

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 28, 2020

CONSTELLATION BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-08495
(Commission
File Number)

16-0716709
(IRS Employer
Identification No.)

207 High Point Drive, Building 100, Victor, NY 14564
(Address of principal executive offices) (Zip Code)

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

Not Applicable

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock	STZ	New York Stock Exchange
Class B Common Stock	STZ.B	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

On May 28, 2020, Constellation Brands, Inc. (“Constellation”) issued a news release announcing that in connection with Federal Trade Commission (“FTC”) review, Constellation and E. & J. Gallo Winery (“Gallo”) have further revised their agreement that was originally announced on April 3, 2019, and previously agreed to be modified on December 11, 2019, in response to additional FTC areas of competitive concern primarily related to production for sparkling wine.

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

Item 8.01 Other Events.

On May 28, 2020, Constellation announced that subject to FTC review, Constellation and Gallo have amended and restated their agreement originally announced on April 3, 2019, and previously agreed to be modified on December 11, 2019, pursuant to which Gallo would acquire a portion of Constellation’s wine and spirits portfolio principally priced at \$11 retail and below, including certain related facilities located in California, New York, and Washington. The additional modifications to the transaction (the “Further Modified Transaction”) respond to competitive concerns raised by the FTC primarily related to production for sparkling wine. This new modified agreement terminates and supersedes the binding letter agreement between Constellation and Gallo announced on December 11, 2019 and, among other revisions, excludes from the transaction Constellation’s Mission Bell facility and certain related real estate, equipment, contracts, and employees. As a result of the Further Modified Transaction, the parties have adjusted the transaction price to approximately \$1.03 billion, subject to closing adjustments, which amount is inclusive of \$250 million of contingent consideration which Constellation could earn if certain brand performance provisions are met over a two-year period following transaction close. Constellation will either keep the assets removed from the transaction with Gallo or will divest them to third parties. The entirety of the Further Modified Transaction, including any proposed divestitures, remains subject to FTC review and clearance.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements. All statements other than statements of historical fact are forward-looking statements. The word “expect,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These statements may relate to business strategy, future operations, prospects, plans and objectives of management, as well as information concerning expected actions of third parties. All forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements.

The forward-looking statements are based on management’s current expectations and should not be construed in any manner as a guarantee that such results will in fact occur or will occur on the timetable contemplated hereby. Consummation of the Further Modified Transaction is subject to governmental review and approvals, regulatory clearances, and the satisfaction of other routine and customary closing conditions. There can be no assurance that the Further Modified Transaction will occur or will occur on its contemplated terms or on any specific timetable, nor is there any guarantee that Constellation will earn any incremental contingent consideration payment if the Further Modified Transaction is consummated. All forward-looking statements speak only as of the date of this Current Report on Form 8-K and Constellation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In addition to risks and uncertainties associated with ordinary business operations, the forward-looking statements contained in this Current Report on Form 8-K are subject to other risks and uncertainties, including completion of the announced Further Modified Transaction on the expected terms and conditions; regulatory requirements; actual purchase price adjustments and other actual closing costs; the actual performance of brands whose performance is relevant for determination of the incremental contingent consideration payment opportunity; the accuracy of all other projections and estimates; and other factors and uncertainties disclosed from time-to-time in Constellation Brands, Inc.'s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended February 29, 2020, which could cause actual future performance to differ from current expectations.

Item 9.01 Financial Statements and Exhibits.

For the exhibit that is furnished herewith, see the Index to Exhibits immediately following.

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
(99)	ADDITIONAL EXHIBITS
(99.1)	News Release of Constellation Brands, Inc. dated May 28, 2020.
(104)	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

Date: May 28, 2020

CONSTELLATION BRANDS, INC.

By: /s/ Garth Hankinson
Garth Hankinson
Executive Vice President and
Chief Financial Officer



PRESS RELEASE

#WORTHREACHINGFOR |  

CONSTELLATION BRANDS AND E. & J. GALLO FURTHER REVISE WINE AND SPIRITS AGREEMENT IN CONNECTION WITH FEDERAL TRADE COMMISSION REVIEW PROCESS

- The revised agreement announced in December 2019 is amended to address additional FTC areas of competitive concern primarily related to production for Sparkling Wine.
- Constellation's Mission Bell facility is excluded from the transaction in response to concerns related to the production of the brands excluded from the December 2019 revised agreement.
- The transaction price is revised to approximately \$1.03 billion, of which \$250 million is an earnout based on divested brand performance over a two-year period.
- The transaction is expected to close in the second quarter of fiscal 2021, subject to FTC review.

VICTOR, N.Y., May 28, 2020 - Constellation Brands, Inc. (NYSE: STZ and STZ.B), a leading beverage alcohol company, announced today that it and E. & J. Gallo Winery have further revised their original transaction to divest a portion of Constellation's wine and spirits portfolio principally priced at \$11 retail and below, including certain related facilities located in California, New York, and Washington. The new agreement amends and restates the original agreement announced in April 2019 and the revised agreement announced in December 2019.

Constellation's Mission Bell facility and certain related real estate, equipment, contracts, and employees are now excluded from the transaction. The revised agreement was amended to support Constellation's production needs following its decision to retain Cook's California Champagne and J. Roget American Champagne. Excluding the Mission Bell facility and related assets from the transaction results in an adjusted transaction price of approximately \$1.03 billion, subject to closing adjustments, of which \$250 million is an earnout if brand performance provisions are met over a two-year period after closing. The revised transaction is expected to close in the second quarter of fiscal 2021 and is subject to FTC review and clearance. Constellation also expects to close its separate but related transaction with Gallo to divest the New Zealand-based Nobilo Wine brand and related assets for \$130 million, by the end of the second quarter of fiscal 2021, subject to FTC review and clearance.

"This move puts us one step closer to finalizing this transaction," said Bill Newlands, president and chief executive officer, Constellation Brands. "We continue to work in collaboration with Gallo to satisfy all FTC obligations, and both companies remain fully committed to closing the transaction. Our wine and spirits transformation strategy continues to gain traction and we look forward to closing this transaction in the coming months."

FORWARD-LOOKING STATEMENTS

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

The forward-looking statements are based on management's current expectations and should not be construed in any manner as a guarantee that such results will in fact occur or will occur on any contemplated timetable. All forward-looking statements speak only as of the date of this news release and Constellation Brands undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The revised transaction and the Nobile transaction are each subject to the satisfaction of certain closing conditions, including the receipt of required regulatory clearances and governmental approvals. The Nobile transaction is also conditioned on completion of the revised transaction. There can be no assurance that the revised transaction or the Nobile transaction will occur or will occur on the terms or timetables contemplated hereby, that Constellation Brands will receive any earnout (contingent consideration), or that Constellation Brands will successfully monetize certain assets.

In addition to risks and uncertainties associated with ordinary business operations, the forward-looking statements contained in this news release are subject to other risks and uncertainties, including completion of the revised transaction and the Nobile transaction on the expected terms, conditions and timetables; regulatory requirements; actual purchase price adjustments and other actual closing adjustments; the actual market performance of brands included in the contingent consideration payment opportunity; the accuracy of all projections; and other factors and uncertainties disclosed from time-to-time in the company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended February 29, 2020, which could cause actual future performance to differ from current expectations.

ABOUT CONSTELLATION BRANDS

At Constellation Brands (NYSE: STZ and STZ.B), our mission is to build brands that people love because we believe sharing a toast, unwinding after a day, celebrating milestones, and helping people connect, are Worth Reaching For. It's worth our dedication, hard work, and the bold calculated risks we take to deliver more for our consumers, trade partners, shareholders, and communities in which we live and work. It's what has made us one of the fastest-growing large CPG companies in the U.S. at retail, and it drives our pursuit to deliver what's next.

Today, we are a leading international producer and marketer of beer, wine, and spirits with operations in the U.S., Mexico, New Zealand, and Italy. Every day, people reach for our high-end, iconic imported beer brands such as Corona Extra, Corona Light, Corona Premier, Modelo Especial, Modelo Negra, and Pacifico, and our high-quality premium wine and spirits brands, including the Robert Mondavi Brand Family, Kim Crawford, Meiomi, The Prisoner Brand Family, SVEDKA Vodka, Casa Noble Tequila, and High West Whiskey.

But we won't stop here. Our visionary leadership team and passionate employees from barrel room to boardroom are reaching for the next level, to explore the boundaries of the beverage alcohol industry and beyond. Join us in discovering what's Worth Reaching For.

To learn more, follow us on Twitter @cbrands and visit www.cbrands.com.

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