

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

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) October 3, 2013

**CONSTELLATION BRANDS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-08495**  
(Commission  
File Number)

**16-0716709**  
(IRS Employer  
Identification No.)

**207 High Point Drive, Building 100, Victor, NY 14564**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code

**(585) 678-7100**

**Not Applicable**

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

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

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

**Item 2.02. Results of Operations and Financial Condition.**

On October 3, 2013, Constellation Brands, Inc. (the “Company”), a Delaware corporation, issued a news release (the “release”) announcing its financial condition and results of operations as of and for the second fiscal quarter ended August 31, 2013. A copy of the release is attached hereto as Exhibit 99.1 and incorporated herein by reference. The projections constituting the guidance included in the release involve risks and uncertainties, the outcome of which cannot be foreseen at this time and, therefore, actual results may vary materially from these forecasts. In this regard, see the information included in the release under the caption “Forward-Looking Statements.”

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

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

Comparable measures, organic net sales measures and constant currency measures are provided because management uses this information in monitoring and evaluating the results and underlying business trends of the continuing operations of the Company and/or in internal goal setting. In addition, the Company believes this information provides investors better insight on underlying business trends and results in order to evaluate year-over-year financial performance. As such, the following items, including any related income tax effect, are excluded from comparable results, when appropriate: the flow through of inventory step-up associated with acquisitions; other costs incurred in connection with certain restructuring activities; gains and/or losses in connection with the disposal of businesses and/or assets, including assets held for sale; transaction and related costs recognized in connection with acquisitions; a prior period adjustment for deferred compensation related to certain employment agreements; certain other selling, general and administrative costs; restructuring charges; impairments of certain intangible assets; gain on remeasurement to fair value of an equity method investment; an equity method investee’s transaction costs associated with an acquisition; and loss on write-off of financing costs. The Company acquired the Mark West wine brand and related assets (“Mark West”) on July 16, 2012. On June 7, 2013, the Company acquired the remaining 50% interest in Crown Imports LLC which it did not already own, all of the issued and outstanding interests of Compañía Cervecería de Coahuila, S. de R.L. de C.V. and of Servicios Modelo de Coahuila, S. de R.L. de C.V., and an irrevocable, fully paid license to produce in Mexico (or worldwide under certain circumstances) and exclusively import, market and sell the Mexican beer brands sold by Crown Imports LLC in the United States and Guam as of the date of the acquisition and certain extensions (collectively, the “Beer Business Acquisition”). Accordingly, during the indicated periods, organic net sales measures exclude the net sales of Mark West products and the net sales of the Beer Business Acquisition, as appropriate. Constant currency measures exclude the impact of year-over-year currency exchange rate fluctuations.

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**Item 7.01. Regulation FD Disclosure.**

On October 3, 2013, Constellation Brands, Inc. (“Constellation”) issued a news release, a copy of which is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

References to Constellation’s website in the release do not incorporate by reference the information on such website into this Current Report on Form 8-K and Constellation disclaims any such incorporation by reference. The information in the news 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. It may be incorporated by reference in another filing under the Securities Exchange Act of 1934 or the Securities Act of 1933 only if and to the extent such subsequent filing specifically references the information incorporated by reference herein.

**Item 9.01. Financial Statements and Exhibits.**

- (a) Financial statements of businesses acquired.

Not applicable.

- (b) Pro forma financial information.

Not applicable.

- (c) Shell company transactions.

Not applicable.

- (d) Exhibits.

The following exhibit is furnished as part of this Current Report on Form 8-K:

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	News Release of Constellation Brands, Inc. dated October 3, 2013.

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**SIGNATURES**

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

Date: October 3, 2013

CONSTELLATION BRANDS, INC.

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

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## INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
(1)	UNDERWRITING AGREEMENT
	Not Applicable.
(2)	PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION
	Not Applicable.
(3)	ARTICLES OF INCORPORATION AND BYLAWS
	Not Applicable.
(4)	INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES
	Not Applicable.
(7)	CORRESPONDENCE FROM AN INDEPENDENT ACCOUNTANT REGARDING NON-RELIANCE ON A PREVIOUSLY ISSUED AUDIT REPORT OR COMPLETED INTERIM REVIEW
	Not Applicable.
(14)	CODE OF ETHICS
	Not Applicable.
(16)	LETTER RE CHANGE IN CERTIFYING ACCOUNTANT
	Not Applicable.
(17)	CORRESPONDENCE ON DEPARTURE OF DIRECTOR
	Not Applicable.
(20)	OTHER DOCUMENTS OR STATEMENTS TO SECURITY HOLDERS
	Not Applicable.
(23)	CONSENTS OF EXPERTS AND COUNSEL
	Not Applicable.
(24)	POWER OF ATTORNEY
	Not Applicable.

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(99) ADDITIONAL EXHIBITS

[\(99.1\)](#) News Release of Constellation Brands, Inc. dated October 3, 2013.

(100) XBRL-RELATED DOCUMENTS

Not Applicable.

(101) INTERACTIVE DATA FILE

Not Applicable.

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## NEWS RELEASE

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CONTACTS**Media**

Angela Howland Blackwell: 585-678-7141

Cheryl Gossin: 585-678-7191

**Investor Relations**

Patty Yahn-Urlaub: 585-678-7483

Bob Czudak: 585-678-7170

**Constellation Brands Reports Second Quarter Fiscal 2014 Results**

- **Completes acquisition of Grupo Modelo's U.S. beer business; drives significant increase in second quarter sales and earnings**
- **Achieves comparable basis diluted EPS of \$0.96 and reported basis diluted EPS of \$7.74; quarterly results include lower than anticipated tax rate**
- **Updates fiscal 2014 outlook: expects comparable basis diluted EPS of \$2.80 - \$3.10 reflecting reduced tax rate guidance; expects reported basis diluted EPS of \$9.30 - \$9.60**
- **Reaffirms free cash flow projection of \$475 - \$575 million for fiscal 2014**
- **Targets effective tax rate to approximate 32 percent longer term due to beer acquisition**
- **Recognizes \$1.6 billion non-cash gain on original 50 percent interest in Crown Imports**
- **Records non-cash impairment charges of \$301 million relating to Canadian wine business**

**Second Quarter 2014 Financial Highlights\***

(in millions, except per share data)

	Comparable	% Change	Reported	% Change
Net sales	\$ 1,460	109%	\$ 1,460	109%
Operating income	\$ 352	150%	\$ 1,674	NM
Operating margin	24.1%	+400 bps	NM	NM
Equity in earnings of equity method investees**	\$ 4	-95%	\$ 4	-95%
Earnings before interest and taxes (EBIT)	\$ 356	68%	NA	NA
Net income	\$ 189	44%	\$ 1,522	NM
Diluted earnings per share	\$ 0.96	35%	\$ 7.74	NM

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

\*\*Hereafter referred to as "equity earnings."

NM=Not Meaningful

NA=Not applicable

VICTOR, N.Y., OCT. 3, 2013 – Constellation Brands, Inc. (NYSE: STZ and STZ.B), a leading beverage alcohol company, reported today its second quarter 2014 results.

“We began the quarter by closing the beer transaction and starting the process of integrating our newly acquired brewery into our operations. We are very pleased that the employees at the Nava brewery, along with the Crown team, are now fully part of the company,” said Rob Sands, president and chief executive officer, Constellation Brands. “Our beer supply chain is operating efficiently and the Crown team continues its superb marketplace execution as they achieved their 14<sup>th</sup> consecutive quarter of market share gains during the second quarter.”

#### Net Sales Commentary

The significant increase for second quarter consolidated net sales was driven by \$763 million of incremental net sales related to the consolidation of Crown. Full quarter net sales for the beer segment were \$815 million compared to \$788 million for the prior year second quarter, an increase of three percent.

“Crown had a strong summer selling season with seven percent depletion growth for the second quarter,” said Sands. “We saw excellent marketplace execution with the ‘Live it, Share it and Win it’ summer retail promotion and the accompanying TV advertising campaign, which drove improved Corona Extra and Corona Light growth trends. In addition, Modelo Especial continued to demonstrate excellent marketplace momentum posting double-digit depletion growth for the quarter.”

Wine and spirits net sales on an organic constant currency basis decreased one percent as wine volume growth was more than offset by higher promotional expense and lower spirits volume. “As previously discussed, we expect most of our growth for the wine and spirits business to be generated during the second half of the year resulting from the timing of product shipments,” said Sands. “Our investments in innovation and advertising behind new products and key focus brands position us for strong marketplace execution during the upcoming holiday selling season. Some of our successful new brands were recently honored by key industry publications including The Dreaming Tree which was named ‘Best New Wine’ by *Market Watch* and a top ‘Hot Prospect’ by *Impact*. We are also excited about the roll-out of our line-up of new brands and line extensions including Milestone, Rosatello, Hidden Crush, V.NO, SAVED and Black Velvet Cinnamon Rush.”



## Operating Income and Net Income Commentary

The increase in consolidated comparable basis operating income includes an incremental benefit of \$221 million of operating income from the consolidation of results for Crown and the new Mexican brewery since completing the beer business acquisition. Second quarter operating results for the beer business were slightly impacted by the realization of less than a full quarter of operating profits due to the timing of the close of the beer transaction. The decrease in wine and spirits operating income primarily reflects higher promotional expense and grape costs and the timing of shipments for the year.

The company's equity earnings from its original 50 percent interest in the Crown joint venture totaled \$4 million compared to \$71 million for the prior year second quarter. The decrease reflects the timing of the close of the beer acquisition.

As a result of the beer business acquisition, the company recorded a \$1.6 billion non-cash gain on the remeasurement to fair value of the company's original 50 percent interest in Crown.

Also, for second quarter, the company recorded \$301 million of charges related to non-cash impairments of goodwill and intangible assets associated with the company's acquired Canadian wine business. "Portions of our legacy Canadian portfolio have slowed since the acquisition of Vincor such as wine kits, refreshments and certain value wine brands. Going forward, we expect to concentrate our efforts in the growing higher margin import segment where we have had success with leading brands such as Kim Crawford, Woodbridge and Ruffino. We also plan to continue driving growth of our most important premium domestic wines including Jackson-Triggs and Inniskillin. Canada is a growing, healthy market and continues to be an important business for Constellation," said Sands.

Interest expense totaled \$90 million, an increase of 65 percent. The increase was primarily due to higher average borrowings driven by the financing for the beer business acquisition, partially offset by lower average interest rates.

The comparable basis effective tax rate for the second quarter was 29 percent which reflected the benefits from integrating the beer business as well as the favorable outcome of various tax items. This compares to a 16 percent tax rate for the prior year second quarter which included the benefit of higher foreign tax credits. The company now expects its fiscal year 2014 and longer term effective tax rate to approximate 32 percent due to the beer acquisition.

The reported basis effective tax rate for the second quarter was four percent which also reflected the recognition of the \$1.6 billion non-taxable gain and the non-deductible goodwill impairment charge.

#### **Free Cash Flow Commentary**

Free cash flow for the first six months of fiscal 2014 totaled \$440 million as compared to \$333 million for the same period last year. The increase was primarily due to incremental benefits from the beer business acquisition, partially offset by higher interest expense payments and lower contributions from the wine business.

“I am quite pleased with our strong free cash flow results through the second quarter. We continue to expect some acquisition related integration costs and brewery capital expansion investments to occur in the second half of this year,” said Bob Ryder, chief financial officer, Constellation Brands. “Therefore, our free cash flow guidance of \$475 million to \$575 million for fiscal 2014 remains unchanged.”

#### **Beer Business Acquisition**

The company completed its acquisition of Grupo Modelo’s U.S. beer business from Anheuser-Busch InBev for approximately \$4.75 billion on June 7, 2013. The transaction includes full ownership of Crown which provides Constellation with complete, independent control of the U.S. commercial business; a state-of-the-art brewery in Nava (Piedras Negras), Mexico; and an exclusive perpetual brand license in the U.S. to import, market and sell Corona and the other Modelo brands Crown currently sells in the U.S. market. The perpetual brand license also includes certain brands and brand extensions not currently marketed in the U.S. by Crown and the freedom to develop new brand extensions and innovations.

## Outlook

The table below sets forth management's current diluted EPS expectations for fiscal 2014 compared to fiscal 2013 actual results, both on a reported basis and a comparable basis.

	Reported Basis		Comparable Basis	
	FY14 Estimate	FY13 Actual	FY14 Estimate	FY13 Actual
<b>Fiscal Year Ending Feb. 28</b>	\$ 9.30 - \$9.60	\$ 2.04	\$ 2.80 - \$3.10	\$ 2.19

Full-year fiscal 2014 guidance also includes the following current assumptions:

- Interest expense: approximately \$325 - \$335 million
- Tax rate: approximately 11 percent on a reported basis as compared to 32 percent on a comparable basis, primarily due to the non-taxable gain on the remeasurement to fair value of the company's original 50 percent interest in Crown and the non-deductible goodwill impairment charge
- Weighted average diluted shares outstanding: approximately 199 million
- Free cash flow: approximately \$475 - \$575 million
- Capital expenditures: approximately \$200 - \$230 million

## Conference Call

A conference call to discuss second quarter 2014 results and outlook will be hosted by President and Chief Executive Officer Rob Sands and Executive Vice President and Chief Financial Officer Bob Ryder on Thurs., Oct. 3, 2013 at 10:30 a.m. (eastern). The conference call can be accessed by dialing +973-935-8505 beginning 10 minutes prior to the start of the call. A live listen-only webcast of the conference call, together with a copy of this news release (including the attachments) and other financial information that may be discussed during the call will be available on the Internet at the company's website: [www.cbrands.com](http://www.cbrands.com) under "Investors," prior to the call.

## Explanations

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

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

### **Supplemental Financial Information**

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

### **About Constellation Brands**

Constellation Brands (NYSE: STZ and STZ.B) is an S&P 500 Index and Fortune 1000® wine, beer and spirits company with more than 100 brands in its portfolio, sales in approximately 100 countries, operations in about 40 facilities and approximately 6,000 talented employees. Founded in 1945, Constellation has grown to become the world's leader in premium wine, the number one beer importer, and the number three beer company in the U.S. with brands that people love, including: Arbor Mist, Black Box, Blackstone, Clos du Bois, Estancia, Franciscan Estate, Inniskillin, Kim Crawford, Mark West, Mount Veeder, Nobilo, Ravenswood, Rex Goliath, Robert Mondavi, Ruffino, SIMI, Toasted Head, Wild Horse, Corona Extra, Corona Light, Modelo Especial, Negra Modelo, Pacifico, Tsingtao, Victoria, Black Velvet Canadian Whisky and SVEDKA Vodka.

Based in Victor, N.Y., the company believes that industry leadership involves a commitment to its brands, to the trade, to the land, to investors and to people around the world who turn to our products when celebrating big moments or enjoying quiet ones. We express this commitment through our vision: *to elevate life with every glass raised*. To learn more, visit [www.cbrands.com](http://www.cbrands.com).

### **Forward-Looking Statements**

The statements made under the heading Outlook, and all statements other than statements of historical fact set forth in this news release regarding Constellation Brands' business strategy, future operations, financial position, estimated revenues, projected costs, prospects, plans and objectives of management, as well as information concerning expected actions of third parties, are forward-looking statements (collectively, the "Projections") that involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the Projections.

During the current quarter, Constellation Brands may reiterate the Projections. Prior to the start of the company's quiet period, which will begin at the close of business on Nov. 29, 2013, the public can continue to rely on the Projections as still being Constellation Brands' current expectations on the matters covered, unless the company publishes a notice stating otherwise. During Constellation Brands' "quiet period," the Projections should not be considered to constitute the company's expectations and should be considered historical, speaking as of prior to the quiet period only and not subject to update by the company.

The Projections are based on management's current expectations and, unless otherwise noted, do not take into account the impact of any future acquisition, merger or any other business combination, divestiture, restructuring or other strategic business realignments, financing or share repurchase that may be completed after the date of this release. The Projections should not be construed in any manner as a guarantee that such results will in fact occur.

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

- brewery expansion activities take place on expected terms and timetable and receipt of any necessary regulatory approvals;
- accuracy of supply projections, including those relating to brewery expansion;
- timeframe and actual costs associated with the brewery expansion may vary from management's current expectations due to market conditions, the company's cash and debt position, and other factors as determined by management;
- the impact of and the ability to realize the anticipated benefits of acquisitions, including as a result of difficulty in integrating the businesses of the companies involved;
- final management determinations and independent appraisals, including those relating to purchase price allocation, may vary materially from current management estimates of the fair value of assets acquired and liabilities assumed in the beer business acquisition;
- the actual amount of cash payment for any beer business acquisition purchase price adjustment and certain working capital adjustments relating to the beer business acquisition may vary from management's current expectations;
- the exact duration of the share repurchase implementation and the amount and timing of any additional share repurchases;
- achievement of all expected cost savings from the company's various restructuring plans and realization of expected asset sale proceeds from the sale of inventory and other assets;
- restructuring charges and other one-time costs associated with restructuring plans may vary materially from management's current estimates due to variations in one or more of anticipated headcount reductions, contract terminations, costs or timing of plan implementation;
- raw material and water supply, production or shipment difficulties could adversely affect the company's ability to supply its customers;
- increased competitive activities in the form of pricing, advertising and promotions could adversely impact consumer demand for the company's products and/or result in lower than expected sales or higher than expected expenses;
- general economic, geo-political and regulatory conditions, prolonged downturn in the economic markets in the U.S. and in the company's major markets outside of the U.S., continuing instability in world financial markets, or unanticipated environmental liabilities and costs;
- changes to accounting rules and tax laws, and other factors which could impact the company's reported financial position, results of operations or effective tax rate;
- changes in interest rates and the inherent unpredictability of currency fluctuations, commodity prices and raw material costs;
- accuracy of the bases for forecasts relating to joint ventures and associated costs, losses, purchase obligations and capital investment requirements; and
- other factors and uncertainties disclosed in the company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended Feb. 28, 2013, which could cause actual future performance to differ from current expectations.

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

	August 31, 2013	February 28, 2013
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash investments	\$ 116.8	\$ 331.5
Accounts receivable, net	655.9	471.9
Inventories	1,643.0	1,480.9
Prepaid expenses and other	254.4	186.9
<b>Total current assets</b>	<b>2,670.1</b>	<b>2,471.2</b>
Property, plant and equipment, net	1,870.4	1,229.0
Goodwill	6,139.2	2,722.3
Intangible assets, net	3,243.9	871.4
Other assets, net	199.2	344.2
<b>Total assets</b>	<b>\$ 14,122.8</b>	<b>\$ 7,638.1</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities:</b>		
Notes payable to banks	\$ 272.1	\$ -
Current maturities of long-term debt	115.7	27.6
Accounts payable	341.2	209.0
Accrued excise taxes	27.6	18.9
Other accrued expenses and liabilities	1,054.0	422.4
<b>Total current liabilities</b>	<b>1,810.6</b>	<b>677.9</b>
Long-term debt, less current maturities	6,912.7	3,277.8
Deferred income taxes	696.8	599.6
Other liabilities	192.3	222.5
<b>Total liabilities</b>	<b>9,612.4</b>	<b>4,777.8</b>
<b>Total stockholders' equity</b>	<b>4,510.4</b>	<b>2,860.3</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 14,122.8</b>	<b>\$ 7,638.1</b>

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

	Three Months Ended		Six Months Ended	
	August 31, 2013	August 31, 2012	August 31, 2013	August 31, 2012
Sales	\$ 1,613.3	\$ 797.7	\$ 2,379.5	\$ 1,523.0
Excise taxes	(153.5)	(99.2)	(246.3)	(189.7)
<b>Net sales</b>	<b>1,459.8</b>	<b>698.5</b>	<b>2,133.2</b>	<b>1,333.3</b>
Cost of product sold	(882.8)	(413.4)	(1,300.1)	(797.6)
<b>Gross profit</b>	<b>577.0</b>	<b>285.1</b>	<b>833.1</b>	<b>535.7</b>
Selling, general and administrative expenses	(244.1)	(154.5)	(429.7)	(299.0)
Impairment of goodwill and intangible assets	(300.9)	-	(300.9)	-
Gain on remeasurement to fair value of equity method investment	1,642.0	-	1,642.0	-
<b>Operating income</b>	<b>1,674.0</b>	<b>130.6</b>	<b>1,744.5</b>	<b>236.7</b>
Equity in earnings of equity method investees	3.7	70.5	70.3	131.1
Interest expense, net	(90.3)	(54.6)	(145.1)	(105.3)
Loss on write-off of financing costs	-	-	-	(2.8)
<b>Income before income taxes</b>	<b>1,587.4</b>	<b>146.5</b>	<b>1,669.7</b>	<b>259.7</b>
Provision for income taxes	(65.4)	(21.9)	(94.8)	(63.1)
<b>Net income</b>	<b>\$ 1,522.0</b>	<b>\$ 124.6</b>	<b>\$ 1,574.9</b>	<b>\$ 196.6</b>
<b>Earnings Per Common Share:</b>				
Basic - Class A Common Stock	\$ 8.18	\$ 0.71	\$ 8.53	\$ 1.09
Basic - Class B Convertible Common Stock	\$ 7.43	\$ 0.64	\$ 7.75	\$ 0.99
<b>Diluted - Class A Common Stock</b>	<b>\$ 7.74</b>	<b>\$ 0.67</b>	<b>\$ 8.03</b>	<b>\$ 1.05</b>
Diluted - Class B Convertible Common Stock	\$ 7.11	\$ 0.62	\$ 7.38	\$ 0.96
<b>Weighted Average Common Shares Outstanding:</b>				
Basic - Class A Common Stock	164.825	154.794	163.277	158.527
Basic - Class B Convertible Common Stock	23.472	23.536	23.485	23.545
<b>Diluted - Class A Common Stock</b>	<b>196.767</b>	<b>184.640</b>	<b>196.056</b>	<b>187.458</b>
Diluted - Class B Convertible Common Stock	23.472	23.536	23.485	23.545

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

	Six Months Ended	
	August 31, 2013	August 31, 2012
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 1,574.9	\$ 196.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on remeasurement to fair value of equity method investment	(1,642.0)	-
Equity in earnings of equity method investees, net of distributed earnings	(39.1)	(0.6)
Impairment of goodwill and intangible assets	300.9	-
Depreciation of property, plant and equipment	64.1	52.4
Stock-based compensation expense	25.6	21.4
Deferred tax provision	9.6	31.9
Amortization of intangible assets	7.1	3.6
Amortization of deferred financing costs	5.0	1.2
Loss (gain) on disposal of long-lived assets, net	0.1	(0.5)
Loss on write-off of financing costs	-	2.8
Change in operating assets and liabilities, net of effects from purchase of business:		
Accounts receivable, net	8.4	(51.1)
Inventories	67.4	37.2
Prepaid expenses and other current assets	17.6	(1.0)
Accounts payable	10.4	52.5
Accrued excise taxes	(5.6)	2.9
Other accrued expenses and liabilities	59.8	3.7
Other, net	24.8	15.5
Total adjustments	(1,085.9)	171.9
<b>Net cash provided by operating activities</b>	<b>489.0</b>	<b>368.5</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of business, net of cash acquired	(4,672.9)	(159.7)
Purchases of property, plant and equipment	(49.2)	(35.6)
Proceeds from sales of assets	1.6	7.9
Proceeds from notes receivable	-	4.6
Other investing activities	1.1	(1.2)
<b>Net cash used in investing activities</b>	<b>(4,719.4)</b>	<b>(184.0)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of long-term debt	3,725.0	2,050.0
Net proceeds from (repayment of) notes payable	272.1	(358.3)
Proceeds from exercises of employee stock options	77.5	110.5
Excess tax benefits from stock-based payment awards	53.8	11.4
Proceeds from employee stock purchases	2.5	2.1
Payment of financing costs of long-term debt	(82.2)	(34.1)
Payment of minimum tax withholdings on stock-based payment awards	(18.0)	(0.5)
Principal payments of long-term debt	(9.9)	(838.0)
Payment of restricted cash upon issuance of long-term debt	-	(650.0)
Purchases of treasury stock	-	(383.0)
<b>Net cash provided by (used in) financing activities</b>	<b>4,020.8</b>	<b>(89.9)</b>
Effect of exchange rate changes on cash and cash investments	(5.1)	(1.9)
<b>Net (decrease) increase in cash and cash investments</b>	<b>(214.7)</b>	<b>92.7</b>
<b>Cash and cash investments, beginning of period</b>	<b>331.5</b>	<b>85.8</b>
<b>Cash and cash investments, end of period</b>	<b>\$ 116.8</b>	<b>\$ 178.5</b>



**Constellation Brands, Inc. and Subsidiaries**  
**RECONCILIATION OF REPORTED, ORGANIC AND CONSTANT CURRENCY NET SALES**  
(in millions)

On July 16, 2012, the company acquired the Mark West wine brand and certain related assets ("Mark West"). On June 7, 2013, the company acquired the remaining 50% equity interest in Crown Imports (the "Crown Acquisition"). On that date, the company also acquired all of the issued and outstanding membership interests of a company which owns and operates a brewery located in Nava, Coahuila, Mexico and a company which provides services to that brewery and an irrevocable, fully-paid license to produce in Mexico and exclusively import, market and sell the Mexican beer brands sold in the United States and Guam as of the date of the acquisition (the "Brewery Purchase" and, together with the Crown Acquisition, the "Beer Business Acquisition"). Organic net sales for the respective periods are defined by the company as reported net sales less net sales of Mark West products and net sales of Beer Business Acquisition products, as appropriate. Organic net sales and percentage increase (decrease) in constant currency net sales (which excludes the impact of year-over-year currency exchange rate fluctuations) are provided because management uses this information in monitoring and evaluating the underlying business trends of the continuing operations of the company. In addition, the company believes this information provides investors better insight on underlying business trends and results in order to evaluate year-over-year financial performance. Organic net sales and constant currency information is not presented separately below for the Beer segment as 100% of the Beer net sales would be removed from all periods presented for organic net sales reporting purposes.

	Three Months Ended		Percent Change	Currency Impact	Constant Currency Percent Change <sup>(1)</sup>	Six Months Ended		Percent Change	Currency Impact	Constant Currency Percent Change <sup>(1)</sup>
	August 31, 2013	August 31, 2012				August 31, 2013	August 31, 2012			
<b>Consolidated Net Sales</b>	<b>\$ 1,459.8</b>	<b>\$ 698.5</b>	109%	-	109%	<b>\$ 2,133.2</b>	<b>\$ 1,333.3</b>	60%	-	60%
Less: Mark West <sup>(2)</sup>	(4.3)	-				(18.6)	-			
Less: Beer Business Acquisition <sup>(3)</sup>	(762.8)	-				(762.8)	-			
<b>Consolidated Organic Net Sales</b>	<b>\$ 692.7</b>	<b>\$ 698.5</b>	(1%)	-	(1%)	<b>\$ 1,351.8</b>	<b>\$ 1,333.3</b>	1%	-	2%
<b>Wine and Spirits Net Sales</b>	<b>\$ 697.0</b>	<b>\$ 698.5</b>	-	-	-	<b>\$ 1,370.4</b>	<b>\$ 1,333.3</b>	3%	-	3%
Less: Mark West <sup>(2)</sup>	(4.3)	-				(18.6)	-			
<b>Wine and Spirits Organic Net Sales</b>	<b>\$ 692.7</b>	<b>\$ 698.5</b>	(1%)	-	(1%)	<b>\$ 1,351.8</b>	<b>\$ 1,333.3</b>	1%	-	2%

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

(2) For the period June 1, 2013, through July 15, 2013, included in the three months ended August 31, 2013, and the period March 1, 2013, through July 15, 2013, included in the six months ended August 31, 2013.

(3) For the period June 7, 2013, through August 31, 2013, included in the three months and six months ended August 31, 2013.

**WINE AND SPIRITS SUPPLEMENTAL SHIPMENT, DEPLETION AND U.S. FOCUS BRANDS INFORMATION**  
(in millions, branded product, 9 liter case equivalents)

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	August 31, 2013	August 31, 2012		August 31, 2013	August 31, 2012	
Shipment Volume	16.6	16.3	1.8%	32.3	31.1	3.9%
Organic Shipment Volume <sup>(4)</sup>	16.5	16.3	1.2%	32.0	31.1	2.9%
U.S. Domestic Shipment Volume	12.5	12.5	-	24.4	23.7	3.0%
U.S. Domestic Organic Shipment Volume <sup>(4)</sup>	12.5	12.5	-	24.2	23.7	2.1%
U.S. Domestic Focus Brands Shipment Volume <sup>(5)</sup>	8.9	8.6	3.5%	17.1	16.2	5.6%
U.S. Domestic Organic Focus Brands Shipment Volume <sup>(4)(5)</sup>	8.8	8.6	2.3%	16.8	16.2	3.7%
U.S. Domestic Depletion Volume Growth <sup>(6)(7)</sup>			1.6%			1.9%
U.S. Domestic Focus Brands Depletion Volume Growth <sup>(5)(6)(7)</sup>			4.6%			4.8%

(4) Includes an adjustment for Mark West shipment volumes for the period June 1, 2013, through July 15, 2013, included in the three months ended August 31, 2013, and the period March 1, 2013, through July 15, 2013, included in the six months ended August 31, 2013.

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

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

(7) Includes depletion of Mark West products for the period June 1, 2012, through July 15, 2012, included in the three months ended August 31, 2012, and the period March 1, 2012, through July 15, 2012, included in the six months ended August 31, 2012.

**BEER SUPPLEMENTAL SHIPMENT AND DEPLETION INFORMATION**  
(in millions, branded product, 24 pack, 12 ounce case equivalents)

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	August 31, 2013	August 31, 2012		August 31, 2013	August 31, 2012	
Net Sales	\$ 814.6	\$ 788.4	3.3%	\$ 1,576.2	\$ 1,512.5	4.2%
Shipment Volume	53.0	52.4	1.1%	102.5	100.2	2.3%
Depletion Volume Growth <sup>(6)</sup>			7.1%			5.2%



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

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	August 31, 2013	August 31, 2012		August 31, 2013	August 31, 2012	
<b>Wine and Spirits</b>						
Wine net sales	\$ 629.1	\$ 615.9	2%	\$ 1,226.4	\$ 1,177.2	4%
Spirits net sales	67.9	82.6	(18%)	144.0	156.1	(8%)
<b>Segment net sales</b>	<b>\$ 697.0</b>	<b>\$ 698.5</b>	-	<b>\$ 1,370.4</b>	<b>\$ 1,333.3</b>	3%
<b>Segment operating income</b>	<b>\$ 154.8</b>	<b>\$ 161.3</b>	(4%)	<b>\$ 282.4</b>	<b>\$ 294.3</b>	(4%)
<i>% Net sales</i>	<i>22.2%</i>	<i>23.1%</i>		<i>20.6%</i>	<i>22.1%</i>	
<b>Equity in (losses) earnings of equity method investees</b>	<b>\$ (0.6)</b>	<b>\$ (0.8)</b>	(25%)	<b>\$ 0.1</b>	<b>\$ (1.1)</b>	NM
<b>Beer (1)</b>						
<b>Segment net sales</b>	<b>\$ 814.6</b>	<b>\$ 788.4</b>	3%	<b>\$ 1,576.2</b>	<b>\$ 1,512.5</b>	4%
<b>Segment operating income</b>	<b>\$ 229.9</b>	<b>\$ 143.4</b>	60%	<b>\$ 363.9</b>	<b>\$ 266.4</b>	37%
<i>% Net sales</i>	<i>28.2%</i>	<i>18.2%</i>		<i>23.1%</i>	<i>17.6%</i>	
<b>Consolidation and Eliminations related to Crown Imports (1)(2)</b>						
Net sales	\$ (51.8)	\$ (788.4)		\$ (813.4)	\$ (1,512.5)	
Operating income	\$ (8.6)	\$ (143.4)		\$ (142.6)	\$ (266.4)	
<b>Equity in earnings of Crown Imports</b>	<b>\$ 4.3</b>	<b>\$ 71.3</b>		<b>\$ 70.3</b>	<b>\$ 132.2</b>	
<b>Corporate Operations and Other Segment Operating Loss</b>						
	\$ (24.2)	\$ (20.7)	17%	\$ (48.2)	\$ (44.1)	9%
<b>Reportable Segment Operating Income (A)</b>						
	\$ 351.9	\$ 140.6		\$ 455.5	\$ 250.2	
Restructuring Charges and Unusual Items	1,322.1	(10.0)		1,289.0	(13.5)	
<b>Consolidated Operating Income (GAAP)</b>	<b>\$ 1,674.0</b>	<b>\$ 130.6</b>		<b>\$ 1,744.5</b>	<b>\$ 236.7</b>	
<b>Reportable Segment Equity in Earnings of Equity Method Investees (B)</b>						
	\$ 3.7	\$ 70.5		\$ 70.4	\$ 131.1	
Restructuring Charges and Unusual Items	-	-		(0.1)	-	
<b>Consolidated Equity in Earnings of Equity Method Investees (GAAP)</b>	<b>\$ 3.7</b>	<b>\$ 70.5</b>		<b>\$ 70.3</b>	<b>\$ 131.1</b>	
<b>Consolidated Earnings Before Interest and Taxes (Non-GAAP) (A+B)</b>						
	<b>\$ 355.6</b>	<b>\$ 211.1</b>		<b>\$ 525.9</b>	<b>\$ 381.3</b>	

NM = Not Meaningful

(1)Prior to the Beer Business Acquisition, the company accounted for its investment in Crown Imports under the equity method of accounting. Due to its significance, Crown Imports was a reportable segment for the company with appropriate elimination of the unconsolidated joint venture's result of operations and recognition of equity in earnings of Crown Imports for segment presentation. In connection with the Beer Business Acquisition and the resulting consolidation of the results of operations of the acquired businesses, the former Crown Imports segment, together with the Brewery Purchase, is now referred to as the Beer segment.

(2)For the periods June 1, 2013, through June 6, 2013, and March 1, 2013, through June 6, 2013, included in the three months and six months ended August 31, 2013, respectively, and for the periods June 1, 2012, through August 31, 2012, and March 1, 2012, through August 31, 2012, included in the three months and six months ended August 31, 2012, respectively.

**Constellation Brands, Inc. and Subsidiaries**  
**RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES**  
(in millions, except per share data)

The company reports its financial results in accordance with generally accepted accounting principles in the U.S. ("GAAP"). However, non-GAAP financial measures, as defined in the reconciliation tables below, are provided because management uses this information in evaluating the results of the continuing operations of the company and/or internal goal setting. In addition, the company believes this information provides investors better insight on underlying business trends and results in order to evaluate year-over-year financial performance. See the tables below for supplemental financial data and corresponding reconciliations of these non-GAAP financial measures to GAAP financial measures for the three months and six months ended August 31, 2013, and August 31, 2012. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the company's reported results prepared in accordance with GAAP. Please refer to the company's website at <http://www.cbrands.com/investors> for a more detailed description and further discussion of these non-GAAP financial measures.

	Three Months Ended August 31, 2013			Three Months Ended August 31, 2012			Percent Change - Reported Basis (GAAP)	Percent Change - Comparable Basis (Non-GAAP)
	Reported Basis (GAAP)	Adjustments	Comparable Basis (Non-GAAP)	Reported Basis (GAAP)	Adjustments	Comparable Basis (Non-GAAP)		
<b>Net Sales</b>	\$ 1,459.8		\$ 1,459.8	\$ 698.5		\$ 698.5	109%	109%
Cost of product sold	(882.8)	\$ 11.6		(413.4)	\$ 1.5			
<b>Gross Profit</b>	<b>577.0</b>	<b>11.6</b>	<b>\$ 588.6</b>	<b>285.1</b>	<b>1.5</b>	<b>\$ 286.6</b>	<b>102%</b>	<b>105%</b>
Selling, general and administrative expenses	(244.1)	7.4		(154.5)	8.5			
Impairment of goodwill and intangible assets	(300.9)	300.9		-				
Gain on remeasurement to fair value of equity method investment	1,642.0	(1,642.0)		-				
<b>Operating Income</b>	<b>1,674.0</b>	<b>(1,322.1)</b>	<b>\$ 351.9</b>	<b>130.6</b>	<b>10.0</b>	<b>\$ 140.6</b>	<b>NM</b>	<b>150%</b>
Equity in earnings of equity method investees	3.7	-		70.5				
<b>EBIT</b>			<b>\$ 355.6</b>			<b>\$ 211.1</b>	<b>NA</b>	<b>68%</b>
Interest expense, net	(90.3)			(54.6)				
Loss on write-off of financing costs	-			-				
<b>Income Before Income Taxes</b>	<b>1,587.4</b>	<b>(1,322.1)</b>	<b>\$ 265.3</b>	<b>146.5</b>	<b>10.0</b>	<b>\$ 156.5</b>	<b>NM</b>	<b>70%</b>
Provision for income taxes	(65.4)	(11.2)		(21.9)	(3.6)			
<b>Net Income</b>	<b>\$ 1,522.0</b>	<b>\$ (1,333.3)</b>	<b>\$ 188.7</b>	<b>\$ 124.6</b>	<b>\$ 6.4</b>	<b>\$ 131.0</b>	<b>NM</b>	<b>44%</b>
<b>Diluted Earnings Per Common Share (1)</b>	<b>\$ 7.74</b>	<b>\$ (6.78)</b>	<b>\$ 0.96</b>	<b>\$ 0.67</b>	<b>\$ 0.03</b>	<b>\$ 0.71</b>	<b>NM</b>	<b>35%</b>
<b>Weighted Average Common Shares Outstanding - Diluted</b>	<b>196.767</b>		<b>196.767</b>	<b>184.640</b>		<b>184.640</b>		
<b>Gross Margin</b>	<b>39.5%</b>		<b>40.3%</b>	<b>40.8%</b>		<b>41.0%</b>		
<b>Operating Margin</b>	<b>NM</b>		<b>24.1%</b>	<b>18.7%</b>		<b>20.1%</b>		
<b>Effective Tax Rate</b>	<b>4.1%</b>		<b>28.9%</b>	<b>14.9%</b>		<b>16.3%</b>		

Adjustments	Cost of Product Sold	Selling, General and Administrative Expenses	Impairment of Goodwill and Intangible Assets	Gain on Remeasurement to Fair Value of Equity Method Investment	Operating Income	Provision for Income Taxes	Net Income	Diluted Earnings Per Common Share (1)
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**Three Months Ended August 31, 2013**

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

**Three Months Ended August 31, 2012**

Restructuring and related charges (4)	\$ -	\$ 2.9	\$ -	\$ -	\$ 2.9	\$ (1.0)	\$ 1.9	\$ 0.01
Acquisitions, divestitures and related costs (2)	1.5	5.6	-	-	7.1	(2.6)	4.5	0.02
<b>Total</b>	<b>\$ 1.5</b>	<b>\$ 8.5</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10.0</b>	<b>\$ (3.6)</b>	<b>\$ 6.4</b>	<b>\$ 0.03</b>

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

(2) For the three months ended August 31, 2013, acquisitions, divestitures and related costs consist primarily of the gain on remeasurement to fair value of the company's preexisting equity interest in Crown Imports, partially offset by transaction and related costs associated with the Beer Business Acquisition. For the three months ended August 31, 2012, acquisitions, divestitures and related costs consist primarily of transaction and related costs associated with the Beer Business Acquisition and the Mark West acquisition, partially offset by a gain on settlement of a receivable associated with a prior divestiture.

(3) For the three months ended August 31, 2013, other consists of impairment of certain goodwill and intangible assets.

(4) For the three months ended August 31, 2012, restructuring and related charges consist primarily of costs recognized in connection with the company's plan announced in June 2011 to streamline operations, gain efficiencies and reduce its cost structure following the sale of 80.1% of its Australian and U.K. business (the "Fiscal 2012 Initiative").



## RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES (continued)

(in millions, except per share data)

	Six Months Ended August 31, 2013			Six Months Ended August 31, 2012			Percent Change - Reported Basis (GAAP)	Percent Change - Comparable Basis (Non-GAAP)
	Reported Basis (GAAP)	Adjustments	Comparable Basis (Non-GAAP)	Reported Basis (GAAP)	Adjustments	Comparable Basis (Non-GAAP)		
<b>Net Sales</b>	\$ 2,133.2		\$ 2,133.2	\$ 1,333.3		\$ 1,333.3	60%	60%
Cost of product sold	(1,300.1)	\$ 13.1		(797.6)	\$ 2.3			
<b>Gross Profit</b>	<b>833.1</b>	<b>13.1</b>	<b>\$ 846.2</b>	<b>535.7</b>	<b>2.3</b>	<b>\$ 538.0</b>	<b>56%</b>	<b>57%</b>
Selling, general and administrative expenses	(429.7)	39.0		(299.0)	11.2			
Impairment of goodwill and intangible assets	(300.9)	300.9		-				
Gain on remeasurement to fair value of equity method investment	1,642.0	(1,642.0)		-				
<b>Operating Income</b>	<b>1,744.5</b>	<b>(1,289.0)</b>	<b>\$ 455.5</b>	<b>236.7</b>	<b>13.5</b>	<b>\$ 250.2</b>	<b>NM</b>	<b>82%</b>
Equity in earnings of equity method investees	70.3	0.1		131.1				
<b>EBIT</b>			<b>\$ 525.9</b>			<b>\$ 381.3</b>	<b>NA</b>	<b>38%</b>
Interest expense, net	(145.1)			(105.3)				
Loss on write-off of financing costs	-			(2.8)	2.8			
<b>Income Before Income Taxes</b>	<b>1,669.7</b>	<b>(1,288.9)</b>	<b>\$ 380.8</b>	<b>259.7</b>	<b>16.3</b>	<b>\$ 276.0</b>	<b>NM</b>	<b>38%</b>
Provision for income taxes	(94.8)	(23.6)		(63.1)	(5.9)			
<b>Net Income</b>	<b>\$ 1,574.9</b>	<b>\$ (1,312.5)</b>	<b>\$ 262.4</b>	<b>\$ 196.6</b>	<b>\$ 10.4</b>	<b>\$ 207.0</b>	<b>NM</b>	<b>27%</b>
<b>Diluted Earnings Per Common Share (1)</b>	<b>\$ 8.03</b>	<b>\$ (6.69)</b>	<b>\$ 1.34</b>	<b>\$ 1.05</b>	<b>\$ 0.06</b>	<b>\$ 1.10</b>	<b>NM</b>	<b>22%</b>
<b>Weighted Average Common Shares Outstanding - Diluted</b>	<b>196.056</b>		<b>196.056</b>	<b>187.458</b>		<b>187.458</b>		
<b>Gross Margin</b>	<b>39.1%</b>		<b>39.7%</b>	<b>40.2%</b>		<b>40.4%</b>		
<b>Operating Margin</b>	<b>81.8%</b>		<b>21.4%</b>	<b>17.8%</b>		<b>18.8%</b>		
<b>Effective Tax Rate</b>	<b>5.7%</b>		<b>31.1%</b>	<b>24.3%</b>		<b>25.0%</b>		

Adjustments	Gain on Remeasurement to Fair Value of Equity Method Investment									
	Cost of Product Sold	Selling, General and Administrative Expenses	Impairment of Goodwill and Intangible Assets	Equity in Earnings of Equity Method Investees	Loss on Write-off of Financing Costs	Provision for Income Taxes	Net Income	Diluted Earnings Per Common Share (1)		
<b>Six Months Ended August 31, 2013</b>										
Restructuring and related charges (5)	\$ -	\$ (2.9)	\$ -	\$ -	\$ (2.9)	\$ -	\$ -	\$ 1.1	\$ (1.8)	\$ (0.01)
Acquisitions, divestitures and related costs (6)	13.1	34.9	-	(1,642.0)	(1,594.0)	0.1	-	(17.6)	(1,611.5)	(8.22)
Other (7)	-	7.0	300.9	-	307.9	-	-	(7.1)	300.8	1.53
Total	\$ 13.1	\$ 39.0	\$ 300.9	\$ (1,642.0)	\$ (1,289.0)	\$ 0.1	\$ -	\$ (23.6)	\$ (1,312.5)	\$ (6.69)
<b>Six Months Ended August 31, 2012</b>										
Restructuring and related charges (5)	\$ -	\$ 6.1	\$ -	\$ -	\$ 6.1	\$ -	\$ -	\$ (2.1)	\$ 4.0	\$ 0.02
Acquisitions, divestitures and related costs (6)	2.3	5.1	-	-	7.4	-	-	(2.7)	4.7	0.03
Other (7)	-	-	-	-	-	-	2.8	(1.1)	1.7	0.01
Total	\$ 2.3	\$ 11.2	\$ -	\$ -	\$ 13.5	\$ -	\$ 2.8	\$ (5.9)	\$ 10.4	\$ 0.06

(5) For the six months ended August 31, 2013, restructuring and related charges consist primarily of the reversal of costs recognized in connection with a prior restructuring plan as a result of the Beer Business Acquisition. For the six months ended August 31, 2012, restructuring and related charges consist primarily of costs recognized in connection with the Fiscal 2012 Initiative.

(6) For the six months ended August 31, 2013, acquisitions, divestitures and related costs consist primarily of the gain on remeasurement to fair value of the company's preexisting equity interest in Crown Imports, partially offset by transaction and related costs associated with the Beer Business Acquisition. For the six months ended August 31, 2012, acquisitions, divestitures and related costs consist primarily of transaction and related costs associated with the Beer Business Acquisition and the Mark West acquisition, partially offset by a gain on settlement of a receivable associated with a prior divestiture.

(7) For the six months ended August 31, 2013, other consists of impairment of certain goodwill and intangible assets and a prior period adjustment for deferred compensation related to certain employment agreements. For the six months ended August 31, 2012, other consists of a loss on the write-off of financing costs.



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

	Range for the Year Ending February 28, 2014	
<b>Diluted Earnings Per Share Guidance</b>		
<b>Forecasted diluted earnings per share - reported basis (GAAP)</b>	<b>\$ 9.30</b>	<b>\$ 9.60</b>
Restructuring and related charges <sup>(1)</sup>	(0.01)	(0.01)
Acquisitions, divestitures and related costs <sup>(2)</sup>	(8.01)	(8.01)
Other <sup>(3)</sup>	1.51	1.51
<b>Forecasted diluted earnings per share - comparable basis (Non-GAAP) <sup>(4)</sup></b>	<b>\$ 2.80</b>	<b>\$ 3.10</b>

	Actual for the Year Ended February 28, 2013
<b>Diluted earnings per share - reported basis (GAAP)</b>	<b>\$ 2.04</b>
Restructuring and related charges <sup>(1)</sup>	0.03
Acquisitions, divestitures and related costs <sup>(2)</sup>	0.08
Other <sup>(3)</sup>	0.04
<b>Diluted earnings per share - comparable basis (Non-GAAP) <sup>(4)</sup></b>	<b>\$ 2.19</b>

(1) Includes \$(0.01) diluted earnings per share for the year ending February 28, 2014, associated primarily with the reversal of costs recognized in connection with a prior restructuring plan as a result of the Beer Business Acquisition. Includes \$0.03 diluted earnings per share for the year ended February 28, 2013, associated primarily with the Fiscal 2012 Initiative.

(2) Includes an estimated \$(8.25) and \$0.24 diluted earnings per share for the year ending February 28, 2014, associated with the gain on remeasurement to fair value of the company's preexisting equity interest in Crown Imports and transaction and related costs associated primarily with the Beer Business Acquisition. Includes \$0.12, \$(0.04) and \$(0.01) diluted earnings per share for the year ended February 28, 2013, associated with transaction and related costs recognized in connection with the Beer Business Acquisition and the Mark West acquisition, a gain from an adjustment to a certain guarantee originally recorded in connection with the January 2011 divestiture of 80.1% of the company's Australian and U.K. business, and a gain on the settlement of a receivable associated with a prior divestiture, respectively.<sup>(4)</sup>

(3) Includes an estimated \$1.49 and \$0.02 diluted earnings per share for the year ending February 28, 2014, associated with impairment of certain goodwill and intangible assets and a prior period adjustment for deferred compensation related to certain employment agreements. Includes \$0.04 diluted earnings per share for the year ended February 28, 2013, associated with a loss on the write-off of financing costs.

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

**Free Cash Flow Guidance**

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

	Range for the Year Ending February 28, 2014	
<b>Net cash provided by operating activities (GAAP)</b>	<b>\$ 675.0</b>	<b>\$ 805.0</b>
Purchases of property, plant and equipment	(200.0)	(230.0)
<b>Free cash flow (Non-GAAP)</b>	<b>\$ 475.0</b>	<b>\$ 575.0</b>
	<b>Actual for the Six Months Ended August 31, 2013</b>	<b>Actual for the Six Months Ended August 31, 2012</b>
<b>Net cash provided by operating activities (GAAP)</b>	<b>\$ 489.0</b>	<b>\$ 368.5</b>
Purchases of property, plant and equipment	(49.2)	(35.6)
<b>Free cash flow (Non-GAAP)</b>	<b>\$ 439.8</b>	<b>\$ 332.9</b>