

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) April 2, 2022

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 April 4, 2022, Constellation Brands, Inc. (“Constellation” or the “Company”) issued a news release (the “release”) announcing that the Company has received a non-binding proposal (the “Proposal”) from the Sands family to declassify the Company’s common stock, a copy of which release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference. The foregoing description of the Proposal does not purport to be complete and is qualified in its entirety by reference to the text of the Proposal, a copy of which is furnished herewith as Exhibit 99.2 and is incorporated herein by reference.

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 release and the Proposal attached as Exhibit 99.1 and Exhibit 99.2, respectively, are 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 April 2, 2022, the Company received the Proposal from the Sands family to declassify the Company’s common stock. The Proposal contemplates that each share of Class B common stock would be converted into 1.35 shares of Class A common stock. It is expected that the Sands family will continue to be Constellation’s largest shareholder if a transaction were consummated on the terms proposed. According to information disclosed by the Sands family, the Proposal was not made in connection with any other corporate transaction.

According to information disclosed by the Sands family, the Proposal brings “significant benefits that would accrue to the Company and our stockholders,” including by “increas[ing] market demand from investors who prefer single-class structures.”

Constellation’s Board of Directors has established a Special Committee to evaluate the Proposal. Any definitive agreement with the Sands family with respect to the potential transaction must be approved by the Special Committee as well as the Company’s Board of Directors. In addition, pursuant to the terms of the Proposal, any potential transaction would require the approval of holders of a majority of the shares of the Company’s Class A common stock that do not also hold shares of Class B common stock.

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 business strategy, future operations and business, prospects, plans, and objectives of management and Constellation’s Board of Directors, as well as information concerning expected actions of third parties. All forward-looking statements involve risks and uncertainties that could cause actual results or events 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 or events will in fact occur. 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 the terms and conditions associated with any potential transaction; that a definitive agreement may not be entered into; that a potential transaction may not be completed at all, including because it may not receive the required approval of the Special Committee, the Board of Directors, or the Company's stockholders (including the approval of holders of a majority of the shares of the Company's Class A common stock that do not also hold shares of Class B common stock); 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 28, 2021, which could cause actual future performance or events to differ from current expectations.

Item 9.01 Financial Statements and Exhibits.

For the exhibits that are 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 April 4, 2022.
(99.2)	Proposal dated April 2, 2022.
(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: April 4, 2022

CONSTELLATION BRANDS, INC.

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



PRESS RELEASE

#WORTHREACHINGFOR | VISIT US   

CONSTELLATION BRANDS CONFIRMS RECEIPT OF PROPOSAL TO TRANSITION TO A SINGLE CLASS COMMON STOCK STRUCTURE

VICTOR, N.Y., Apr. 4, 2022— Constellation Brands, Inc. (NYSE: STZ and STZ.B), a leading beverage alcohol company, has received a non-binding proposal from the Sands Family to declassify the company’s common stock and transition to a single class common stock structure. The proposal contemplates that each share of Class B common stock would be converted into 1.35 shares of Class A common stock. It is expected that the Sands Family will continue to be Constellation’s largest shareholder if a transaction were consummated on the terms proposed. According to information disclosed by the Sands Family, the proposal was not made in connection with any other corporate transaction.

According to information disclosed by the Sands Family, the proposal brings “significant benefits that would accrue to the Company and our stockholders,” including by “increas[ing] market demand from investors who prefer single-class structures.”

Constellation’s Board of Directors has established a Special Committee to evaluate the proposal. Any definitive agreement with the Sands Family with respect to the potential transaction must be approved by the Special Committee as well as the Board of Directors. In addition, pursuant to the terms of the proposal, any potential transaction would require the approval of holders of a majority of the shares of Class A (STZ) common stock that do not also hold shares of Class B (STZ.B) common stock.

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, our fine wine and craft spirits brands, including The Prisoner Wine Company, Robert Mondavi Winery, Casa Noble Tequila, and High West Whiskey, and our premium wine brands such as Meiomi and Kim Crawford.

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.

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 business strategy, future operations and business, prospects, plans, and objectives of management and Constellation's Board of Directors, as well as information concerning expected actions of third parties. All forward-looking statements involve risks and uncertainties that could cause actual results or events 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 or events will in fact occur. All forward-looking statements speak only as of the date of this news release, 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 news release are subject to other risks and uncertainties, including the terms and conditions associated with any potential transaction; that a definitive agreement may not be entered into; that a potential transaction may not be completed at all, including because it may not receive the required approval of the Special Committee, the Board of Directors, or the company's stockholders (including the approval of holders of a majority of the shares of the company's Class A common stock that do not also hold shares of Class B common stock); 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 28, 2021, which could cause actual future performance or events to differ from current expectations.

To learn more, follow us on Twitter [@cbrands](#) and visit www.cbrands.com.

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STRICTLY CONFIDENTIAL

April 2, 2022

Board of Directors
Constellation Brands, Inc.
207 High Point Drive #100
Victor, New York

Re: Declassification Transaction Proposal

Ladies and Gentlemen:

I am writing on behalf of myself, Richard Sands and other members of our extended family and related entities (the “Family”) that collectively hold over 98% of the shares of Class B common stock of Constellation Brands, Inc. (the “Company”) to propose a declassification of the Company’s common stock on the terms described in this letter.

Specifically, we are proposing a transaction pursuant to which each share of Class B common stock would be converted into 1.35 shares of Class A common stock. The proposed transaction on such terms would reduce the aggregate voting power of the Family from approximately 59.5% to 19.7% of the Company. On these terms, our Family would be willing to relinquish the majority voting control which it has exercised since the inception of the Company. We believe the premium included in our proposal is supported by precedent transactions and appropriate given the significant benefits that would accrue to the Company and our stockholders. For example, a simplified structure would be better aligned with the “one vote per share” governance that is widely supported by corporate governance experts, and will increase market demand from investors who prefer single-class structures.

We would require that the proposed transaction be subject to specified terms and conditions to be set forth in definitive documentation, including that the completion of any such transaction be expressly conditioned on the procedures described in *Kahn v. M&F Worldwide Corp.* and its progeny. Accordingly, any consideration payable to the holders of Class B common stock in the potential transaction would (among other things) have to be approved (1) by a fully empowered special committee of independent directors of the Board of Directors of the Company and (2) by the holders of a majority of the Class A common stock that do not also hold shares of Class B common stock. The Family, in their capacity as holders of Class B common stock, will not pursue any transaction not expressly conditioned on these procedures. Our proposal also contemplates that the Company would fully indemnify and reimburse the Family with respect to its participation in the transaction, including its out-of-pocket expenses.

We are very proud of the leadership that our Family has provided to the Company over the past 70 years; just as we are pleased with the success that the Company has experienced over the past three years under the leadership of its first non-Family CEO. We believe that a declassification will help the Company continue in its growth, and that our stockholders would overwhelmingly support the proposed transaction. However, as we have stated in the past, we also would be pleased to maintain our ability to control the Company through our holdings of Class A and Class B common stock if the Board or shareholders prefer the status quo.

Please note that this letter is non-binding and any possible transaction contemplated by this letter would be subject to, among other things, negotiation of mutually acceptable definitive documentation with terms appropriate for a transaction of this type. We look forward to hearing from you, and remain committed to working with the Board for the benefit of the Company and its stockholders.

Sincerely,

/s/ Robert Sands
Robert Sands