply contracts. The transaction is expected to close around the beginning of August. The results of operations of Meiomi will be reported in the Wine and Spirits segment and will be included in our consolidated results of operations from the date of acquisition.

## **Results of Operations**

### **Financial Highlights**

For the three months ended May 31, 2015 ("First Quarter 2016"), and May 31, 2014 ("First Quarter 2015"):

- Our Beer segment continued to drive improvement within our results of operations.
- Our net sales increased 7% primarily due to strong consumer demand within the Mexican beer portfolio.
- Operating income increased 9% primarily due to the strong consumer demand within the Mexican beer portfolio, partially offset by an increase in Comparable Adjustments.
- Net income attributable to CBI and diluted net income per common share attributable to CBI both increased 15% primarily due to the items discussed above combined with lower interest expense.



## Comparable Adjustments

Management excludes items that affect comparability from its evaluation of the results of each operating segment as these Comparable Adjustments are not reflective of core operations of the segments. Segment operating performance and segment management compensation are evaluated based upon core segment operating income (loss). As such, the performance measures for incentive compensation purposes for segment management do not include the impact of these items.

As more fully described herein and in the related notes to the Financial Statements, the Comparable Adjustments that impacted comparability in our results for each period are as follows:

<i>(in millions)</i>	First Quarter 2016	First Quarter 2015
<b>Cost of product sold</b>		
Amortization of favorable interim supply agreement	\$ (8.9)	\$ (7.6)
Net gain (loss) on undesignated commodity derivative contracts	(5.2)	0.2
Settlements of undesignated commodity derivative contracts	5.5	(0.5)
<b>Total cost of product sold</b>	<b>(8.6)</b>	<b>(7.9)</b>
<b>Selling, general and administrative expenses</b>		
Restructuring and related charges	(13.0)	—
Integration and other acquisition-related costs	(5.3)	(4.5)
<b>Total selling, general and administrative expenses</b>	<b>(18.3)</b>	<b>(4.5)</b>
<b>Comparable Adjustments</b>	<b>\$ (26.9)</b>	<b>\$ (12.4)</b>

### ***Cost of Product Sold***

#### *Favorable Interim Supply Agreement*

In connection with the acquisition of the beer business, a temporary supply agreement was negotiated under a favorable pricing arrangement for the required volume of beer needed to fulfill expected U.S. demand in excess of the Brewery's capacity. Amortization of favorable interim supply agreement reflects amounts associated with non-Brewery product purchased from the date of acquisition which has been sold to our U.S. customers during the respective period.

#### *Undesignated Commodity Derivative Contracts*

Net gain (loss) on undesignated commodity derivative contracts represents a net gain (loss) from the changes in fair value of undesignated commodity derivative contracts. The net gain (loss) is reported outside of segment operating results until such time that the underlying exposure is recognized in the segment operating results. Upon settlement, the net gain (loss) from the changes in fair value of the undesignated commodity derivative contracts is reported in the appropriate operating segment, allowing our operating segments results to reflect the economic effects of the commodity derivative contracts without the resulting unrealized mark to fair value volatility.

### ***Selling, General and Administrative Expenses***

#### *Restructuring and Related Charges*

Restructuring and related charges consist primarily of employee termination benefit costs recognized in connection with our plan initiated in May 2015 to streamline and simplify processes, and shift resources and investment to long-term, profitable growth opportunities across the business.

Integration and Other Acquisition-Related Costs

Integration and other acquisition-related costs were primarily associated with the continuing integration of the June 2013 beer business and the December 2014 glass production plant acquisitions.

**First Quarter 2016 Compared to First Quarter 2015**

***Net Sales***

<i>(in millions)</i>	First Quarter 2016	First Quarter 2015	% Increase
Beer	\$ 965.8	\$ 867.7	11 %
Wine and Spirits:			
Wine	587.8	586.4	— %
Spirits	77.7	71.9	8 %
Total Wine and Spirits	665.5	658.3	1 %
Consolidated net sales	<u>\$ 1,631.3</u>	<u>\$ 1,526.0</u>	7 %

Net sales increased \$105.3 million primarily due to an increase in Beer’s net sales driven predominantly by volume growth within our Mexican beer portfolio.

Beer

<i>(in millions, branded product, 24-pack, 12-ounce case equivalents)</i>	First Quarter 2016	First Quarter 2015	% Increase
Net sales	\$ 965.8	\$ 867.7	11.3 %
Shipment volume	60.3	54.7	10.2 %
Depletion volume <sup>(1)</sup>			10.3 %

Beer increased \$98.1 million primarily due to the volume growth within our Mexican beer portfolio, which benefited from continued consumer demand and increased advertising spend, combined with a favorable impact from pricing in select markets.

Wine and Spirits

<i>(in millions, branded product, 9-liter case equivalents)</i>	First Quarter 2016	First Quarter 2015	% Increase
Net sales	\$ 665.5	\$ 658.3	1.1 %
Shipment volume			
Total	15.7	15.1	4.0 %
U.S. Domestic	11.7	11.4	2.6 %
U.S. Domestic Focus Brands	6.2	5.9	5.1 %
Depletion volume <sup>(1)</sup>			
U.S. Domestic			3.5 %
U.S. Domestic Focus Brands			6.7 %

<sup>(1)</sup> Depletions represent distributor shipments of our respective branded products to retail customers, based on third-party data.

Wine and Spirits increased \$7.2 million primarily due to (i) branded wine volume growth due largely to the overlap of a planned reduction in inventory levels by one of our exclusive distributors in the U.S. for First Quarter 2015, (ii) favorable product mix shift (predominantly within the U.S. branded wine portfolio) and (iii) branded spirits portfolio growth; partially offset by (i) an unfavorable year-over-year foreign currency translation impact and (ii) the unfavorable overlap of the recognition of a contractually required payment for First Quarter 2015 from the previously discussed distributor equal to the approximate profit lost on the reduced sales associated with the inventory reduction.

**Gross Profit**

<i>(in millions)</i>	First Quarter 2016	First Quarter 2015	% Increase
Beer	\$ 474.9	\$ 410.2	16 %
Wine and Spirits	270.8	267.8	1 %
Comparable Adjustments	(8.6)	(7.9)	9 %
Consolidated gross profit	<u>\$ 737.1</u>	<u>\$ 670.1</u>	10 %

Gross profit increased \$67.0 million primarily due to an increase in Beer of \$64.7 million driven largely by the volume growth within our Mexican beer portfolio and the favorable impact from pricing in select markets. Wine and Spirits increased \$3.0 million primarily due to the favorable product mix shift and lower cost of product sold, partially offset by the unfavorable year-over-year foreign currency translation impact.

Gross profit as a percent of net sales increased to 45.2% for First Quarter 2016 compared to 43.9% for First Quarter 2015 primarily due to (i) the favorable impact from Beer pricing in select markets and (ii) lower Beer cost of product sold, partially offset by the unfavorable overlap of the payment associated with the reduction of the exclusive wine distributor's inventory levels.

**Selling, General and Administrative Expenses**

<i>(in millions)</i>	First Quarter 2016	First Quarter 2015	% Increase
Beer	\$ 138.4	\$ 122.7	13 %
Wine and Spirits	126.6	124.6	2 %
Corporate Operations and Other	26.5	26.1	2 %
Comparable Adjustments	18.3	4.5	NM
Consolidated selling, general and administrative expenses	<u>\$ 309.8</u>	<u>\$ 277.9</u>	11 %

NM = Not meaningful

Selling, general and administrative expenses increased \$31.9 million. This increase is primarily due to an increase in Beer of \$15.7 million and Comparable Adjustments of \$13.8 million. The increase in Beer is primarily due to an increase in advertising expenses of \$15.5 million, due largely to planned investment behind our Mexican beer portfolio.

Selling, general and administrative expenses as a percent of net sales increased to 19.0% for First Quarter 2016 as compared to 18.2% for First Quarter 2015 primarily due to the increase in Comparable Adjustments.

**Operating Income**

<i>(in millions)</i>	First Quarter 2016	First Quarter 2015	% Increase (Decrease)
Beer	\$ 336.5	\$ 287.5	17%
Wine and Spirits	144.2	143.2	1%
Corporate Operations and Other	(26.5)	(26.1)	(2%)
Comparable Adjustments	(26.9)	(12.4)	NM
Consolidated operating income	<u>\$ 427.3</u>	<u>\$ 392.2</u>	9%

Operating income increased \$35.1 million primarily due to the growth in our Beer segment as a result of the factors discussed above, partially offset by the increase in our Comparable Adjustments.

**Interest Expense**

Interest expense decreased to \$77.5 million for First Quarter 2016 from \$86.4 million for First Quarter 2015, a decrease of \$8.9 million, or (10%). This decrease was primarily due to lower average interest rates, partially offset by higher average borrowings.

**Net Income Attributable to CBI**

As a result of the above factors, net income attributable to CBI increased to \$238.6 million for First Quarter 2016 from \$206.7 million for First Quarter 2015, an increase of \$31.9 million, or 15%.

**Financial Liquidity and Capital Resources****General**

Our ability to consistently generate cash flow from operating activities is one of our most significant financial strengths. Our strong cash flows enable us to invest in our people and our brands, make appropriate capital investments, provide a quarterly cash dividend program, and from time-to-time, repurchase shares of our common stock and make strategic acquisitions that we believe will enhance stockholder value. Our primary source of liquidity has historically been cash flow from operating activities, except during annual grape harvests when we have relied on short-term borrowings. Our principal use of cash in our operating activities is for purchasing and carrying inventories and carrying seasonal accounts receivable. However, we expect our reliance on short-term borrowings to fund our annual grape harvests to be reduced given the historical cash flow from operating activities from the Beer segment. Historically, we have used cash flow from operating activities to repay our short-term borrowings and fund capital expenditures. We will continue to use our short-term borrowings, including our accounts receivable securitization facilities, to support our working capital requirements.

We have maintained adequate liquidity to meet working capital requirements, fund capital expenditures and repay scheduled principal and interest payments on debt. Absent deterioration of market conditions, we believe that cash flows from operating activities and financing activities, primarily short-term borrowings, will provide adequate resources to satisfy our working capital, scheduled principal and interest payments on debt, anticipated dividend payments and anticipated capital expenditure requirements for both our short-term and long-term capital needs, including our previously announced Brewery and glass production plant expansions.

**Cash Flows**

	First Quarter 2016	First Quarter 2015
<i>(in millions)</i>		
Net cash provided by operating activities	\$ 205.7	\$ 232.3
Net cash used in investing activities	(131.3)	(136.3)
Net cash provided by (used in) financing activities	(53.4)	213.1
Effect of exchange rate changes on cash and cash equivalents	(0.4)	5.0
Net increase in cash and cash equivalents	<u>\$ 20.6</u>	<u>\$ 314.1</u>

***Operating Activities***

Net cash provided by operating activities decreased \$26.6 million for First Quarter 2016. This decrease resulted primarily from higher income tax and interest payments, partially offset by an increase in cash provided by Beer due largely to strong volume growth in the Mexican beer portfolio. The higher income tax payments are predominantly due to the overlap of income tax refunds received in First Quarter 2015. The higher interest payments are primarily due to timing.

***Financing Activities***

Net cash used in financing activities increased \$266.5 million for First Quarter 2016 primarily from the following:

- Decreased short-term borrowings for First Quarter 2016 compared to First Quarter 2015;
- Increased scheduled principal payments of subsidiary long-term debt for First Quarter 2016; and
- Payment of quarterly cash dividends.

**Debt**

Total debt outstanding as of May 31, 2015, amounted to \$7,317.6 million, a decrease of \$30.4 million from February 28, 2015.

The majority of our outstanding borrowings as of May 31, 2015, consisted of fixed-rate senior unsecured notes, with maturities ranging from 2016 to 2024, and variable-rate senior secured term loan facilities under our 2014 Credit Agreement, with maturities ranging from 2018 to 2020.

We had the following borrowing capacity available under our 2014 Credit Agreement and our accounts receivable securitization facilities:

	Remaining Borrowing Capacity	
	May 31, 2015	June 30, 2015
<i>(in millions)</i>		
Revolving Credit Facility	\$ 834.7	\$ 834.8
CBI Facility	\$ 270.0	\$ 270.0
Crown Facility	\$ 160.0	\$ 160.0

The financial institutions participating in our 2014 Credit Agreement and our accounts receivable securitization facilities have complied with prior funding requests and we believe the financial institutions will comply with ongoing funding requests. However, there can be no assurances that any particular financial institution will continue to do so in the future.

As of May 31, 2015, we also have additional credit arrangements totaling \$426.8 million, with \$200.9 million outstanding under these arrangements. These arrangements primarily support the financing needs of our domestic and foreign subsidiary operations.

We have entered into interest rate swap agreements to manage our exposure to the volatility of the interest rates associated with our variable-rate senior secured term loan facilities. As a result of these agreements, we have fixed our interest rates on \$500.0 million of our floating LIBOR rate debt at an average rate of 2.8% (exclusive of borrowing margins) through September 1, 2016.

We and our subsidiaries are subject to covenants that are contained in the 2014 Credit Agreement, including those restricting the incurrence of additional indebtedness (including guarantees of indebtedness), additional liens, mergers and consolidations, the payment of dividends, the making of certain investments, prepayments of certain debt, transactions with affiliates, agreements that restrict our non-guarantor subsidiaries from paying dividends, and dispositions of property, in each case subject to numerous conditions, exceptions and thresholds. The financial covenants are limited to a minimum interest coverage ratio of 2.5x and a maximum net debt coverage ratio of 5.5x, both as defined in the 2014 Credit Agreement.

Our indentures relating to our outstanding senior notes contain certain covenants, including, but not limited to: (i) a limitation on liens on certain assets, (ii) a limitation on certain sale and leaseback transactions and (iii) restrictions on mergers, consolidations and the transfer of all or substantially all of our assets to another person.

As of May 31, 2015, we were in compliance with all of our covenants under both our 2014 Credit Agreement and our indentures, and have met all debt payment obligations.

For a complete discussion and presentation of all borrowings and available sources of borrowing, refer to Note 12 to our consolidated financial statements included in our 2015 Annual Report.

### **Common Stock Dividends**

On June 30, 2015, our Board of Directors declared a quarterly cash dividend of \$0.31 per share of Class A Common Stock, \$0.28 per share of Class B Convertible Common Stock and \$0.28 per share of Class 1 Common Stock payable on August 25, 2015, to stockholders of record of each class on August 11, 2015.

We currently expect to pay quarterly cash dividends on our common stock in the future, but such payments are subject to approval of our Board of Directors and are dependent upon our financial condition, results of operations, capital requirements and other factors, including those set forth under Item 1A “Risk Factors” of our 2015 Annual Report.

### **Share Repurchase Programs**

Our Board of Directors authorized the repurchase of up to \$1.0 billion of our Class A Common Stock and Class B Convertible Common Stock in April 2012 (the “2013 Authorization”). Share repurchases under the 2013 Authorization may be accomplished at management’s discretion from time to time based on market conditions, our cash and debt position, and other factors as determined by management. Shares may be repurchased through open market or privately negotiated transactions. We may fund future share repurchases with cash generated from operations, proceeds from borrowings under the accounts receivable securitization facilities or proceeds from revolver borrowings under our senior credit facility. Any repurchased shares will become treasury shares. As of May 31, 2015, we have \$703.3 million available for share repurchases under the 2013 Authorization.

For additional information, refer to Note 15 to our consolidated financial statements included in our 2015 Annual Report.

## **Accounting Guidance Not Yet Adopted**

Accounting guidance adopted on March 1, 2015, did not have a material impact on our consolidated financial statements. For further information on accounting guidance not yet adopted, refer to Note 13 of the Financial Statements.

## **Information Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements. All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q, including without limitation (I) the statements under Part I – Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” regarding (i) our business strategy, future financial position, prospects, plans and objectives of management, (ii) information concerning expected or potential actions of third parties, (iii) timing and source of funds for operating activities, (iv) the duration of the share repurchase implementation and source of funds for share repurchases, and (v) the amount and timing of future dividends, (II) the statements regarding the expansions of our Brewery and our glass production plant, including anticipated costs and timeframes for completion, and (III) the statements regarding the acquisition of Meiomì and its timing are forward-looking statements. When used in this Quarterly Report on Form 10-Q, the words “anticipate,” “intend,” “expect,” 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 Quarterly Report on Form 10-Q. We undertake no 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. In addition to the risks and uncertainties of ordinary business operations and conditions in the general economy and markets in which we compete, our forward-looking statements contained in this Quarterly Report on Form 10-Q are also subject to the risk and uncertainty that (i) the actual demand for our products will vary from current expectations due to, among other reasons, actual shipments to distributors and actual consumer demand, (ii) the amount and timing of and source of funds for any share repurchases may vary due to market conditions, our cash and debt position, the impact of the acquisition of the beer business, Brewery and glass production plant expansions and other factors as determined by management from time to time, (iii) the amount and timing of future dividends may differ from our current expectations if our ability to use cash flow to fund dividends is affected by unanticipated increases in total net debt, we are unable to generate cash flow at anticipated levels, or we fail to generate expected earnings, (iv) the timeframe and actual costs associated with the expansions of our Brewery and our glass production plant may vary from management’s current expectations due to market conditions, our cash and debt position, receipt of all required regulatory approvals by the expected dates and on the expected terms, and other factors as determined by management, and (v) the actual date of consummation of the Meiomì acquisition may vary from management’s current expectations due to the actual date of receipt of the required regulatory approval. The Meiomì acquisition is subject to the satisfaction of certain closing conditions including receipt of any necessary regulatory approvals. For additional information about risks and uncertainties that could adversely affect our forward-looking statements, please refer to Item 1A “Risk Factors” of our 2015 Annual Report.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

As a result of our global operating, acquisition and financing activities, we are exposed to market risk associated with changes in foreign currency exchange rates, commodity prices and interest rates. To manage the volatility relating to these risks, we periodically purchase and/or sell derivative instruments including foreign currency forward and option contracts, commodity swap agreements and interest rate swap agreements. We use derivative instruments to reduce earnings and cash flow volatility resulting from shifts in market rates, as well as to hedge economic exposures. We do not enter into derivative instruments for trading or speculative purposes.

**Foreign Currency and Commodity Price Risk**

Foreign currency derivative instruments are or may be used to hedge existing foreign currency denominated assets and liabilities, forecasted foreign currency denominated sales/purchases to/from third parties as well as intercompany sales/purchases, intercompany principal and interest payments, and in connection with acquisitions or joint venture investments outside the U.S. As of May 31, 2015, we had exposures to foreign currency risk primarily related to the Mexican peso, euro, New Zealand dollar and Canadian dollar. Approximately 65% of our balance sheet exposures and forecasted transactional exposures for the remaining nine months of fiscal 2016 were hedged as of May 31, 2015.

Commodity derivative instruments are or may be used to hedge forecasted commodity purchases from third parties as either economic hedges or accounting hedges. As of May 31, 2015, exposures to commodity price risk which we are currently hedging primarily include diesel fuel, corn, aluminum and natural gas prices. Approximately 66% of our forecasted transactional exposures for the remaining nine months of fiscal 2016 were hedged as of May 31, 2015.

We have performed a sensitivity analysis to estimate our exposure to market risk of foreign exchange rates and commodity prices reflecting the impact of a hypothetical 10% adverse change in the applicable market. The volatility of the applicable rates and prices is dependent on many factors which cannot be forecasted with reliable accuracy. Losses or gains from the revaluation or settlement of the related underlying positions would substantially offset such gains or losses on the derivative instruments. The aggregate notional value, estimated fair value and sensitivity analysis for our open foreign currency and commodity derivative instruments are summarized as follows:

	Aggregate Notional Value		Fair Value, Net Asset (Liability)		Increase (Decrease) in Fair Value – Hypothetical 10% Adverse Change	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
<i>(in millions)</i>						
Foreign currency contracts	\$ 1,482.3	\$ 1,659.7	\$ (29.7)	\$ 19.1	\$ 46.3	\$ (47.1)
Commodity derivative contracts	\$ 195.8	\$ 168.0	\$ (26.0)	\$ 0.7	\$ 16.8	\$ (16.9)

**Interest Rate Risk**

The estimated fair value of our fixed interest rate debt is subject to interest rate risk, credit risk and foreign currency risk. In addition, we also have variable interest rate debt outstanding (primarily LIBOR-based), certain of which includes a fixed margin subject to the same risks identified for our fixed interest rate debt.

As of May 31, 2015, and May 31, 2014, we had an outstanding cash flow designated interest rate swap agreement which fixed LIBOR interest rates (to minimize interest rate volatility) on \$500.0 million of our floating LIBOR rate debt at an average rate of 2.8% (exclusive of borrowing margins) through September 1, 2016. In addition, we had offsetting undesignated interest rate swap agreements.

We have performed a sensitivity analysis to estimate our exposure to market risk of interest rates reflecting the impact of a hypothetical 1% increase in the prevailing interest rates. The volatility of the applicable rates is



dependent on many factors which cannot be forecasted with reliable accuracy. The aggregate notional value, estimated fair value and sensitivity analysis for our outstanding fixed and variable interest rate debt, including current maturities, and open interest rate derivative instruments are summarized as follows:

	Aggregate Notional Value		Fair Value, Net Asset (Liability)		Increase (Decrease) in Fair Value – Hypothetical 1% Rate Increase	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
<i>(in millions)</i>						
Fixed interest rate debt	\$ 4,395.5	\$ 4,097.6	\$ (4,640.7)	\$ (4,403.6)	\$ (204.4)	\$ (190.6)
Variable interest rate debt	\$ 2,923.2	\$ 3,099.9	\$ (3,019.9)	\$ (2,965.3)	\$ (95.2)	\$ (110.0)
Interest rate swap contracts	\$ 1,500.0	\$ 1,500.0	\$ (17.6)	\$ (28.7)	\$ (5.2)	\$ (10.4)

For additional discussion on our market risk, refer to Notes 3 and 4 of the Financial Statements.

#### **Item 4. Controls and Procedures.**

##### **Disclosure Controls and Procedures**

Our Chief Executive Officer and our Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that the Company’s “disclosure controls and procedures” (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) are effective to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

##### **Internal Control Over Financial Reporting**

In connection with the foregoing evaluation by our Chief Executive Officer and our Chief Financial Officer, no changes were identified in the Company’s “internal control over financial reporting” (as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f)) that occurred during our fiscal quarter ended May 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

#### **Item 4. Mine Safety Disclosures.**

Not Applicable.

#### **Item 6. Exhibits.**

Exhibits required to be filed by Item 601 of Regulation S-K.

For the exhibits that are filed herewith or incorporated herein by reference, see the Index to Exhibits located on page 33 of this report. The Index to Exhibits is incorporated herein by reference.

**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, thereunto duly authorized.

Date:	July 9, 2015	<b>CONSTELLATION BRANDS, INC.</b>
		By: <u>/s/ Christopher Stenzel</u>
		Christopher Stenzel, Senior Vice President, Treasurer and Controller
Date:	July 9, 2015	By: <u>/s/ David Klein</u>
		David Klein, Executive Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)

**INDEX TO EXHIBITS**

**Exhibit No.**

- 2.1 Membership Interest Purchase Agreement, dated as of June 28, 2012, among Constellation Beers Ltd., Constellation Brands Beach Holdings, Inc., Constellation Brands, Inc. and Anheuser-Busch InBev SA/NV (filed as Exhibit 2.1 to the Company's Amendment No. 1 to Current Report on Form 8-K/A dated June 28, 2012, filed November 9, 2012 and incorporated herein by reference). +
- 2.2 Amended and Restated Membership Interest Purchase Agreement, dated as of February 13, 2013, among Constellation Beers Ltd., Constellation Brands Beach Holdings, Inc., Constellation Brands, Inc. and Anheuser-Busch InBev SA/NV (filed as Exhibit 2.1 to the Company's Amendment No. 1 to Current Report on Form 8-K/A dated February 13, 2013, filed February 25, 2013 and incorporated herein by reference). +
- 2.3 First Amendment dated as of April 19, 2013, to the Amended and Restated Membership Interest Purchase Agreement, dated as of February 13, 2013, among Constellation Beers Ltd., Constellation Brands Beach Holdings, Inc., Constellation Brands, Inc. and Anheuser-Busch InBev SA/NV (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K dated April 19, 2013, filed April 19, 2013 and incorporated herein by reference). +
- 2.4 Stock Purchase Agreement dated as of February 13, 2013, between Anheuser-Busch InBev SA/NV and Constellation Brands, Inc. (filed as Exhibit 2.2 to the Company's Amendment No. 1 to Current Report on Form 8-K/A dated February 13, 2013, filed February 25, 2013 and incorporated herein by reference). +
- 2.5 First Amendment dated as of April 19, 2013, to the Stock Purchase Agreement dated as of February 13, 2013, between Anheuser-Busch InBev SA/NV and Constellation Brands, Inc. (filed as Exhibit 2.2 to the Company's Current Report on Form 8-K dated April 19, 2013, filed April 19, 2013 and incorporated herein by reference). +
- 3.1 Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2009 and incorporated herein by reference). #
- 3.2 Certificate of Amendment to the Certificate of Incorporation of the Company (filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2009 and incorporated herein by reference). #
- 3.3 Amended and Restated By-Laws of the Company (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K dated December 6, 2007, filed December 12, 2007 and incorporated herein by reference). #
- 4.1 Indenture, dated as of August 15, 2006, by and among the Company, as Issuer, certain subsidiaries, as Guarantors and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated August 15, 2006, filed August 18, 2006 and incorporated herein by reference). #
- 4.2 Supplemental Indenture No. 1, with respect to 7.25% Senior Notes due 2016, dated as of August 15, 2006, among the Company, as Issuer, certain subsidiaries, as Guarantors, and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, dated August 15, 2006, filed August 18, 2006 and incorporated herein by reference). #
- 4.3 Supplemental Indenture No. 2, dated as of November 30, 2006, by and among the Company, Vincor International Partnership, Vincor International II, LLC, Vincor Holdings, Inc., R.H. Phillips, Inc., The Hogue Cellars, Ltd., Vincor Finance, LLC, and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.28 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2006 and incorporated herein by reference). #
- 4.4 Supplemental Indenture No. 3, dated as of May 4, 2007, by and among the Company, Barton SMO Holdings LLC, ALCOFI INC., and Spirits Marque One LLC, and BNY Midwest Trust Company, as Trustee (filed as Exhibit 4.32 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2007 and incorporated herein by reference). #
- 4.5 Supplemental Indenture No. 4, with respect to 8 3/8% Senior Notes due 2014 (no longer outstanding), dated as of December 5, 2007, by and among the Company, as Issuer, certain subsidiaries, as Guarantors, and The Bank of New York Trust Company, N.A., (as successor to BNY Midwest Trust Company), as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 5, 2007, filed December 11, 2007 and incorporated herein by reference). #
- 4.6 Supplemental Indenture No. 5, dated as of January 22, 2008, by and among the Company, BWE, Inc., Atlas Peak Vineyards, Inc., Buena Vista Winery, Inc., Clos du Bois Wines, Inc., Gary Farrell Wines, Inc., Peak Wines International, Inc., and Planet 10 Spirits, LLC, and The Bank of New York Trust Company, N.A. (successor trustee to BNY Midwest Trust Company), as Trustee (filed as Exhibit 4.37 to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2008 and incorporated herein by reference). #

- 4.7 Supplemental Indenture No. 6, dated as of February 27, 2009, by and among the Company, Constellation Services LLC, and The Bank of New York Mellon Trust Company National Association (successor trustee to BNY Midwest Trust Company), as Trustee (filed as Exhibit 4.31 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2009 and incorporated herein by reference). #
- 4.8 Supplemental Indenture No. 7, dated as of June 7, 2013, among the Company, Constellation Brands Beach Holdings, Inc., Crown Imports LLC, and The Bank of New York Mellon Trust Company, National Association, as trustee (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, dated June 7, 2013, filed June 11, 2013 and incorporated herein by reference).
- 4.9 Supplemental Indenture No. 8, dated as of May 28, 2014, among the Company, Constellation Marketing Services, Inc., and The Bank of New York Mellon Trust Company, National Association, as trustee (filed as Exhibit 4.9 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2014 and incorporated herein by reference).
- 4.10 Indenture, with respect to 7.25% Senior Notes due May 2017, dated May 14, 2007, by and among the Company, as Issuer, certain subsidiaries, as Guarantors, and The Bank of New York Trust Company, N.A., as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated May 9, 2007, filed May 14, 2007 and incorporated herein by reference). #
- 4.11 Supplemental Indenture No. 1, dated as of January 22, 2008, by and among the Company, BWE, Inc., Atlas Peak Vineyards, Inc., Buena Vista Winery, Inc., Clos du Bois Wines, Inc., Gary Farrell Wines, Inc., Peak Wines International, Inc., and Planet 10 Spirits, LLC, and The Bank of New York Trust Company, N.A. (successor trustee to BNY Midwest Trust Company), as Trustee (filed as Exhibit 4.39 to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2008 and incorporated herein by reference). #
- 4.12 Supplemental Indenture No. 2, dated as of February 27, 2009, by and among the Company, Constellation Services LLC, and The Bank of New York Mellon Trust Company National Association (successor trustee to BNY Midwest Trust Company), as Trustee (filed as Exhibit 4.34 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2009 and incorporated herein by reference). #
- 4.13 Supplemental Indenture No. 3, dated as of June 7, 2013, among the Company, Constellation Brands Beach Holdings, Inc., Crown Imports LLC, and The Bank of New York Mellon Trust Company, National Association, as trustee (filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, dated June 7, 2013, filed June 11, 2013 and incorporated herein by reference).
- 4.14 Supplemental Indenture No. 4, dated as of May 28, 2014, among the Company, Constellation Marketing Services, Inc., and The Bank of New York Mellon Trust Company, National Association, as trustee (filed as Exhibit 4.14 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2014 and incorporated herein by reference).
- 4.15 Indenture, dated as of April 17, 2012, by and among the Company, as Issuer, certain subsidiaries, as Guarantors and Manufacturers and Traders Trust Company, as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated April 17, 2012, filed April 23, 2012 and incorporated herein by reference).
- 4.16 Supplemental Indenture No. 1, with respect to 6.0% Senior Notes due May 2022, dated as of April 17, 2012, among the Company, as Issuer, certain subsidiaries, as Guarantors, and Manufacturers and Traders Trust Company, as Trustee (filed as Exhibit 4.1.1 to the Company's Current Report on Form 8-K, dated April 17, 2012, filed April 23, 2012 and incorporated herein by reference).
- 4.17 Supplemental Indenture No. 3, with respect to 3.75% Senior Notes due May 2021, dated as of May 14, 2013, among the Company, as Issuer, certain subsidiaries, as Guarantors, and Manufacturers and Traders Trust Company, as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated May 14, 2013, filed May 16, 2013 and incorporated herein by reference).
- 4.18 Supplemental Indenture No. 4, with respect to 4.25% Senior Notes due May 2023, dated as of May 14, 2013, among the Company, as Issuer, certain subsidiaries, as Guarantors, and Manufacturers and Traders Trust Company, as Trustee (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, dated May 14, 2013, filed May 16, 2013 and incorporated herein by reference).
- 4.19 Supplemental Indenture No. 5, dated as of June 7, 2013, among the Company, Constellation Brands Beach Holdings, Inc., Crown Imports LLC, and Manufacturers and Traders Trust Company, as trustee (filed as Exhibit 4.4 to the Company's Current Report on Form 8-K, dated June 7, 2013, filed June 11, 2013 and incorporated herein by reference).
- 4.20 Supplemental Indenture No. 6, dated as of May 28, 2014, among the Company, Constellation Marketing Services, Inc., and Manufacturers and Traders Trust Company, as trustee (filed as Exhibit 4.21 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2014 and incorporated herein by reference).
- 4.21 Supplemental Indenture No. 7, with respect to 3.875% Senior Notes due 2019, dated as of November 3, 2014, among the Company, as Issuer, certain subsidiaries, as Guarantors, and Manufacturers and Traders Trust Company, as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated November 3, 2014, filed November 7, 2014 and incorporated herein by reference).

- 4.22 Supplemental Indenture No. 8, with respect to 4.750% Senior Notes due 2024, dated as of November 3, 2014, among among the Company, as Issuer, certain subsidiaries, as Guarantors, and Manufacturers and Traders Trust Company, as Trustee (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, dated November 3, 2014, filed November 7, 2014 and incorporated herein by reference).
- 4.23 Restatement Agreement dated as of May 28, 2014, among the Company, CIH International S.à r.l., Bank of America, N.A., as administrative agent, and the lenders party thereto, including Third Amended and Restated Credit Agreement dated as of May 28, 2014, among the Company, CIH International S.à r.l., Bank of America, N.A., as administrative agent, and the Lenders party thereto (filed as Exhibit 4.23 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2014 and incorporated herein by reference).
- 4.24 Amendment No. 1 dated as of August 20, 2014, to the Third Amended and Restated Credit Agreement dated as of May 28, 2014, among the Company, CIH International S.à r.l., CI Cerveza S.à r.l., the Guarantors, Bank of America, N.A., as administrative agent, and the Lenders party to the Amendment (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated August 20, 2014, filed August 25, 2014, and incorporated herein by reference).
- 4.25 Joinder Agreement, dated as of June 7, 2013, between CIH International S.à r.l., Bank of America, N.A., as administrative agent and lender (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated June 7, 2013, filed June 11, 2013 and incorporated herein by reference).
- 10.1 Amended and Restated Guarantee Agreement, dated as of June 7, 2013, made by the subsidiaries of Constellation Brands, Inc. from time to time party thereto and Constellation Brands, Inc. in favor of Bank of America, N.A., as Administrative Agent, for the ratable benefit of the Lenders party to the Credit Agreement (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, dated June 7, 2013, filed June 11, 2013 and incorporated herein by reference).
- 10.2 Form of Restricted Stock Unit Agreement with respect to Company's Long-Term Stock Incentive Plan (awards on and after April 28, 2015) (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 28, 2015, filed May 1, 2015 and incorporated herein by reference).\*
- 10.3 Form of Performance Share Unit Agreement for executives with respect to the Company's Long-Term Stock Incentive Plan (awards on and after April 28, 2015) (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated April 28, 2015, filed May 1, 2015 and incorporated herein by reference).\*
- 10.4 Form of Performance Share Unit Agreement for non-executive employees with respect to the Company's Long-Term Stock Incentive Plan (awards on and after April 28, 2015) (filed herewith).\*
- 10.5 Second Amendment to Transition Services Agreement and Waiver, dated as of May 5, 2015, to the Transition Services Agreement, dated as of June 7, 2013, between Anheuser-Busch InBev SA/NV and Constellation Brands, Inc. (filed herewith). ++
- 10.6 Executive Employment Agreement made as of June 29, 2015, between Constellation Brands, Inc. and David Klein (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 29, 2015, filed July 2, 2015 and incorporated herein by reference).\*
- 12.1 Statements re computation of ratios (filed herewith).
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith).
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith).
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (filed herewith).
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (filed herewith).
- 99.1 Stipulation and Order dated April 19, 2013, among Constellation Brands, Inc., Anheuser-Busch Inbev SA/NV, Grupo Modelo, S.A.B. de C.V., and the Antitrust Division of the United States Department of Justice (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K dated April 19, 2013, filed April 19, 2013 and incorporated herein by reference).
- 99.2 Final Judgment filed with the United States District Court for the District of Columbia on October 24, 2013, together with Exhibits B and C (filed as Exhibit 99.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2013 and incorporated therein by reference).
- 101.1 The following materials from the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of May 31, 2015 and February 28, 2015, (ii) Consolidated Statements of Comprehensive Income for the three months ended May 31, 2015 and 2014, (iii) Consolidated Statements of Cash Flows for the three months ended May 31, 2015 and 2014, and (iv) Notes to Consolidated Financial Statements.

- # Company's Commission File No. 001-08495.
- + Portions of this exhibit were redacted pursuant to a confidential treatment request filed with and approved by the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.
- ++ This exhibit has been filed separately with the Securities and Exchange Commission pursuant to an application for confidential treatment. The confidential portions of this exhibit have been omitted and are marked by an asterisk.
- \* Designates management contract or compensatory plan or arrangement.

The Company agrees, upon request of the Securities and Exchange Commission, to furnish copies of each instrument that defines the rights of holders of long-term debt of the Company or its subsidiaries that is not filed herewith pursuant to Item 601(b)(4)(iii)(A) because the total amount of long-term debt authorized under such instrument does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis.

**PERFORMANCE SHARE UNIT AGREEMENT**  
**Pursuant to the**  
**CONSTELLATION BRANDS, INC.**  
**LONG-TERM STOCK INCENTIVE PLAN**

**Name of Participant:**

**Date of Grant:** [DATE]

**Target Number of Performance Share Units:**

**Value of Each Unit on Date of Grant:**

**Service Vesting Date:** [DATE]

Constellation Brands, Inc. (the “Company”) hereby awards to the designated participant (“Participant”), the opportunity to receive the Performance Share Units described herein under the Company’s Long-Term Stock Incentive Plan (the “Plan”). Performance Share Units consist of the right to receive shares of Class A Common Stock, par value \$.01 per share, of the Company (“Shares”). Generally, the Participant will not receive any Performance Share Units unless specified service and performance requirements are satisfied. This Performance Share Unit Agreement is subject to the attached Terms and Conditions of Performance Share Unit Agreement (collectively with this document, this “Agreement”) and terms of the Plan.

**PLEASE BE SURE TO READ ALL OF THE SPECIFIC TERMS AND CONDITIONS OF THIS AGREEMENT. FOR EXAMPLE, IMPORTANT ADDITIONAL INFORMATION ON VESTING AND FORFEITURE OF THE PERFORMANCE SHARE UNITS COVERED BY THIS AWARD IS CONTAINED IN SECTIONS 2 THROUGH 8 OF THE TERMS AND CONDITIONS. TO THE EXTENT ANY CAPITALIZED TERMS USED IN THE TERMS AND CONDITIONS ARE NOT DEFINED HEREIN, THEY WILL HAVE THE MEANING ASCRIBED TO THEM IN THE PLAN.**

**BY MY ELECTRONIC ELECTION TO ACCEPT THE TERMS AND CONDITIONS OF THIS GRANT OF PERFORMANCE SHARE UNITS (WHICH SERVES AS MY ELECTRONIC SIGNATURE OF THIS AGREEMENT), I AGREE THAT MY PARTICIPATION IN THE PLAN IS GOVERNED BY THE PROVISIONS OF THE PLAN AND THIS AGREEMENT. IF I FAIL TO ACCEPT THE TERMS AND CONDITIONS OF THIS AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH ABOVE, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.**

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## TERMS AND CONDITIONS OF PERFORMANCE SHARE UNIT AGREEMENT

1. Summary. The Company hereby awards to the Participant under the Plan as a separate incentive and not in lieu of any salary or other compensation for his or her services the opportunity to receive Performance Share Units, subject to all of the terms and conditions in this Agreement and the Plan. Generally, the Participant will not receive any Performance Share Units unless the specified service and performance requirements set forth herein are satisfied.

2. Vesting in Performance Share Units.

(a) Performance and service vesting requirements. Except as otherwise provided in Section 2(b), both performance and service vesting requirements must be satisfied before the Participant can earn Performance Share Units under this Agreement. With certain exceptions noted below, the Participant will vest in his/her right to receive Performance Share Units under this Agreement if the Participant remains in continuous employment with the Company or its Subsidiaries until the Service Vesting Date (as set forth on the first page of this Agreement) and the Company achieves the "Relative Total Stockholder Return" targets specified in Schedule A. If the Participant remains in continuous employment with the Company or its Subsidiaries until the Service Vesting Date, the Participant shall vest in his/her right to receive a number of Performance Share Units based on the performance matrix set forth in Schedule A. Schedule A sets forth how the number of the Participant's vested Performance Share Units is calculated.

(b) Special Vesting Rules.

(i) Death or PSU Disability. If the Participant dies or incurs a PSU Disability (as defined below) while employed by the Company or its Subsidiaries prior to the Service Vesting Date, the Participant shall vest in a number of Performance Share Units equal to the number of the Participant's Target Number of Performance Share Units, provided that such Performance Share Units were not previously forfeited. A "PSU Disability" is a disability as defined under Treasury regulation section 1.409A-3(i)(4)(i)(A) which generally means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. Any Performance Share Units that do not vest under this provision shall be forfeited upon the Participant's death or PSU Disability.

(ii) PSU Change in Control. The Performance Share Units are subject to the following rules in the event the Participant remains in continuous employment with the Company or its Subsidiaries until the date of a change in control described in this subsection, which rules shall apply in lieu of the default Change in Control provisions under the Plan. Upon the occurrence of an event that: (A) occurs before the Service Vesting Date; (B) is a Change in Control; and (C) constitutes a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Code Section 409A and the Treasury regulations and guidance issued thereunder ("Section 409A") (a "PSU Change in Control"), the Participant shall vest in a number of Performance Share Units equal to the number of the Participant's Target Number of Performance Share Units; provided that such Performance Share Units were not previously forfeited. Any Performance Share Units that do not vest upon a PSU Change in Control shall be forfeited upon the PSU Change of Control.

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(iii) Retirement. Subject to the requirements of Section 8(d), if the Participant ceases to be employed by the Company and its Subsidiaries prior to the Service Vesting Date as a result of the Participant's Retirement at any time on or after November 1, 20\_\_, the Participant shall be deemed to have met the service vesting requirements under this Agreement and shall be eligible to receive a number of Performance Share Units equal to (X) multiplied by (Y), where: (X) equals the number of Performance Share Units to which the Participant would be entitled based on actual performance during the Valuation Period as described in the performance matrix set forth in Schedule A; and (Y) is a ratio, the numerator of which equals the number of days the Participant remained in continuous employment with the Company and its Subsidiaries from the beginning of the Valuation Period as described in the performance matrix set forth in Schedule A ("Performance Start Date") until Retirement, and the denominator of which equals the number of days from the Performance Start Date through the end of the Valuation Period as described in the performance matrix set forth in Schedule A. For purposes of this Agreement:

(1) "Retirement" means the Participant ceases to be employed by the Company and its Subsidiaries for any reason other than Cause, death or disability (including but not limited to a PSU Disability) on or after the date the Participant attains Retirement Eligibility with respect to this Award;

(2) "Retirement Eligibility" with respect to this Award means a Participant attaining age sixty (60) and completing ten (10) Full Years of continuous employment with the Company and its Subsidiaries; and

(3) "Full Year" means a twelve-month period beginning on the date of the Participant's commencement of service for the Company or a Subsidiary and each anniversary thereof.

The Participant's continuous employment with the Company and its Subsidiaries shall be determined by the Committee in its sole discretion (subject to Section 7 and other applicable requirements of Section 409A, to the extent applicable).

(iv) Other Termination. In the event that the Participant ceases to be employed by the Company or its Subsidiaries prior to the Service Vesting Date or, if earlier, the date of a PSU Change in Control for any reason other than death or Retirement, the Participant shall forfeit his/her right to all unvested and unpaid Performance Share Units. The Participant will cease to be employed by the Company and its Subsidiaries if the Participant is employed by an entity that ceases to be a Subsidiary.

(v) Leave of Absence. Unless otherwise determined by the Committee or required under Section 409A, an authorized leave of absence pursuant to a written agreement or other leave entitling the Participant to re-employment in a comparable position by law or Rule shall not constitute a termination of employment for purposes of the Plan and shall not interrupt the Participant's continuous employment with the Company and its Subsidiaries unless the Participant does not return at or before the end of the authorized leave or within the period for which re-employment is guaranteed by law or Rule.

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3. Time and Form of Payment. Payouts of vested Performance Share Units shall be made in the form of shares of the Company's Class A Stock. Each Performance Share Unit awarded under this Agreement consists of the right to receive one share of Class A Stock. Vested Performance Share Units shall be paid as follows:

(a) Payments for Reasons other than Death, PSU Disability and PSU Change of Control. The Participant's vested Performance Share Units under Sections 2(a) and 2(b)(iii), as applicable, shall be paid on or after May 1, 20\_\_ but no later than May 15, 20\_\_, but payment shall only be made after the Committee completes the written certification set forth in Section 6 below with respect to this Award and subject to Section 8(d) (if applicable).

(b) Death or PSU Disability. If the Participant dies or incurs a PSU Disability while employed by the Company or its Subsidiaries prior to the Service Vesting Date, the Participant's vested Performance Share Units shall be paid within thirty (30) days following the date of the Participant's death or PSU Disability.

(c) PSU Change in Control. Upon the occurrence of an event that is a PSU Change in Control, the Participant's vested Performance Share Units shall be paid on or within thirty (30) days following the date of such PSU Change in Control.

4. Committee Discretion. The Committee, in its absolute discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Performance Share Units at any time; provided that, the time or schedule of any amount to be settled pursuant to the terms of this Agreement that provides for the deferral of compensation under Section 409A, may not be accelerated except as otherwise permitted under Section 409A. The Committee has complete and full discretionary authority to make all decisions and determinations under this Agreement, and all decisions and determinations by the Committee will be final and binding upon all persons, including, but not limited to, the Participant and his/her personal representatives, heirs and assigns.

5. Death of Participant. Any distribution or delivery to be made to the Participant under this Agreement shall, if the Participant is then deceased, be made to the Participant's designated beneficiary, or if no beneficiary survives the Participant, the Participant does not designate any beneficiary or the Committee does not permit beneficiary designations, to the administrator or executor of the Participant's estate. Any designation of a beneficiary by the Participant shall be effective only if such designation is made in a form and manner acceptable to the Committee. Any such permitted transferee upon the Participant's death must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

6. Code Section 162(m). This Award is not intended to comply with the requirements of Code Section 162(m). Before an award is paid to the Participant, the Committee will certify, in writing, the number of Performance Share Units awarded to the Participant, and the decision of the Committee shall be conclusive and binding.

7. Code Section 409A. Performance Share Units are generally intended to be exempt from Section 409A as short-term deferrals and, accordingly, the terms of this Agreement shall be construed to preserve such exemption. To the extent that Performance Share Units granted under

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this Agreement are subject to the requirements of Section 409A, this Agreement shall be interpreted and administered in accordance with the intent that the Participant not be subject to tax under Section 409A. Neither the Company nor any of its Subsidiaries shall be liable to any Participant (or any other individual claiming a benefit through the Participant) for any tax, interest, or penalties the Participant might owe as a result of participation in the Plan, and the Company and its Subsidiaries shall have no obligation to indemnify or otherwise protect the Participant from the obligation to pay any taxes pursuant to Section 409A, unless otherwise specified.

8. Settlement of Performance Share Units.

( a ) Status as a Creditor. Unless and until Performance Share Units have vested in accordance with Section 2 above and become payable under Section 3 above, the Participant will have no settlement right with respect to any Performance Share Units. Prior to settlement of any vested Performance Share Units, the vested Performance Share Units will represent an unfunded and unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. The Participant is an unsecured general creditor of the Company, and settlement of Performance Share Units is subject to the claims of the Company's creditors.

(b) Form of Settlement. Performance Share Units will be settled in the form of Shares of Class A Stock. Fractional Shares will not be issued upon the vesting of Performance Share Units. In the event that a fractional Share is owed to the Participant, instead of paying such fractional Share, the Company shall round up the Shares that are payable to the Participant to the nearest whole number. Upon issuance, Shares will be electronically transferred to an account in the Participant's name at the provider then administering the Plan as it relates to the Performance Share Units.

( c ) Clawback. If the Company subsequently determines that it is required by law to include an additional "clawback" or "recoupment" provision to outstanding awards, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or recoupment provision shall automatically apply to this Award, as applicable, as if it had been included on the Date of Grant.

( d ) Execution of Separation Agreement and Release. The Company may require, in its sole discretion, that Shares to be delivered as a result of the Participant's Retirement, if any, shall only be delivered if the Participant executes and delivers to the Company, a full general release, in a form acceptable to the Company, releasing all claims, known or unknown, that the Participant may have through the date of such release against the Company or its affiliates and such release becoming legally effective and not subject to revocation within thirty (30) days following the Participant's termination of employment. To the extent applicable, if the requirements of the preceding sentence have not been met, the participant will not be entitled to receive any Shares under any Performance Share Units that would otherwise vest as a result of the Participant's Retirement. The provisions of this Section 8(d) shall not affect the timing of the issuance of Shares provided under Section 3(a).

9 . Dividend Equivalents. During the period beginning on the Date of Grant and ending on the date that Shares are issued in settlement of vested Performance Share Units, the Participant will accrue dividend equivalents on Performance Share Units equal to any cash dividend or cash

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distribution that would have been paid on the Performance Share Unit had that Performance Share Unit been an issued and outstanding Share of Class A Common Stock on the record date for the dividend or distribution. Such accrued dividend equivalents (i) will vest and become payable upon the same terms and at the same time of settlement as the Performance Share Unit to which they relate (and will be payable with respect to any Shares that are issued or that are withheld pursuant to Section 10 in order to satisfy Participant's Tax Liability), (ii) will be denominated and payable solely in cash and paid in such manner as the Company deems appropriate, and (iii) will not bear or accrue interest. Dividend equivalent payments, at settlement, will be net of applicable federal, state and local withholding taxes as provided in Section 10. Upon the forfeiture of the Performance Share Units, any accrued dividend equivalents attributable to such Performance Share Units will also be forfeited.

10. Tax Liability and Withholding. The Company or one of its Subsidiaries shall assess and withhold any federal, state or local income taxes, social security taxes, or other employment withholding taxes that may arise or be applicable in connection with the Participant's participation in the Plan, including, without limitation, any tax liability associated with the grant or vesting of the Performance Share Units or sale of the underlying Shares (the "Tax Liability"). These requirements may change from time to time as laws or interpretations change. Regardless of the Company's or the Subsidiary's actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant's sole responsibility and liability.

The Participant acknowledges that the Company's obligation to issue or deliver Shares shall be subject to satisfaction of the Tax Liability. Unless otherwise determined by the Company, withholding obligations (other than with respect to dividend equivalents) shall be satisfied by having the Company or one of its Subsidiaries withhold all or a portion of any Shares that otherwise would be issued to the Participant upon settlement of the vested Performance Share Units; provided that amounts withheld shall not exceed the amount necessary to satisfy the Company's tax withholding obligations. Such withheld Shares shall be valued based on the Fair Market Value as of the date the withholding obligations are satisfied. The Company or one of its Subsidiaries may also satisfy the Tax Liability by deduction from the Participant's wages or other cash compensation paid to the Participant by the Company or the Subsidiary. If the Company or a Subsidiary does not elect to have withholding obligations satisfied by either withholding Shares or by deduction from the Participant's wages or other compensation paid to the Participant by the Company or the Subsidiary, the Participant agrees to pay the Company or the Subsidiary the amount of the Tax Liability in cash (or by check) as directed by the Company or the Subsidiary. Notwithstanding anything to the contrary in the Plan, the Participant shall not be entitled to satisfy any Tax Liability or withholding obligations that arise as a result of this Agreement by delivering to the Company any shares of capital stock of the Company.

11. Rights as Stockholder. Neither the Participant nor any person claiming under or through the Participant shall have any of the rights or privileges of a stockholder of the Company in respect of any Performance Share Units (whether vested or unvested) or underlying Shares unless and until such Performance Share Units vest and the corresponding Shares are issued. After such issuance, the Participant shall have the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares, if any.

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12. Acknowledgments. The Participant acknowledges and agrees to the following:

- (a) The Plan is discretionary in nature and the Committee may amend, suspend, or terminate it at any time.
  - (b) The grant of the Performance Share Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Share Units, or benefits in lieu of the Performance Share Units, even if the Performance Share Units have been granted repeatedly in the past.
  - (c) All determinations with respect to future Performance Share Units, if any, including, but not limited to, the times when Performance Share Units shall be granted or when Performance Share Units shall vest, will be at the sole discretion of the Committee.
  - (d) The Participant's participation in the Plan is voluntary.
  - (e) The future value of the Shares is unknown and cannot be predicted with certainty.
  - (f) No claim or entitlement to compensation or damages arises from the termination or forfeiture of the Award, termination of the Plan, or diminution in value of the Performance Share Units or Shares, and the Participant irrevocably releases the Company and its Subsidiaries from any such claim that may arise.
  - (g) Neither the Plan nor the Performance Share Units shall be construed to create an employment relationship where any employment relationship did not otherwise already exist.
  - (h) Nothing in this Agreement or the Plan shall confer upon the Participant any right to continue to be employed by the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company or the Subsidiary, which are hereby expressly reserved, to terminate the employment of the Participant under applicable law.
  - (i) The transfer of the employment of the Participant between the Company and any one of its Subsidiaries (or between Subsidiaries) shall not be deemed a termination of service.
  - (j) Nothing in this Agreement shall affect the Participant's right to participate in and receive benefits under and in accordance with the then current provisions of any pension, insurance or other employee welfare plan or program of the Company or any Subsidiary in which the Participant is entitled to participate.
  - (k) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.
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(l) The Company reserves the right to impose other requirements on participation in the Plan, on the Performance Share Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local laws and Rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

13. Changes in Stock. In the event that as a result of a stock dividend, stock split, reclassification, recapitalization, combination of Shares or the adjustment in capital stock of the Company or otherwise, or as a result of a merger, consolidation, spin-off or other reorganization, the Company's Class A Stock shall be increased, reduced or otherwise changed, the Performance Share Units shall be adjusted automatically consistent with such change to prevent substantial dilution or enlargement of the rights granted to, or available for, the Participant hereunder.

14. Address for Notices. All notices to the Company shall be in writing and sent to the Company's General Counsel at the Company's corporate headquarters. Notices to the Participant shall be addressed to the Participant at the address as from time to time reflected in the Company's employment records as the Participant's address.

15. Transferability. The Participant shall have no right to sell, assign, transfer, pledge or otherwise encumber the Performance Share Units in any manner. Shares may be sold, assigned, transferred or encumbered only after they are issued to the Participant upon settlement. Following the settlement and issuance of Shares, in the event the Company permits the Participant to arrange for a sale of Shares through a broker or another designated agent of the Company, the Participant acknowledges and agrees that the Company may block any such sale and/or cancel any order to sell placed by the Participant, in each case if the Participant is not then permitted under the Company's insider trading policy to engage in transactions with respect to securities of the Company. If the Committee determines that the ability of the Participant to sell or transfer Shares is restricted, then the Company may notify the Participant in accordance with Section 14 of this Agreement. The Participant may only sell such Shares in compliance with such notification from the Company.

16. Binding Agreement. Subject to the limitation on the transferability of this Award contained herein, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

17. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. Capitalized terms not defined in this Agreement shall have the respective meanings given to such terms in the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan shall govern.

18. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, United States of America, regardless of the law that might be applied under principles of conflict of laws.

19. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

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20. Severability. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

21. Modifications to this Agreement. This Agreement constitutes the entire understanding of the parties on the subjects covered. The Participant expressly warrants that he or she is not executing this Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Agreement can be made only in an express written contract executed by a duly authorized officer of the Company.

22. Amendment, Suspension or Termination of the Plan. By accepting this Award, the Participant expressly warrants that he or she has received a right to a Performance Share Unit under the Plan, and has received, read, and understood a description of the Plan. The Participant understands that the Plan is discretionary in nature and may be modified, suspended, or terminated by the Company at any time.

23. Compliance with Laws and Regulations; General Restrictions on Delivery of Shares. The Participant understands that the vesting of the Performance Share Units under the Plan and the issuance, transfer, assignment, sale, or other dealings of the Shares shall be subject to compliance by the Company (or any Subsidiary) and the Participant with all applicable requirements under the laws and Rules of the country of which the Participant is a resident. Furthermore, the Participant agrees that he or she will not acquire Shares pursuant to the Plan except in compliance with the laws and Rules of the country of which the Participant is a resident.

The Company shall not be required to transfer or deliver any Shares, dividends, dividend equivalents or distributions relating to such Shares until it has been furnished with such opinions, representations or other documents as it may deem necessary or desirable, in its discretion, to ensure compliance with any law or Rules of the Securities and Exchange Commission or any other governmental authority having jurisdiction under the Plan or over the Company, the Participant, or the Shares or any interests therein. The award of Performance Share Units evidenced by this Agreement is also subject to the condition that, if at any time the Committee administering the Plan shall determine, in its discretion, that the listing, registration or qualification of the Shares (or any capital stock distributed with respect thereto) upon the New York Stock Exchange (or any other securities exchange or trading market) or under any United States state or Federal law or other applicable Rule, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of the Performance Share Units evidenced by this Agreement or the issuance, transfer or delivery of the Shares (or the payment of any dividends, dividend equivalents or other distributions related to the Shares), the Company shall not be required to transfer or deliver any Shares, dividends, dividend equivalents or distributions relating to such Shares unless such listing, registration, qualification, consent or approval shall have been effected or obtained to the complete satisfaction of the Committee and free of any conditions not acceptable to the Committee.

24. Electronic Delivery and Execution. The Participant hereby consents and agrees to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, plan documents, prospectus and prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of

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communications) in connection with this and any other Award made or offered under the Plan. The Participant understands that, unless revoked by the Participant by giving written notice to the Company pursuant to the Plan, this consent will be effective for the duration of this Agreement. The Participant also understands that he or she will have the right at any time to request that the Company deliver written copies of any and all materials referred to above. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and agrees that his or her electronic signature is the same as, and will have the same force and effect as, his or her manual signature. The Participant consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

2.5. Authorization to Release and Transfer Necessary Personal Information. The Participant hereby explicitly and unambiguously consents to the collection, use, processing and transfer of personal data. The Company, and its Subsidiaries hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Company and its related entities may transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company and its related entities may each further transfer Data to any third parties assisting the Company or any such related entity in the implementation, administration and management of the Plan. The Participant acknowledges that the transferors and transferees of such Data may be located anywhere in the world and hereby authorizes each of them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or to other third party with whom the Participant may elect to deposit any Shares acquired under the Plan (whether pursuant to the Award or otherwise). The Participant further acknowledges that withdrawal of consent may affect his or her ability to vest in or realize benefits from the Performance Share Units, and his or her ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her human resources representative.

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**SCHEDULE A**

The number of Performance Share Units to which the Participant will be entitled if the Participant satisfies the applicable service requirements will be calculated by the Committee based on the Company's "Relative Total Stockholder Return" (as defined below). Specifically, the Committee shall calculate the number of vested Performance Share Units for the Participant if the Participant satisfies the applicable service requirements by multiplying the Participant's Target Number of Performance Share Units by the applicable percentage determined as set forth below based on the Company's Relative Total Stockholder Return results for the specified period. As noted in the Terms and Conditions to this Agreement, special rules apply under certain circumstances, such as death, PSU Disability, PSU Change in Control and Retirement.

The following table shall apply for calculating this Award:

**Relative Total Stockholder Return Over the Company's 20\_\_-20\_\_ Fiscal Years**

<b><u>25<sup>th</sup> Percentile</u></b>	<b><u>33.3<sup>ths</sup> Percentile</u></b>	<b><u>50<sup>th</sup> Percentile</u></b>	<b><u>62.5<sup>ths</sup> Percentile</u></b>	<b><u>75<sup>th</sup> Percentile</u></b>
25%	50%	100%	150%	200%

The maximum percentage by which the Participant's Target Number of Performance Share Units is multiplied cannot exceed 200%, and no Performance Share Units shall vest unless the Company's Relative Total Stockholder Return performance for the specified period is equal to or greater than the level required to earn an award of 25% of the Participant's Target Number of Performance Share Units.

If the Company's Relative Total Stockholder Return performance falls between designated levels of performance set forth in the above table, the percentage by which the Participant's Target Number of Performance Share Units is multiplied will be calculated by linear interpolation.

Relative Total Stockholder Return shall mean the percentile ranking of the Company's Total Stockholder Return (as defined below) measured relative to each company in the Comparator Group's Comparator Total Stockholder Return (as defined below) during the period from March 1, 20\_\_ through February \_\_, 20\_\_ (the "Valuation Period"). The Comparator Group shall consist of those companies that are included in the S&P 500 Index during both the last ten (10) trading days of the Company's 20\_\_ fiscal year (ending February \_\_, 20\_\_) and the last ten (10) trading days of the Company's 20\_\_ fiscal year (ending February \_\_, 20\_\_) and only relates to the class of stock included in that index.

The percentile ranking of the Company's Relative Total Stockholder Return shall be that fraction which is calculated by dividing the number of companies in the Comparator Group whose Comparator Total Stockholder Return performance is exceeded by the Company (based on the Total Stockholder Return) by the total number of companies in the Comparator Group.

Except as noted in this Schedule A, no adjustments for Extraordinary Items shall be made when calculating Relative Total Stockholder Return.

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Total Stockholder Return shall mean the percentage rate of growth during the Valuation Period of an investment of \$1,000 in shares of Class A Common Stock on the first day of the Valuation Period, assuming reinvestment of all dividends paid during the Valuation Period and adjusted in an equitable manner for any material stock splits, reverse stock splits or similar transactions.

Comparator Total Stockholder Return for an applicable company in the Comparator Group shall mean the percentage rate of growth during the Valuation Period of an investment of \$1,000 in shares of the common stock of the applicable company in the Comparator Group on the first day of the Valuation Period, assuming reinvestment of all dividends paid during the Valuation Period and adjusted in an equitable manner for any material stock splits, reverse stock splits or similar transactions.

Total Stockholder Return for the Company or any applicable company in the Comparator Group shall be measured based on the average Fair Market Value of the applicable share of stock for the last ten (10) trading days prior to the commencement of the Company's 20\_\_ fiscal year on March 1, 20\_\_ as compared to the average Fair Market Value of the same shares for the last ten (10) trading days of the Company's 20\_\_ fiscal year ending on February \_\_, 20\_\_. The Fair Market Value of the Company's Class A Common Stock or of a share of the common stock of a company in the Comparator Group shall mean the closing price of a share of that stock on the New York Stock Exchange or other national stock exchange on which that stock is actively traded for that date as reported in the Wall Street Journal, Eastern Edition or such other standard reference service as the Committee may select.

SECOND AMENDMENT TO TRANSITION SERVICES AGREEMENT AND WAIVER

This SECOND AMENDMENT TO TRANSITION SERVICES AGREEMENT AND WAIVER, dated as of May 5, 2015 (this “Second Amendment and Waiver”), is entered into by and between Anheuser-Busch InBev SA/NV, a public company organized under the laws of Belgium (“Seller”), and Constellation Brands, Inc., a Delaware corporation (the “Purchaser” and, together with Seller, each a “Party” and collectively, the “Parties”).

WITNESSETH:

WHEREAS, Seller and Purchaser are parties to that certain Transition Services Agreement, dated as of June 7, 2013 (the “Original Execution Date”) (as amended by that certain First Amendment to Transition Services Agreement, dated as of December 16, 2014, and as may be further amended, modified or supplemented from time to time in accordance with its terms, the “Agreement”);

WHEREAS, Seller and Purchaser, having collectively the requisite power and authority to amend the Agreement, desire to amend the Agreement as provided in this Second Amendment and Waiver; and

WHEREAS, each of the Parties desires to make certain acknowledgments and waive certain rights under Schedule 3.02(a)(i) of the Agreement (as applicable) with respect to the Monthly Bottle Allocation for the months of [\*\*\*\*] as provided in this Second Amendment and Waiver.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree:

1. Definitions. Capitalized terms used but not defined herein shall have the same meanings given to them in the Agreement, unless context otherwise requires.

2. Waiver. Effective as of the date hereof, (i) each of the Parties acknowledges and agrees that for [\*\*\*\*], the Company did not order and ABI did not deliver, the volumes for bottles set forth in the Agreement, and (ii) ABI waives its rights under Schedule 3.02(a)(i) of the Agreement solely with respect to Purchaser’s obligations to pay the Price specified in the Agreement for Monthly Bottle Allocation for the months of [\*\*\*\*], and the Company waives its rights under the Agreement to receive the volumes set forth in the Agreement for [\*\*\*\*]. Rather, it is acknowledged and agreed that the actual volume of bottles ordered by the Company and delivered by ABI for the months of [\*\*\*\*] are as set forth on Annex A of this Second Amendment and Waiver.

3. Amendments to the Agreement.

(a) Effective as of the date hereof, Annex A of this Second Amendment and Waiver shall be attached to the Agreement as a new Schedule 3.02(a)(iii) to the Agreement.

[\*\*\*\*] Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits information subject to the confidentiality request. Omissions are designated with brackets containing asterisks. As part of our confidential treatment request, a complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

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(b) Effective as of [\*\*\*\*], paragraph (c) of the “Volume Requirement” section of Schedule 3.02(a)(i) to the Agreement is hereby amended by appending the following at the end of that paragraph:

[\*\*\*\*]

(c) Effective as of the date hereof, Section 2.04(e) shall be amended by entirely deleting such section and replacing it with the following:

“(e) with respect to each Supply Service, the date that is 36 months from the date of this Agreement, except with respect to the Supply Service in regards of glass bottles, which shall terminate as of [\*\*\*\*].”

4. Effect of Amendment. This Second Amendment and Waiver shall not constitute an amendment or waiver of any provision of the Agreement except as expressly stated herein. Except as expressly amended hereby, the provisions of the Agreement shall remain unchanged and shall continue to be, and shall remain, in full force and effect in accordance with its terms and for the avoidance of doubt, (a) all references in the Agreement to “the date hereof”, “herein” or “the date of this Agreement” shall refer to the Original Execution Date and (b) any representations and warranties set forth in the Agreement made by Purchaser and Seller shall not change as a result of the execution of this Second Amendment and Waiver and shall be made as of the Original Execution Date, in each of the foregoing clauses (a) and (b) unless expressly indicated otherwise in this Second Amendment and Waiver.

5. General Provisions. Sections 1.02, 7.02, 7.03, 7.05, 7.06, 7.07, 7.08, 7.09, 7.12 and 7.13 of the Agreement shall apply, *mutatis mutandis*, to this Second Amendment and Waiver.

[Signature Page Follows]

[\*\*\*\*] Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits information subject to the confidentiality request. Omissions are designated with brackets containing asterisks. As part of our confidential treatment request, a complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

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IN WITNESS WHEREOF, the Parties have executed or caused this Second Amendment and Waiver to be duly executed as of the date first written above.

ANHEUSER-BUSCH INBEV SA/NV

By: /s/ Jo Van Biesbroeck  
Name: Jo Van Beisbroeck  
Title: Chief Strategy Officer

By: /s/ Benoit Loore  
Name: Benoit Loore  
Title: VP Corporate Governance  
Assistant Corporate Secretary

CONSTELLATION BRANDS, INC.

By: /s/ F. Paul Hetterich  
Name: F. Paul Hetterich  
Title: Executive Vice President, Business  
Development and Corporate Strategy

*[Signature Page to Second Amendment to Transition Services Agreement and Waiver]*

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ANNEX A

SCHEDULE 3.02(a)(iii)

Monthly Bottle Allocation

Month	Number of [****] Bottles	Number of [****] Bottles
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]
[****]	[****]	[****]

[\*\*\*\*] Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits information subject to the confidentiality request. Omissions are designated with brackets containing asterisks. As part of our confidential treatment request, a complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

**CONSTELLATION BRANDS, INC. AND SUBSIDIARIES**  
**STATEMENT OF COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES** <sup>(a)</sup>  
(in millions of dollars)

	For the Three Months Ended		For the Fiscal Years Ended				
	May 31, 2015	May 31, 2014	February 28, 2015	February 28, 2014	February 28, 2013	February 29, 2012	February 28, 2011
<b>Earnings:</b>							
Income before income taxes	\$ 350.8	\$ 306.3	\$ 1,179.6	\$ 2,202.3	\$ 516.4	\$ 534.0	\$ 551.0
Plus fixed charges	82.0	89.1	352.3	337.5	239.4	194.0	208.3
Less interest capitalized	(3.0)	(1.0)	(8.2)	(0.9)	—	—	(0.3)
Earnings, as adjusted	<u>\$ 429.8</u>	<u>\$ 394.4</u>	<u>\$ 1,523.7</u>	<u>\$ 2,538.9</u>	<u>\$ 755.8</u>	<u>\$ 728.0</u>	<u>\$ 759.0</u>
<b>Fixed Charges:</b>							
Interest on debt and capitalized leases, amortization of debt issuance costs, and amortization of discount on debt <sup>(b)</sup>	\$ 80.9	\$ 87.9	\$ 347.7	\$ 332.2	\$ 234.3	\$ 188.0	\$ 200.5
Interest element of rentals	1.1	1.2	4.7	5.3	5.1	6.0	7.8
Total fixed charges	<u>\$ 82.0</u>	<u>\$ 89.1</u>	<u>\$ 352.4</u>	<u>\$ 337.5</u>	<u>\$ 239.4</u>	<u>\$ 194.0</u>	<u>\$ 208.3</u>
Ratio of Earnings to Fixed Charges	<u>5.2x</u>	<u>4.4x</u>	<u>4.3x</u>	<u>7.5x</u>	<u>3.2x</u>	<u>3.8x</u>	<u>3.6x</u>

<sup>(a)</sup> For the purpose of calculating the ratio of earnings to fixed charges, “earnings” represent income before income taxes (adjusted, as appropriate, for equity in earnings of equity method investees) plus fixed charges less interest capitalized. “Fixed charges” consist of interest expensed and capitalized, amortization of debt issuance costs, amortization of discount on debt, and the portion of rental expense which management believes is representative of the interest component of lease expense.

<sup>(b)</sup> The Company’s policy is to classify interest expense recognized on uncertain tax positions as income tax expense. The Company has excluded interest expense recognized on uncertain tax positions from the Ratio of Earnings to Fixed Charges.

**RULE 13a-14(a)/15d-14(a) CERTIFICATION  
OF CHIEF EXECUTIVE OFFICER**

**Constellation Brands, Inc.  
Form 10-Q for Fiscal Quarter Ended May 31, 2015**

I, Robert Sands, certify that:

1. I have reviewed this report on Form 10-Q of Constellation Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 9, 2015

/s/ Robert Sands

Robert Sands

President and Chief Executive Officer



**RULE 13a-14(a)/15d-14(a) CERTIFICATION  
OF CHIEF FINANCIAL OFFICER**

**Constellation Brands, Inc.  
Form 10-Q for Fiscal Quarter Ended May 31, 2015**

I, David Klein, certify that:

1. I have reviewed this report on Form 10-Q of Constellation Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 9, 2015

/s/David Klein

David Klein

Executive Vice President and Chief Financial Officer

**SECTION 1350 CERTIFICATION  
OF CHIEF EXECUTIVE OFFICER**

**Constellation Brands, Inc.  
Form 10-Q for Fiscal Quarter Ended May 31, 2015**

In connection with the Constellation Brands, Inc. Quarterly Report on Form 10-Q for the Fiscal Quarter Ended May 31, 2015, I, Robert Sands, certify pursuant to 18 U.S.C. Section 1350 that, to the best of my knowledge:

1. The Quarterly Report on Form 10-Q for the Fiscal Quarter Ended May 31, 2015 of Constellation Brands, Inc. fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the periodic report on Form 10-Q for the Fiscal Quarter Ended May 31, 2015 of Constellation Brands, Inc. fairly presents, in all material respects, the financial condition and results of operations of Constellation Brands, Inc.

Dated: July 9, 2015

/s/ Robert Sands

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Robert Sands,  
President and Chief Executive Officer

**SECTION 1350 CERTIFICATION  
OF CHIEF FINANCIAL OFFICER**

**Constellation Brands, Inc.  
Form 10-Q for Fiscal Quarter Ended May 31, 2015**

In connection with the Constellation Brands, Inc. Quarterly Report on Form 10-Q for the Fiscal Quarter Ended May 31, 2015, I, David Klein, certify pursuant to 18 U.S.C. Section 1350 that, to the best of my knowledge:

1. The Quarterly Report on Form 10-Q for the Fiscal Quarter Ended May 31, 2015 of Constellation Brands, Inc. fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the periodic report on Form 10-Q for the Fiscal Quarter Ended May 31, 2015 of Constellation Brands, Inc. fairly presents, in all material respects, the financial condition and results of operations of Constellation Brands, Inc.

Dated: July 9, 2015

/s/ David Klein

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David Klein,  
Executive Vice President and  
Chief Financial Officer