
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Delaware	Constellation Brands, Inc. and its subsidiary guarantors:	16-0716709
New York	ALCOFI INC.	13-4103237
Maryland	Constellation Beers Ltd.	36-2855879
Delaware	Constellation Brands Beach Holdings, Inc.	45-5570786
Delaware	Constellation Brands SMO, LLC	13-4033806
New York	Constellation Brands U.S. Operations, Inc.	16-1462887
New York	Constellation Leasing, LLC	56-2596168
Delaware	Constellation Marketing Services, Inc.	37-1749064
Delaware	Constellation Services LLC	26-4390211
New York	Constellation Trading Company, Inc.	77-0644374
Delaware	Crown Imports LLC	20-5300132
Delaware	Franciscan Vineyards, Inc.	94-2602962
California	Home Brew Mart, Inc.	33-0592546
California	Robert Mondavi Investments	68-0248575
Washington	The Hogue Cellars, Ltd. (Exact name of registrant as specified in its charter)	91-1204814 (I.R.S. Employer Identification No.)

207 High Point Drive
Building 100
Victor, New York 14564
(585) 678-7100

(Address, including zip code, and telephone number, including area code, of registrants' principal executive offices)

Thomas J. Mullin, Esq.
Executive Vice President and General Counsel
Constellation Brands, Inc.
207 High Point Drive
Building 100
Victor, New York 14564
585-678-7100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

**Bernard S. Kramer, Esq.
Heidi Steele, Esq.
McDermott Will & Emery LLP
227 West Monroe Street, Suite 4700
Chicago, Illinois 60606-5096
312-372-2000**

Approximate date of commencement of proposed sale of securities to the public: From time to time after the effective date of this registration statement as determined by the Registrant.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered/ Proposed maximum offering price per unit/ Proposed maximum offering price/ Amount of registration fee
Debt Securities; Guarantees of Debt Securities (1); Preferred Stock, par value \$.01 per share; Depositary Shares representing Preferred Stock; Class A Common Stock, par value \$.01 per share; Warrants (2); Stock Purchase Contracts; and Stock Purchase Units	(3)

- (1) No separate consideration will be received for the guarantees of the debt securities.
(2) Includes warrants to purchase debt securities, preferred stock, depositary shares and Class A common stock.
(3) An indeterminate aggregate initial offering price and amount or number of the securities of each identified class is being registered as may from time to time be sold at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued in units or represented by depositary shares. In accordance with Rules 456(b) and 457(r), the Registrants are deferring payment of registration fees.

EXPLANATORY NOTE

This registration statement is a post-effective amendment to the registration statement on Form S-3 of Constellation Brands, Inc. (File No. 333-199293) (the “Registration Statement”). This post-effective amendment includes Home Brew Mart, Inc., an additional potential subsidiary guarantor, in the Registration Statement as co-registrant and contains a revised base prospectus to be used by Constellation Brands, Inc. in connection with offerings of the securities covered by the Registration Statement.



Constellation Brands, Inc.

Debt Securities, Preferred Stock, Depositary Shares Representing Preferred Stock, Class A Common Stock, Warrants, Stock Purchase Contracts and Stock Purchase Units

We may sell from time to time:

- our debt securities;
- shares of our preferred stock, which may be represented by depositary shares;
- shares of our Class A common stock;
- warrants;
- stock purchase contracts;
- stock purchase units; or
- any combination of the foregoing.

The debt securities may be guaranteed by our subsidiaries identified in this prospectus.

We will provide specific terms of the securities which we may offer in supplements to this prospectus or a term sheet. You should read this prospectus and any prospectus supplement or term sheet carefully before you invest. Securities may be sold for U.S. dollars, foreign currency or currency units.

Our Class A common stock is listed on the New York Stock Exchange under the symbol STZ.

Investing in our securities involves certain risks. See “[Risk Factors](#)” on page 1 of this prospectus.

We may offer and sell these securities to or through one or more underwriters, dealers or agents, or directly to investors, on a continuous or delayed basis.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 29, 2016.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission using a “shelf” registration process. Under this process, we may sell any combination of the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we offer to sell securities, we will provide a supplement to this prospectus or a term sheet that will contain specific information about the terms of that offering. The prospectus supplement or term sheet may also add, update, or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement or term sheet together with the additional information described under the heading “Where You Can Find More Information,” below.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy reports, statements or other information at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at “<http://www.sec.gov>.”

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As noted above, we have filed with the SEC a registration statement on Form S-3 to register the securities. This prospectus is part of that registration statement and, as permitted by the SEC's rules, does not contain all the information set forth in the registration statement. For further information you may refer to the registration statement and to the exhibits and schedules filed as part of the registration statement. You can review and copy the registration statement and its exhibits and schedules at the public reference facilities maintained by the SEC as described above. The registration statement, including its exhibits and schedules, is also available on the SEC's website.

The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to certain of those documents. The information incorporated by reference is considered to be part of this prospectus, and the information that we file with the SEC after the date of this prospectus will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, until we sell all of the securities:

- Our Annual Report on Form 10-K for the fiscal year ended February 29, 2016 filed on April 25, 2016;
- Our Quarterly Reports on Form 10-Q for the fiscal quarter ended May 31, 2016 filed on June 30, 2016 and the fiscal quarter ended August 31, 2016 filed on October 5, 2016;
- Our Current Reports on Form 8-K filed on March 15, 2016, April 6, 2016 (excluding Item 2.02 and Item 7.01 and the related exhibits), April 7, 2016, April 28, 2016, June 15, 2016, June 30, 2016 (referring solely to the Form 8-K disclosing information under Item 5.02), July 22, 2016 (excluding Item 7.01 and the related exhibit), October 5, 2016 (excluding Item 2.02 and Item 7.01 and the related exhibits), October 18, 2016, November 21, 2016 (excluding Item 7.01 and the related exhibit) and November 28, 2016;
- Our definitive proxy materials for the annual meeting of stockholders held on July 20, 2016, filed on June 3, 2016;
- The description of our class A common stock, par value \$.01 per share, and class B common stock, par value \$.01 per share, contained in Item 1 of our registration statement on Form 8-A filed on October 4, 1999;
- Financial Statements of Crown Imports LLC as of and for the three years ended December 31, 2012 filed as Exhibit 99.2 to the Annual Report on Form 10-K for the fiscal year ended February 28, 2013 filed on April 29, 2013;
- Unaudited Financial Statements of Crown Imports LLC as of March 31, 2013 and for the three months ended March 31, 2013 and 2012 filed as Exhibit 99.4 to the Current Report on Form 8-K filed on June 11, 2013;
- Audited Carve-Out Combined Financial Statements of the Piedras Negras Brewery Business as of December 31, 2012 and 2011 and as of January 1, 2011 and for the years ended December 31, 2012 and 2011, filed as Exhibit 99.1 to the Current Report on Form 8-K filed on April 30, 2013; and
- Audited Consolidated Financial Statements of Home Brew Mart, Inc. as of December 31, 2013 and 2014, and for the years ended December 31, 2013 and 2014, and Unaudited Consolidated Financial Statements of Home Brew Mart, Inc. as of September 30, 2015 and for the nine months ended September 30, 2014 and 2015, filed as Exhibit 99.1 to the Post-Effective Amendment No. 1 to the Registration Statement of which this prospectus is a part.

You may request a copy of these filings, except exhibits to such documents unless those exhibits are specifically incorporated by reference into this prospectus, at no cost, by writing or telephoning us at: Constellation Brands, Inc., Attention: David S. Sorce, Secretary, 207 High Point Drive, Building 100, Victor, New York 14564; telephone number 585-678-7100.

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You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement or term sheet. We have not authorized anyone else to provide you with different or additional information. You should not assume that the information in this prospectus or any prospectus supplement or term sheet is accurate as of any date other than the date on the front of those documents.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any prospectus supplement or term sheet, and the documents we have incorporated by reference into this prospectus may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those set forth in, or implied by, our forward-looking statements. All statements other than statements of historical facts included in this prospectus and elsewhere regarding our 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. These forward-looking statements are identifiable by our use of such words as “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions, although not all forward-looking statements contain such identifying words. All forward-looking statements speak only as of the date on which we make them. We do not undertake any 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. Important factors that could cause our actual results to differ materially from our expectations, or “cautionary statements,” are disclosed in this prospectus, any prospectus supplement or term sheet and the documents incorporated by reference, including the “Risk Factors” section included in our filings with the SEC. The cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

CONSTELLATION BRANDS, INC.

We are a leading international producer and marketer of high-end imported and craft beer brands, premium wine and spirits brands and other select beverage alcohol products, with operations in the United States, Canada, Mexico, New Zealand and Italy. We are the third-largest producer and marketer of beer for the U.S. market and the world's leading premium wine company with a leading market position in the U.S. and Canada. We are the largest multi-category supplier (beer, wine and spirits) of beverage alcohol in the U.S. Our strong market positions make us a supplier of choice to many of our customers, who include wholesale distributors, retailers, on-premise locations and government alcohol beverage control agencies. Since our founding in 1945 as a producer and marketer of wine products, we have grown through a combination of internal growth and acquisitions. Our internal growth has been driven by leveraging our existing portfolio of leading brands, developing new products, new packaging and line extensions, and focusing on the faster growing sectors of the beverage alcohol industry. We conduct our business through entities we wholly own as well as a variety of joint ventures with various other entities, both within and outside the United States.

THE GUARANTORS

The guarantors of the debt securities may include the following companies, each of which is a direct or indirect subsidiary of Constellation Brands, Inc.: ALCOFI INC.; Constellation Beers Ltd.; Constellation Brands Beach Holdings, Inc.; Constellation Brands SMO, LLC; Constellation Brands U.S. Operations, Inc.; Constellation Leasing, LLC; Constellation Marketing Services, Inc.; Constellation Services LLC; Constellation Trading Company, Inc.; Crown Imports LLC; Franciscan Vineyards, Inc.; Home Brew Mart, Inc.; Robert Mondavi Investments; and The Hogue Cellars, Ltd. If so provided in a prospectus supplement or term sheet, each of the guarantors will guarantee on a joint and several basis our obligations under the debt securities, subject to certain limitations.

RISK FACTORS

Investing in our securities involves certain risks. You are urged to read and consider risk factors relating to an investment in our securities as described from time to time in our Annual Reports on Form 10-K, as may be updated from time to time in our Quarterly Reports on Form 10-Q filed with the SEC, each as incorporated by reference in this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The risks and uncertainties we have described are not the only ones we face. The prospectus supplement applicable to each type or series of securities we offer will contain a discussion of additional risks applicable to an investment in us and the particular type of securities we are offering under that prospectus supplement.

USE OF PROCEEDS

Except as we may otherwise set forth in a prospectus supplement, we will use the net proceeds from the sale of the securities offered by this prospectus for general corporate purposes, including, but not limited to, repayment or refinancing of indebtedness, working capital, capital expenditures and acquisitions. Pending the application of the proceeds, we will invest the proceeds in certificates of deposit, U.S. government securities or other interest bearing securities.

DIVIDEND POLICY

We have paid cash dividends on our common stock since May 2015. Payment of future cash dividends is subject to approval of our board of directors and is dependent upon our financial condition, results of operations, capital requirements and other factors deemed relevant by the board. In addition, the terms of our senior credit facility may restrict the payment of cash dividends on our common stock under certain circumstances. Any indentures for debt securities issued in the future, the terms of any preferred stock issued in the future and any credit agreements entered into in the future may also restrict or prohibit the payment of cash dividends on our common stock.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our historical ratio of earnings to fixed charges for the periods indicated. 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 the lease expense.

	For the Six Months Ended		For the Fiscal Years Ended				
	August 31, 2016	August 31, 2015	February 29, 2016	February 28, 2015	February 28, 2014	February 28, 2013	February 29, 2012
Ratio of Earnings to Fixed Charges	6.2x	5.6x	5.5x	4.3x	7.5x	3.2x	3.8x

DESCRIPTION OF DEBT SECURITIES

We may offer debt securities under this prospectus, any of which may be issued as convertible or exchangeable debt securities. The following description of the terms of the debt securities sets forth certain general terms and provisions of the debt securities to which any prospectus supplement or term sheet may relate. We will set forth the particular terms of the debt securities we offer in a prospectus supplement or term sheet. The extent, if any, to which the following general provisions apply to particular debt securities will be described in the applicable prospectus supplement or term sheet. The following description of general terms relating to the debt securities and the indenture (which includes one or more supplemental indentures) under which the debt securities will be issued are summaries only and therefore are not complete. You should read the indenture and the prospectus supplement or term sheet regarding any particular issuance of debt securities. If there are differences between the applicable prospectus supplement or term sheet and this prospectus, the prospectus supplement or term sheet will control.

The debt securities will represent our unsecured general obligations, unless otherwise provided in the prospectus supplement or term sheet. If so provided in a prospectus supplement or term sheet, the debt securities will have the benefit of the guarantees from the guarantors. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the debt securities or to make any funds available therefor, whether by dividends, loans or other payments, other than as expressly provided in the guarantees.

Our ability to service our indebtedness, including the debt securities, is dependent primarily upon the receipt of funds from our subsidiaries. The payment of dividends or the making of loans and advances to us by our subsidiaries may be subject to contractual, statutory and regulatory restrictions, and are contingent upon the earnings of those subsidiaries and are subject to various business considerations. Further, any right we may have to receive assets of any of our subsidiaries upon liquidation or recapitalization of any such subsidiaries (and the consequent right of the holders of debt securities to participate in those assets) will be subject to the claims of our subsidiaries' creditors. Even in the event that we are recognized as a creditor of a subsidiary, our claims would still be subject to any security interest in the assets of such subsidiary and any indebtedness of such subsidiary senior to our claim.

The debt securities will be issued under an indenture entered into with the guarantors and the trustee. The indenture is subject to, and governed by, the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

Except to the extent described in a prospectus supplement or term sheet, the indenture does not contain any covenants or restrictions that afford holders of the debt securities special protection in the event of a change of control or highly leveraged transaction.

The following is a summary of certain provisions of the debt securities that may be issued under the indenture, and is not complete. A description of such debt securities shall be contained in a prospectus supplement or term sheet. You should carefully read the provisions of particular debt securities we may issue and the indenture under which the debt securities are issued, including the definitions in those documents of certain terms and of those terms made a part of those documents by the Trust Indenture Act.

General

The indenture does not limit the aggregate principal amount of debt securities which may be issued under it and provides that debt securities may be issued in one or more series, in such form or forms, with such terms and up to the aggregate principal amount that we may authorize from time to time. The particular terms of the debt securities offered pursuant to any prospectus supplement or term sheet will be described in the prospectus supplement or term sheet. All debt securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of any holder, for issuances of additional debt securities of that series.

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Unless otherwise provided in the prospectus supplement or term sheet, debt securities may be presented for registration of transfer and exchange and for payment or, if applicable, for conversion or exchange at the office of the trustee.

The applicable prospectus supplement or term sheet will describe the following terms of any debt securities in respect of which this prospectus is being delivered (to the extent applicable to the debt securities):

- (1) the title and designation of the debt securities of the series, and whether the debt securities are senior debt securities, senior subordinated debt securities or subordinated debt securities and, if senior subordinated or subordinated debt securities, the specific subordination provisions applicable thereto;
- (2) the total principal amount of the debt securities of the series and any limit on the total principal amount;
- (3) the price at which we will issue the debt securities of the series;
- (4) the terms, if any, by which holders may convert the debt securities of the series into or for our common stock or other of our securities or property;
- (5) if the debt securities of the series are convertible, any limitations on the ownership or transferability of the securities or property into which holders may convert the debt securities;
- (6) the date or dates, or the method for determining the date or dates, on which we will be obligated to pay the principal of the debt securities of the series and the amount of principal we will be obligated to pay;
- (7) the rate or rates, which may be fixed or variable, at which the debt securities of the series will bear interest, if any, or the method by which the rate or rates will be determined;
- (8) the date or dates, or the method for determining the date or dates, from which any interest will accrue on the debt securities of the series, the dates on which we will be obligated to pay any such interest, and the regular record dates, if any, for the determination of the persons to whom we will be obligated to pay such interest;
- (9) the place or places where the principal of, and any premium, interest or other amounts payable (if any) on, the debt securities of the series will be payable or where the holders of the debt securities may surrender debt securities for conversion or transfer;
- (10) any provisions relating to the issuance of the debt securities at an original issue discount;
- (11) the period or periods during which, the price or prices (including any premium or other amount) at which, the currency or currencies in which, and the other terms and conditions upon which, we may redeem the debt securities of the series, at our option, if we have such an option;
- (12) our obligations (if any) to redeem, repay or purchase debt securities pursuant to any sinking fund or analogous provision or at the option of a holder of debt securities, and the price or prices at which, the period or periods within which and the terms and conditions upon which we will redeem, repay or purchase all or a portion of the debt securities of the series pursuant to that obligation;
- (13) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which the debt securities shall be issuable;
- (14) any events of default in lieu of or in addition to those described in this prospectus and remedies relating to such events of default;
- (15) if other than the trustee, the identity of each security registrar, transfer agent, paying agent or other agent for debt securities of the series;
- (16) the currency or currencies in which we will sell the debt securities and in which principal of, and any premium, or interest or other amounts payable (if any) on, the debt securities of the series will be denominated and payable;

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(17) whether the amount of payment of principal of, and any premium, or interest or other amounts payable (if any) on, the debt securities of the series may be determined with reference to an index, formula or other method and the manner in which the amounts will be determined;

(18) whether and under what circumstances we will pay any additional amounts on the debt securities to any holder who is not a U.S. person in respect of any tax, assessment or governmental charge withheld or deducted and, if we will pay additional amounts, whether we will have the option, and on what terms to redeem the debt securities instead of paying the additional amounts;

(19) if receipt of certain certificates or other documents or satisfaction of other conditions will be necessary for any purpose, including, without limitation, as a condition to the issuance of the debt securities in definitive form (whether upon original issue or upon exchange of a temporary debt security), the form and terms of such certificates, documents or conditions;

(20) any other affirmative or negative covenant included for the benefit of the holders of the debt securities of the series;

(21) whether the debt securities will be issued in whole or in part in the form of one or more global securities and, in such case, the depositary for such a global security and the circumstances under which any global security may be exchanged for debt securities registered in the name of, and under which any transfer of such global security may be registered in the name of, any person other than the depositary;

(22) whether the debt securities are defeasible;

(23) whether and the extent that the debt securities shall be guaranteed by the guarantors, the ranking of such guarantee, the terms of such subordination, if applicable, of any such guarantee and the form of any such guarantee;

(24) if other than the principal amount thereof, the portion of the principal amount of the debt securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to an event of default or provable in bankruptcy, or, if applicable, which is convertible;

(25) any proposed listing of the debt securities of the series on any securities exchange; and

(26) any other specific terms of the debt securities.

Unless otherwise indicated in the prospectus supplement or term sheet relating to the debt securities, principal of and any premium or interest on the debt securities will be payable, and the debt securities will be exchangeable and transfers thereof will be registrable, at the office of the trustee at its principal office. However, at our option, payment of interest may be made by check mailed to the address of the person entitled thereto as it appears in the debt security register. Any payment of principal and any premium or interest required to be made on an interest payment date, redemption date or at maturity which is not a business day need not be made on such date, but may be made on the next succeeding business day with the same force and effect as if made on the applicable date, and no interest shall accrue for the period from and after such date.

Unless otherwise indicated in the prospectus supplement or term sheet relating to debt securities, the debt securities will be issued only in fully registered form, without coupons, in denominations of \$1,000 or any integral multiple thereof. No service charge will be made for any transfer or exchange of the debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with a transfer or exchange.

Debt securities may be issued under the indenture for federal income tax purposes as Original Issue Discount Securities (as defined below). Federal income tax consequences and other special considerations applicable to any such Original Issue Discount Securities (or other debt securities treated as issued at an original issue discount) will be described in the prospectus supplement relating to such securities. "Original Issue Discount Security" generally means any debt security that (i) is issued at a price lower than its principal amount

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(subject to a de minimus exception), (ii) does not require the payment of interest in cash or property (other than debt instruments of the issuer) at least annually throughout the term of the debt security or (iii) is issuable in exchange for property (including other debt instruments) and does not provide for adequate stated interest.

Global Securities

The debt securities of a series may be issued in the form of one or more global securities that will be deposited with a depository or its nominees identified in the prospectus supplement or term sheet relating to the debt securities. In such a case, one or more global securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of outstanding debt securities of the series to be represented by such global security or securities.

No global security may be transferred except as a whole by a nominee of the depository for such global security to the depository or a nominee of the depository and except in the circumstances described in the prospectus supplement or term sheet relating to the debt securities. The specific terms of the depository arrangement with respect to a series of debt securities will be described in the prospectus supplement or term sheet relating to such series.

Guarantees

The debt securities may (if so specified in the prospectus supplement or term sheet) be guaranteed, jointly and severally, by all of the guarantors pursuant to guarantees. Guarantees will not be applicable to or guarantee our obligations with respect to the conversion of the debt securities into shares of our capital stock or other securities. Each guarantee will be an unsecured obligation of each guarantor issuing such guarantee unless otherwise provided in the prospectus supplement or term sheet. The ranking of a guarantee and the terms of the subordination, if any, will be set forth in the prospectus supplement or term sheet.

The indenture provides that, in the event any guarantee would constitute or result in a violation of any applicable fraudulent conveyance or similar law of any relevant jurisdiction, the liability of the guarantor under such guarantee will be reduced to the maximum amount (after giving effect to all other contingent and other liabilities of such guarantor) permissible under the applicable fraudulent conveyance or similar law.

Consolidation, Merger, Sale or Conveyance

The indenture provides that we may consolidate with, or sell, convey or lease all or substantially all of our assets to, or merge with or into, any other corporation, if:

- either we are the continuing corporation, or the successor corporation expressly assumes the due and punctual payment of the principal of and interest on all the debt securities outstanding under the indenture according to their tenor and the due and punctual performance and observance of all of the covenants and conditions of the indenture to be performed or observed by us; and
- immediately after the merger or consolidation, or the sale, conveyance or lease, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, shall have occurred and be continuing.

Modification of the Indenture

We and the trustee may modify the indenture with respect to the debt securities of any series, with or without the consent of the holders of debt securities, under certain circumstances to be described in a prospectus supplement or term sheet.

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Satisfaction and Discharge of Indenture

We may terminate our obligations under the debt securities of any series, except for certain limited surviving obligations, if either all of the debt securities of such series have been delivered to the trustee for cancellation or we deposit with the trustee cash or appropriate government obligations sufficient for the payment of principal and interest on the debt securities of such series to maturity and meet certain other conditions.

Defaults and Notice

The debt securities will contain events of default to be specified in the applicable prospectus supplement or term sheet, including, without limitation:

- failure to pay the principal of, or premium, if any, on any debt security of such series when due and payable (whether at maturity, by call for redemption, through any mandatory sinking fund, by redemption at the option of the holder, by declaration of acceleration or otherwise);
- failure to make a payment of any interest on any debt security of such series when due and payable, which failure shall have continued for a period of 30 days;
- our, or any guarantor's, failure to perform or observe any other covenants or agreements in the indenture or in the debt securities of such series which failure shall have continued for a period of at least 90 days after written notice to us or the guarantors, as the case may be, by the trustee or to us and the trustee from the holders of not less than 25% of the aggregate principal amount of the then outstanding debt securities of such series;
- certain events of bankruptcy, insolvency or reorganization of us; and
- any guarantee of a guarantor that is a significant subsidiary in respect of such series of debt securities shall for any reason cease to be, or be asserted in writing by any guarantor thereof or us not to be, in full force and effect, and enforceable in accordance with its terms subject to certain exceptions.

If an event of default with respect to debt securities of any series shall occur and be continuing, the trustee or the holders of not less than 25% in aggregate principal amount of the then outstanding debt securities of such series may declare the principal amount (or, if the debt securities of such series are issued at an original issue discount, such portion of the principal amount as may be specified in the terms of the debt securities of such series) of all debt securities of such series or such other amount or amounts as the debt securities or supplemental indenture with respect to such series may provide, to be due and payable immediately.

The indenture provides that, at any time after a declaration of acceleration with respect to the debt securities of any series as described in the preceding paragraph, the holders of a majority in principal amount of the then outstanding debt securities of such series may rescind and cancel such declaration and its consequences:

- (1) if the rescission would not conflict with any judgment or decree;
- (2) if all existing events of default with respect to the debt securities of such series have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration;
- (3) to the extent the payment of such interest is lawful, if interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and
- (4) if the Company has paid the trustee its reasonable compensation and reimbursed the trustee for its expenses, disbursements and advances.

No such rescission shall affect any subsequent default or event of default or impair any right consequent thereto.

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The indenture provides that the trustee will, within 90 days after the occurrence of a default, give to holders of debt securities of any series notice of all uncured defaults with respect to such series known to it. However, except in the case of a default that results from the failure to make any payment of the principal of, premium, if any, or interest on the debt securities of any series, or in the payment of any mandatory sinking fund installment with respect to debt securities of such series, the trustee may withhold such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of debt securities of such series.

The indenture contains a provision entitling the trustee to be offered reasonable indemnity by holders of debt securities before proceeding to exercise any trust or power under the indenture at the request of such holders. The indenture provides that the holders of a majority in aggregate principal amount of the then outstanding debt securities of any series may direct the time, method and place of conducting any proceedings for any remedy available to the trustee, or of exercising any trust or power conferred upon the trustee with respect to the debt securities of such series. However, the trustee may decline to follow any such direction if, among other reasons, the trustee determines in good faith that the actions or proceedings as directed, would involve the trustee in personal liability or would be unduly prejudicial to the holders of the debt securities of such series not joining in such direction.

The right of a holder of debt securities of any series to institute a proceeding with respect to the indenture is subject to certain conditions including that the holders of at least 25% in aggregate principal amount of the debt securities of such series then outstanding make a written request upon the trustee to exercise its power under the indenture, offer reasonable indemnity to the trustee and afford the trustee reasonable opportunity to act. Even so, the holder has an absolute right to receipt of the principal of, premium, if any, and interest when due, to require conversion of debt securities if the indenture provides for convertibility at the option of the holder and to institute suit for the enforcement of such rights.

Concerning the Trustee

The prospectus supplement or term sheet with respect to particular debt securities will describe any relationship that we may have with the trustee for such debt securities.

Reports to Holders of Debt Securities

We intend to furnish to holders of debt securities all quarterly and annual reports that we furnish to holders of our common stock, and file such additional information, documents and reports as may be required by the rules and regulations prescribed from time to time by the Securities and Exchange Commission.

DESCRIPTION OF PREFERRED STOCK

Our board of directors is authorized to issue in one or more series, generally without stockholder approval, up to 1,000,000 shares of preferred stock, par value \$.01 per share. Undesignated shares of preferred stock can be issued with such designations, preferences, qualifications, privileges, limitations, restrictions, options, voting powers (full or limited), conversion or exchange rights and other special or relative rights as the board of directors shall from time to time fix by resolution. Thus, unless a specific stockholder approval requirement applies and subject to any statutory or contractual or other limitations as to class rights or other matters that might apply, our board of directors could authorize the issuance of preferred stock with voting, conversion and other rights that could dilute the voting power and other rights of holders of our common stock. The prospectus supplement or term sheet relating to a series of preferred stock will set forth the dividend, voting, conversion, exchange, repurchase and redemption rights, if applicable, the liquidation preference, and other specific terms of such series of preferred stock.

The description of certain provisions of the preferred stock set forth in any prospectus supplement or term sheet does not purport to be complete and is subject to and qualified in its entirety by reference to our certificate

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of incorporation and the certificate of designations relating to each series of preferred stock. The applicable prospectus supplement or term sheet will describe the specific terms of any series of preferred stock being offered which may include:

- the specific designation, number of shares, seniority and purchase price;
- any liquidation preference per share;
- any date of maturity;
- any redemption, repayment or sinking fund provisions;
- any dividend rate or rates and the dates on which any such dividends will be payable (or the method by which such rates or dates will be determined);
- any voting rights;
- if other than the currency of the United States, the currency or currencies (including composite currencies) in which such preferred stock is denominated and in which payments will or may be payable;
- the method by which amounts in respect of such series of preferred stock may be calculated and any commodities, currencies or indices, or value, rate or price, relevant to such calculation;
- whether such series of preferred stock is convertible or exchangeable and, if so, the securities or rights into which it is convertible or exchangeable, and the terms and conditions upon which such conversions or exchanges will be effected;
- the place or places where dividends and other payments on such series of preferred stock will be payable; and
- any additional voting, dividend, liquidation, redemption and other rights, preferences, privileges, limitations and restrictions.

As described under “Description of Depositary Shares” below, we may, at our option, elect to offer depositary shares evidenced by depositary receipts, each representing an interest (to be specified in the prospectus supplement or term sheet relating to the particular series of preferred stock) in a share of the particular series of preferred stock issued and deposited with a depositary.

All shares of preferred stock offered by this prospectus, or issuable upon conversion, exchange or exercise of securities, will, when issued, be validly issued and fully paid and non-assessable.

DESCRIPTION OF DEPOSITARY SHARES

We may offer fractional shares of preferred stock rather than full shares of preferred stock, and, in that event, will issue receipts for depositary shares. Each of these depositary shares will represent a fraction, which will be set forth in the applicable prospectus supplement or term sheet, of a share of the applicable series of preferred stock. The shares of any series of preferred stock underlying any depositary shares that we may sell under this prospectus will be deposited under a deposit agreement between us and a depositary selected by us. Subject to the terms of the deposit agreement, each holder of a depositary share will be entitled, in proportion to the applicable fraction of a share of the preferred stock underlying the depositary share, to all of the rights, preferences and privileges, and be subject to the qualifications and restrictions, of the preferred stock underlying that depositary share. The description set forth below and in any prospectus supplement or term sheet of certain provisions of the deposit agreement and of the depositary shares and depositary receipts is not complete. You should carefully review the prospectus supplement or term sheet and the form of deposit agreement and form of depositary receipts relating to each series of preferred stock.

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General

We may, at our option, elect to have shares of any series of preferred stock be represented by depositary shares. The shares of any series of preferred stock underlying the depositary shares will be deposited under a separate deposit agreement that we will enter with a bank or trust company having its principal office in the United States and a combined capital and surplus of at least \$50,000,000. This bank or trust company will be considered the depositary. The prospectus supplement or term sheet relating to a series of depositary shares will set forth the name and address of the depositary. Subject to the terms of the deposit agreement, each owner of a depositary share will be entitled, in proportion to the applicable interest in the number of shares of such series of preferred stock underlying such depositary share, to all the rights and preferences of such series of preferred stock underlying such depositary share (including dividend, voting, redemption, conversion, exchange and liquidation rights).

The depositary shares will be evidenced by depositary receipts issued pursuant to the deposit agreement, each of which will represent the applicable interest in a number of shares of such series of preferred stock described in the applicable prospectus supplement or term sheet.

Unless otherwise specified in the prospectus supplement or term sheet, a holder of depositary shares is not entitled to receive the shares of such series of preferred stock underlying the depositary shares.

Pending the preparation of definitive depositary receipts, the depositary may, upon our written order, issue temporary depositary receipts substantially identical to the definitive depositary receipts. Definitive depositary receipts will thereafter be prepared without unreasonable delay.

Dividends and Other Distributions

The depositary will distribute all cash dividends or other cash distributions received in respect of the applicable series of preferred stock to the record holders of depositary shares representing such preferred stock in proportion to the numbers of depositary shares owned by the holders on the relevant record date.

In the event of a distribution other than in cash, the depositary will distribute property received by it to the record holders of depositary shares entitled to such property, as nearly as practicable, in proportion to the number of depositary shares owned by the holder. However, if the depositary determines that it is not feasible to make such distribution, it may, with our approval, sell such property and distribute the net proceeds from such sale to the holders. The amounts distributed by the depositary may be reduced by any amount required to be withheld by us or the depositary on account of taxes.

The deposit agreement will also contain provisions relating to the manner in which any subscription or similar rights we offer to holders of preferred stock shall be made available to holders of depositary shares.

Conversion and Exchange

If any preferred stock underlying the depositary shares is subject to provisions relating to its conversion or exchange as set forth in the prospectus supplement or term sheet relating thereto, each record holder of depositary shares will have the right or obligation to convert or exchange such depositary shares pursuant to its terms.

Redemption of Depositary Shares

If a series of preferred stock underlying the depositary shares is subject to redemption, the depositary shares will be redeemed from the proceeds received by the depositary resulting from the redemption, in whole or in part, of the series of preferred stock held by the depositary. The redemption price per depositary share will be equal to

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the aggregate redemption price payable with respect to the number of shares of such series of preferred stock underlying the depositary shares. Whenever we redeem a series of preferred stock from the depositary, the depositary will redeem as of the same redemption date a proportionate number of depositary shares representing the shares of such series of preferred stock that were redeemed. If less than all the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected by lot or pro rata as we may determine.

After the date fixed for redemption, the depositary shares so called for redemption will no longer be deemed to be outstanding and all rights of the holders of the depositary shares will cease, except the right to receive the redemption price payable upon such redemption.

Voting

Upon receipt of notice of any meeting or action in lieu of any meeting at which the holders of any shares of a series of preferred stock underlying the depositary shares are entitled to vote, the depositary will mail the information contained in such notice to the record holders of the depositary shares relating to such shares of preferred stock. Each record holder of such depositary shares on the record date (which will be the same date as the record date for such series of preferred stock) will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the number of shares of such series of preferred stock underlying such holder's depositary shares. The depositary will endeavor, as practicable, to vote the number of shares of such series of preferred stock underlying such depositary shares in accordance with such instructions, and we will agree to take all action which may be deemed necessary by the depositary in order to enable the depositary to do so. If the depositary does not receive instructions from the holders of depositary shares, the depositary will abstain from voting the preferred stock that underlies these depositary shares.

Amendment of the Deposit Agreement

The form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement may at any time be amended by agreement between us and the depositary. However, any amendment which materially and adversely alters the rights of the existing holders of depositary shares will not be effective unless such amendment has been approved by the holders of at least a majority of the depositary shares then outstanding.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges that arise solely from the existence of the depositary arrangements. We will pay charges of the depositary in connection with the initial deposit of the applicable series of preferred stock and any exchange or redemption of such series of preferred stock. Holders of depositary shares will pay all other transfer and other taxes and governmental charges, and, in addition, such other charges as are expressly provided in the deposit agreement to be for their accounts.

Miscellaneous

We, or at our option, the depositary, will forward to the holders of depositary shares all of our reports and communications which we are required to furnish to the holders of the series preferred stock represented by the depositary receipts.

Neither we nor the depositary will be liable if we or the depositary is prevented or delayed by law or any circumstances beyond our or its control in performing our or its obligations under the deposit agreement. Our obligations and the depositary's obligations under the deposit agreement will be limited to performance in good faith and neither we nor the depositary will be obligated to prosecute or defend any legal proceeding in respect of any depositary share or preferred stock unless satisfactory indemnity has been furnished. Both we and the depositary may rely upon written advice of counsel or accountants, or information provided by persons presenting preferred stock for deposit, holders of depositary shares or other persons believed to be competent and on documents believed to be genuine.

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Resignation and Removal of Depositary; Termination of the Deposit Agreement

The depositary may resign at any time by delivering notice to us of its election to do so, and we may at any time remove the depositary. Any such resignation or removal will take effect upon the appointment of a successor depositary and its acceptance of such appointment. We will appoint a successor depositary within 60 days after delivery of the notice of resignation or removal. We may terminate the deposit agreement or it may be terminated by the depositary if a period of 90 days expires after the depositary has delivered written notice to us of its election to resign and we have not appointed a successor depositary. Upon termination of the deposit agreement, the depositary will discontinue the transfer of depositary receipts, will suspend the distribution of dividends to the holders of depositary receipts, and will not give any further notices (other than notice of such termination) or perform any further acts under the deposit agreement except that the depositary will continue to deliver the applicable series of preferred stock certificates, together with dividends and distributions and the net proceeds of any sales of rights, preferences, privileges or other property in exchange for depositary receipts surrendered prior to any such termination. Upon our request, the depositary will deliver to us all books, records, certificates evidencing the applicable series of preferred stock, depositary receipts and other documents relating to the subject matter of the deposit agreement.

DESCRIPTION OF COMMON STOCK

If we offer shares of Class A common stock, the prospectus supplement or term sheet will set forth the number of shares offered, the public offering price, information regarding our dividend history and Class A common stock prices as reflected on the New York Stock Exchange or other exchange that the Class A common stock is then listed, including a recent reported last sale price of the Class A common stock. Our authorized common stock currently consists of 377,000,000 shares, of which 322,000,000 shares are Class A common stock, par value \$.01 per share, 30,000,000 shares are Class B common stock, par value \$.01 per share and 25,000,000 shares are Class 1 common stock, \$.01 par value per share.

The shares of Class A common stock offered by this prospectus will, when issued, be validly issued and fully paid and non-assessable, not subject to redemption and without preemptive or other rights to subscribe for or purchase any proportionate part of any new or additional issues of stock of any class or of securities convertible into stock of any class.

The following descriptions of our common stock and certain provisions of our Restated Certificate of Incorporation, as amended, and By-Laws, as amended and restated, are summaries and are not complete. You should carefully review the provisions of our Restated Certificate of Incorporation, as amended, and By-Laws, as amended and restated, and appropriate provisions of the Delaware General Corporation Law.

General

The rights of holders of Class A common stock and Class B common stock are identical except for voting, dividends and conversion rights. The rights of holders of Class 1 common stock are generally comparable to the rights of holders of Class B common stock except that shares of Class 1 common stock do not generally have voting rights and the circumstances under which shares of Class 1 common stock are convertible into shares of Class A common stock are limited.

Voting

Except as described below in connection with the election of directors and except where a separate class vote is required under Delaware law, the holders of Class A common stock and Class B common stock vote together as a single class on all matters submitted to a vote of the stockholders. In the instances in which the holders of Class A common stock and Class B common stock vote together as a single class, the holders of

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Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to 10 votes per share. Alternatively, in instances where the holders of Class A common stock and Class B common stock vote as separate classes, holders of both the Class A common stock and Class B common stock are entitled to one vote per share.

With respect to the election of directors at a meeting of stockholders, holders of Class A common stock, voting as a separate class, are entitled to elect one-fourth of the members of our board of directors (rounded up, if necessary, to the nearest whole number of directors). If the number of outstanding shares of Class B common stock is an amount equal to or greater than 12¹/₂% of the aggregate number of outstanding shares of Class A common stock and Class B common stock, the holders of Class B common stock, voting as a separate class, are entitled to elect the remaining directors; otherwise, the holders of Class A common stock and Class B common stock, voting together as a single class, are entitled to elect the remaining directors (in which case the holders of Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to 10 votes per share).

Holders of Class 1 common stock are not entitled to vote except that such holders are entitled to vote as a separate class on matters with respect to which a separate class vote of holders of Class 1 common stock is required by law and are entitled to vote with respect to any increase or decrease in the authorized number of shares of Class 1 common stock as a single class with the holders of Class A common stock and Class B common stock (in which case the holders of Class 1 common stock and Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to ten votes per share).

Dividends

If we declare and pay a cash dividend on Class B common stock, we must declare and pay a cash dividend on Class 1 common stock in the same amount per share, and if we declare and pay a cash dividend on Class 1 common stock, we must declare and pay a cash dividend on Class B common stock in the same amount per share. In addition, if we pay a cash dividend on Class B common stock and Class 1 common stock, each share of Class A common stock will receive a cash dividend in an amount at least 10% greater than the amount of the cash dividend per share paid on Class B common stock and Class 1 common stock. Our board of directors may declare and pay a dividend on Class A common stock without paying any dividend on Class B common stock or Class 1 common stock. Our senior credit facility may restrict the payment of cash dividends on our common stock under certain circumstances. Any indentures for debt securities issued in the future, the terms of any preferred stock issued in the future and any credit agreements entered into in the future may also restrict or prohibit the payment of cash dividends on our common stock.

Conversion

Each share of Class B common stock is convertible into one fully paid and non-assessable share of Class A common stock at the option of the holder at any time. The shares of Class A common stock are not convertible into or exchangeable for shares of Class B common stock or any of our other securities. Each holder of a share of Class 1 common stock may convert shares of Class 1 common stock into shares of Class A common stock on a one-for-one basis; provided such conversion is permitted only if the holder immediately sells the Class A common stock acquired upon conversion in a market transaction or to an unrelated party in a bona fide private sale. The Company does not intend to list the Class 1 common stock on the New York Stock Exchange or any other exchange. A holder wishing to sell shares of Class 1 common stock may convert such shares of Class 1 common stock into shares of Class A common stock (which are currently listed on the New York Stock Exchange) immediately prior to a qualifying sale of the shares. The terms of the Class 1 common stock do not impose any transfer restrictions on shares of Class 1 common stock; however, shares of Class 1 common stock may be subject to restrictions on transfer imposed by applicable securities laws.

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Other Provisions

Holders of Class A common stock, Class B common stock and Class 1 common stock are entitled to share pro rata in the distribution of our assets available for such purpose in the event of our liquidation, dissolution or winding up, after payment of, or provision for, creditors and distribution of, or provision for, preferential amounts and unpaid accumulated dividends to holders of preferred stock, if any. Holders of Class A common stock, Class B common stock and Class 1 common stock have no preemptive rights to subscribe for any additional securities of any class which we may issue, and there are no redemption provisions or sinking fund provisions applicable to any such classes, nor is the Class A common stock, Class B common stock and Class 1 common stock subject to calls or assessments.

Certain Statutory Provisions

We are subject to Section 203 of the Delaware General Corporation Law. Section 203 prohibits a publicly held Delaware corporation from engaging in any “business combination” with any “interested stockholder” for a period of three years following the time that such person became an interested stockholder, unless

- prior to the time the interested stockholder becomes an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owns at least 85% of the outstanding voting stock; or
- at or subsequent to the time the interested stockholder became an interested stockholder, the business combination is approved by the board of directors and authorized at a meeting of the corporation’s stockholders by the affirmative vote of at least 66²/₃% of the outstanding voting stock that is not owned by the interested stockholder.

For purposes of Section 203, a “business combination” includes a merger, assets sale or other transaction resulting in a financial benefit to the interested stockholder, and an “interested stockholder” is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of the corporation’s voting stock.

DESCRIPTION OF WARRANTS

The following is a general description of the terms of the warrants we may issue from time to time. Particular terms of any warrants we offer will be described in the prospectus supplement or term sheet relating to such warrants.

General

We may issue warrants to purchase our Class A common stock, preferred stock, depositary shares, debt securities or any combination thereof. Warrants may be issued independently or together with other securities and may be attached to or separate from those securities. The warrants will be issued under warrant agreements to be entered into between us and a warrant agent. The warrant agent will act solely as our agent and will not assume any obligation or relationship of agency for or with holders or beneficial owners of warrants.

The particular terms of each issue of warrants, the warrant agreement relating to the warrants and the warrant certificates representing warrants will be described in the applicable prospectus supplement or term sheet. This description will include:

- the title of the warrants;
- the price or prices at which the warrants will be issued, if any;

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- the designation and terms of the Class A common stock, preferred stock, depositary shares or debt securities for which the warrants are exercisable;
- if applicable, the designation and terms of the other securities with which the warrants are issued, and the number of warrants issued with each share or unit of such other securities;
- the currency or currencies, including composite currencies, in which the price of such warrants may be payable;
- if applicable, the date on and after which the warrants and the other securities will be separately transferable;
- the number of shares of Class A common stock, preferred stock, depositary shares or the principal amount of debt securities that may be purchased upon exercise of a warrant and the price at which the shares or debt securities may be purchased upon exercise;
- anti-dilution provisions of the warrants, if any;
- with respect to debt securities only, whether the warrants represented by the warrant certificates or debt securities that may be issued upon exercise of the warrants will be issued in registered or bearer form;
- if applicable, a discussion of any material federal income tax considerations; and
- any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

Modifications

The warrant agreement may be amended by us and the warrant agent, without the consent of the holder of any warrant certificate, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the warrant agreement, or making any provisions in regard to matters or questions arising under the warrant agreement that we may deem necessary or desirable; provided, that the amendment may not adversely affect the interest of the holders of warrant certificates in any material respect.

DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

The following is a general description of the terms of the stock purchase contracts and stock purchase units we may issue from time to time. Particular terms of any stock purchase contracts and/or stock purchase units we offer will be described in the prospectus supplement or term sheet relating to such stock purchase contracts and/or stock purchase units.

We may issue stock purchase contracts, representing contracts obligating holders to purchase from us, and we may sell to the holders, a specified number of shares of Class A common stock, preferred stock or depositary shares at a future date or dates. The price per share of Class A common stock, preferred stock or depositary shares may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts. Any stock purchase contract may include anti-dilution provisions to adjust the number of shares issuable pursuant to such stock purchase contract upon the occurrence of certain events.

Stock purchase contracts may be issued separately or as a part of units ("stock purchase units") consisting of a stock purchase contract and our debt securities or debt obligations of third parties, including U.S. Treasury securities, in each case securing holders' obligations to purchase Class A common stock, preferred stock or depositary shares under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice versa, and such payments may be unsecured or prefunded on some basis. The stock purchase contracts may require holders to secure their obligations thereunder in a specified manner.

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The applicable prospectus supplement or term sheet will describe the terms of any stock purchase contracts or stock purchase units. Certain material federal income tax considerations applicable to the stock purchase units and stock purchase contracts will be set forth in the prospectus supplement or term sheet relating thereto.

PLAN OF DISTRIBUTION

We may sell securities pursuant to this prospectus in any of four ways:

- directly to purchasers;
- through agents;
- through dealers; or
- through one or more underwriters or a syndicate of underwriters in an underwritten offering.

With respect to each offering of securities pursuant to this prospectus, among other information, the following will be set forth in, or may be calculated from the information set forth in, the related prospectus supplement or term sheet:

- the terms of any offering, including the name or names of any underwriters, dealers or agents, the purchase price of such series of debt securities and the proceeds to us from such sale;
- any underwriting discounts, selling commissions and other items constituting underwriters', dealers' or agents' compensation;
- any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers or agents; and
- any securities exchanges on which the securities of the series may be listed.

LEGAL OPINIONS

The validity of the securities offered by this prospectus will be passed upon by McDermott Will & Emery LLP. Legal counsel to any underwriters may pass upon legal matters for such underwriters.

EXPERTS

The consolidated financial statements of Constellation Brands, Inc. and subsidiaries as of February 29, 2016 and February 28, 2015, and for each of the years in the three-year period ended February 29, 2016, and management's assessment of the effectiveness of internal control over financial reporting as of February 29, 2016, have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of Crown Imports LLC incorporated in this prospectus by reference to Constellation Brands, Inc.'s Annual Report on Form 10-K for the year ended February 28, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The carve-out combined historical financial statements of the Piedras Negras Brewery Business incorporated in this prospectus by reference to Constellation Brands, Inc.'s Current Report on Form 8-K filed on

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April 30, 2013 have been so incorporated in reliance on the report (which contains an explanatory paragraph relating to the significant related party transactions as described in Note 19 to such financial statements) of PricewaterhouseCoopers, S.C., independent certified public accountants, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Home Brew Mart, Inc. appearing in Exhibit 99.1 to the Constellation Brands, Inc. Post-Effective Amendment No. 1 for the years ended December 31, 2013 and 2014, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 14. Other Expenses of Issuance and Distribution.

The following table sets forth the estimated fees and expenses payable by the Company in connection with the issuance and distribution of the Securities being registered:

SEC registration fee	\$ *
Printing expenses	**
Fees and expenses of counsel	**
Fees and expenses of accountants	**
Trustees fees and expenses	**
Rating agency fees	**
Miscellaneous	**
Total	\$ **

* The filing fee is to be deferred pursuant to Rule 456(b) and calculated in connection with the offering of securities under this registration statement pursuant to Rule 457(r).

** These fees are calculated based on the securities offered and the number of issuances and accordingly cannot be estimated at this time.

ITEM 15. Indemnification of Directors and Officers.

The Delaware General Corporation Law (Section 102) allows a corporation to eliminate the personal liability of directors of a corporation to the corporation or to any of its stockholders for monetary damage for a breach of his/her fiduciary duty as a director, except in the case where the director breached his/her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. The Company's Restated Certificate of Incorporation, as amended (the "Restated Certificate"), contains a provision which eliminates directors' personal liability as set forth above.

The Delaware General Corporation Law (Section 145) gives Delaware corporations broad powers to indemnify their present and former directors and officers and those of affiliated corporations against expenses incurred in the defense of any lawsuit to which they are made parties by reason of being or having been such directors or officers, subject to specified conditions and exclusions; gives a director or officer who successfully defends an action the right to be so indemnified; and authorizes a corporation to buy directors' and officers' liability insurance. Such indemnification is not exclusive of any other right to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or otherwise.

The Restated Certificate provides for indemnification to the fullest extent authorized by Section 145 of the Delaware General Corporation Law for directors, officers, and, if authorized by the Board of Directors, employees and agents of the Company, and also for persons who are serving at the request of the Company as directors, officers or employees of other corporations (including subsidiaries); provided that, with respect to proceedings initiated by such indemnitee (other than a proceeding brought to enforce a right to indemnification under the Restated Certificate as provided therein), indemnification shall be provided only if such proceedings were authorized by the Board of Directors. This right of indemnification is not exclusive of any other right which any person may acquire under any statute, bylaw, agreement, contract, vote of stockholders or otherwise.

The Company maintains a directors' and officers' liability insurance and corporate reimbursement policy insuring directors and officers against loss arising from claims made arising out of the performance of their duties.

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In addition, the Company has agreed to indemnify certain of its officers to the fullest extent permitted under Delaware law, and as provided in the Company's Certificate of Incorporation and Bylaws that were in effect on the date of the agreement to indemnify. The Company also agreed to advance fees and expenses as incurred by these officers as a result of any proceeding against them as to which they could be indemnified.

In addition, the formation documents of certain of the subsidiary guarantors provide for certain indemnification rights to the officers and directors of those subsidiary guarantors. The states of formation or incorporation of the subsidiary guarantors have laws that may restrict or enhance these indemnification rights. Constellation Brands Beach Holdings, Inc., Constellation Marketing Services, Inc., Franciscan Vineyards, Inc. are Delaware corporations. Constellation Brands SMO, LLC, Constellation Services LLC and Crown Imports LLC are Delaware limited liability companies. ALCOFI INC., Constellation Brands U.S. Operations, Inc., Constellation Trading Company, Inc. are each New York corporations. Constellation Leasing, LLC is a New York limited liability company. Constellation Beers Ltd. is a Maryland corporation. Home Brew Mart, Inc. and Robert Mondavi Investments are California corporations. The Hogue Cellars, Ltd. is a Washington corporation.

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ITEM 16. Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
1*	Form of Underwriting Agreement
4.1	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)
4.1a	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)
4.1b	Supplemental Indenture No. 2, with respect to 4.625% Senior Notes due March 2023 (no longer outstanding), dated as of August 14, 2012, 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 August 14, 2012, filed August 17, 2012 and incorporated herein by reference)
4.1c	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)
4.1d	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)
4.1e	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)
4.1f	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 quarter ended May 31, 2014, filed July 10, 2014 and incorporated herein by reference)
4.1g	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)
4.1h	Supplemental Indenture No. 8, with respect to 4.750% Senior Notes due 2024, 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 4.2 to the Company's Current Report on form 8-K dated November 3, 2014, filed November 7, 2014 and incorporated herein by reference)

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4.1i	Supplemental Indenture No. 9, with respect to 4.750% Senior Notes due 2025, dated December 4, 2015, among the Company, as Issuer, certain subsidiaries, as Guarantors, and Manufacturer's and Traders Trust Company, as Trustee (filed as Exhibit 4.1 to the Company's Current report on Form 8-K, dated December 4, 2015, filed December 8, 2015 and incorporated herein by reference)
4.1j	Supplemental Indenture No. 10, dated as of January 15, 2016, among the Company, Home Brew Mart, Inc., and Manufacturers and Traders Trust Company, as Trustee (filed as Exhibit 4.26 to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2016 and incorporated herein by reference)
4.2*	Form of Deposit Agreement, including form of depositary receipt
4.3*	Form of Warrant Agreement, including form of Warrant Certificate
4.4*	Form of Stock Purchase Contract, including form of Stock Purchase Unit
5***	Opinion of McDermott Will & Emery LLP
12	Statement of Computation of Ratio of Earnings to Fixed Charges (filed as Exhibit 12.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 2016, filed October 5, 2016 and incorporated herein by reference)
23.1	Consent of McDermott Will & Emery LLP (included as part of Exhibit 5)
23.2	Consent of KPMG LLP with respect to its reports regarding the consolidated financial statements of Constellation Brands, Inc. and the effectiveness of Constellation Brands, Inc.'s internal control over financial reporting. Incorporated by reference to Exhibit 23.1 to the Company's Annual Report on Form 10-K for the year ended February 29, 2016, filed April 25, 2016.
23.3**	Consent of PricewaterhouseCoopers LLP with respect to its report regarding the financial statements of Crown Imports LLC
23.4**	Consent of PricewaterhouseCoopers, S.C. with respect to its report regarding the financial statements of the Piedras Negras Brewery Business
23.5***	Consent of Ernst & Young LLP with respect to its report regarding the financial statements of Home Brew Mart, Inc.
24.1***	Powers of Attorney (included on signature pages of this registration statement)
25***	Statement of Eligibility of Trustee on Form T-1 for the indenture filed as Exhibit 4.1, as supplemented by supplemental indentures filed as Exhibits 4.1(a)-(j), to this registration statement
99.1***	Audited Consolidated Financial Statements of Home Brew Mart, Inc. as of December 31, 2013 and 2014, and for the years ended December 31, 2013 and 2014, and Unaudited Consolidated Financial Statements of Home Brew Mart, Inc. as of September 30, 2015 and for the nine months ended September 30, 2014 and 2015.

* To be subsequently filed by amendment or as an exhibit to a Current Report on Form 8-K.

** Previously filed as an exhibit to this Registration Statement.

*** Filed herewith.

ITEM 17. Undertakings.

(a) The undersigned Registrants hereby undertake:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

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(ii) to reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrants pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement;

(2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof;

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;

(4) that, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the Registrants pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; and

(5) that, for the purpose of determining liability of the Registrants under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned Registrants undertake that in a primary offering of securities of the undersigned Registrants pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are

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offered or sold to such purchaser by means of any of the following communications, the undersigned Registrants will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the undersigned Registrants relating to the offering required to be filed pursuant to Rule 424;
- (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrants or used or referred to by the undersigned Registrants;
- (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrants or their securities provided by or on behalf of the undersigned Registrants; and
- (iv) Any other communication that is an offer in the offering made by the undersigned Registrants to the purchaser.

(b) The undersigned Registrants hereby undertake that, for purposes of determining any liability under the Securities Act, each filing of the Registrants' annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the Registrants pursuant to the provisions described under Item 15 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the Registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

CONSTELLATION BRANDS, INC.

By: /s/ David Klein
Name: David Klein
Title: Executive Vice President and Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities (including his or her capacity as a director and/or officer of Constellation Brands, Inc.) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Robert Sands</u> Robert Sands	President and Chief Executive Officer (principal executive officer) and a Director	November 29, 2016
<u>/s/ David Klein</u> David Klein	Executive Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)	November 29, 2016
<u>/s/ Richard Sands</u> Richard Sands	Chairman of the Board and a Director	November 29, 2016
<u>/s/ Frederic Cumenal</u> Frederic Cumenal	Director	November 29, 2016

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<u>/s/ Jerry Fowden</u> Jerry Fowden	Director	November 29, 2016
<u>/s/ Barry A. Fromberg</u> Barry A. Fromberg	Director	November 29, 2016
<u>/s/ Robert L. Hanson</u> Robert L. Hanson	Director	November 29, 2016
<u>/s/ Ernesto M. Hernández</u> Ernesto M. Hernández	Director	November 29, 2016
<u>/s/ James A. Locke III</u> James A. Locke III	Director	November 29, 2016
<u>/s/ Daniel J. McCarthy</u> Daniel J. McCarthy	Director	November 29, 2016
<u>/s/ Judy A. Schmeling</u> Judy A. Schmeling	Director	November 29, 2016
<u>/s/ Keith E. Wandell</u> Keith E. Wandell	Director	November 29, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

ALCOFI INC.

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of ALCOFI INC.) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William A. Newlands</u> William A. Newlands	President (principal executive officer) and a Director	November 29, 2016
<u>/s/ David Klein</u> David Klein	Vice President (principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Director	November 29, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Constellation Beers Ltd.

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Constellation Beers Ltd.) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ F. Paul Hetterich</u> F. Paul Hetterich	President and Chief Executive Officer (principal executive officer) and a Director	November 29, 2016
<u>/s/ David Klein</u> David Klein	Executive Vice President (principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Executive Vice President and a Director	November 29, 2016

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Constellation Brands Beach Holdings, Inc.

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities (including his or her capacity as a manager, director and/or officer of Constellation Brands Beach Holdings, Inc.) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ F. Paul Hetterich</u> F. Paul Hetterich	President (principal executive officer)	November 29, 2016
<u>/s/ David Klein</u> David Klein	Vice President (principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Director	November 29, 2016
<u>/s/ Christopher Stenzel</u> Christopher Stenzel	Vice President and Assistant Treasurer and a Director	November 29, 2016

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Constellation Brands SMO, LLC

By: ALCOFI INC.
Its Sole Member

By: /s/ Oksana S. Dominach
Name: Oksana S. Dominach
Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities (including his capacity as a member, director and/or officer of Constellation Brands SMO, LLC or of its member) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William A. Newlands</u> William A. Newlands	President (principal executive officer)	November 29, 2016
<u>/s/ David Klein</u> David Klein	Vice President (principal financial officer and principal accounting officer)	November 29, 2016
ALCOFI INC.	Sole Member	
By: <u>/s/ Oksana S. Dominach</u> Name: Oksana S. Dominach Title: Vice President and Treasurer		November 29, 2016
<u>/s/ Oksana S. Dominach</u> Oksana S. Dominach	Sole Manager	November 29, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Constellation Brands U.S. Operations, Inc.

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Constellation Brands U.S. Operations, Inc.) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William A. Newlands</u> William A. Newlands	President (principal executive officer) and a Director	November 29, 2016
<u>/s/ David Klein</u> David Klein	Vice President (principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Director	November 29, 2016

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Constellation Leasing, LLC

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a manager, director and/or officer of Constellation Leasing, LLC) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ David Klein</u> David Klein	President (principal executive officer, principal financial officer and principal accounting officer) and a Manager	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Vice President, Assistant Secretary and a Manager	November 29, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Constellation Marketing Services, Inc.

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a manager, director and/or officer of Constellation Marketing Services, Inc.) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ F. Paul Hetterich</u> F. Paul Hetterich	President (principal executive officer) and a Director	November 29, 2016
<u>/s/ David Klein</u> David Klein	Vice President (principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Director	November 29, 2016

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Constellation Services LLC

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a manager, director and/or officer of Constellation Services LLC) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ F. Paul Hetterich</u> F. Paul Hetterich	President (principal executive officer) and a Director	November 29, 2016
<u>/s/ David Klein</u> David Klein	Vice President (principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Vice President and a Director	November 29, 2016

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Constellation Trading Company, Inc.

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Constellation Trading Company, Inc.) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ David Klein</u> David Klein	President (principal executive officer, principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Director	November 29, 2016

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York November 29, 2016.

Crown Imports LLC

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a manager, director and/or officer of Crown Imports LLC) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ F. Paul Hetterich</u> F. Paul Hetterich	President (principal executive officer)	November 29, 2016
<u>/s/ David Klein</u> David Klein	Senior Vice President (principal financial officer and principal accounting officer)	November 29, 2016
<u>/s/ Robert Sands</u> Robert Sands	Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Director	November 29, 2016
<u>/s/ William F. Hackett</u> William F. Hackett	Chairman and a Director	November 29, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Franciscan Vineyards, Inc.

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Franciscan Vineyards, Inc.) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William A. Newlands</u> William A. Newlands	President (principal executive officer) and a Director	November 29, 2016
<u>/s/ David Klein</u> David Klein	Vice President (principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Director	November 29, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No.1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Home Brew Mart, Inc.

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Assistant Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Home Brew Mart, Inc.) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Martin P. Birkel</u> Martin P. Birkel	President (principal executive officer)	November 29, 2016
<u>/s/ David Klein</u> David Klein	Vice President (principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ F. Paul Hetterich</u> F. Paul Hetterich	Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Director	November 29, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

Robert Mondavi Investments

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Robert Mondavi Investments) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William A. Newlands</u> William A. Newlands	President (principal executive officer)	November 29, 2016
<u>/s/ David Klein</u> David Klein	Vice President (principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Director	November 29, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Victor, State of New York on November 29, 2016.

The Hogue Cellars, Ltd.

By: /s/ Oksana S. Dominach

Name: Oksana S. Dominach

Title: Vice President and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein, Thomas J. Mullin, Oksana S. Dominach and Lisa M. Schnorr and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of The Hogue Cellars, Ltd.) to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William A. Newlands</u> William A. Newlands	President (principal executive officer) and a Director	November 29, 2016
<u>/s/ David Klein</u> David Klein	Vice President (principal financial officer and principal accounting officer) and a Director	November 29, 2016
<u>/s/ Thomas J. Mullin</u> Thomas J. Mullin	Director	November 29, 2016

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
1*	Form of Underwriting Agreement
4.1	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)
4.1a	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)
4.1b	Supplemental Indenture No. 2, with respect to 4.625% Senior Notes due March 2023 (no longer outstanding), dated as of August 14, 2012, 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 August 14, 2012, filed August 17, 2012 and incorporated herein by reference)
4.1c	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)
4.1d	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)
4.1e	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)
4.1f	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 quarter ended May 31, 2014, filed July 10, 2014 and incorporated herein by reference)
4.1g	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)
4.1h	Supplemental Indenture No. 8, with respect to 4.750% Senior Notes due 2024, 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 4.2 to the Company's Current Report on form 8-K dated November 3, 2014, filed November 7, 2014 and incorporated herein by reference)

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4.1i	Supplemental Indenture No. 9, with respect to 4.750% Senior Notes due 2025, dated December 4, 2015, among the Company, as Issuer, certain subsidiaries, as Guarantors, and Manufacturer's and Traders Trust Company, as Trustee (filed as Exhibit 4.1 to the Company's Current report on Form 8-K, dated December 4, 2015, filed December 8, 2015 and incorporated herein by reference)
4.1j	Supplemental Indenture No. 10, dated as of January 15, 2016, among the Company, Home Brew Mart, Inc., and Manufacturers and Traders Trust Company, as Trustee (filed as Exhibit 4.26 to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2016 and incorporated herein by reference)
4.2*	Form of Deposit Agreement, including form of depositary receipt
4.3*	Form of Warrant Agreement, including form of Warrant Certificate
4.4*	Form of Stock Purchase Contract, including form of Stock Purchase Unit
5***	Opinion of McDermott Will & Emery LLP
12	Statement of Computation of Ratio of Earnings to Fixed Charges (filed as Exhibit 12.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 2016, filed October 5, 2016 and incorporated herein by reference)
23.1	Consent of McDermott Will & Emery LLP (included as part of Exhibit 5)
23.2	Consent of KPMG LLP with respect to its reports regarding the consolidated financial statements of Constellation Brands, Inc. and the effectiveness of Constellation Brands, Inc.'s internal control over financial reporting. Incorporated by reference to Exhibit 23.1 to the Company's Annual Report on Form 10-K for the year ended February 29, 2016, filed April 25, 2016.
23.3**	Consent of PricewaterhouseCoopers LLP with respect to its report regarding the financial statements of Crown Imports LLC
23.4**	Consent of PricewaterhouseCoopers, S.C. with respect to its report regarding the financial statements of the Piedras Negras Brewery Business
23.5***	Consent of Ernst & Young LLP with respect to its report regarding the financial statements of Home Brew Mart, Inc.
24.1***	Powers of Attorney (included on signature pages of this registration statement)
25***	Statement of Eligibility of Trustee on Form T-1 for the indenture filed as Exhibit 4.1, as supplemented by supplemental indentures filed as Exhibits 4.1(a)-(j), to this registration statement
99.1***	Audited Consolidated Financial Statements of Home Brew Mart, Inc. as of December 31, 2013 and 2014, and for the years ended December 31, 2013 and 2014, and Unaudited Consolidated Financial Statements of Home Brew Mart, Inc. as of September 30, 2015 and for the nine months ended September 30, 2014 and 2015.

* To be subsequently filed by amendment or as an exhibit to a Current Report on Form 8-K.

** Previously filed as an exhibit to this Registration Statement.

*** Filed herewith.

McDermott Will & Emery LLP
227 West Monroe Street
Chicago, Illinois 60606-5096

November 29, 2016

Constellation Brands, Inc.
207 High Point Drive
Building 100
Victor, New York 14564

Re: Registration Statement on Form S-3 filed on November 29, 2016

Ladies and Gentlemen:

We have acted as counsel to Constellation Brands, Inc. (the "Company") in connection with the above-referenced Registration Statement, on Form S-3 (the "Registration Statement") filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Act"), relating to the proposed public offering of an indeterminate amount of (i) its debt securities ("Debt Securities"), which may be unconditionally and irrevocably guaranteed (the "Guarantees") by certain of the Company's subsidiaries (the "Guarantors") that are signatories to the indentures which are filed as exhibits to the Registration Statement (the "Indenture"); (ii) shares of its Preferred Stock (the "Preferred Stock"), par value \$.01 per share, which may be represented by depositary shares (the "Depositary Shares"); (iii) shares of its Class A Common Stock, par value \$.01 per share (the "Common Stock"); warrants to purchase Debt Securities, Preferred Stock, Depositary Shares, Common Stock or any combination thereof (the "Warrants"), stock purchase contracts ("Stock Purchase Contracts") and stock purchase units (the "Stock Purchase Units" and, together with the Debt Securities, the Preferred Stock, the Common Stock, the Warrants and the Stock Purchase Contracts, the "Securities"). The Securities may be sold by the Company from time to time as set forth in the Registration Statement, the prospectus which forms a part of the Registration Statement (the "Prospectus"), and as to be set forth in one or more supplements to the Prospectus (each, a "Prospectus Supplement").

In arriving at the opinion expressed below, we have assumed that the issuance, sale, amount and terms of the Securities to be offered from time to time will be duly authorized and determined by proper action of the Board of Directors (the "Board") of the Company consistent with the procedures and terms described in the Registration Statement (each, a "Board Action") and in accordance with the Company's Restated Certificate of Incorporation, as amended (the "Certificate") and applicable Delaware law. In addition, we have examined and relied, to the extent we deemed proper, on certificates of officers of the Company and the Guarantors as to factual matters, and on originals or copies certified or otherwise identified to our satisfaction, of all such corporate records of the Company and the Guarantors and such other instruments and certificates of public officials and other persons as we have deemed appropriate. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies, the genuineness of all signatures on documents reviewed by us and the legal capacity of natural persons.

Based upon, subject to and limited by the foregoing, we are of the opinion that, as of the date hereof:

1. When the Debt Securities have been (a) duly established by the Indenture or any supplemental indenture thereto, (b) duly authorized and established by applicable Board Action and duly authenticated by the trustee thereunder (the "Trustee"), and (c) duly executed and Guarantees have been duly authorized by all necessary corporate action, and when delivered on behalf of the Company against payment therefor in accordance with the terms of such Board Action, any applicable underwriting agreement, the Indenture and any applicable supplemental indenture, and as contemplated by the Registration Statement and/or the applicable Prospectus Supplement, the Debt Securities will constitute binding obligations of the Company, enforceable in accordance with their terms, except that the enforceability thereof may be limited by or subject to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws now or hereafter existing which affect the rights and remedies of creditors generally and equitable principles of general applicability.

2. When the Preferred Stock has been duly authorized and established by applicable Board Action, in accordance with the terms of the Certificate and applicable law, upon issuance and delivery of the Preferred Stock against payment of valid consideration therefor in accordance with the terms of such Board Action and any applicable underwriting or purchase agreement, and as contemplated by the Registration Statement and/or the applicable Prospectus Supplement, the shares represented by such shares of Preferred Stock will be legally issued, fully paid and non-assessable.
3. When the Depositary Shares and the underlying Preferred Stock have been duly authorized and established by applicable Board Action, in accordance with the terms of the Certificate and applicable law, and when (a) a deposit agreement substantially as described in the Registration Statement has been duly executed and delivered by the Company and a depository, and (b) the depository receipts representing the Depositary Shares in the form contemplated and authorized by such deposit agreement have been duly executed and delivered by such depository and delivered to and paid for by the purchasers thereof in the manner contemplated by the Registration Statement and/or the applicable Prospectus Supplement, upon issuance and delivery of the Preferred Stock against payment of valid consideration therefor in accordance with the terms of such Board Action and any applicable underwriting or purchase agreement, and as contemplated by the Registration Statement and/or the applicable Prospectus Supplement, such Depositary Shares will be legally issued and will entitle the holders thereof to the rights specified in the depository receipts and the deposit agreement relating to such Depositary Shares.
4. Upon due authorization by Board Action of an issuance of Common Stock, and upon issuance and delivery of the Common Stock against payment of valid consideration therefor in accordance with the terms of such Board Action and any applicable underwriting or purchase agreement, and as contemplated by the Registration Statement and/or the applicable Prospectus Supplement, such shares of Common Stock will be legally issued, fully paid and non-assessable.
5. When the Warrants to purchase Securities have been (i) duly authorized and established by applicable Board Action, and (ii) duly executed and delivered on behalf of the Company against payment therefor in accordance with the terms of such Board Action, any applicable underwriting agreement, and as contemplated by the Registration Statement and/or the applicable Prospectus Supplement, the Warrants to purchase Securities will constitute binding obligations of the Company, enforceable in accordance with their terms, except that the enforceability thereof may be limited by or subject to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws now or hereafter existing which affect the rights and remedies of creditors generally and equitable principles of general applicability.
6. With respect to Stock Purchase Contracts, when (i) the Board has taken the appropriate Board Action to approve and establish the terms of such Stock Purchase Contracts and to authorize and approve the issuance thereof, the terms of the offering thereof and related matters; and (ii) the Stock Purchase Contracts have been duly executed and delivered in accordance with the applicable purchase agreement and the applicable definitive purchase, underwriting or similar agreement approved by or on behalf of the Board, upon payment of the consideration therefor provided for therein and as described in the Registration Statement, any amendment thereto, the Prospectus and any Prospectus Supplement relating thereto, the Stock Purchase Contracts will constitute binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforceability thereof may be limited by or subject to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws now or hereafter existing which affect the rights and remedies of creditors generally and equitable principles of general applicability.
7. With respect to Stock Purchase Units, when (i) the Board has taken the appropriate Board Action to approve and establish the terms of the Stock Purchase Units and to authorize and approve the issuance thereof, the terms of the offering and related matters; and (ii) the Stock Purchase Units have

been duly executed and delivered in accordance with the purchase agreement and the applicable definitive purchase, underwriting or similar agreement approved by or on behalf of the Board, upon payment of the consideration therefor provided therein and as described in the Registration Statement, any amendment thereto, the Prospectus and any Prospectus Supplement relating thereto, the Stock Purchase Units will constitute binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforceability thereof may be limited by or subject to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws now or hereafter existing which affect the rights and remedies of creditors generally and equitable principles of general applicability.

To the extent that the obligations of the Company under a deposit agreement or the obligations of the Company or the Guarantors under the Indenture may be dependent upon such matters, we have assumed for purposes of this opinion (i) that the applicable depository or trustee, as the case may be, is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and is duly qualified to engage in the activities contemplated by the applicable deposit agreement or the Indenture, as the case may be, (ii) that such deposit agreement or Indenture, as the case may be, has been duly authorized, executed and delivered by and constitutes the legal, valid and binding obligation of such depository or trustee, as the case may be, enforceable in accordance with its respective terms, except that the enforceability thereof may be limited by or subject to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws now or hereafter existing which affect the rights and remedies of creditors generally and equitable principles of general applicability, (iii) that such depository or trustee, as the case may be, is in compliance, generally and with respect to acting as a depository or trustee, respectively, under the applicable deposit agreement or the Indenture, with all applicable laws and regulations and (iv) that such depository or trustee, as the case may be, has the requisite organizational and legal power and authority to perform its obligations under the applicable deposit agreement or the Indenture, as the case may be.

We express no opinion as to the applicability of, compliance with or effect of, the law of any jurisdiction other than United States federal law, the laws of the State of New York and, to the extent relevant to the opinions expressed herein, the General Corporation Law of the State of Delaware (the "DGCL") and applicable provisions of the Delaware Constitution, in each case as currently in effect, and reported judicial decisions interpreting the DGCL and such provisions of the Delaware Constitution.

We hereby consent to the reference to our firm under the caption "Legal Opinions" in the Registration Statement and to the use of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the SEC thereunder.

Very truly yours,

/s/ McDermott Will & Emery LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption “Experts” and to the incorporation by reference of our report dated August 6, 2015, with respect to the consolidated financial statements of Home Brew Mart, Inc. included in the Post-Effective Amendment No. 1 Registration Statement (Form S-3) and related Prospectus of Constellation Brands, Inc.

/s/ Ernst & Young LLP

San Diego, California
November 28, 2016

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

**STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE**

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

MANUFACTURERS AND TRADERS TRUST COMPANY

(Exact name of trustee as specified in its charter)

New York
(State of incorporation
if not a U.S. national bank)

16-0538020
(I.R.S. employer
identification no.)

One M&T Plaza
Buffalo, New York
(Address of principal executive offices)

14203-2399
(Zip code)

Aaron G. McManus
Vice President
Manufacturers and Traders Trust Company
One M&T Plaza – 7th Floor
Buffalo, New York 14203
(716) 842-4494
(Name, address and telephone number of agent of service)

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

Delaware
(State or other jurisdiction of
incorporation or organization)

16-0716709
(I.R.S. employer
identification no.)

**Table of Additional
Registrants**

<u>State or other jurisdiction of incorporation or organization</u>	<u>Exact name of registrant as specified in its charter</u>	<u>I.R.S. Employer Identification No.</u>
New York	ALCOFI INC.	13-4103237
Maryland	Constellation Beers Ltd.	36-2855879
Delaware	Constellation Brands Beach Holdings, Inc.	45-5570786
Delaware	Constellation Brands SMO, LLC	13-4033806
New York	Constellation Brands U.S. Operations, Inc.	16-1462887
New York	Constellation Leasing, LLC	56-2596168
Delaware	Constellation Marketing Services, Inc.	37-1749064
Delaware	Constellation Services LLC	26-4390211
New York	Constellation Trading Company, Inc.	77-0644374
Delaware	Crown Imports LLC	20-5300132
Delaware	Franciscan Vineyards, Inc.	94-2602962
California	Home Brew Mart, Inc.	33-0592546
California	Robert Mondavi Investments	68-0248575
Washington	The Hogue Cellars, Ltd.	91-1204814

**207 High Point Drive
Building 100 Victor, New York**
(Address of principal executive offices)

14564
(Zip code)

**Debt Securities
and Guarantees of Debt Securities**
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

<u>Name</u>	<u>Address</u>
New York State Department of Financial Services	One State Street, New York, N.Y. 10004
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

[Items 3 through 15 omitted pursuant to General Instruction B to Form T-1]

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Securities and Exchange Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 and 17 C.F.R. 229.10(d).

- Exhibit 1. Organization Certificate of the Trustee as now in effect (incorporated herein by reference to Exhibit 1, Form T-1, Registration Statement No. 333-167832-03).
- Exhibit 2. Certificate of Authority of the Trustee to commence business (incorporated herein by reference to Exhibit 1, Form T-1, Registration Statement No. 333-167832-03).
- Exhibit 3. Authorization of the Trustee to exercise corporate trust powers (incorporated herein by reference to Exhibit 1, Form T-1, Registration Statement No. 333-167832-03).
- Exhibit 4. Existing By-Laws of the Trustee.*
- Exhibit 5. Not Applicable.
- Exhibit 6. Consent of the Trustee (incorporated herein by reference to Exhibit 6, Form T-1, Registration Statement No. 333-167832-03).
- Exhibit 7. Report of Condition of the Trustee.*
- Exhibit 8. Not Applicable.
- Exhibit 9. Not Applicable.

* Filed Herewith

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, Manufacturers and Traders Trust Company, a banking corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Buffalo, and State of New York, on the 29th day of November, 2016.

MANUFACTURERS AND TRADERS TRUST COMPANY

By: /s/ AARON G. MCMANUS

Name: Aaron G. McManus

Title: Vice President

M&T BANK CORPORATION
AMENDED AND RESTATED BYLAWS
(effective as of November 16, 2010)
AMENDED AND RESTATED BYLAWS

OF

M&T BANK CORPORATION

ARTICLE I
Meetings of Stockholders

Section 1. Annual Meeting: The annual meeting of the stockholders of the Corporation, for the election of directors and for the transaction of such other business as may be set forth in the notice of the meeting, shall be held each year at the principal office of the Corporation or at such other place within or without the State of New York as the Board of Directors shall determine and the notice of the meeting shall specify the hour of day on the third Tuesday in April in each year or at such other date within the period of 60 days next succeeding such date as the Board of Directors shall determine. If that day be a legal holiday in any year, the meeting shall be held on the next following that is not a legal holiday.

Section 2. Special Meetings: Special meetings of the stockholders may be called by the Board of Directors or by the Chief Executive Officer, and shall be called by the Corporate Secretary or an Assistant Secretary at the request in writing of the holders of record of at least 25% of the outstanding shares of the Corporation entitled to vote. Such request shall state the purpose or purposes for which the meeting is to be called. Each special meeting of the stockholders shall be held at such time as the Board of Directors or the person calling the meeting (the Chief Executive Officer, Corporate Secretary or Assistant Secretary, as the case may be) shall determine and the notice of the meeting shall specify, and shall be held at the principal office of the Corporation or at such other place within or without the State of New York as the Board of Directors shall determine or the notice of meeting shall specify.

Section 3. Notice of Meetings: Written notice of each meeting of the stockholders shall be given, personally or by mail, not less than 10 nor more than 60 days before the date of the meeting, to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deposited in the United States mail, with first-class postage thereon prepaid, directed to the stockholder at his or her address as it appears on the record of stockholders, or, if he or she shall have filed with the Corporate Secretary of the Corporation a written request that notices to him or her be mailed to some other address, then directed to him or her at such other address. The notice shall state the place, date and hour of the meeting, the purpose or purposes for which the meeting is called and, unless it is the annual meeting, indicate that the notice is being issued by or at the direction of the person calling the meeting. The notice need not refer to the approval of minutes or to other matters normally incident to the conduct of the meeting. Except for such

matters, the business which may be transacted at the meeting shall be confined to business which is related to the purpose or purposes set forth in the notice. If, at any meeting, action is proposed to be taken which would, if taken, entitle dissenting stockholders to receive payment for their shares, the notice of such meeting shall include a statement of that purpose and to that effect.

Section 4. Waiver of Notice: Whenever under any provision of these Bylaws, the certificate of incorporation, the terms of any agreement or instrument, or law, the Corporation or the Board of Directors or any committee thereof is authorized to take any action after notice to any person or persons or after the lapse of a prescribed period of time, such action may be taken without notice and without the lapse of such period of time, if at any time before or after such action is completed the person or persons entitled to such notice or entitled to participate in the action to be taken or, in the case of a stockholder, by his or her duly authorized attorney-in-fact, submit a signed waiver of notice of such requirements. The attendance of any stockholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him or her.

Section 5. Procedure: At each meeting of stockholders the order of business and all other matters of procedure may be determined by the person presiding at the meeting.

Section 6. List of Stockholders: A list of stockholders as of the record date, certified by the corporate officer responsible for its preparation or by a transfer agent, shall be produced at any meeting of stockholders upon the request thereat or prior thereto of any stockholder. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat, shall require such list of stockholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be stockholders entitled to vote thereat may vote at such meeting.

Section 7. Quorum: At each meeting of stockholders for the transaction of any business, a quorum shall be present to organize such meeting. Except as otherwise provided by law, a quorum shall consist of the holders of record of not less than a majority of the outstanding shares of the Corporation entitled to vote at such meeting, present either in person or by proxy. When a quorum is once present to organize a meeting of the stockholders, it is not broken by the subsequent withdrawal of any stockholders.

Section 8. Adjournments: The stockholders entitled to vote who are present in person or by proxy at any meeting of stockholders, whether or not a quorum shall be present at the meeting, shall have power by a majority vote to adjourn the meeting from time to time without notice other than announcement at the meeting of the time and place to which the meeting is adjourned. At any adjourned meeting at which a quorum shall be present any business may be transacted that might have been transacted on the original date of the meeting and the stockholders entitled to vote at the meeting on the original date (whether or not they were present thereat), and no others, shall be entitled to vote at such adjourned meeting.

Section 9 . Voting: Proxies: Majority Vote Standard for Uncontested Director Elections :

(a) Each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share having voting power standing in his or her name on the record of stockholders of the Corporation on the record date fixed pursuant to Section 3 of Article VI of these Bylaws.

(b) Each stockholder entitled to vote at a meeting of stockholders may vote in person, or may authorize another person or persons to act for him or her by proxy. Any proxy may be signed by such stockholder or his or her duly authorized attorney-in-fact, including by facsimile signature, and shall be delivered to the secretary of the meeting, or may be authorized by telegram, cablegram or other electronic transmission provided that it can be reasonably determined from such telegram, cablegram or other electronic transmission that such proxy was authorized by the stockholder. The signature of a stockholder on any proxy, including without limitation a telegram, cablegram or other electronic transmission, may be printed, stamped or written, or provided by other reliable reproduction, provided such signature is executed or adopted by the stockholder with intention to authenticate the proxy. No proxy shall be valid after the expiration of 11 months from the date of its execution unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the stockholder executing it, except as otherwise provided by law.

(c) All corporate action to be taken by vote of the stockholders other than the election of directors shall, except as otherwise provided by law, the certificate of incorporation or these Bylaws, be authorized by a majority of the votes cast in favor or against such action. At each meeting of the stockholders for the election of directors at which a quorum is present, the vote required for election of a director by the stockholders shall, except in a contested election, be the affirmative vote of a majority of the votes cast in favor of or against the election of a nominee. In a contested election, the persons receiving a plurality of the votes cast by the holders of stock entitled to vote thereat shall be the directors. An election shall be deemed to be contested if, as of the record date for such meeting, there are more nominees for election than positions on the Board of Directors to be filled by election at the meeting. The vote for directors, or upon any question before a meeting of stockholders, shall not be by ballot unless the person presiding at such meeting shall so direct or any stockholder, present in person or by proxy and entitled to vote thereon, shall so demand.

(d) In the event of an uncontested election of directors, any incumbent director who is a nominee for election as a director and who is not elected by the stockholders shall immediately tender his or her resignation to the Board of Directors, subject to acceptance or rejection by the Board of Directors as provided in this Section 9(d). The independent members of the Board of Directors, in accordance with the procedures established by the Board of Directors, shall decide whether or not to accept such resignation within 90 days after the date the results of the election are certified and the Corporation shall promptly disclose and explain such decision in a document furnished or filed with the Securities and Exchange Commission. The independent members of the Board of Directors in making their decision, may consider any factors or other information that they consider appropriate and relevant, including the recommendation of the Nomination, Compensation and Governance Committee of the Board of Directors. The director who tenders his or her resignation shall not participate in the recommendation of the Nomination, Compensation and Governance Committee or the decision of the Board of Directors

with respect to his or her resignation. If such director's resignation is rejected by the Board of Directors, such director shall continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director's resignation is accepted by the Board of Directors pursuant to this Article I, Section 9, then the Board of Directors, in its sole discretion, may fill any resulting vacancy pursuant to the provisions of Article II, Section 5 or may decrease the size of the Board of Directors pursuant to the provisions of Article II, Section 1.

Section 10 . Appointment of Inspectors of Election : The Board of Directors shall appoint one or more inspectors to act at the meeting or any adjournment thereof, and may appoint one or more persons as alternate inspectors to replace any inspector who fails to appear or act. If no inspector or alternate has been appointed, or in case any inspector or alternate inspector appointed fails to appear or act, the vacancy shall be filled by appointment made by the person presiding thereat. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability. No person who is a candidate for the office of director of the Corporation shall act as an inspector at any meeting of the stockholders at which directors are elected.

Section 11 . Duties of Inspectors of Election : Whenever one or more inspectors of election may be appointed as provided in these Bylaws, he, she or they shall determine the number of shares outstanding and entitled to vote, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots, or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders.

Section 12 . Advance Notice of Proposals : At an annual or special meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of the meeting, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder.

For business to be properly brought before an annual meeting of stockholders pursuant to clause (c) above, the stockholder must have given timely notice thereof to the Corporate Secretary and such business must be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Corporate Secretary at the principal executive offices of the Corporation not later than the following dates: (1) at the close of business on the 120th day prior to the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders if the date of the annual meeting is not changed more than 30 days from the date of the preceding year's annual meeting, and (2) with respect to any other annual meeting or special meeting of stockholders, the close of business on the tenth day following the date of public disclosure of the date of such meeting is first made. In no event shall the announcement of an adjournment of an annual meeting or special meeting of stockholders commence a new time period for the giving of a stockholder's notice as described

above. Such stockholder's notice shall set forth (a) as to the stockholder giving the notice (i) the names and business addresses of the stockholder and all Persons (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended, through the date of adoption of these Bylaws) acting in concert with the stockholder; (ii) the names and addresses of the stockholder and the Persons identified in clause (i), as they appear on the Corporation's books (if they so appear); and (iii) the class and number of shares of the Corporation beneficially owned by the stockholder and the Persons identified in clause (i), (b) as to the business being proposed, (i) a brief description of the business desired to be brought before the meeting; (ii) the reasons for conducting such business at the meeting; and (iii) any material interest of the stockholder in such business; and (c) such other information as the Board of Directors reasonably determines is necessary or appropriate to enable the Board of Directors and stockholders of the Corporation to consider the proposal. The person presiding at the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this section and, if he or she shall so determine, he or she shall declare to the meeting that any business not properly brought before the meeting shall not be transacted.

ARTICLE II **Directors**

Section 1. Number and Qualifications: The number of directors constituting the entire Board shall not be less than three, except that where all the shares of the Corporation are owned beneficially and of record by less than three stockholders, the number of directors may be less than three, but not less than the number of stockholders. Subject to any provision as to the number of directors contained in the certificate of incorporation or these Bylaws, the exact number of directors shall be fixed from time to time by action of the stockholders or by vote of a majority of the entire Board of Directors, provided that no decrease in the number of directors shall shorten the term of any incumbent director. If the number of directors be increased at any time, the vacancy or vacancies in the Board arising from such increase shall be filled as provided in Section 5 of this Article II. All of the directors shall be at least twenty-one years of age.

Section 2. Election and Term of Office: Except as otherwise specified by law or these Bylaws, each director of the Corporation shall be elected at an annual meeting of stockholders or at any meeting of the stockholders held in lieu of such annual meeting, which meeting, for the purposes of these Bylaws, shall be deemed the annual meeting, and shall hold office until the next annual meeting of stockholders and until his or her successor has been elected and qualified.

Section 3. Resignation: Any director of the Corporation may resign at any time by giving his or her resignation to the President or any Vice President or the Corporate Secretary. Such resignation shall take effect at the time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal of Directors: Any director may be removed for cause, at any meeting of stockholders notice of which shall have referred to the proposed action, by vote of the stockholders. Any director may be removed without cause, at any meeting of stockholders notice

of which shall have referred to the proposed action, by the vote of the holders of a majority of the shares of the Corporation entitled to vote. Any director may be removed for cause, at any meeting of the directors notice of which shall have referred to the proposed action, by vote of three-fourths of the entire Board of Directors.

Section 5. Vacancies : Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the Board of Directors for any reason except the removal of directors may be filled by vote of a majority of the directors then in office, although less than a quorum exists. Any vacancy occurring in the Board of Directors by reason of the removal of a director by stockholders may be filled by vote of the stockholders at the meeting at which such action is taken or at any meeting of stockholders notice of which shall have referred to the proposed election. Subject If any such newly created directorships or vacancies occurring in the Board of Directors for any reason shall not be filled prior to the next annual meeting of stockholders, they shall be filled by vote of the stockholders at such annual meeting. Any director elected to fill a vacancy shall be elected to hold office for the unexpired term of his or her predecessor.

Section 6. Directors' Fees : Directors, except salaried officers who are directors, may receive a fee for their services as directors and traveling and other out-of-pocket expenses incurred in attending any regular or special meeting of the Board. The fee may be a fixed sum to be paid for attending each meeting of the Board of Directors and/or a fixed sum to be paid monthly, quarterly, or semiannually, irrespective of the number of meetings attended or not attended. The amount of the fee and the basis on which it shall be paid shall be determined by the Board of Directors.

Section 7. First Meeting of Newly Elected Directors : The first meeting of the newly elected Board of Directors may be held immediately after the annual meeting of stockholders, and at the same place as such annual meeting of stockholders, provided a quorum be present, and no notice of such meeting shall be necessary. In the event such first meeting of the newly elected Board of Directors is not held at said time and place, the same shall be held as provided in Section 8 of this Article II.

Section 8. Meetings of Directors : Regular and special meetings of the Board of Directors shall be held at such times and at such place, within or without the State of New York, as the Board of Directors may determine. Special meetings may also be called by the Chief Executive Officer or by any four members of the Board, and shall be held at such time and at such place as the person or persons calling the meeting shall determine.

Section 9. Notice of Meetings : Notice of each regular or special meeting of the Board of Directors, stating the time and place thereof shall be given by the Corporate Secretary, any Assistant Secretary or any member of the Board to each member of the Board not less than three days before the meeting by depositing the same in the United States mail, with first-class postage thereon prepaid, directed to each member of the Board at the address designated by him or her for such purpose (or, if none is designated, at his or her last known address), or not less than two days before the meeting by either delivering the same to each member of the Board personally, or sending the same by electronic mail, facsimile or telegraph, or delivering it, to the

address designated by him or her for such purpose (or, if none is designated, to his or her last known address). Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting. The notice of any meeting of the Board of Directors need not specify the purposes for which the meeting is called, except as provided in Section 4 of this Article II and as provided in Article X of these Bylaws.

Section 10. Quorum and Action by the Board : At all meetings of the Board of Directors, except as otherwise provided by law, the certificate of incorporation or these Bylaws, a quorum shall be required for the transaction of business and shall consist of not less than one-third of the entire Board, and the vote of a majority of the directors present shall decide any question that may come before the meeting. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time or place without notice other than announcement at the meeting of the time and place to which the meeting is adjourned.

Section 11. Procedure : The order of business and all other matters of procedure at every meeting of directors may be determined by the person presiding at the meeting.

Section 12. Meetings by Conference Telephone : Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

Section 13. The Chairman of the Board : The Board of Directors shall annually, at the first meeting of the Board after the annual meeting of stockholders, appoint or elect a Chairman of the Board who shall have such authority and perform such duties as the Board of Directors or the Executive Committee may from time to time prescribe. The Chairman of the Board shall, unless otherwise determined by the Board of Directors, hold office until the first meeting of the Board following the next annual meeting of stockholders and until his or her successor has been elected or appointed and qualified.

Section 14. The Vice Chairmen of the Board : The Board of Directors shall annually, at the first meeting of the Board after the annual meeting of stockholders, appoint or elect one or more Vice Chairmen of the Board who shall have such authority and perform such duties as the Board of Directors or the Executive Committee may from time to time prescribe. The Vice Chairmen of the Board shall, unless otherwise determined by the Board of Directors, hold office until the first meeting of the Board following the next annual meeting of stockholders and until their successors have been elected or appointed and qualified. The Board of Directors shall elect a non-executive Vice Chairman of the Board who will perform the duties of "lead outside director."

ARTICLE III **Committees of Directors**

Section 1. Designation of Committees : The Board of Directors, by resolution or resolutions adopted by a majority of the entire Board, shall designate from among its members

an Executive Committee, a Nomination, Compensation and Governance Committee and an Audit and Risk Committee, each consisting of three or more directors, and may designate from among its members other committees, each consisting of such number of directors as the Board may determine, and may designate one or more directors as alternate members of such committees, who may replace any absent or disqualified member or members at any meeting of such committees. In the interim between meetings of the Board of Directors, the Executive Committee shall have all the authority of the Board of Directors except as otherwise provided by law. The Executive Committee shall serve at the pleasure of the Board of Directors. Each other committee so designated shall have such name as may be provided from time to time in the resolution or resolutions, shall serve at the pleasure of the Board of Directors and shall have, to the extent provided in such resolution or resolutions, all the authority of the Board of Directors except as otherwise provided by law.

Section 2. Acts and Proceedings: All acts done and power and authority conferred by the Executive Committee, the Nomination, Compensation and Governance Committee, and the Audit and Risk Committee, and each other committee from time to time within the scope of its respective authority shall be, and may be deemed to be, and may be specified as being, the act and under the authority of the Board of Directors. The Executive Committee, the Nomination, Compensation and Governance Committee, and the Audit and Risk Committee shall meet at such time and place and upon such notice as the respective committee may from time to time determine. Meetings of the Executive Committee may also be called by the Chief Executive Officer, and meetings of the Nomination, Compensation and Governance Committee, the Audit and Risk Committee, and each other committee may also be called the Chair of each such committee, and such meetings shall be held at such time and place as the Chief Executive Officer or Chair, as the case may be, shall determine. The Executive Committee, the Nomination, Compensation and Governance Committee, and the Audit and Risk Committee, and each other committee shall keep regular minutes of its proceedings and report its actions to the Board of Directors when required.

Section 3. Compensation: Members of any committee of the Board of Directors, except salaried officers who are directors, may receive such compensation for their services as the Board of Directors shall from time to time determine.

ARTICLE IV **Officers**

Section 1. Officers: The Board of Directors shall annually, at the first meeting of the Board after the annual meeting of stockholders, appoint or elect a President, one or more Vice Presidents, a Corporate Secretary and a Treasurer, and such other officers as it may determine, and may at any other meeting and from time to time elect or appoint such additional officers as it may determine. Such additional officers shall have such authority and perform such duties as the Board of Directors may from time to time prescribe.

Section 2. Term of Office: The President, the Vice Presidents, the Corporate Secretary and the Treasurer shall, unless otherwise determined by the Board of Directors, hold office until the first meeting of the Board following the next annual meeting of stockholders and

until their successors have been elected or appointed and qualified. Each additional officer appointed or elected by the Board of Directors shall hold office for such term as shall be determined from time to time by the Board of Directors and until his or her successor has been elected or appointed and qualified. Any officer, however, may be removed or have his or her authority suspended by the Board of Directors at any time, with or without cause. If the office of any officer becomes vacant for any reason, the Board of Directors shall have the power to fill such vacancy.

Section 3. The Chief Executive Officer: The Board of Directors may from time to time designate one of the officers of the Corporation as Chief Executive Officer. The Chief Executive Officer shall, under the control of the Board of Directors and the Executive Committee, have the general management of the Corporation's business affairs and property and shall exercise general supervision over all activities of the Corporation and the other officers. The Chief Executive Officer shall have the power to appoint or hire, to remove, and to determine the compensation of, all employees of the Corporation who are not officers, and to delegate the foregoing powers from time to time in whole or in part. Unless such authority is otherwise prescribed by the Board of Directors or the Executive Committee for the Chairman of the Board or a Vice Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the stockholders and of the Board of Directors.

In the absence or incapacity of the Chief Executive Officer the powers and duties of that office shall be vested in such other officer as may from time to time be designated by the Board of Directors or the Executive Committee, or, in the absence of any such designation, by the Chief Executive Officer.

Section 4. The President: If the Board of Directors has not designated another officer as Chief Executive Officer, the President shall be the Chief Executive Officer of the Corporation.

Section 5. The Corporate Secretary: The Corporate Secretary shall issue notices of all meetings of stockholders and directors where notices of such meetings are required by law or these Bylaws. He or she shall attend all meetings of stockholders and of the Board of Directors and keep the minutes thereof. He or she shall affix the corporate seal to and sign such instruments as require the seal and his or her signature and shall perform such other duties as usually pertain to his or her office or as are properly required of him or her by the Board of Directors.

Section 6. Officers Holding Two or More Offices: Any two or more offices may be held by the same person, except the office of President and Corporate Secretary, but no officer shall execute or verify any instrument in more than one capacity if such instrument be required by law or otherwise to be executed or verified by two or more officers.

Section 7. Duties of Officers May be Delegated: In case of the absence or disability of any officer of the Corporation, or in case of a vacancy in any office or for any other reason that the Board of Directors may deem sufficient, the Board of Directors, except as otherwise provided by law, may temporarily delegate the powers or duties of any officer to any other officer or to any director.

Section 8 . Compensation : The Nomination, Compensation and Governance Committee shall, through appropriate consultation with the Board of Directors, determine the compensation and benefits of the Chief Executive Officer and other executive officers of the Corporation. In the event and to the extent that the Nomination, Compensation and Governance Committee shall not hereafter exercise its discretionary power in respect of all other officers, the compensation to be paid to all other officers shall be determined by the Chief Executive Officer.

Section 9 . Power of Officers : Each officer of the Corporation shall have general power and authority in connection with all aspects of the business and operations of the Corporation as necessary or appropriate, including to sign on behalf of the Corporation and affix its seal, or cause the same to be affixed to, all instruments, documents or papers necessary for the conduct of the business of the Corporation. The powers and authority conferred herein may at any time be modified, changed, extended or revoked, and may be conferred in whole or in part on other employees or agents of the Corporation by the Board of Directors or the Executive Committee.

Section 10 . Security : The Board of Directors may require any officer, agent or employee of the Corporation to give security for the faithful performance of his or her duties, in such amount as may be satisfactory to the Board.

ARTICLE V
Indemnification of Directors and Officers

Section 1 . Right of Indemnification : Each director and officer of the Corporation, whether or not then in office, and any person whose testator or intestate was such a director or officer, shall be indemnified by the Corporation for the defense of, or in connection with, any threatened, pending or completed actions or proceedings and appeals therein, whether civil, criminal, governmental, administrative or investigative, in accordance with and to the fullest extent permitted by the Business Corporation Law of the State of New York or other applicable law, as such law now exists or may hereafter be amended; provided, however, that the Corporation shall provide indemnification in connection with an action or proceeding (or part thereof) initiated by such a director or officer only if such action or proceeding (or part thereof) was authorized by the Board of Directors.

Section 2 . Advancement of Expenses : Expenses incurred by a director or officer in connection with any action or proceeding as to which indemnification may be given under Section 1 of this Article V may be paid by the Corporation in advance of the final disposition of such action or proceeding upon (a) receipt of an undertaking by or on behalf of such director or officer to repay such advancement in the event that such director or officer is ultimately found not to be entitled to indemnification as authorized by this Article V and (b) approval by the Board of Directors acting by a quorum consisting of directors who are not parties to such action or proceeding or, if such a quorum is not obtainable, then approval by stockholders. To the extent permitted by law, the Board of Directors or, if applicable, the stockholders, shall not be required under this Section 2, to find that the director or officer has met the applicable standard of conduct provided by law for indemnification in connection with such action or proceeding.

Section 3. Availability and Interpretation: To the extent permitted under applicable law, the rights of indemnification and to the advancement of expenses provided in this Article V (a) shall be available with respect to events occurring prior to the adoption of this Article V, (b) shall continue to exist after any rescission or restrictive amendment of this Article V with respect to events occurring prior to such rescission or amendment, (c) may be interpreted on the basis of applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding, or on the basis of applicable law in effect at the time such rights are claimed, and (d) are in the nature of contract rights which may be enforced in any court of competent jurisdiction as if the Corporation and the director or officer for whom such rights are sought were parties to a separate written agreement.

Section 4. Other Rights: The rights of indemnification and to the advancement of expenses provided in this Article V shall not be deemed exclusive of any other rights to which any such director, officer or other person may now or hereafter be otherwise entitled whether contained in the certificate of incorporation, these Bylaws, a resolution of stockholders, a resolution of the Board of Directors, or an agreement providing such indemnification, the creation of such other rights being hereby expressly authorized. Without limiting the generality of the foregoing, the rights of indemnification and to the advancement of expenses provided in this Article V shall not be deemed exclusive of any rights, pursuant to statute or otherwise, of any such director, officer or other person in any such action or proceeding to have assessed or allowed in his or her favor, against the Corporation or otherwise, his or her costs and expenses incurred therein or in connection therewith or any part thereof.

Section 5. Severability: If this Article V or any part hereof shall be held unenforceable in any respect by a court of competent jurisdiction, it shall be deemed modified to the minimum extent necessary to make it enforceable, and the remainder of this Article V shall remain fully enforceable.

ARTICLE VI **Shares**

Section 1. Certificate of Shares: The Board of Directors may authorize the issuance of shares of the Corporation either in certificated or uncertificated form, which uncertificated shares may be evidenced by a book-entry system maintained by the Corporation's transfer agent or registrar, or a combination of both. Shares issued in certificated form shall be represented by certificates which shall be numbered and shall be entered in the records of the Corporation as they are issued. Each share certificate shall when issued state upon the face thereof that the Corporation is formed under the laws of the State of New York, the name of the person or persons to whom issued, and the number and class of shares and the designation of the series, if any, which such certificate represents and shall be signed by the Chief Executive Officer or President and by the Corporate Secretary and shall be sealed with the seal of the Corporation or a facsimile thereof. The signatures of the officers upon a certificate may be a facsimile if the certificate is countersigned by a transfer agent or registered by a registrar other than the

Corporation itself or its employee. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer at the date of issue. No certificate shall be valid until countersigned by a transfer agent if the Corporation has a transfer agent, or until registered by a registrar if the Corporation has a registrar. If shares are issued in uncertificated form, each stockholder shall be entitled upon written request to a stock certificate or certificates in the form prescribed above.

Section 2. Transfer of Shares : Shares of the Corporation shall be transferable on the books of the Corporation by the holder thereof, in person or by duly authorized attorney, upon the surrender of the certificate representing such shares properly endorsed, or other evidence of ownership if no certificate shall have been issued, and payment of all taxes thereon. Except as otherwise provided by law, the Corporation shall be entitled to treat the holder of record of any share as the owner thereof and shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof. The Board of Directors, to the extent permitted by law, shall have power and authority to make all rules and regulations as it may deem expedient concerning the issue, transfer and registration of share certificates and may appoint one or more transfer agents and registrars of the shares of the Corporation.

Section 3. Fixing of Record Time: The Board of Directors may fix, in advance, a day and hour not more than 60 days nor less than 10 days before the date on which any meeting of the stockholders is to be held, as the time as of which stockholders entitled to notice of and to vote at such meeting and at all adjournments thereof shall be determined; and, in the event such record date and time are fixed by the Board of Directors, no one other than the holders of record on such date and time of shares entitled to notice of and to vote at such meeting shall be entitled to notice of or to vote at such meeting or any adjournment thereof. If a record date and time shall not be fixed by the Board of Directors for the determination of stockholders entitled to notice of and to vote at any meeting of the stockholders, stockholders of record at the close of business on the day next preceding the day on which notice of such meeting is given, and no others, shall be entitled to notice of and to vote at such meeting or any adjournment thereof; provided, however, that if no notice of such meeting is given, stockholders of record at the close of business on the day next preceding the day on which such meeting is held, and no others, shall be entitled to vote at such meeting or any adjournment thereof.

The Board of Directors may fix, in advance, a day and hour, not more than 60 days nor less than 10 days before the date fixed for the payment of a dividend of any kind or the allotment of any rights, as the record time for the determination of stockholders entitled to receive such dividend or rights, and in such case only stockholders of record at the date and time so fixed shall be entitled to receive such dividend or rights; provided, however, that if no record date and time for the determination of stockholders entitled to receive such dividend or rights are fixed, stockholders of record at the close of business on the day on which the resolution of the Board of Directors authorizing the payment of such dividend or the allotment of such rights is adopted shall be entitled to receive such dividend or rights.

Section 4. Record of Stockholders: The Corporation shall keep at its office in the State of New York, or at the office of its transfer agent or registrar in this State, a record containing the names and addresses of all stockholders, the number and class of shares held by each and the dates when they respectively became the owners of record thereof.

Section 5. Lost Share Certificates: The Board of Directors may in its discretion cause a new certificate for shares to be issued by the Corporation in place of any certificate theretofore issued by it, alleged to have been lost or destroyed, and the Board may require the owner of the lost or destroyed certificate, or his or her legal representative, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against it on account of the alleged loss or destruction of any such certificate or the issuance of any such new certificate; but the Board of Directors may in its discretion refuse to issue such new certificate save upon the order of the court having jurisdiction in such matters.

ARTICLE VII
Finances

Section 1. Corporate Funds: The funds of the Corporation shall be deposited in its name with such banks, trust companies or other depositories as the Board of Directors may from time to time designate. All checks, notes, drafts and other negotiable instruments of the Corporation shall be signed by such officer or officers, employee or employees, agent or agents as the Board of Directors may from time to time designate. No officers, employees or agents of the Corporation, alone or with others, shall have power to make any checks, notes, drafts or other negotiable instruments in the name of the Corporation or to bind the Corporation thereby, except as provided in this Section.

Section 2. Fiscal Year: The fiscal year of the Corporation shall be the calendar year unless otherwise provided by the Board of Directors.

ARTICLE VIII
Corporate Seal

Section 1. Form of Seal: The seal of the Corporation shall be in such form as may be determined from time to time by the Board of Directors. The seal on any corporate obligation for the payment of money may be facsimile.

ARTICLE IX
Emergency Bylaw Provisions

Section 1. Taking Effect: The provisions of this Article IX may be declared effective by the New York State Defense Council as constituted under the New York State Defense Emergency Act, as amended, in the event of attack and shall cease to be effective when the Defense Council declares the end of the period of attack.

Section 2. Quorum and Filling of Vacancies: Upon the effectiveness of this Article IX and until the Defense Council declares the end of the period of attack, the affairs of

the Corporation shall be managed by such directors theretofore elected pursuant to Article II of these Bylaws as are available to act, and a majority of such directors available to act shall constitute a quorum. In the event, however, that there are less than three such directors available to act, the director or directors available to act shall appoint a sufficient number of emergency directors to make a Board of three directors. Each emergency director shall serve until the vacancy he or she was appointed to fill can again be filled by the previously elected director, except, however, that the period of his or her service shall end at such time as his or her appointment is terminated pursuant to Section 3 of this Article IX, or at such time as the New York State Defense Council declares the end of the period of attack and his or her successor shall be elected and qualified pursuant to Article II of these Bylaws. If, in the event of attack, there are no directors available to act, then the three highest paid officers of the Corporation available to act shall constitute the emergency Board of Directors until one or more of the previously elected directors are again available to act, except, however, that the period of their service as emergency directors shall end at such time as their service is terminated pursuant to Section 3 of this Article IX, or at such time as the New York State Defense Council declares the end of the period of attack and their successors shall be elected and qualified pursuant to Article II of these Bylaws.

Section 3. Termination of Period of Service: The stockholders of the Corporation or the previously elected director or directors who are available to act may, pursuant to the provisions of Article II of these Bylaws, terminate the appointment or the period of service of any emergency director at any time and fill any vacancy created thereby.

ARTICLE X **Amendments**

Section 1. Procedure for Amending Bylaws: The Bylaws of the Corporation may be adopted, amended or repealed at any meeting of stockholders notice of which shall have referred to the proposed action, by the vote of the holders of a majority of the shares of the Corporation at the time entitled to vote in the election of any directors, or at any meeting of the Board of Directors notice of which shall have referred to the proposed action, by the vote of a majority of the entire Board of Directors; provided, however, that no amendment of the Bylaws pertaining to the election of directors or the procedures for the calling and conduct of a meeting of stockholders shall affect the election of directors or the procedures for the calling or conduct in respect of any meeting of stockholders unless adequate notice thereof is given to the stockholders in a manner reasonably calculated to provide stockholders with sufficient time to respond thereto prior to such meeting.

ARTICLE XI **Election Under Section 912 of the** **New York Business Corporation Law**

Section 1. Election: The Corporation has expressly elected not to be governed by the provisions of Section 912 of the Business Corporation Law of New York. Until this bylaw is amended or repealed in the manner provided by law, none of the business combination provisions of Section 912 of the Business Corporation Law of New York shall apply to the Corporation.

M&T BANK CORPORATION AND SUBSIDIARIES

<i>Dollars in thousands, except per share</i>		September 30, 2016
Assets	Cash and due from banks	\$ 1,332,202
	Interest-bearing deposits at banks	10,777,636
	Trading account	488,588
	Investment securities (includes pledged securities that can be sold or repledged of \$1,856,326 at September 30, 2016; \$2,136,712 at December 31, 2015)	
	Available for sale (cost: \$11,551,614 at September 30, 2016; \$12,138,636 at December 31, 2015)	11,862,567
	Held to maturity (fair value: \$2,456,097 at September 30, 2016; \$2,864,147 at December 31, 2015)	2,409,950
	Other (fair value: \$461,057 at September 30, 2016; \$554,059 at December 31, 2015)	461,057
	Total investment securities	<u>14,733,574</u>
	Loans and leases	89,887,257
	Unearned discount	<u>(240,765)</u>
	Loans and leases, net of unearned discount	89,646,492
	Allowance for credit losses	<u>(976,121)</u>
	Loans and leases, net	<u>88,670,371</u>
	Premises and equipment	660,381
	Goodwill	4,593,112
	Core deposit and other intangible assets	106,744
	Accrued interest and other assets	5,478,420
	Total assets	<u>\$ 126,841,028</u>
Liabilities	Noninterest-bearing deposits	\$ 33,127,627
	Interest-checking deposits	2,554,507
	Savings deposits	50,510,523
	Time deposits	11,721,005
	Deposits at Cayman Islands office	223,183
	Total deposits	<u>98,136,845</u>
	Federal funds purchased and agreements to repurchase securities	213,846
	Other short-term borrowings	—
	Accrued interest and other liabilities	1,938,201
	Long-term borrowings	<u>10,211,160</u>
	Total liabilities	<u>110,500,052</u>
Shareholders' equity	Preferred stock, \$1.00 par, 1,000,000 shares authorized; Issued and outstanding: Liquidation preference of \$1,000 per share: 731,500 shares at September 30, 2016 and December 31, 2015; Liquidation preference of \$10,000 per share: 50,000 shares at September 30, 2016 and December 31, 2015	1,231,500
	Common stock, \$.50 par, 250,000,000 shares authorized, 159,950,278 shares issued at September 30, 2016; 159,563,512 shares issued at December 31, 2015	79,975
	Common stock issuable, 33,748 shares at September 30, 2016; 36,644 shares at December 31, 2015	2,224
	Additional paid-in capital	6,689,812
	Retained earnings	9,021,965
	Accumulated other comprehensive income (loss), net	(114,559)
	Treasury stock - common, at cost - 4,997,089 shares at September 30, 2016	<u>(569,941)</u>
	Total shareholders' equity	<u>16,340,976</u>
	Total liabilities and shareholders' equity	<u>\$ 126,841,028</u>

HOME BREW MART, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Home Brew Mart, Inc.

We have audited the accompanying consolidated balance sheets of Home Brew Mart, Inc., as of December 31, 2013 and 2014, and the related consolidated statements of income, shareholders' equity, and cash flows for the years ended December 31, 2013 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Home Brew Mart, Inc. at December 31, 2013 and 2014 and the consolidated results of its operations and its cash flows for the years ended December 31, 2013 and 2014, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

San Diego, California
August 6, 2015

HOME BREW MART, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31,		September 30,
	2013	2014	2015 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	\$ 91	\$ 25	\$ 4,350
Accounts receivable, net	1,889	4,005	7,172
Inventories	2,616	5,147	10,164
Prepaid expenses and other current assets	248	456	1,076
Income tax receivable	—	2,236	—
Deferred tax assets	289	553	1,487
Total current assets	5,133	12,422	24,249
Property and equipment, net	11,444	27,870	38,267
Other assets	198	395	2,206
Total assets	\$ 16,775	\$ 40,687	\$ 64,722
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	\$ 1,513	\$ 4,540	\$ 5,863
Accrued expenses	2,045	1,962	5,894
Current portion of deferred rent	—	24	17
Current portion of long-term debt	578	1,900	2,276
Total current liabilities	4,136	8,426	14,050
Deferred rent, less current portion	181	2,662	3,068
Long-term debt, less current portion	6,980	17,244	19,002
Deferred tax liabilities	1,190	3,744	4,522
Total liabilities	12,487	32,076	40,642
Commitments and contingencies			
Shareholders' equity:			
Preferred stock, no par value; authorized shares – 10,000 at December 31, 2013 and 2014 and September 30, 2015 (unaudited); issued and outstanding shares – 2,219 at December 31, 2013 and 2014 and September 30, 2015 (unaudited); liquidation preference of \$144 at December 31, 2013 and 2014 and September 30, 2015 (unaudited)	135	135	135
Common stock, no par value; authorized shares – 10,000 at December 31, 2013 and 2014 and September 30, 2015 (unaudited); issued shares – 4,272, 4,327 and 4,327 at December 31, 2013 and 2014 and September 30, 2015 (unaudited), respectively; outstanding shares – 4,247 at December 31, 2013 and 2014 and September 30, 2015 (unaudited)	282	282	350
Retained earnings	4,285	8,822	24,138
Total shareholders' equity of Home Brew Mart, Inc.	4,702	9,239	24,623
Noncontrolling interest	(414)	(628)	(543)
Total shareholders' equity	4,288	8,611	24,080
Total liabilities and shareholders' equity	\$ 16,775	\$ 40,687	\$ 64,722

See accompanying notes.

HOME BREW MART, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Years Ended December 31,		Nine Months Ended September 30,	
	2013	2014	2014	2015
			(unaudited)	
Revenue	\$ 27,384	\$ 51,115	\$ 33,610	\$ 89,544
Less excise taxes	1,024	2,238	1,278	3,904
Net revenue	26,360	48,877	32,332	85,640
Cost of net revenue	14,537	27,231	17,576	41,326
Gross profit	11,823	21,646	14,756	44,314
Selling, general and administrative expense	7,597	13,822	9,558	19,518
Operating income	4,226	7,824	5,198	24,796
Interest expense	(396)	(635)	(211)	(712)
Other income (expense), net	(40)	9	(4)	18
Income before income taxes	3,790	7,198	4,983	24,102
Provision for income taxes	1,544	2,875	1,994	8,701
Net income	2,246	4,323	2,989	15,401
Net loss (income) attributable to noncontrolling interest	206	214	124	(85)
Net income attributable to Home Brew Mart, Inc.	2,452	4,537	3,113	15,316
Net income allocable to participating securities	(847)	(1,593)	(1,093)	(5,380)
Net income attributable to common shareholders	\$ 1,605	\$ 2,944	\$ 2,020	\$ 9,936
Net income per share attributable to common shareholders:				
Basic	\$ 0.38	\$ 0.69	\$ 0.48	\$ 2.34
Diluted	\$ 0.38	\$ 0.69	\$ 0.47	\$ 2.31
Weighted average shares outstanding:				
Basic	4,247	4,247	4,247	4,247
Diluted	4,256	4,286	4,286	4,293

See accompanying notes.

HOME BREW MART, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Convertible Preferred Stock		Common Stock		Retained Earnings	Noncontrolling Interest	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2012	2,219	\$ 135	4,247	\$ 282	\$ 1,833	\$ (208)	\$ 2,042
Net loss attributable to noncontrolling interest	-	-	-	-	-	(206)	(206)
Net income attributable to Home Brew Mart, Inc.	-	-	-	-	2,452	-	2,452
Balance at December 31, 2013	2,219	135	4,247	282	4,285	(414)	4,288
Net loss attributable to noncontrolling interest	-	-	-	-	-	(214)	(214)
Net income attributable to Home Brew Mart, Inc.	-	-	-	-	4,537	-	4,537
Balance at December 31, 2014	2,219	135	4,247	282	8,822	(628)	8,611
Stock-based compensation (unaudited)	-	-	-	68	-	-	68
Net income attributable to noncontrolling interest (unaudited)	-	-	-	-	-	85	85
Net income attributable to Home Brew Mart, Inc. (unaudited)	-	-	-	-	15,316	-	15,316
Balance at September 30, 2015 (unaudited)	<u>2,219</u>	<u>\$ 135</u>	<u>4,247</u>	<u>\$ 350</u>	<u>\$ 24,138</u>	<u>\$ (543)</u>	<u>\$ 24,080</u>

See accompanying notes.

HOME BREW MART, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		Nine Months Ended September 30,	
	2013	2014	2014	2015
Cash flows from operating activities				
Net income	\$ 2,246	\$ 4,323	\$ 2,989	\$ 15,401
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	1,215	2,318	1,437	3,402
Deferred income taxes	87	2,290	–	(156)
Stock-based compensation	–	–	–	68
Change in fair value of derivative financial instruments	–	272	56	164
Loss on disposal of property and equipment	58	15	15	–
Deferred rent	151	2,505	1,715	399
Changes in operating assets and liabilities:				
Accounts receivable, net	(984)	(2,116)	(598)	(3,167)
Inventories	(1,036)	(2,531)	(2,164)	(5,017)
Prepaid expenses and other assets	(348)	(2,641)	(783)	698
Accounts payable	720	3,027	831	1,223
Accrued expenses	1,011	(636)	(726)	3,937
Net cash provided by operating activities	<u>3,120</u>	<u>6,826</u>	<u>2,772</u>	<u>16,952</u>
Cash flows from investing activities				
Purchases of property and equipment	(6,552)	(18,150)	(13,522)	(13,868)
Net cash used in investing activities	<u>(6,552)</u>	<u>(18,150)</u>	<u>(13,522)</u>	<u>(13,868)</u>
Cash flows from financing activities				
Proceeds from issuance of notes payable	9,137	11,841	10,950	3,945
Principal payments on notes payable	(5,437)	(242)	–	(1,425)
Borrowings under lines of credit	442	28,081	20,457	5,371
Repayments under lines of credit and other	(594)	(28,023)	(20,366)	(5,757)
Proceeds from related party	–	1,600	1,600	–
Payments to related parties	(1,000)	(1,999)	(1,850)	–
Costs paid in connection with initial public offering	–	–	–	(893)
Net cash provided by financing activities	<u>2,548</u>	<u>11,258</u>	<u>10,791</u>	<u>1,241</u>
Net increase (decrease) in cash and cash equivalents	(884)	(66)	41	4,325
Cash and cash equivalents, beginning of period	975	91	91	25
Cash and cash equivalents, end of period	<u>\$ 91</u>	<u>\$ 25</u>	<u>\$ 132</u>	<u>\$ 4,350</u>
Supplemental disclosure of cash flow information				
Interest paid	<u>\$ 522</u>	<u>\$ 723</u>	<u>\$ 455</u>	<u>\$ 651</u>
Income taxes paid, net of refunds	<u>\$ 613</u>	<u>\$ 3,694</u>	<u>\$ 3,177</u>	<u>\$ 5,523</u>
Supplemental disclosure of non-cash investing and financing activity				
Purchases of property and equipment included in accounts payable and accrued expenses, net	<u>\$ 165</u>	<u>\$ 609</u>	<u>\$ 204</u>	<u>\$ (69)</u>

See accompanying notes.

HOME BREW MART, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information as of September 30, 2015 and for the nine months ended
September 30, 2014 and 2015 is unaudited)

1. Organization and Summary of Significant Accounting Policies

Organization

Home Brew Mart, Inc. dba Ballast Point Brewing Company (Ballast Point) is a craft brewery based in San Diego. Ballast Point produces its beer and sells it to distributors, which in turn sell to on-premise locations such as bars, restaurants and sports venues, and off-premise locations such as grocery and specialty stores, as well as through self-distribution. Ballast Point also operates four tasting rooms that sell a range of food and beverage offerings and other retail merchandise.

Principles of Consolidation

The consolidated financial statements include the accounts of Ballast Point and those of Ballast Point Spirits, LLC (Spirits) (collectively, the Company). The primary purpose of Spirits is to produce and sell various distilled spirits. Spirits operates from one of Ballast Point's facilities and receives financing from Ballast Point. Spirits is a variable interest entity in which Ballast Point is the primary beneficiary pursuant to authoritative guidance on the consolidation of variable interest entities, which requires recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The equity of the variable interest entity is classified as noncontrolling interest in the consolidated financial statements (see Note 9). All significant intercompany balances are eliminated in consolidation.

Use of Estimates

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP). The preparation of the Company's consolidated financial statements requires it to make estimates and assumptions that impact the reported amounts of assets, liabilities, net revenues and expenses and the disclosure of contingent assets and liabilities in the Company's consolidated financial statements and accompanying notes. The most significant estimates in the Company's consolidated financial statements relate to inventory valuation, stock-based compensation, interest rate swap valuation and income taxes. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue and expenses that are not readily apparent from other sources. Actual results may differ materially and adversely from these estimates. To the extent there are material differences between the estimates and actual results, the Company's future results of operations will be affected.

Unaudited Interim Financial Information

The accompanying interim consolidated balance sheet as of September 30, 2015 and consolidated statements of income and consolidated statements of cash flows for the nine months ended September 30, 2014 and 2015 and the consolidated statement of shareholders' equity for the nine months ended September 30, 2015 and the related consolidated footnote disclosures are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with GAAP. In management's opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's consolidated balance sheet as of September 30, 2015 and

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consolidated statements of income and its consolidated statements of cash flows for the nine months ended September 30, 2014 and 2015.

Unaudited Pro Forma Information

Upon completion of the Company's initial public offering, all outstanding shares of preferred stock will convert into 2,219,387 shares of common stock. This conversion will not result in a change to permanent equity and does not result in a material reduction to earnings per share since the common and preferred stock would share equally in any assumed distributions of earnings for the year ended December 31, 2014 and the nine months ended September 30, 2015. As such, the Company has not presented a pro forma balance sheet as of September 30, 2015 or pro forma earnings per share information for the year ended December 31, 2014 or the nine months ended September 30, 2015.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable primarily consist of trade receivables. The Company performs ongoing credit evaluations of its customers, generally requires no collateral, and records an allowance for doubtful accounts that is based on historical trends, customer knowledge, any known disputes, and the aging of the accounts receivable balances combined with management's estimate of future potential recoverability. Receivables are written off against the allowance after all attempts to collect a receivable have failed. From inception to September 30, 2015, the Company had no significant allowances for doubtful accounts and no significant balances had been written off.

Inventories

Inventories consist of raw materials, work in process and finished goods. Raw materials, which principally consist of hops, malt, barley, other brewing ingredients and packaging materials, are stated at the lower of cost (first-in, first-out) or market. The cost elements of work in process and finished goods inventory consist of raw materials, direct labor and manufacturing overhead. Work in process is beer and spirits held in tanks prior to packaging. Finished goods includes retail merchandise and packaged beer and spirits. The provisions for excess or expired inventory are based on management's estimates of forecasted usage of inventories on hand and under contract. A significant change in the timing or level of demand for certain products as compared to forecasted amounts may result in recording provisions for excess or expired inventory in the future. The Company's accounting policy for inventory purchase commitments is to recognize a loss by establishing a reserve to the extent inventory levels and commitments exceed management's expected future usage. Provisions for excess and expired inventory are included in cost of net revenue and have been insignificant through September 30, 2015.

Concentrations of Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and accounts receivable (see Note 9). The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and management believes that the Company is not exposed

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to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Kegs and Refundable Deposits

The Company distributes its draft beer in kegs and packaged beer primarily in glass bottles and cans. Upon shipment of beer to wholesalers, the Company collects a refundable deposit on the kegs which is included in accrued expenses in the accompanying consolidated balance sheets. The Company has experienced some loss of kegs and anticipates that some loss will occur in future periods. The Company believes that the loss of kegs, after considering the forfeiture of related deposits, has not been significant to the consolidated financial statements. The Company uses internal records, records maintained by wholesalers, records maintained by other third-party vendors, and historical information to estimate the physical count of kegs held by wholesalers. These estimates affect the amount recorded as property and equipment and current liabilities as of the date of the consolidated financial statements. The actual liability for refundable deposits could differ from these estimates.

Property and Equipment

Property and equipment are stated at cost and depreciated on a straight-line basis over the estimated useful life of the related assets. Leasehold improvements are stated at cost and amortized on a straight-line basis over the lesser of the remaining term of the related lease or the estimated useful life of the leasehold improvements. Costs incurred to build or refurbish property and equipment are capitalized as construction in progress until such project is complete, at which time the related assets are placed in service and depreciated. Repairs and maintenance costs are charged to expense as incurred and expenditures that materially extend the useful lives of assets are capitalized.

Impairment of Long-Lived Assets

Long-lived assets consist primarily of property and equipment. The Company regularly reviews the carrying amount of its long-lived assets, as well as their useful lives, to determine whether indicators of impairment may exist which warrant adjustments to carrying values or estimated useful lives. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset. Should impairment exist, the impairment loss would be measured based on the excess of the carrying amount of the asset over the asset's fair value. The Company has not recognized any impairment losses through September 30, 2015.

Derivative Instruments

The Company uses derivative financial instruments to manage interest rate risk relating to the Company's variable interest rate term loans. The Company does not use these instruments for speculative or trading purposes. The Company's objective is to reduce the risk to earnings and cash flows associated with changes in interest rates. Derivative instruments are recognized as either assets or liabilities in the accompanying consolidated financial statements and are measured at fair value. Gains and losses resulting from changes in the fair values of those derivative instruments are recorded to earnings or other comprehensive income depending on the use of the derivative instrument and whether it qualifies for hedge accounting.

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Revenue Recognition

Net revenue includes product revenue, less excise taxes. The Company recognizes revenue on product sales to distributors or through self-distribution at the time when the product is shipped and the following conditions exist: persuasive evidence of an arrangement exists, title has passed to the customer according to the shipping terms, the price is fixed and determinable, and collection of the revenue proceeds is reasonably assured. If the conditions for revenue recognition are not met, the Company defers the revenue until all conditions are met. Revenue from sales of beer, wine, food and merchandise at the Company's tasting rooms is recognized on the date of sale.

Excise Taxes

The Company is responsible for compliance with the Alcohol and Tobacco Tax and Trade Bureau of the U.S. Treasury Department (the TTB) regulations which includes making timely and accurate excise tax payments. The Company is subject to periodic compliance audits by the TTB. Excise taxes due to federal agencies are not collected from customers, but rather are the Company's responsibility. Individual states also impose excise taxes on alcohol beverages in varying amounts.

Shipping and Handling Costs

Shipping and handling costs associated with inbound freight are recorded in cost of net revenue, while costs associated with outbound freight are recorded in selling, general and administrative expenses and totaled \$0.8 million, \$1.8 million, \$1.1 million and \$3.7 million, respectively, for the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. For the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the Company recognized advertising and promotion costs totaling \$0.9 million, \$0.7 million, \$0.5 million and \$0.7 million, respectively, which are reflected as selling, general and administrative expenses in the consolidated statements of income.

Stock-Based Compensation

Stock-based compensation expense represents the cost of the grant date fair value of employee stock awards recognized over the requisite service period of the awards (usually the vesting period) on a straight-line basis, net of estimated forfeitures. For awards with performance-based vesting conditions, the expense is recorded over the service period after the achievement of the performance condition is probable. The Company accounts for awards to non-employees using the fair value approach. These awards are subject to periodic revaluation over their vesting terms.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and

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liabilities are determined on the basis of the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized as income in the period that includes the enactment date.

The Company recognizes net deferred tax assets to the extent that the Company believes these assets are more likely than not to be realized. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations. If management determines that the Company would be able to realize its deferred tax assets in the future in excess of their net recorded amount, management would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions on the basis of a two-step process whereby (1) management determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, management recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority. The Company recognizes interest and penalties related to unrecognized tax benefits within income tax expense. Any accrued interest and penalties are included within the related tax liability.

Net Income Per Share

The Company follows the authoritative guidance which establishes standards regarding the computation of earnings per share (EPS) by companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of a company. The guidance requires earnings to be hypothetically allocated between the common, preferred, and other participating shareholders based on their respective rights to receive non-forfeitable dividends, whether or not declared. In addition to preferred stock, participating securities include restricted common stock subject to repurchase which is entitled to receive dividends on the same basis as outstanding common stock (see Note 7). For the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, weighted average restricted common stock subject to repurchase totaled 22,932 shares, 77,932 shares, 77,033 shares and 80,000 shares, respectively. Basic net income per share is then calculated by dividing income allocable to common shareholders (after the reduction for any preferred stock and other participating securities' dividends assuming current income for the period had been distributed) by the weighted average number of shares of common stock outstanding during the period. The guidance does not require the presentation of basic and diluted net income per share for securities other than common stock; therefore, the following net income per share amounts only pertain to the Company's common stock. The Company calculates diluted net income per share using the more dilutive of the 1) treasury stock method, if-converted method, or contingently issuable share method, as applicable, or 2) the two-class method.

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The following table summarizes the net income per share (in thousands, except per share data):

	Years Ended December 31,		Nine Months Ended September 30,	
	2013	2014	2014	2015
Numerator				
Net income attributable to Home Brew Mart, Inc.	\$ 2,452	\$ 4,537	\$ 3,113	\$ 15,316
Net income allocable to participating securities	(847)	(1,593)	(1,093)	(5,380)
Net income attributable to common shareholders	<u>\$ 1,605</u>	<u>\$ 2,944</u>	<u>\$ 2,020</u>	<u>\$ 9,936</u>
Denominator				
Weighted average shares outstanding, basic	4,247	4,247	4,247	4,247
Weighted average effect of potentially dilutive securities:				
Restricted common shares subject to repurchase	9	39	39	46
Weighted average shares outstanding, diluted	<u>4,256</u>	<u>4,286</u>	<u>4,286</u>	<u>4,293</u>
Net income per share attributable to common shareholders:				
Basic	<u>\$ 0.38</u>	<u>\$ 0.69</u>	<u>\$ 0.48</u>	<u>\$ 2.34</u>
Diluted	<u>\$ 0.38</u>	<u>\$ 0.69</u>	<u>\$ 0.47</u>	<u>\$ 2.31</u>

Historical outstanding potentially dilutive securities not included in the calculation of diluted net income per share because to do so would either be anti-dilutive or would be excluded as a result of application of the contingently issuable share method are as follows (in thousands):

	December 31,		September 30,	
	2013	2014	2014	2015
Preferred stock outstanding (as converted)	2,219	2,219	2,219	2,219
Restricted stock units	—	1,010	—	1,482
	<u>2,219</u>	<u>3,229</u>	<u>2,219</u>	<u>3,701</u>

Comprehensive Income

Comprehensive income is defined as a change in equity during a period from transactions and other events and circumstances from non-owner sources. There have been no items qualifying as other comprehensive income and, therefore, for all periods presented, the Company's comprehensive income was the same as its reported net income.

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Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. ASU 2014-09 will be effective for the Company beginning in its first quarter of 2017. Early adoption is not permitted. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. On July 9, 2015, the FASB approved the deferral of the effective date of ASU 2014-09 by one year. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

2. Balance Sheet Details

Inventories consist of the following (in thousands):

	December 31,		September 30,
	2013	2014	2015
Raw materials	\$ 1,159	\$ 1,984	\$ 4,947
Work in process	781	1,347	2,324
Finished goods	676	1,816	2,893
	<u>\$ 2,616</u>	<u>\$ 5,147</u>	<u>\$ 10,164</u>

Property and equipment consists of the following (in thousands):

	Useful Life (Years)	December 31,		September 30,
		2013	2014	2015
Machinery and equipment	5-7	\$ 6,750	\$ 18,076	\$ 24,025
Leasehold improvements	*	2,706	12,368	14,017
Furniture, fixtures and office equipment	3-7	725	1,292	1,885
Construction in progress	—	4,301	1,481	7,095
		14,482	33,217	47,022
Less accumulated depreciation and amortization		(3,038)	(5,347)	(8,755)
		<u>\$ 11,444</u>	<u>\$ 27,870</u>	<u>\$ 38,267</u>

* Leasehold improvements are amortized over the lesser of the remaining term of the related lease or the estimated useful life of the leasehold improvements.

Depreciation and amortization expense for the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015 was \$1.2 million, \$2.3 million, \$1.4 million and \$3.4 million, respectively.

The Company capitalized interest costs for the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015 in the amount of \$0.1 million, \$0.3 million, \$0.3 million and \$0.1 million, respectively, related to construction in progress.

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Accrued expenses consist of the following (in thousands):

	December 31,		September 30,
	2013	2014	2015
Accrued compensation	\$ 417	\$ 531	\$ 856
Accrued sales, property and excise taxes	122	353	355
Accrued income taxes	851	—	1,101
Interest rate swaps	—	272	436
Other accrued expenses	655	806	3,146
	<u>\$ 2,045</u>	<u>\$ 1,962</u>	<u>\$ 5,894</u>

3. Fair Value Measurements

The carrying amounts of accounts receivable, prepaid and other assets, accounts payable and accrued expenses are considered to be representative of their respective fair values because of the short-term nature of those instruments. Based on the borrowing rates currently available to the Company for loans with similar terms, the Company believes that the fair value of its commercial bank debt approximates their carrying values. Interest rate swaps are recorded at fair value.

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs, other than the quoted prices in active markets that are observable either directly or indirectly.
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company has no financial assets measured at fair value on a recurring basis. Financial liabilities measured at fair value on a recurring basis consists of the Company's interest rate swaps. None of the Company's non-financial assets and liabilities are recorded at fair value on a non-recurring basis. No transfers between levels have occurred during the periods presented.

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Liabilities measured at fair value on a recurring basis are as follows (in thousands):

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of September 30, 2015:			
Liabilities:			
Interest rate swaps	\$ 436	\$ -	\$ 436
	\$ -	\$ -	\$ -
As of December 31, 2014:			
Liabilities:			
Interest rate swaps	\$ 272	\$ -	\$ 272
	\$ -	\$ -	\$ -

As of December 31, 2013, the fair value of the interest rate swaps was not material.

The fair value of the Company's interest rate swaps are determined based on discounted cash flow analyses that incorporate interest rate yield curves. Level 2 inputs, or market observable inputs, such as yield and credit curves, are used within the standard pricing models in order to determine fair value. The fair value is an estimate of the amount that the Company would pay or receive as of a measurement date if the agreements were transferred to a third party or canceled, and are included in accrued expenses in the accompanying consolidated balance sheets. Changes in the fair value of the interest rate swaps are recorded as interest expense in the accompanying statements of income.

4. Long-Term Debt

	December 31,		September 30,
	2013	2014	2015
Term notes, due September 1, 2020	\$ 7,159	\$ 18,758	\$ 21,278
Lines of credit, due September 1, 2020	-	386	-
Notes payable to related party	399	-	-
	7,558	19,144	21,278
Less current portion of long-term debt	(578)	(1,900)	(2,276)
	\$ 6,980	\$ 17,244	\$ 19,002

Credit Agreements

In August 2013, the Company entered into a credit agreement with Comerica Bank which consists of term loans and a revolving line of credit. In connection with the Company's entry into the credit agreement in August 2013, the Company obtained a term loan (Term Loan A) for \$7.2 million (with maximum borrowings of \$14.0 million) to refinance the outstanding loans with Wells Fargo Bank and JP Morgan Chase Bank for brewery equipment. Term Loan A is payable in monthly installments starting on January 1, 2015 and bears interest at a variable rate based on the one-month London Inter-Bank Offered Rate (LIBOR) plus a margin of 1.75% to 3.25% (total of 2.70% at September 30, 2015).

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In September 2014, the Company amended this agreement to increase maximum borrowings to \$19.0 million to fund its brewery expansion. As of December 31, 2013 and 2014 and September 30, 2015, the amount outstanding under Term Loan A was \$7.2 million, \$18.8 million and \$17.3 million, respectively. As of September 30, 2015, there were no available borrowings under Term Loan A. In conjunction with this agreement, the Company entered into various interest rate swap agreements, which are designed to limit the Company's exposure to variable interest risk (see Note 5).

In February 2015, the Company entered into a second term loan (Term Loan B) with Comerica Bank with maximum borrowings of \$7.0 million to fund its brewery expansion. Term Loan B bears the same interest rate and due date as Term Loan A. In June 2015, the Company amended this agreement to increase maximum borrowings to \$15.0 million to fund a new expansion project. Term Loan B is payable in equal monthly installments starting on February 1, 2016. As of September 30, 2015, there was \$3.9 million outstanding under Term Loan B and \$11.1 million of available borrowings.

In August 2013, the Company obtained a revolving line of credit (LOC A) under the credit agreement, with a maximum limit of \$2.0 million and an original expiration date of September 15, 2015. Borrowings bear interest at a variable rate of the prime rate plus 0% percent to 1.00%. There were no borrowings outstanding under this agreement at December 31, 2013. In September 2014, the Company amended the line of credit to increase maximum limit to \$4.0 million and extend expiration date to September 1, 2016. As of December 31, 2014, there were borrowings outstanding and available borrowings under this agreement of \$0.4 million and \$3.6 million, respectively. In June 2015, the Company amended the line of credit to increase the maximum limit to \$10.0 million and extend the expiration date to September 1, 2020. As of September 30, 2015, there were no borrowings outstanding under this agreement and available borrowings of \$10.0 million.

In January 2015, the Company obtained a second revolving line of credit with Comerica Bank (LOC B), with a maximum limit of \$2.0 million. In June 2015, the Company cancelled LOC B effective June 30, 2015. The outstanding borrowings of \$2.0 million as of June 30, 2015 were transferred to LOC A on July 1, 2015 and subsequently repaid with cash on hand.

In June 2015, Spirits entered into a credit agreement with Comerica Bank which consists of a term loan (Term Loan C) with maximum borrowings of \$2.0 million to fund its production and sale of spirits. Term Loan C bears the same interest rate and has the same repayment terms as Term Loan B. As of September 30, 2015, there were no borrowings outstanding under this agreement and available borrowings of \$2.0 million.

Borrowings under the credit agreement between Ballast Point and Comerica Bank are secured by substantially all assets of Ballast Point and are guaranteed by Spirits. Borrowings under the credit agreement between Spirits and Comerica Bank are secured by substantially all assets of Spirits and guaranteed by Ballast Point. The credit agreements contain customary affirmative covenants, the requirement to provide certain financial and operating information, and customary negative covenants limiting Ballast Point's and Spirits' ability to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, repurchase stock and make investments, in each case subject to certain exceptions. The Company must also comply with certain financial covenants, including a minimum current ratio, a fixed charge ratio and a senior leverage ratio. In addition, the credit agreements restrict Ballast Point's and Spirits' ability to make distributions, including

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cash dividends, other than distributions that do not exceed, in the aggregate on a trailing 12-month basis, 20% of the Company's or Spirits' net income, respectively, for such period provided that the Company or Spirits is not then in default under the credit agreements and that the payment of such distributions does not cause the Company to violate any financial covenant contained in the credit agreements. The credit agreements also restrict the Company's subsidiaries from making any loans or advances to the Company, other than for sales on open account and otherwise in the ordinary course of business.

The credit agreements also contains customary events of default including, among others, payment defaults, breaches of covenants defaults, material adverse change defaults, bankruptcy and insolvency event defaults, judgment defaults, and breaches of representations and warranties defaults. Upon an event of default, Comerica Bank may declare all or a portion of the outstanding obligations payable to be immediately due and payable and exercise other rights and remedies provided for under the credit agreement and any related guaranty, including a requirement that any guarantor pay all of the outstanding obligations under its guaranty and a right by Comerica Bank to exercise remedies under any security agreement related to such guaranty. During the existence of an event of default, interest on the obligations could be increased by 3%. The amounts outstanding under the credit facilities may be prepaid prior to their respective maturity dates without significant penalty or premium.

The debt arrangements above require the following annual payments as of September 30, 2015 (in thousands):

	Term Loan A	Term Loan B
2015 (for the three months ending December 31, 2015)	\$ 475	\$ -
2016	1,900	517
2017	1,900	563
2018	1,900	563
2019	1,900	563
2020	9,258	1,739
	<u>\$ 17,333</u>	<u>\$ 3,945</u>

Notes Payable and Loans to Related Parties

In December 2011, the Company executed two loans from its majority shareholder in an aggregate amount of \$0.5 million, which bear interest at 6.00% per annum and subordinated by bank debt. Repayments were made during the first quarter of 2012, resulting in a remaining balance of \$0.4 million as of December 31, 2013. Accrued interest of \$48,000 is included in accrued expenses as of December 31, 2013. The loans and related accrued interest were fully repaid in 2014.

In September 2012, the Company executed a loan with an officer in the amount of \$1.0 million, bearing interest at 6.00% per annum and subordinated by bank debt. The loan and related accrued interest was repaid in 2013.

In September 2013, an officer purchased 300,000 shares of common stock from a significant shareholder at \$2.75 per share. The purchase price approximated fair value at the date of the transaction.

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In April 2014, the Company loaned its majority shareholder \$1.6 million that was repaid in May 2014.

5. Interest Rate Swap Agreements

During the year ended December 31, 2013, the Company entered into an interest rate swap agreement (Swap A) simultaneously with its term loan with Comerica Bank to limit its exposure to the interest rate risk associated with its variable-rate debt. The terms of Swap A correspond to the terms of the debt agreement. The total notional amount outstanding under the agreement was \$7.0 million, \$6.8 million and \$6.3 million at December 31, 2013 and 2014 and September 30, 2015, respectively.

In October 2014, the Company entered into two new interest rate swap agreements (Swap B) to limit its exposure to the interest rate risk associated with its variable-rate debt. The terms of Swap B correspond to the terms of the debt agreement. The total notional amounts outstanding under the agreements was \$7.9 million and \$7.3 million at December 31, 2014 and September 30, 2015, respectively. In addition to the interest rate swap agreements, in November 2014, the Company entered into a 90-day LIBOR lock agreement to limit its exposure to the interest rate risk associated with \$3.5 million of its variable-rate Term A debt.

The agreements above were not designated as hedging instruments and were not required to be tested for effectiveness as hedge accounting was not elected. Gains and losses on the contracts are included in other income (expense), net. The Company recognized other expense of \$0.3 million, \$0.1 million and \$0.2 million for the year ended December 31, 2014 and the nine months ended September 30, 2014 and 2015, respectively, related to the change in the fair value of the interest rate swaps. As of December 31, 2013, the fair value of the interest rate swaps was not significant.

6. Commitments and Contingencies

Operating Leases

The Company leases office equipment and various restaurant, tasting room, office, warehouse and brewery facilities under noncancelable operating lease agreements that expire on various dates through 2029. Some of these lease agreements require the Company to pay taxes, maintenance, insurance and other occupancy expenses, and contain escalation clauses and renewal options. In cases where the lessor grants leasehold improvement allowances, rent expense is reduced by the allowances paid as those are recognized as deferred rent that is amortized over the lease term. During the year ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the Company received leasehold improvement allowances and capitalized \$0.1 million, \$1.7 million, \$1.0 million and \$48,000, respectively, from lessor paid leasehold improvements.

Rent expense for operating leases is recognized on a straight-line basis. Rent expense of \$0.8 million, \$1.9 million, \$1.4 million and \$1.8 million was recognized for all operating leases during the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, respectively.

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The following is a schedule of future minimum rental payments required under the operating lease agreements as of September 30, 2015 (in thousands):

2015 (for the three months ending December 31, 2015)	\$ 399
2016	1,717
2017	2,078
2018	2,077
2019	2,006
Thereafter	14,817
	<u>\$ 23,094</u>

Purchase Agreements

The Company is party to various purchase agreements with its suppliers of hop and malt products under agreements expiring at various dates through 2022. The purchase agreements require the following minimum purchases as of September 30, 2015 (in thousands):

2015 (for the three months ending December 31, 2015)	\$ 6,241
2016	31,325
2017	21,758
2018	27,987
2019	24,479
Thereafter	75,230
	<u>\$ 187,020</u>

Contingencies

From time to time, the Company is subject to various claims and suits arising in the ordinary course of business. The Company does not expect that the resolution of these matters will have a material adverse effect on its consolidated financial position or results of operations.

7. Shareholders' Equity

Preferred Stock

The authorized, issued and outstanding shares of convertible preferred stock by series are as follows as of December 31, 2013 and 2014 and September 30, 2015 (in thousands, except per share amounts):

	Shares Authorized	Shares Outstanding	Liquidation Preference Per Share	Liquidation Preference	Carrying Value
Series A	2,500	1,996	\$ 0.0588	\$ 117	\$ 108
Series B	1,000	223	0.1200	27	27
Undesignated	6,500	-	-	-	-
	<u>10,000</u>	<u>2,219</u>		<u>\$ 144</u>	<u>\$ 135</u>

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Conversion

At the option of the holder, each share of preferred stock is convertible into shares of common stock on a 1-for-1 basis, subject to adjustment. The preferred stock will automatically convert into shares of common stock upon the closing of an underwritten public offering of common stock in which the per share price is at least \$10.00, and the Company receives at least \$300,000 in gross proceeds. The holders of preferred stock have antidilution protection for certain dilutive issuances below \$0.0588 per share. Through September 30, 2015, no antidilution adjustments have occurred.

Liquidation

In the event of a liquidation of the Company, holders of Series A and Series B convertible preferred stock are entitled to a liquidation preference of \$0.0588 and \$0.12 per share, respectively, prior to and in preference to any distribution of the assets of the corporation to common shareholders. The remaining assets of the Company are to be distributed to the preferred and common shareholders, pro rata based on the number of shares of stock held on an if-converted to common stock basis by each shareholder.

Dividends

The holders of Series A and Series B convertible preferred stock are entitled to receive annual noncumulative dividends of \$0.00618 per share when and if declared by the Board of Directors prior and in preference to the holders of common stock. After satisfaction of the annual noncumulative preferred stock dividends, the common shareholders would be entitled to receive an amount equal to the dividends paid to the preferred shareholders when and if declared by the Board of Directors. After satisfaction of the annual noncumulative dividends noted above, the preferred and common shareholders would participate in any dividends on an if-converted to common stock basis. As of September 30, 2015, no dividends have been declared.

Voting

The preferred shareholders have voting rights equal to the shares of common stock that the preferred shareholders would own upon conversion.

2014 Stock Incentive Plan

In September 2014, the Company's Board of Directors and shareholders approved the 2014 Stock Incentive Plan (the 2014 Plan), under which the Company may grant stock options, stock appreciation rights, dividend equivalent rights, restricted stock, restricted stock units (RSUs) and other stock-based awards to employees, directors and consultants of the Company. As of December 31, 2014 and September 30, 2015, a total of 1.5 million shares of the Company's common stock were reserved for issuance under the 2014 Plan.

RSUs represent a right to receive shares of common stock at a future date determined in accordance with the participant's award agreement. An exercise price and monetary payment are not required for receipt of RSUs or the shares issued in settlement of the award. Instead, consideration is furnished in the form of the participant's services to the Company. In October 2014, the Company

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granted 1,010,000 RSUs that were originally scheduled to vest only upon a change in control of the Company. In May 2015 and June 2015, the Company granted an aggregate of 442,000 RSUs, and amended each of the October 2014 RSUs to vest as follows: (1) in the event of the initial public offering of the Company's common stock, to the extent the Board of Directors determines that the holder is allowed to sell shares of the Company's common stock subject to the award in the offering, such number of RSUs will vest immediately prior to such offering, and any remaining RSUs will vest in two equal installments on each of the first and second anniversaries of such offering, or (2) if earlier, upon a change in control of the Company. In July and August 2015, the Company granted 30,000 RSUs and 6,000 RSUs, respectively. The August 2015 RSUs vest on the same terms as the RSUs described above. The July 2015 RSUs will vest on the same terms as the RSUs described above, except that they will vest in three equal annual installments on the first, second and third anniversaries of the initial public offering of the Company's common stock. For these awards with performance-based milestones, the expense is recorded over the remaining service period after the point when the performance condition has been achieved. As such, no stock-based compensation has been recognized for the RSUs noted above. The grant date fair value per share for the May and June 2015 RSUs, or modification date fair value per share in the case of the October 2014 RSUs modified in May 2015, was \$44.12. As of December 31, 2014, the unrecognized stock-based compensation for these awards was \$24.7 million.

RSU activity under the 2014 Plan is summarized as follows (in thousands):

	Number of Units
Outstanding at December 31, 2013	-
Granted	1,010
Outstanding at December 31, 2014	1,010
Granted	478
Cancelled	(6)
Outstanding at September 30, 2015	1,482

Restricted Stock Awards

In 2012, 2013 and 2014, the Company granted 20,000 shares, 5,000 shares and 55,000 shares, respectively, of its common stock to employees. These shares are subject to the Company's right to repurchase upon termination of employment for any reason at repurchase prices per share ranging from \$0.30 to \$2.75. The restricted shares will be released from the Company's repurchase option and fully vested ten years from the date each individual first received a restricted stock award, subject to earlier release and vesting upon the occurrence of a change in control of the Company. The grant date fair value of the restricted stock awards is determined based on the fair value of the underlying common stock and is being recognized as expense over the period from grant to the release of the Company's repurchase right on a straight-line basis. The weighted average grant date fair value per share for restricted stock awards granted for the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 was \$2.30, \$4.67 and \$4.67, respectively. No restricted stock awards vested during the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2015. Restricted stock awards granted for the nine months ended September 30, 2014 and 2015 were 55,000 and zero, respectively. As of December 31, 2014, the total unrecognized stock-

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based compensation of restricted stock awards was \$0.2 million, which is expected to be recognized over a weighted average period of approximately 8.4 years. For the nine months ended September 30, 2015, the Company recognized \$0.1 million of stock-based compensation in selling, general and administrative expense for these awards. No expense was recognized for the years ended December 31, 2013 and 2014 as the amounts were not significant.

In July 2015, the restricted stock awards above were amended to add provisions that will accelerate vesting in the event of an initial public offering. Since the additional vesting provisions are contingent, and the awards were probable of vesting at the modification date, the modification does not result in a change to the measured compensation cost or the requisite service period.

Common Stock Reserved for Future Issuance

Common stock reserved for future issuance is as follows (in thousands):

	September 30, 2015
Conversion of convertible preferred stock	2,219
Restricted stock units outstanding	1,482
Awards available under the 2014 Plan	18
	3,719

8. Income Taxes

For the nine months ended September 30, 2014 and 2015, the Company recorded an income tax expense of \$2.0 million with an effective tax rate of 40% and \$8.7 million with an effective tax rate of 36%, respectively. The difference in the effective tax rate was due primarily to the domestic production activities deduction and other favorable permanent differences.

Significant components of the provision for income taxes are as follows (in thousands):

	Years Ended December 31,	
	2013	2014
Current:		
Federal	\$ 1,035	\$ 5
State	357	706
Total current	1,392	711
Deferred:		
Federal	144	2,272
State	8	(108)
Total deferred	152	2,164
Total income tax provision	\$ 1,544	\$ 2,875

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The Company's reconciliations to statutory rates are as follows:

	Years Ended December 31,	
	2013	2014
Statutory tax rate	34.0%	34.0%
State income taxes, net of federal benefit	6.4	4.8
Income from non-controlling interest	1.8	1.0
Domestic production activities deduction	(2.7)	-
Other, net	1.2	0.1
	<u>40.7%</u>	<u>39.9%</u>

Significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2013	2014
Deferred tax assets:		
Reserves and allowances	\$ 159	\$ 1,144
State taxes	121	259
Tax credits	-	-
Other	15	340
	<u>295</u>	<u>1,743</u>
Deferred tax liabilities:		
Depreciation and amortization	(1,196)	(4,934)
	<u>\$ (901)</u>	<u>\$ (3,191)</u>

As of December 31, 2014, the Company has California Enterprise Zone tax credit carry forwards of approximately \$0.3 million which will begin expiring in 2023 unless utilized.

The Company files income tax returns in the U.S. federal jurisdiction and in various states. The Company's federal income tax returns for the years 2011 and beyond remain subject to examination by the Internal Revenue Service. The Company's state income tax returns for the years 2010 and beyond remain subject to examination by the state tax authorities.

The Company did not have any unrecognized tax benefits as of December 31, 2013 and 2014 and does not expect this to change significantly over the next 12 months. In accordance with GAAP, the Company will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2013 and 2014, the Company has not accrued any interest or penalties related to uncertain tax positions.

9. Segment Reporting, Concentrations and Affiliate

Segments

Operating segments are identified as components of an enterprise for which separate financial information is available for evaluation by the chief operating decision maker (CODM) in making

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decisions regarding resource allocation and assessing performance. The Company has identified multiple operating segments which are organized around differences in products and are managed separately. The Company identified brewing operations, which includes the brewing of the Company's beer products and the sale of those products to distributors and through self-distribution, as an operating segment. Other operating segments include the Company's tasting rooms, where the Company sells its beer and complementary food offerings directly to customers alongside a range of other retail merchandise, and its affiliate that distills and sells spirits.

Once the operating segments have been identified, the Company is required to determine which operating segments individually or in aggregate require disclosure as reportable segments. As a result of the Company's assessment, the Company concluded its brewing operations operating segment meets the definition of a reportable segment. The Company's remaining operating segments do not individually meet any of the 10% quantitative thresholds that require separate reportable segment disclosure and given the Company's brewing operations operating segment has external net revenue that contributes at least 75% of total consolidated net revenue, the results for the other operating segments are included in "Other" in the tables below setting forth the Company's net revenue, gross profit, gross margin, and net income.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The CODM evaluates performance based on net income of each operating segment. Cost of net revenue for brewing operations consists primarily of raw materials, direct labor, overhead, and shipping costs. Cost of net revenue for the remaining operating segments consist primarily of direct costs for labor, food, beverage and merchandise and excludes certain occupancy expenses, including rent, depreciation, and certain overhead expenses, which are reported in selling, general, and administrative expense. Inventory is transferred between operating segments at cost. The components of cost of net revenue are variable in nature, change with sales volume, are influenced by product mix and are subject to increases or decreases based on fluctuations in commodity costs.

In preparing this financial information, certain expenses were allocated between the segments based on management estimates, while others were based on specific factors such as headcount, square footage or other like measures. These factors can have a significant impact on the amount of net income for each segment. While the Company believes it has applied a reasonable methodology, assignment of other reasonable cost allocations to each segment could result in materially different segment net income.

The segments use many of the same assets. For internal reporting purposes, the Company does not allocate assets by segment and, therefore, no asset by segment information is provided to the CODM. Total interest expense is included in the brewing operations segment for all periods presented.

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Net revenue, gross profit, gross margin and net income information is as follows (in thousands, except gross margin):

	<u>Net Revenue</u>	<u>Gross Profit</u>	<u>Gross Margin</u>	<u>Net Income</u>
Nine Months Ended September 30, 2015				
Brewing operations	\$ 70,931	\$ 38,958	54.9%	\$ 14,070
Other	14,709	5,356	36.4%	1,331
Total	<u>\$ 85,640</u>	<u>\$ 44,314</u>	51.7%	<u>\$ 15,401</u>
Nine Months Ended September 30, 2014				
Brewing operations	\$ 25,883	\$ 12,284	47.5%	\$ 2,583
Other	6,449	2,472	38.3%	406
Total	<u>\$ 32,332</u>	<u>\$ 14,756</u>	45.6%	<u>\$ 2,989</u>
Year Ended December 31, 2014				
Brewing operations	\$ 39,176	\$ 18,197	46.4%	\$ 3,889
Other	9,701	3,449	35.6%	434
Total	<u>\$ 48,877</u>	<u>\$ 21,646</u>	44.3%	<u>\$ 4,323</u>
Year Ended December 31, 2013				
Brewing operations	\$ 22,018	\$ 10,275	46.7%	\$ 2,285
Other	4,342	1,548	35.7%	(39)
Total	<u>\$ 26,360</u>	<u>\$ 11,823</u>	44.9%	<u>\$ 2,246</u>

For the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, depreciation expense allocated to brewing operations was \$1.2 million, \$2.0 million, \$1.1 million and \$2.9 million, respectively. For the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the provision for income taxes allocated to brewing operations was \$1.3 million, \$2.4 million, \$1.6 million and \$7.9 million, respectively.

For the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, depreciation expense related to other operating segments was \$0.1 million, \$0.4 million, \$0.3 million and \$0.5 million, respectively. For the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, the provision for income taxes allocated to other operating segments was \$0.2 million, \$0.5 million, \$0.4 million and \$0.8 million, respectively.

Concentrations

All of the Company's net revenue is derived from customers in the United States and all of the Company's long-lived tangible assets are located in the United States.

During the years ended December 31, 2013 and 2014 and the nine months ended September 30, 2014 and 2015, revenues from Crest Beverage, a brewing operations distributor, totaled approximately 43%, 34%, 37% and 20%, respectively, of the Company's revenue. At December 31, 2013 and 2014 and September 30, 2015, accounts receivable due from this customer totaled approximately 34%, 30% and 15%, respectively, of the Company's accounts receivable.

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Net revenue consists of sales of beer to distributors and through self-distribution by the Company's brewing operations, sales of beer, wine, food and merchandise to retail customers at the Company's tasting rooms and sales of spirits to distributors by Spirits. Net revenue from external customers for each of the Company's products is as follows (in thousands):

	Years Ended December 31,		Nine Months Ended September 30,	
	2013	2014	2014	2015
Brewing operations:				
Beer	\$ 22,018	\$ 39,176	\$ 25,883	\$ 70,931
Other:				
Tasting room sales	3,712	8,326	5,483	12,782
Spirits	630	1,375	966	1,927
Net revenue	<u>\$ 26,360</u>	<u>\$ 48,877</u>	<u>\$ 32,332</u>	<u>\$ 85,640</u>

In addition, the Company's top five vendors supplied 69% and 72% of the Company's raw materials for the years ended December 31, 2013 and 2014, respectively, and 73% and 64% for the nine months ended September 30, 2014 and 2015, respectively.

Affiliate

In July 2007, Spirits was formed to produce and sell various distilled spirits. Spirits is a variable interest entity owned one-third by each of Ballast Point, the Company's founder, Jack White, Jr., and the Company's Chief Operating Officer and Head Brewer, Yuseff Cherney, each being related parties and sharing one-third in any income or losses of Spirits. No significant capital contributions have been made to Spirits and, on an ongoing basis, Ballast Point provides services to Spirits by providing office space, information technology support, accounting services, logistics support, access to distribution channels and other operational and selling, general and administrative support. The historical net losses, working capital needs and acquisitions of capital equipment of Spirits have been primarily funded by loans from Ballast Point. As of December 31, 2013 and 2014 and September 30, 2015, Spirits had an accumulated deficit of \$0.6 million, \$0.9 million and \$0.8 million, respectively. As of December 31, 2013 and 2014 and September 30, 2015, loans from Ballast Point to Spirits (and related accrued interest) totaled \$1.4 million, \$2.2 million and \$2.8 million, respectively. None of the related parties individually has the power to control the activities of Spirits, by virtue of equal representation on the Spirits board of managers, which has the full authority to manage and control the business and affairs of Spirits through majority vote. Given the lack of control by any individual member, the Company assessed which related party was most closely associated with Spirits in order to determine the primary beneficiary of Spirits. The Company considered the similarity of operations, the ongoing provision of services and the fact that each of the other members of Spirits is also an employee of Ballast Point in its determination that Ballast Point is the related party that is most closely associated with Spirits and therefore is considered to be the primary beneficiary. As a result, Ballast Point has consolidated Spirits for financial reporting purposes.

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The aggregate carrying amount and classification of Spirits' assets and liabilities are as follows (in thousands):

	December 31,		September 30,
	2013	2014	2015
Cash and cash equivalents	\$ 46	\$ 71	\$ 126
Accounts receivable	93	120	299
Inventory	518	1,081	1,048
Prepaid expenses and other current assets	8	-	10
Property and equipment	215	216	763
Other assets	-	16	16
Total assets of Spirits	\$ 880	\$ 1,504	\$ 2,262
Accounts payable	\$ 95	\$ 182	\$ 212
Accrued expenses	12	27	52
Amounts due to Home Brew Mart, Inc.	1,395	2,237	2,813
Total liabilities of Spirits	\$ 1,502	\$ 2,446	\$ 3,077

The aggregate statements of income and statements of cash flows of Spirits are as follows (in thousands):

	Years Ended December 31,		Nine Months Ended September 30,	
	2013	2014	2014	2015
Net revenue	\$ 630	\$ 1,375	\$ 966	\$ 1,927
Gross profit	194	346	287	673
Selling, general and administrative expense	448	604	427	473
Interest expense – Home Brew Mart, Inc.	(55)	(63)	(46)	(72)
Net income (loss) of Spirits	\$ (309)	\$ (321)	\$ (186)	\$ 128
Cash provided by (used in):				
Operating activities	\$ (590)	\$ (751)	\$ (427)	\$ 93
Investing activities	(80)	(66)	(56)	(614)
Financing activities – Home Brew Mart, Inc.	677	842	386	576
Increase (decrease) in cash and cash equivalents of Spirits	\$ 7	\$ 25	\$ (97)	\$ 55

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10. 401(k) Plan

The Company maintains a defined contribution 401(k) plan available to eligible employees. Employee contributions are voluntary and are determined on an individual basis, limited to the maximum amount allowable under federal tax regulations. The Company, at its discretion, may make certain matching contributions to the 401(k) plan. The Company began matching contributions in January 2015. For the nine months ended September 30, 2015, the Company made fully vested matching contributions of \$0.2 million.

11. Subsequent Events

The Company has completed an evaluation of all subsequent events through October 29, 2015 to ensure that this filing includes appropriate disclosure of events both recognized in the September 30, 2015 consolidated financial statements and events which occurred but were not recognized in the consolidated financial statements. The Company has concluded that no subsequent event has occurred that requires disclosure.