

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 30, 2013

OR

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

For the transition period from _____ to _____

Commission File Number 001-08495



Constellation Brands

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

Delaware

(State or other jurisdiction of
incorporation or organization)

16-0716709

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

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

(Address of principal executive offices)

14564

(Zip Code)

(585) 678-7100

(Registrant's telephone number, including area code)

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

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

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

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

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

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

The number of shares outstanding with respect to each of the classes of common stock of Constellation Brands, Inc., as of December 31, 2013, is set forth below:

<u>Class</u>	<u>Number of Shares Outstanding</u>
Class A Common Stock, par value \$.01 per share	166,621,513
Class B Common Stock, par value \$.01 per share	23,440,365
Class 1 Common Stock, par value \$.01 per share	None

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	November 30, 2013	February 28, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash investments	\$ 65.2	\$ 331.5
Accounts receivable, net	668.8	471.9
Inventories	1,824.0	1,480.9
Prepaid expenses and other	277.4	186.9
Total current assets	2,835.4	2,471.2
PROPERTY, PLANT AND EQUIPMENT, net	1,905.4	1,229.0
GOODWILL	6,150.0	2,722.3
INTANGIBLE ASSETS, net	3,237.2	871.4
OTHER ASSETS, net	208.3	344.2
Total assets	\$ 14,336.3	\$ 7,638.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable to banks	\$ 170.5	\$ —
Current maturities of long-term debt	67.1	27.6
Accounts payable	462.4	209.0
Accrued excise taxes	26.4	18.9
Other accrued expenses and liabilities	1,028.6	422.4
Total current liabilities	1,755.0	677.9
LONG-TERM DEBT, less current maturities	6,897.0	3,277.8
DEFERRED INCOME TAXES	710.0	599.6
OTHER LIABILITIES	184.5	222.5
COMMITMENTS AND CONTINGENCIES (NOTE 15)		
STOCKHOLDERS' EQUITY:		
Class A Common Stock, \$.01 par value- Authorized, 322,000,000 shares; Issued, 246,852,839 shares at November 30, 2013, and 242,064,514 shares at February 28, 2013	2.5	2.4
Class B Convertible Common Stock, \$.01 par value- Authorized, 30,000,000 shares; Issued, 28,466,235 shares at November 30, 2013, and 28,517,035 shares at February 28, 2013	0.3	0.3
Additional paid-in capital	2,076.1	1,907.1
Retained earnings	4,281.0	2,495.1
Accumulated other comprehensive income	94.0	132.1
	6,453.9	4,537.0
Less: Treasury stock –		
Class A Common Stock, 80,297,427 shares at November 30, 2013, and 80,799,298 shares at February 28, 2013, at cost	(1,661.9)	(1,674.5)
Class B Convertible Common Stock, 5,005,800 shares at November 30, 2013, and February 28, 2013, at cost	(2.2)	(2.2)
	(1,664.1)	(1,676.7)
Total stockholders' equity	4,789.8	2,860.3
Total liabilities and stockholders' equity	\$ 14,336.3	\$ 7,638.1

The accompanying notes are an integral part of these statements.

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

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2013	2012	2013	2012
SALES	\$ 3,973.0	\$ 2,383.4	\$ 1,593.5	\$ 860.4
Less – excise taxes	(396.5)	(283.2)	(150.2)	(93.5)
Net sales	3,576.5	2,100.2	1,443.3	766.9
COST OF PRODUCT SOLD	(2,133.7)	(1,253.7)	(833.6)	(456.1)
Gross profit	1,442.8	846.5	609.7	310.8
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(675.6)	(451.0)	(245.9)	(152.0)
IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS	(300.9)	—	—	—
GAIN ON REMEASUREMENT TO FAIR VALUE OF EQUITY METHOD INVESTMENT	1,642.0	—	—	—
Operating income	2,108.3	395.5	363.8	158.8
EQUITY IN EARNINGS OF EQUITY METHOD INVESTEEs	88.3	183.6	18.0	52.5
INTEREST EXPENSE, net	(234.7)	(166.7)	(89.6)	(61.4)
LOSS ON WRITE-OFF OF FINANCING COSTS	—	(2.8)	—	—
Income before income taxes	1,961.9	409.6	292.2	149.9
PROVISION FOR INCOME TAXES	(176.0)	(103.5)	(81.2)	(40.4)
NET INCOME	\$ 1,785.9	\$ 306.1	\$ 211.0	\$ 109.5
COMPREHENSIVE INCOME	\$ 1,747.8	\$ 297.7	\$ 240.4	\$ 117.1

SHARE DATA:

Earnings per common share:

Basic – Class A Common Stock	\$ 9.63	\$ 1.70	\$ 1.13	\$ 0.61
Basic – Class B Convertible Common Stock	\$ 8.76	\$ 1.55	\$ 1.03	\$ 0.55
Diluted – Class A Common Stock	\$ 9.07	\$ 1.62	\$ 1.07	\$ 0.58
Diluted – Class B Convertible Common Stock	\$ 8.34	\$ 1.49	\$ 0.98	\$ 0.53

Weighted average common shares outstanding:

Basic – Class A Common Stock	164.082	158.442	165.708	158.270
Basic – Class B Convertible Common Stock	23.477	23.538	23.461	23.524
Diluted – Class A Common Stock	196.886	188.642	198.082	189.696
Diluted – Class B Convertible Common Stock	23.477	23.538	23.461	23.524

The accompanying notes are an integral part of these statements.

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

	For the Nine Months Ended November 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,785.9	\$ 306.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on remeasurement to fair value of equity method investment	(1,642.0)	—
Equity in earnings of equity method investees, net of distributed earnings	(52.1)	23.5
Impairment of goodwill and intangible assets	300.9	—
Depreciation of property, plant and equipment	102.1	80.0
Stock-based compensation expense	37.5	31.3
Amortization of intangible assets	11.2	5.5
Deferred tax provision	10.1	40.5
Amortization of deferred financing costs	8.3	3.0
Loss (gain) on disposal of assets, net	0.4	(0.1)
Loss on write-off of financing costs	—	2.8
Change in operating assets and liabilities, net of effects from purchase of business:		
Accounts receivable, net	(4.7)	(104.2)
Inventories	(112.2)	(196.7)
Prepaid expenses and other current assets	11.8	(0.3)
Accounts payable	128.8	170.7
Accrued excise taxes	(6.8)	(6.7)
Other accrued expenses and liabilities	30.9	26.4
Other, net	19.0	7.2
Total adjustments	(1,156.8)	82.9
Net cash provided by operating activities	629.1	389.0
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of business, net of cash acquired	(4,681.0)	(159.3)
Purchases of property, plant and equipment	(85.9)	(52.2)
Proceeds from sales of assets	7.8	8.0
Proceeds from notes receivable	—	4.6
Other investing activities	1.6	(1.3)
Net cash used in investing activities	(4,757.5)	(200.2)

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

	For the Nine Months Ended November 30,	
	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	3,725.0	2,050.0
Net proceeds from (repayments of) notes payable	170.6	(356.0)
Proceeds from exercises of employee stock options	93.1	135.0
Excess tax benefits from stock-based payment awards	64.7	17.2
Proceeds from employee stock purchases	2.5	2.1
Principal payments of long-term debt	(90.6)	(851.6)
Payments of financing costs of long-term debt	(82.2)	(35.2)
Payments of minimum tax withholdings on stock-based payment awards	(18.0)	(0.5)
Payment of restricted cash upon issuance of long-term debt	—	(650.0)
Purchases of treasury stock	—	(383.0)
Net cash provided by (used in) financing activities	3,865.1	(72.0)
Effect of exchange rate changes on cash and cash investments	(3.0)	(2.1)
NET (DECREASE) INCREASE IN CASH AND CASH INVESTMENTS	(266.3)	114.7
CASH AND CASH INVESTMENTS, beginning of period	331.5	85.8
CASH AND CASH INVESTMENTS, end of period	\$ 65.2	\$ 200.5
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Purchase of business		
Fair value of assets acquired, including cash acquired	\$ 7,465.7	\$ 159.3
Liabilities assumed	(287.5)	—
Net assets acquired	7,178.2	159.3
Less – fair value of preexisting 50% equity interest	(1,845.0)	—
Less – purchase price and working capital adjustments not yet paid	(545.4)	—
Less – cash acquired	(106.8)	—
Net cash paid for purchase of business	\$ 4,681.0	\$ 159.3
Property, plant and equipment acquired under financing arrangements	\$ 23.3	\$ 24.0

The accompanying notes are an integral part of these statements.

CONSTELLATION BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2013
(unaudited)

1. BASIS OF
PRESENTATION:

The consolidated financial statements included herein have been prepared by Constellation Brands, Inc. and its subsidiaries (the “Company”), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q and reflect, in the opinion of the Company, all adjustments necessary to present fairly the financial information for the Company. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted as permitted by such rules and regulations. These consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended February 28, 2013. Results of operations for interim periods are not necessarily indicative of annual results.

2. RECENTLY ADOPTED ACCOUNTING
GUIDANCE:

Disclosures about offsetting assets and liabilities –

Effective March 1, 2013, the Company adopted the Financial Accounting Standards Board (“FASB”) amended guidance creating new disclosure requirements about the nature of an entity’s rights of setoff and related arrangements associated with its financial instruments and derivative instruments. In addition, this amended guidance requires retrospective application. The adoption of this amended guidance on March 1, 2013, did not have a material impact on the Company’s consolidated financial statements.

Intangibles – goodwill and other –

Effective March 1, 2013, the Company adopted the FASB amended guidance for indefinite lived intangible asset impairment testing. The amended guidance allows an entity to assess qualitative factors to determine whether the existence of events and circumstances indicate that it is more likely than not that an indefinite lived intangible asset is impaired. If an entity concludes it is not more likely than not that an indefinite lived intangible asset is impaired, the entity is not required to take further action. If an entity concludes otherwise, then the entity would be required to determine the fair value of the indefinite lived intangible asset and compare the fair value with the carrying amount of the indefinite lived intangible asset. The adoption of this amended guidance on March 1, 2013, did not have a material impact on the Company’s consolidated financial statements.

Comprehensive income –

Effective March 1, 2013, the Company adopted the amended guidance for reporting of amounts reclassified out of AOCI (as defined in Note 18). The amended guidance requires an entity to provide information about the amounts reclassified out of AOCI by component. In addition, an entity is required to present significant amounts reclassified out of AOCI by the respective line items of net income, or, for amounts not required to be reclassified in their entirety to net income under generally accepted accounting principles in the U.S., an entity is required to cross-reference to other disclosures required under generally accepted accounting principles in the U.S. that provide additional detail about those amounts. The adoption of this amended guidance on March 1, 2013, did not have a material impact on the Company’s consolidated financial statements.

Derivative instruments –

Effective July 17, 2013, the Company adopted the amended guidance for inclusion of the Federal Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes, in addition to the interest rate on direct Treasury obligations of the U.S. Government and the London Interbank Offered Rate. The amended guidance also allows for the use of different benchmark rates for similar hedging relationships. The amended guidance is effective prospectively, for qualifying new or redesignated hedging relationships entered into on or after the effective date. The adoption of this amended guidance on July 17, 2013, did not have a material impact on the Company’s consolidated financial statements.

3. ACQUISITION:

On June 7, 2013, the Company acquired (i) the remaining 50% equity interest in Crown Imports (as defined in Note 11) (the “Crown Acquisition”) and (ii)(a) all of the issued and outstanding equity interests of Compañía Cervecera de Coahuila, S. de R.L. de C.V. (the “Brewery Company”), which owns and operates a brewery located in Nava, Coahuila, Mexico (the “Brewery”), (ii)(b) all of the issued and outstanding equity interests of Servicios Modelo de Coahuila, S. de R.L. de C.V., which provides personnel and services for the operation and maintenance of the Brewery (the “Service Company”), and (ii)(c) an irrevocable, fully-paid license to produce in Mexico (or worldwide under certain circumstances) and exclusively import, market and sell the Mexican Beer Brands (as defined in Note 11) as of the date of acquisition, and certain extensions (all collectively referred to as the “Brewery Purchase”). The business of the Brewery Company and Service Company acquired by the Company is referred to as the “Brewery Business.” The Crown Acquisition and the Brewery Purchase are collectively referred to as the “Beer Business Acquisition.” In connection with the Beer Business Acquisition, the Company is required to build out and expand the Brewery to a nominal capacity of at least 20.0 million hectoliters of packaged beer annually by December 31, 2016. In addition, an interim supply agreement and a transition services agreement were entered into in association with the Beer Business Acquisition. The interim supply agreement obligates the supplier to provide Crown Imports with a supply of product not produced by the Brewery and the transition services agreement provides for certain specified services and production materials, both for a specified period of time. The associated agreements provide, among other things, that the United States will have approval rights, in its sole discretion, for amendments or modifications to the associated agreements and the United States will have a right of approval, in its sole discretion, of any extension of the term of the interim supply agreement beyond three years. The estimated aggregate purchase price of \$5,226.4 million consists of cash paid at closing of \$4,745.0 million, net of cash acquired of \$106.8 million, plus the fair value of an additional purchase price for the finalization of the Final EBITDA Amount (as defined in the stock purchase agreement) of \$543.3 million, as well as additional estimated cash payments for certain working capital adjustments. The fair value of the additional purchase price related to the Final EBITDA Amount was estimated by discounting future cash flows. During the three months ended November 30, 2013, the calculation of the Final EBITDA Amount was finalized requiring the Company to make a payment of \$558.0 million no later than June 7, 2014, consisting of the additional purchase price of \$543.3 million plus imputed interest of \$14.7 million.

The aggregate cash paid at closing was financed with:

- The proceeds from the issuance of \$1,550.0 million aggregate principal amount of May 2013 Senior Notes (as defined in Note 13);
- \$1,500.0 million in term loans consisting of a \$500.0 million European Term A Facility (as defined in Note 13) and a \$1,000.0 million European Term B Facility (as defined in Note 13) under the 2013 Credit Agreement (as defined in Note 13);
- \$675.0 million in term loans under the U.S. Term A-2 facility (as defined in Note 13) under the 2013 Credit Agreement;
- \$208.0 million in proceeds of borrowings under the Company’s then existing accounts receivable securitization facility;
- \$580.0 million in borrowings under the revolving credit facility under the 2013 Credit Agreement;
- and
- Approximately \$232.0 million of cash on hand (inclusive of \$13.0 million of borrowings under a subsidiary working capital facility).

As a result of the closing of the Beer Business Acquisition without utilizing any of the commitments under an amended and restated bridge financing, this agreement terminated pursuant to its terms on June 7, 2013.

Prior to the Beer Business Acquisition, the Company accounted for its investment in Crown Imports under the equity method of accounting. In connection with the acquisition method of accounting, the Company’s preexisting 50% equity interest was remeasured to its estimated fair value of \$1,845.0 million, and the Company recognized a gain of \$1,642.0 million on its Consolidated Statements of Comprehensive Income for the second quarter of fiscal 2014. The fair value of the Company’s preexisting 50% equity interest was based upon the estimated fair value of the acquired 50% equity interest in Crown Imports.

The purchase price of the Beer Business Acquisition and the estimated fair value of the Company's preexisting 50% equity interest in Crown Imports have been allocated to the assets acquired and the liabilities assumed based on estimated fair values as of the acquisition date. As of the date of filing this Quarterly Report on Form 10-Q, the purchase accounting has not been finalized due primarily to the pending receipt of the final valuations for certain assets, including inventories, a favorable interim supply agreement, property, plant and equipment, and identifiable intangible assets. The following table summarizes the allocation of the estimated fair value of the Beer Business Acquisition to the separately identifiable assets acquired and liabilities assumed as of June 7, 2013:

(in millions)

Cash	\$	106.8
Accounts receivable		193.7
Inventories		243.1
Prepaid expenses and other		103.9
Property, plant and equipment		698.9
Goodwill		3,715.8
Intangible assets		2,403.2
Other assets		0.3
Total assets acquired		7,465.7
Accounts payable		123.2
Accrued excise taxes		14.4
Other accrued expenses and liabilities		72.9
Deferred income taxes		66.4
Other liabilities		10.6
Total liabilities assumed		287.5
Total estimated fair value		7,178.2
Less – fair value of the Company's preexisting 50% equity interest in Crown Imports		(1,845.0)
Less – cash acquired		(106.8)
Estimated aggregate purchase price	\$	5,226.4

The acquired accounts receivable consist primarily of trade receivables, all of which have been collected. The acquired inventory was all sold during the second quarter of fiscal 2014. The preliminary intangible assets consist of definite lived customer relationships with an estimated fair value of \$22.5 million which are being amortized over a life of 25 years; definite lived copyrights with an estimated fair value of \$6.5 million which are being amortized over a life of 2 years; a definite lived distribution agreement with an estimated fair value of \$0.4 million which is being amortized over a life of 1.6 years; a definite lived favorable interim supply agreement with an estimated fair value of \$68.3 million which is being amortized over a life of 3 years; and a perpetual right to use trademarks with an estimated fair value of \$2,305.5 million which is indefinite lived and therefore not subject to amortization.

In determining the preliminary purchase price allocation, the Company considered, among other factors, market participants' intentions to use the acquired assets and the historical and estimated future demand for the acquired Mexican Beer Brands. The estimated fair values for the customer relationships and the copyrights were determined using a cost approach. The estimated fair value for the distribution agreement was determined using an income approach. The estimated fair value for the favorable supply contract was determined using an income approach, specifically, the differential method. The estimated fair value for the trademarks was determined using an income approach, specifically, the relief from royalty method.

The intangible assets are being amortized either on a straight-line basis or an economic consumption basis, which is consistent with the pattern that the economic benefits of the intangible assets are expected to be utilized based upon estimated cash flows generated from such assets. Goodwill associated with the acquisition is primarily

attributable to the distribution of the Mexican Beer Brands in the U.S. as well as complete control over the sourcing of product into the U.S. Approximately \$1,649.4 million of the goodwill recognized is expected to be deductible for income tax purposes.

The Company has recognized acquisition-related costs of \$44.7 million and \$15.1 million for the nine months ended November 30, 2013, and November 30, 2012, respectively, and \$8.9 million and \$9.0 million for the three months ended November 30, 2013, and November 30, 2012, respectively. Through November 30, 2013, the Company has incurred total acquisition-related costs of \$70.7 million, with \$44.7 million recognized for the nine months ended November 30, 2013, and \$26.0 million recognized for the year ended February 28, 2013. These costs are included in selling, general and administrative expenses on the Company's Consolidated Statements of Comprehensive Income.

The results of operations of the Beer Business Acquisition is reported in the Company's Beer segment and has been included in the consolidated results of operations of the Company from the date of acquisition. The following table sets forth the unaudited pro forma financial information for the nine months ended November 30, 2013, and November 30, 2012, and the unaudited historical and unaudited pro forma financial information for the three months ended November 30, 2013, and November 30, 2012, respectively. The unaudited pro forma financial information for the nine months ended November 30, 2013, and November 30, 2012, and the three months ended November 30, 2013, and November 30, 2012, presents consolidated information as if the Beer Business Acquisition had occurred on March 1, 2012. Because of different fiscal period ends, and in order to present results for comparable periods, the unaudited pro forma financial information for the nine months ended November 30, 2013, combines (i) the Company's historical statement of income for the nine months ended November 30, 2013; (ii) Crown Imports' historical statement of income for (a) the three months ended March 31, 2013, and (b) the period from June 1, 2013, through June 6, 2013; and (iii) the Brewery Business' carve-out combined income statement for the three months ended March 31, 2013. The unaudited pro forma financial information for the nine months ended November 30, 2013, does not give effect to the Brewery Business' carve-out combined income statement for the period from June 1, 2013, through June 6, 2013, as it is not significant. The unaudited pro forma financial information for the nine months and three months ended November 30, 2012, combines (i) the Company's historical statements of income for the nine months and three months ended November 30, 2012; (ii) Crown Imports' historical statements of income for the nine months and three months ended September 30, 2012; and (iii) the Brewery Business' carve-out combined income statements for the nine months and three months ended September 30, 2012. The unaudited pro forma financial information is presented after giving effect to certain adjustments for depreciation, amortization of definite lived intangible assets, interest expense on acquisition financing, amortization of deferred financing costs and related income tax effects. The unaudited pro forma financial information excludes the estimated gain on the remeasurement to fair value of the Company's preexisting 50% equity interest in Crown Imports and the acquisition-related costs noted above as both are nonrecurring amounts directly attributable to the transaction. The unaudited pro forma financial information is based upon currently available information and upon certain assumptions that the Company believes are reasonable under the circumstances. The unaudited pro forma financial information does not purport to present what the Company's results of operations would actually have been if the aforementioned transaction had in fact occurred on such date or at the beginning of the period indicated, nor does it project the Company's financial position or results of operations at any future date or for any future period.

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2013	2012	2013	2012
<i>(in millions, except per share data)</i>				
Net sales	\$ 4,193.9	\$ 4,110.8	\$ 1,443.3	\$ 1,467.4
Income before income taxes	\$ 457.0	\$ 751.3	\$ 292.2	\$ 281.2
Net income	\$ 234.7	\$ 541.8	\$ 211.0	\$ 199.1
Earnings per common share:				
Basic – Class A Common Stock	\$ 1.27	\$ 3.01	\$ 1.13	\$ 1.11
Basic – Class B Convertible Common Stock	\$ 1.15	\$ 2.74	\$ 1.03	\$ 1.01
Diluted – Class A Common Stock	\$ 1.19	\$ 2.87	\$ 1.07	\$ 1.05
Diluted – Class B Convertible Common Stock	\$ 1.10	\$ 2.64	\$ 0.98	\$ 0.97
Weighted average common shares outstanding:				
Basic – Class A Common Stock	164.082	158.442	165.708	158.270
Basic – Class B Convertible Common Stock	23.477	23.538	23.461	23.524
Diluted – Class A Common Stock	196.886	188.642	198.082	189.696
Diluted – Class B Convertible Common Stock	23.477	23.538	23.461	23.524

4. INVENTORIES:

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

	November 30, 2013	February 28, 2013
<i>(in millions)</i>		
Raw materials and supplies	\$ 81.4	\$ 45.5
In-process inventories	1,306.4	1,168.1
Finished case goods	436.2	267.3
	<u>\$ 1,824.0</u>	<u>\$ 1,480.9</u>

5. PREPAID EXPENSES AND OTHER:

The major components of prepaid expenses and other are as follows:

	November 30, 2013	February 28, 2013
<i>(in millions)</i>		
Income taxes receivable	\$ 106.0	\$ 117.3
Prepaid excise, sales and value added taxes	80.4	20.2
Other	91.0	49.4
	<u>\$ 277.4</u>	<u>\$ 186.9</u>

6. PROPERTY, PLANT AND EQUIPMENT:

The major components of property, plant and equipment are as follows:

<i>(in millions)</i>	November 30, 2013	February 28, 2013
Land and land improvements	\$ 333.1	\$ 304.6
Vineyards	217.5	214.5
Buildings and improvements	512.9	342.0
Machinery and equipment	1,570.4	1,090.6
Motor vehicles	48.0	47.3
Construction in progress	122.1	47.9
	2,804.0	2,046.9
Less – Accumulated depreciation	(898.6)	(817.9)
	\$ 1,905.4	\$ 1,229.0

7. DERIVATIVE INSTRUMENTS:

As a multinational company, the Company is exposed to market risk from changes in foreign currency exchange rates, diesel fuel prices and interest rates that could affect the Company's results of operations and financial condition. The amount of volatility realized will vary based upon the effectiveness and level of derivative instruments outstanding during a particular period of time, as well as the currency, fuel pricing and interest rate market movements during that same period.

The Company enters into derivative instruments, primarily interest rate swaps, foreign currency forward and option contracts, and diesel fuel swaps, to manage interest rate, foreign currency and diesel fuel pricing risks, respectively. In accordance with the FASB guidance for derivatives and hedging, the Company recognizes all derivatives as either assets or liabilities on its Consolidated Balance Sheets and measures those instruments at fair value (see Note 8). The fair values of the Company's derivative instruments change with fluctuations in interest rates, currency rates and/or fuel prices and are expected to offset changes in the values of the underlying exposures. The Company's derivative instruments are held solely to hedge economic exposures. The Company follows strict policies to manage interest rate, foreign currency and diesel fuel pricing risks, including prohibitions on derivative market-making or other speculative activities.

To qualify for hedge accounting treatment under the FASB guidance for derivatives and hedging, the details of the hedging relationship must be formally documented at inception of the arrangement, including the risk management objective, hedging strategy, hedged item, specific risk that is being hedged, the derivative instrument, how effectiveness is being assessed and how ineffectiveness will be measured. The derivative must be highly effective in offsetting either changes in the fair value or cash flows, as appropriate, of the risk being hedged. Effectiveness is evaluated on a retrospective and prospective basis based on quantitative measures.

Certain of the Company's derivative instruments do not qualify for hedge accounting treatment under the FASB guidance for derivatives and hedging; for others, the Company chooses not to maintain the required documentation to apply hedge accounting treatment. These undesignated instruments are primarily used to economically hedge the Company's exposure to fluctuations in the value of foreign currency denominated receivables and payables; foreign currency investments, primarily consisting of loans to subsidiaries, and cash flows related primarily to the repatriation of those loans or investments; and transportation fuel prices in the U.S. Foreign currency contracts, generally less than 12 months in duration, and diesel fuel swap contracts, generally less than 36 months in duration, are used to hedge some of these risks. The Company's derivative policy permits the use of undesignated derivatives as approved by senior management. For these undesignated instruments, the mark to fair value is reported currently through earnings on the Company's Consolidated Statements of Comprehensive Income. The Company had undesignated foreign currency contracts outstanding with an absolute notional value of \$715.9 million and \$355.1 million as of November 30, 2013, and February 28, 2013, respectively; offsetting undesignated

interest rate swap agreements outstanding with an absolute notional value of \$1.0 billion as of November 30, 2013, and February 28, 2013 (see Note 13); and undesignated diesel fuel swap contracts outstanding with an absolute notional value of \$36.7 million as of November 30, 2013. The Company had no undesignated diesel fuel swap contracts outstanding as of February 28, 2013.

Furthermore, when the Company determines that a derivative instrument which qualified for hedge accounting treatment has ceased to be highly effective as a hedge, the Company discontinues hedge accounting prospectively. The Company also discontinues hedge accounting prospectively when (i) a derivative expires or is sold, terminated, or exercised; (ii) it is no longer probable that the forecasted transaction will occur; or (iii) management determines that designating the derivative as a hedging instrument is no longer appropriate.

Cash flow hedges:

The Company is exposed to foreign denominated cash flow fluctuations in connection with third party and intercompany sales and purchases and, historically, third party financing arrangements. The Company primarily uses foreign currency forward and option contracts to hedge certain of these risks. In addition, the Company utilizes interest rate swaps to manage its exposure to changes in interest rates and diesel fuel swaps to manage its exposure to changes in diesel fuel prices. Derivatives managing the Company's cash flow exposures generally mature within three years or less, with a maximum maturity of five years. Throughout the term of the designated cash flow hedge relationship on at least a quarterly basis, a retrospective evaluation and prospective assessment of hedge effectiveness is performed. All components of the Company's derivative instruments' gains or losses are included in the assessment of hedge effectiveness. In the event the relationship is no longer effective, the Company recognizes the change in the fair value of the hedging derivative instrument from the date the hedging derivative instrument became no longer effective immediately on the Company's Consolidated Statements of Comprehensive Income. In conjunction with its effectiveness testing, the Company also evaluates ineffectiveness associated with the hedge relationship. Resulting ineffectiveness, if any, is recognized immediately on the Company's Consolidated Statements of Comprehensive Income.

The Company records the fair value of its foreign currency contracts, interest rate swap contracts and diesel fuel swap contracts qualifying for cash flow hedge accounting treatment on its Consolidated Balance Sheets with the effective portion of the related gain or loss on those contracts deferred in stockholders' equity (as a component of AOCI). These deferred gains or losses are recognized on the Company's Consolidated Statements of Comprehensive Income in the same period in which the underlying hedged items are recognized and on the same line item as the underlying hedged items. However, to the extent that any derivative instrument is not considered to be highly effective in offsetting the change in the value of the hedged item, the hedging relationship is terminated and the amount related to the ineffective portion of such derivative instrument is immediately recognized on the Company's Consolidated Statements of Comprehensive Income.

The Company had cash flow designated foreign currency contracts outstanding with an absolute notional value of \$486.6 million and \$220.3 million as of November 30, 2013, and February 28, 2013, respectively; a cash flow designated interest rate swap agreement outstanding with a notional value of \$500.0 million as of November 30, 2013, and February 28, 2013 (see Note 13); and cash flow designated diesel fuel swap contracts outstanding with an absolute notional value of \$17.4 million as of February 28, 2013. The Company had no cash flow designated diesel fuel swap contracts outstanding as of November 30, 2013. The Company expects \$5.5 million of net losses, net of income tax effect, to be reclassified from AOCI to earnings within the next 12 months.

Fair values of derivative instruments:

The fair value and location of the Company's derivative instruments on its Consolidated Balance Sheets are as follows (see Note 8):

Balance Sheet Location	November 30, 2013	February 28, 2013
<i>(in millions)</i>		
<u>Derivative instruments designated as hedging instruments</u>		
Foreign currency contracts:		
Prepaid expenses and other	\$ 7.0	\$ 6.4
Other accrued expenses and liabilities	\$ 2.8	\$ 0.1
Other assets, net	\$ 2.7	\$ 2.4
Other liabilities	\$ 1.2	\$ 0.1
Interest rate swap contracts:		
Other accrued expenses and liabilities	\$ 3.6	\$ 3.2
Other liabilities	\$ 1.8	\$ 3.1
Diesel fuel swap contracts:		
Prepaid expenses and other	\$ —	\$ 0.5
Other assets, net	\$ —	\$ 0.1
Other liabilities	\$ —	\$ 0.1
<u>Derivative instruments not designated as hedging instruments</u>		
Foreign currency contracts:		
Prepaid expenses and other	\$ 2.6	\$ 0.9
Other accrued expenses and liabilities	\$ 6.9	\$ 5.1
Interest rate swap contracts:		
Prepaid expenses and other	\$ 4.4	\$ 3.3
Other accrued expenses and liabilities	\$ 16.6	\$ 13.2
Other assets, net	\$ 2.0	\$ 3.3
Other liabilities	\$ 19.1	\$ 27.6
Diesel fuel swap contracts:		
Prepaid expenses and other	\$ 0.8	\$ —
Other assets, net	\$ 0.1	\$ —

The effect of the Company's derivative instruments designated in cash flow hedging relationships on its Consolidated Statements of Comprehensive Income, as well as its Other Comprehensive Income ("OCI"), net of income tax effect, is as follows:

Derivative Instruments in Designated Cash Flow Hedging Relationships	Net Gain (Loss) Recognized in OCI (Effective portion)	Location of Net Gain (Loss) Reclassified from AOCI to Income (Effective portion)	Net Gain (Loss) Reclassified from AOCI to Income (Effective portion)
<i>(in millions)</i>			
<u>For the Nine Months Ended November 30, 2013</u>			
Foreign currency contracts	\$ 1.3	Sales	\$ 2.6
Foreign currency contracts	0.9	Cost of product sold	0.3
Interest rate swap contracts	(0.9)	Interest expense, net	(6.2)
Total	<u>\$ 1.3</u>	Total	<u>\$ (3.3)</u>
<u>For the Nine Months Ended November 30, 2012</u>			
Foreign currency contracts	\$ 0.3	Sales	\$ 1.9
Foreign currency contracts	(0.3)	Cost of product sold	1.7
Diesel fuel swap contracts	0.8	Cost of product sold	0.3
Interest rate swap contracts	(6.8)	Interest expense, net	(6.1)
Total	<u>\$ (6.0)</u>	Total	<u>\$ (2.2)</u>
<u>For the Three Months Ended November 30, 2013</u>			
Foreign currency contracts	\$ 1.5	Sales	\$ 1.0
Foreign currency contracts	2.7	Cost of product sold	0.1
Interest rate swap contracts	(3.5)	Interest expense, net	(2.1)
Total	<u>\$ 0.7</u>	Total	<u>\$ (1.0)</u>
<u>For the Three Months Ended November 30, 2012</u>			
Foreign currency contracts	\$ 1.3	Sales	\$ 0.2
Foreign currency contracts	1.5	Cost of product sold	0.3
Diesel fuel swap contracts	(0.1)	Cost of product sold	0.3
Interest rate swap contracts	(0.6)	Interest expense, net	(2.0)
Total	<u>\$ 2.1</u>	Total	<u>\$ (1.2)</u>

Derivative Instruments in Designated Cash Flow Hedging Relationships	Location of Net Gain Recognized in Income (Ineffective portion)	Net Gain Recognized in Income (Ineffective portion)
<i>(in millions)</i>		
<u>For the Nine Months Ended November 30, 2013</u>		
Foreign currency contracts	Selling, general and administrative expenses	\$ 0.3
Diesel fuel swap contracts	Selling, general and administrative expenses	0.1
		<u>\$ 0.4</u>
<u>For the Nine Months Ended November 30, 2012</u>		
Foreign currency contracts	Selling, general and administrative expenses	\$ 0.2
<u>For the Three Months Ended November 30, 2013</u>		
Foreign currency contracts	Selling, general and administrative expenses	\$ 0.1
<u>For the Three Months Ended November 30, 2012</u>		
Foreign currency contracts	Selling, general and administrative expenses	\$ —

The effect of the Company's undesignated derivative instruments on its Consolidated Statements of Comprehensive Income is as follows:

Derivative Instruments Not Designated as Hedging Instruments	Location of Net Gain (Loss) Recognized in Income	Net Gain (Loss) Recognized in Income
<i>(in millions)</i>		
<u>For the Nine Months Ended November 30, 2013</u>		
Diesel fuel swap contracts	Cost of product sold	\$ 1.1
Foreign currency contracts	Selling, general and administrative expenses	(2.8)
Interest rate swap contracts	Interest expense, net	(0.1)
		<u>\$ (1.8)</u>
<u>For the Nine Months Ended November 30, 2012</u>		
Foreign currency contracts	Selling, general and administrative expenses	\$ (3.1)
Interest rate swap contracts	Interest expense, net	(0.5)
		<u>\$ (3.6)</u>
<u>For the Three Months Ended November 30, 2013</u>		
Diesel fuel swap contracts	Cost of product sold	\$ 1.1
Foreign currency contracts	Selling, general and administrative expenses	(0.2)
Diesel fuel swap contracts	Selling, general and administrative expenses	(1.6)
Interest rate swap contracts	Interest expense, net	(0.1)
		<u>\$ (0.8)</u>
<u>For the Three Months Ended November 30, 2012</u>		
Foreign currency contracts	Selling, general and administrative expenses	\$ (0.9)
Interest rate swap contracts	Interest expense, net	(0.1)
		<u>\$ (1.0)</u>

Credit risk:

The Company enters into master agreements with its bank derivative trading counterparties that allow netting of certain derivative positions in order to manage credit risk. The Company's derivative instruments are not subject to credit rating contingencies or collateral requirements. As of November 30, 2013, the fair value of

derivative instruments in a net liability position due to counterparties was \$42.7 million. If the Company were required to settle the net liability position under these derivative instruments on November 30, 2013, the Company would have had sufficient availability under its revolving credit facility to satisfy this obligation.

Counterparty credit risk:

Counterparty credit risk relates to losses the Company could incur if a counterparty defaults on a derivative contract. The Company manages exposure to counterparty credit risk by requiring specified minimum credit standards and diversification of counterparties. The Company enters into master agreements with its bank derivative trading counterparties that allow netting of certain derivative positions in order to manage counterparty credit risk. As of November 30, 2013, all of the Company's counterparty exposures are with financial institutions which have investment grade ratings. The Company has procedures to monitor counterparty credit risk for both current and future potential credit exposures. As of November 30, 2013, the fair value of derivative instruments in a net receivable position due from counterparties was \$10.3 million.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Company calculates the fair value of financial instruments using quoted market prices whenever available. When quoted market prices are not available, the Company uses standard pricing models for various types of financial instruments (such as forwards, options, swaps, etc.) which take into account the present value of estimated future cash flows.

The carrying amount and estimated fair value of the Company's financial instruments are summarized as follows:

	November 30, 2013		February 28, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>(in millions)</i>				
Assets:				
Cash and cash investments	\$ 65.2	\$ 65.2	\$ 331.5	\$ 331.5
Accounts receivable, net	\$ 668.8	\$ 668.8	\$ 471.9	\$ 471.9
Available-for-sale debt securities	\$ 36.4	\$ 36.4	\$ 34.2	\$ 34.2
Foreign currency contracts	\$ 12.3	\$ 12.3	\$ 9.7	\$ 9.7
Interest rate swap contracts	\$ 6.4	\$ 6.4	\$ 6.6	\$ 6.6
Diesel fuel swap contracts	\$ 0.9	\$ 0.9	\$ 0.6	\$ 0.6
Liabilities:				
Notes payable to banks	\$ 170.5	\$ 170.5	\$ —	\$ —
Accounts payable	\$ 462.4	\$ 462.4	\$ 209.0	\$ 209.0
Long-term debt, including current portion	\$ 6,964.1	\$ 6,995.6	\$ 3,305.4	\$ 3,603.6
Foreign currency contracts	\$ 10.9	\$ 10.9	\$ 5.3	\$ 5.3
Interest rate swap contracts	\$ 41.1	\$ 41.1	\$ 47.1	\$ 47.1
Diesel fuel swap contracts	\$ —	\$ —	\$ 0.1	\$ 0.1

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash investments, accounts receivable and accounts payable: The carrying amounts approximate fair value due to the short maturity of these instruments (Level 1 fair value measurement).

Available-for-sale ("AFS") debt securities: The fair value is estimated by discounting cash flows using market-based inputs (see "Fair value measurements" below) (Level 3 fair value measurement).

Foreign currency contracts: The fair value is estimated using market-based inputs, obtained from independent pricing services, into valuation models (see “Fair value measurements” below) (Level 2 fair value measurement).

Interest rate swap contracts: The fair value is estimated based on quoted market prices from respective counterparties (see “Fair value measurements” below) (Level 2 fair value measurement).

Diesel fuel swap contracts: The fair value is estimated based on quoted market prices from respective counterparties (see “Fair value measurements” below) (Level 2 fair value measurement).

Notes payable to banks: The revolving credit facility under the Company’s senior credit facility is a variable interest rate bearing note which includes a fixed margin which is adjustable based upon the Company’s debt ratio (as defined in the Company’s senior credit facility). The fair value of the revolving credit facility is estimated by discounting cash flows using LIBOR plus a margin reflecting current market conditions obtained from participating member financial institutions. The remaining instruments are variable interest rate bearing notes for which the carrying value approximates the fair value (Level 2 fair value measurement).

Long-term debt: The term loans under the Company’s senior credit facility are variable interest rate bearing notes which include a fixed margin which is adjustable based upon the Company’s debt ratio. The fair value of the term loans is estimated by discounting cash flows using LIBOR plus a margin reflecting current market conditions obtained from participating member financial institutions. The fair value of the remaining long-term debt, which is all fixed interest rate, is estimated by discounting cash flows using interest rates currently available for debt with similar terms and maturities (Level 2 fair value measurement).

Fair value measurements –

The FASB guidance on fair value measurements and disclosures defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and requires disclosures about fair value measurements. This guidance emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on assumptions that market participants would use in pricing an asset or liability. The fair value measurement guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels: Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs include data points that are observable such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) such as interest rates and yield curves that are observable for the asset and liability, either directly or indirectly; and Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis.

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>(in millions)</i>				
November 30, 2013				
Assets:				
AFS debt securities	\$ —	\$ —	\$ 36.4	\$ 36.4
Foreign currency contracts	\$ —	\$ 12.3	\$ —	\$ 12.3
Interest rate swap contracts	\$ —	\$ 6.4	\$ —	\$ 6.4
Diesel fuel swap contracts	\$ —	\$ 0.9	\$ —	\$ 0.9
Liabilities:				
Foreign currency contracts	\$ —	\$ 10.9	\$ —	\$ 10.9
Interest rate swap contracts	\$ —	\$ 41.1	\$ —	\$ 41.1
February 28, 2013				
Assets:				
AFS debt securities	\$ —	\$ —	\$ 34.2	\$ 34.2
Foreign currency contracts	\$ —	\$ 9.7	\$ —	\$ 9.7
Interest rate swap contracts	\$ —	\$ 6.6	\$ —	\$ 6.6
Diesel fuel swap contracts	\$ —	\$ 0.6	\$ —	\$ 0.6
Liabilities:				
Foreign currency contracts	\$ —	\$ 5.3	\$ —	\$ 5.3
Interest rate swap contracts	\$ —	\$ 47.1	\$ —	\$ 47.1
Diesel fuel swap contracts	\$ —	\$ 0.1	\$ —	\$ 0.1

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

The following table presents the Company's assets and liabilities measured at fair value on a nonrecurring basis for which an impairment assessment was performed for the period presented:

	Fair Value Measurements Using			Total Losses
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>(in millions)</i>				
For the Nine Months Ended November 30, 2013				
Goodwill	\$ —	\$ —	\$ 159.6	\$ 278.7
Trademarks	\$ —	\$ —	\$ 68.3	\$ 22.2
Total	\$ —	\$ —	\$ 227.9	\$ 300.9

Goodwill:

For the three months ended August 31, 2013, the Company identified certain negative trends within its Wine and Spirits' Canadian reporting unit which, when combined with recent changes in strategy within the Canadian business, indicated that the fair value of the reporting unit might be below its carrying value. These negative trends included a reduction in market growth rates for certain segments of the domestic Canadian wine industry as well as the identification that certain improvement initiatives had not materialized in segments of the Canadian business such as refreshments and wine kits. In addition, imported brands have been experiencing market growth within the Canadian market, and certain of the Company's non-Canadian branded wine products imported into Canada provide higher margin to the Company on a consolidated basis. Accordingly, the Company has modified its strategy to capitalize on this trend and shift focus from certain segments of the domestic business to imported brands. The Canadian reporting unit realizes only a portion of the overall profit attributable to imported brands whereas it realizes all of the profit attributable to the domestic business. Therefore, the Company performed the two-step process to evaluate goodwill for impairment for the Wine and Spirits' Canadian reporting unit. In the first step, the fair value of the Canadian reporting unit was compared to the carrying value of the reporting unit, including goodwill. The estimate of fair value of the reporting unit was determined on the basis of discounted future cash flows. As the estimated fair value of the reporting unit was less than the carrying value of the reporting unit, a second step was performed to determine the amount of the goodwill impairment the Company should record. In the second step, an implied fair value of the reporting unit's goodwill was determined by comparing the fair value of the reporting unit with the fair value of the reporting unit's assets and liabilities other than goodwill (including any unrecognized intangible assets). In determining the estimated fair value of the reporting unit, the Company considered estimates of future operating results and cash flows of the reporting unit discounted using market based discount rates. The estimates of future operating results and cash flows were principally derived from the Company's updated long-term financial forecast, which was developed as part of the Company's new strategy for the Canadian business. The decline in the implied fair value of the goodwill and the resulting impairment loss was primarily driven by the updated long-term financial forecasts, which showed lower estimated future operating results primarily due to the change in the Company's strategy for the Canadian business. The implied fair value of the Canadian reporting unit's goodwill of \$159.6 million compared to the carrying value of the Canadian reporting unit's goodwill of \$433.9 million resulted in the recognition of an impairment of \$278.7 million. This impairment is included in impairment of goodwill and intangible assets on the Company's Consolidated Statements of Comprehensive Income.

Trademarks:

For the three months ended August 31, 2013, prior to the goodwill impairment analysis, the Company performed a review of indefinite lived intangible assets for impairment. The Company determined that certain trademarks associated with the Wine and Spirits' Canadian reporting unit were impaired largely due to lower revenue and profits associated with the related products included in the updated long-term financial forecasts developed as part of the Company's new strategy for the Canadian business. The Company measured the amount of impairment by calculating the amount by which the carrying value of these assets exceeded their estimated fair values. The fair value was determined based on an income approach using the relief from royalty method, which assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to exploit the related benefits of trademark assets. The cash flow projections the Company uses to estimate the fair values of its trademarks involve several assumptions, including (i) projected revenue growth rates; (ii) estimated royalty rates; (iii) calculated after-tax royalty savings expected from ownership of the subject trademarks; and (iv) discount rates used to derive the present value factors used in determining the fair value of the trademarks. As a result of this review, trademarks for the Wine and Spirits' Canadian reporting unit with a carrying value of \$90.2 million were written down to their fair value of \$68.3 million, resulting in an impairment of \$22.2 million. This impairment is included in impairment of goodwill and intangible assets on the Company's Consolidated Statements of Comprehensive Income.

9. GOODWILL:

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

<i>(in millions)</i>	Wine and Spirits	Beer	Consolidations and Eliminations	Consolidated
Balance, February 29, 2012				
Goodwill	\$ 2,632.9	\$ 13.0	\$ (13.0)	\$ 2,632.9
Accumulated impairment losses	—	—	—	—
	2,632.9	13.0	(13.0)	2,632.9
Purchase accounting allocations	110.0	—	—	110.0
Foreign currency translation adjustments	(20.6)	—	—	(20.6)
Balance, February 28, 2013				
Goodwill	2,722.3	13.0	(13.0)	2,722.3
Accumulated impairment losses	—	—	—	—
	2,722.3	13.0	(13.0)	2,722.3
Purchase accounting allocations	—	3,702.8	13.0	3,715.8
Impairment of goodwill	(278.7)	—	—	(278.7)
Foreign currency translation adjustments	(8.7)	(0.7)	—	(9.4)
Balance, November 30, 2013				
Goodwill	2,707.3	3,715.1	—	6,422.4
Accumulated impairment losses	(272.4)	—	—	(272.4)
	<u>\$ 2,434.9</u>	<u>\$ 3,715.1</u>	<u>\$ —</u>	<u>\$ 6,150.0</u>

For the year ended February 28, 2013, purchase accounting allocations of \$110.0 million in the Wine and Spirits segment (formerly known as the Constellation Wine and Spirits segment) consist primarily of purchase accounting allocations associated with the acquisition of Mark West (as defined below). For the nine months ended November 30, 2013, purchase accounting allocations of \$3,702.8 million and \$13.0 million in the Beer segment and Consolidations and Eliminations, respectively, consist of purchase accounting allocations associated with the Beer Business Acquisition. For the nine months ended November 30, 2013, impairment of goodwill in the Wine and Spirits segment consists of an impairment loss of \$278.7 million associated with goodwill assigned to the segment's Canadian reporting unit.

Mark West –

In July 2012, the Company acquired Mark West for \$159.3 million. The transaction primarily includes the acquisition of the Mark West trademark, related inventories and certain grape supply contracts (“Mark West”). The purchase price was financed with revolver borrowings under the Company's then existing senior credit facility. In accordance with the acquisition method of accounting, the identifiable assets acquired and the liabilities assumed have been measured at their acquisition-date fair values. The acquisition of Mark West was not material for purposes of supplemental disclosure pursuant to the FASB guidance on business combinations. The results of operations of Mark West are reported in the Wine and Spirits segment and are included in the consolidated results of operations of the Company from the date of acquisition.

10. INTANGIBLE ASSETS:

The major components of intangible assets are as follows:

	November 30, 2013		February 28, 2013	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
<i>(in millions)</i>				
Amortizable intangible assets:				
Customer relationships	\$ 104.5	\$ 72.6	\$ 82.9	\$ 54.7
Favorable interim supply agreement	68.3	64.1	—	—
Other	14.6	6.3	7.9	2.2
Total	\$ 187.4	143.0	\$ 90.8	56.9
Nonamortizable intangible assets:				
Trademarks		3,089.0		809.1
Other		5.2		5.4
Total		3,094.2		814.5
Total intangible assets, net		\$ 3,237.2		\$ 871.4

The Company did not incur costs to renew or extend the term of acquired intangible assets during the nine months and three months ended November 30, 2013, and November 30, 2012. The difference between the gross carrying amount and net carrying amount for each item presented is attributable to accumulated amortization. Amortization expense for intangible assets was \$11.2 million and \$5.5 million for the nine months ended November 30, 2013, and November 30, 2012, respectively, and \$4.1 million and \$1.9 million for the three months ended November 30, 2013, and November 30, 2012, respectively. Estimated amortization expense for the remaining three months of fiscal 2014 and for each of the five succeeding fiscal years and thereafter is as follows:

<i>(in millions)</i>	
2014	\$ 4.3
2015	\$ 40.6
2016	\$ 35.5
2017	\$ 8.0
2018	\$ 5.6
2019	\$ 5.5
Thereafter	\$ 43.5

11. OTHER ASSETS:

The major components of other assets are as follows:

	November 30, 2013	February 28, 2013
<i>(in millions)</i>		
Deferred financing costs	\$ 85.2	\$ 54.4
Investments in equity method investees	81.9	243.6
Investment in Accolade	45.0	42.8
Other	18.4	17.3
	230.5	358.1
Less – Accumulated amortization	(22.2)	(13.9)
	\$ 208.3	\$ 344.2

*Investments in equity method investees –
Crown Imports:*

Prior to June 7, 2013, Constellation Beers Ltd. (“Constellation Beers”), an indirect wholly-owned subsidiary of the Company, and Diblo, S.A. de C.V., an entity majority-owned by Grupo Modelo, S.A.B. de C.V. (“Modelo”), each had, directly or indirectly, equal interests in a joint venture, Crown Imports LLC (“Crown Imports”). Crown Imports had the exclusive right to import, market and sell primarily Modelo’s Mexican beer portfolio sold in the U.S. and Guam (the “Mexican Beer Brands”).

In addition, prior to June 7, 2013, the Company accounted for its investment in Crown Imports under the equity method. Accordingly, the results of operations of Crown Imports were included in equity in earnings of equity method investees on the Company’s Consolidated Statements of Comprehensive Income through June 6, 2013. The Company received \$30.3 million and \$202.7 million of cash distributions from Crown Imports for the nine months ended November 30, 2013, and November 30, 2012, respectively, all of which represent distributions of earnings. As of February 28, 2013, the Company’s investment in Crown Imports was \$169.3 million. As of February 28, 2013, the carrying amount of the investment was greater than the Company’s equity in the underlying assets of Crown Imports by \$13.6 million due to the difference in the carrying amounts of the indefinite lived intangible assets contributed to Crown Imports by each party.

The following table presents summarized financial information for the Company’s Crown Imports equity method investment. As the results of operations of Crown Imports have been included in the Company’s consolidated results of operations from the date of acquisition, amounts shown represent 100% of this equity method investment’s results of operations prior to the date of acquisition.

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2013	2012	2013	2012
<i>(in millions)</i>				
Net sales	\$ 813.4	\$ 2,059.9	\$ —	\$ 547.4
Gross profit	\$ 241.5	\$ 596.8	\$ —	\$ 160.0
Income from continuing operations	\$ 142.1	\$ 344.6	\$ —	\$ 78.6
Net income	\$ 142.1	\$ 344.6	\$ —	\$ 78.6

12. OTHER ACCRUED EXPENSES AND LIABILITIES:

The major components of other accrued expenses and liabilities are as follows:

	November 30, 2013	February 28, 2013
<i>(in millions)</i>		
Beer Business Acquisition payable	\$ 552.4	\$ —
Promotions and advertising	99.8	80.3
Salaries, commissions, and payroll benefits and withholdings	97.6	80.5
Deferred revenue	52.8	49.3
Accrued interest	49.6	61.4
Income taxes payable	40.4	11.2
Other	136.0	139.7
	<u>\$ 1,028.6</u>	<u>\$ 422.4</u>

13. BORROWINGS:

Borrowings consist of the following:

(in millions)	November 30, 2013			February 28, 2013
	Current	Long-term	Total	Total
<u>Notes Payable to Banks</u>				
Senior Credit Facility – Revolving Credit Loans	\$ —	\$ —	\$ —	\$ —
Other	170.5	—	170.5	—
	\$ 170.5	\$ —	\$ 170.5	\$ —
<u>Long-term Debt:</u>				
Senior Credit Facility – Term Loans	\$ 48.5	\$ 2,816.2	\$ 2,864.7	\$ 762.5
Senior Notes	—	4,047.0	4,047.0	2,496.0
Other Long-term Debt	18.6	33.8	52.4	46.9
	\$ 67.1	\$ 6,897.0	\$ 6,964.1	\$ 3,305.4

Senior credit facility –

In connection with the Beer Business Acquisition, on May 2, 2013 (the “Restatement Date”), the Company, CIH International S.à r.l., an indirect wholly owned subsidiary of the Company (“CIH” and together with the Company, the “Borrowers”), and Bank of America, N.A., as administrative agent (the “Administrative Agent”), and certain other lenders (all such parties other than either of the Borrowers are collectively referred to as the “Lenders”) entered into a Restatement Agreement (the “Restatement Agreement”) that amended and restated the Company’s prior senior credit facility (as amended and restated by the Restatement Agreement, the “2013 Credit Agreement”). The Restatement Agreement was entered into by the Company to arrange a portion of the debt to finance the Beer Business Acquisition. The effective date of the Restatement Agreement, June 7, 2013, was the date on which all of the conditions to the 2013 Credit Agreement were satisfied, which occurred on the date of the closing of the Beer Business Acquisition (the “Restatement Effective Date”).

The 2013 Credit Agreement provides for aggregate credit facilities of \$3,787.5 million, consisting of a \$515.6 million U.S. term loan facility maturing on June 7, 2018 (the “U.S. Term A Facility”), a \$246.9 million U.S. term loan facility maturing on June 7, 2019 (the “U.S. Term A-1 Facility”), a \$675.0 million delayed draw U.S. term loan facility maturing on June 7, 2018 (the “U.S. Term A-2 Facility”), a \$500.0 million delayed draw European term loan facility maturing on June 7, 2018 (the “European Term A Facility”), a \$1,000.0 million European term loan facility maturing on June 7, 2020 (the “European Term B Facility”), and an \$850.0 million revolving credit facility (including a sub-facility for letters of credit of up to \$200.0 million) which terminates on June 7, 2018 (the “Revolving Credit Facility”). The 2013 Credit Agreement also permits the Company from time to time after the Restatement Effective Date to elect to increase the Lenders’ revolving credit commitments or add one or more tranches of additional term loans, subject to the willingness of existing or new lenders to fund such increase or term loans and other customary conditions. The minimum aggregate principal amount of such incremental revolving credit commitment increases or additional term loans may be no less than \$25.0 million and the maximum aggregate principal amount of all such incremental revolving credit commitment increases and additional term loans, other than term loans the proceeds of which are applied to repay existing term loans, may be no more than \$750.0 million. A portion of the borrowings under the 2013 Credit Agreement were used to refinance the outstanding obligations under the Company’s prior senior credit facility with the remainder used to finance a portion of the purchase price for the Beer Business Acquisition and related expenses. The Company intends to use the remaining availability under the 2013 Credit Agreement for general corporate purposes.

The rate of interest for borrowings, excluding the European Term B Facility, under the 2013 Credit Agreement is a function of LIBOR plus a margin or the base rate plus a margin. The rate of interest for the European Term B Facility borrowings under the 2013 Credit Agreement is a function of LIBOR, subject to a minimum rate of 0.75%, plus a margin; or the base rate, subject to a minimum rate of 1.75%, plus a margin. The

margin is adjustable based upon the Company's debt ratio (as defined in the 2013 Credit Agreement). As of November 30, 2013, the LIBOR margin for the U.S. Term A Facility, the U.S. Term A-2 Facility, the European Term A Facility and the Revolving Credit Facility was 2.0%; the LIBOR margin for the U.S. Term A-1 Facility was 2.25%; and the LIBOR margin for the European Term B Facility was 2.0%.

The principal changes to the Company's prior senior credit facility effected by the 2013 Credit Agreement are (i) changes to the rate and term of the revolving credit facility and outstanding term loan facilities that took effect on the Restatement Effective Date, and a new \$675.0 million delayed draw U.S. Term A-2 Facility that replaced the former delayed draw term A-2 facility, and (ii) the creation of a \$1,500.0 million delayed draw European term loan facility consisting of the \$500.0 million European Term A Facility and the \$1,000.0 million European Term B Facility. The Company is the borrower under the U.S. term loan facilities. CIH is the borrower under the European term loan facilities. The 2013 Credit Agreement also modified the maximum net debt coverage ratio financial covenant.

The U.S. obligations under the 2013 Credit Agreement are guaranteed by certain of the Company's U.S. subsidiaries. These obligations are also secured by a pledge of (i) 100% of the ownership interests in certain of the Company's U.S. subsidiaries and (ii) 55-65% of certain interests of certain of the Company's foreign subsidiaries. The European obligations under the 2013 Credit Agreement are guaranteed by the Company. These obligations are also secured by a pledge of (i) 100% of certain interests in certain of CIH's subsidiaries and (ii) 100% of the ownership interests in certain of the Company's U.S. subsidiaries and 55-65% of certain interests of certain of the Company's foreign subsidiaries.

The Company and its subsidiaries are also subject to covenants that are contained in the 2013 Credit Agreement, including those restricting the incurrence of additional indebtedness (including guarantees of indebtedness), additional liens, mergers and consolidations, the payment of dividends, the making of certain investments, prepayments of certain debt, transactions with affiliates, agreements that restrict the Company's non-guarantor subsidiaries from paying dividends, and dispositions of property, in each case subject to numerous conditions, exceptions and thresholds. The financial covenants are limited to a minimum interest coverage ratio and a maximum net debt coverage ratio.

As of November 30, 2013, under the 2013 Credit Agreement, the Company had outstanding borrowings under the U.S. Term A Facility of \$496.3 million bearing an interest rate of 2.2%, U.S. Term A-1 Facility of \$245.0 million bearing an interest rate of 2.4%, U.S. Term A-2 Facility of \$649.7 million bearing an interest rate of 2.2%, European Term A Facility of \$481.2 million bearing an interest rate of 2.2%, European Term B Facility of \$992.5 million bearing an interest rate of 2.8%, outstanding letters of credit of \$14.0 million, and \$836.0 million in revolving loans available to be drawn.

As of November 30, 2013, the required principal repayments under the term loans of the 2013 Credit Agreement for the remaining three months of fiscal 2014 and for each of the five succeeding fiscal years and thereafter are as follows:

	U.S. Term A Facility	U.S. Term A-1 Facility	U.S. Term A-2 Facility	European Term A Facility	European Term B Facility	Total
<i>(in millions)</i>						
2014	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2015	19.4	1.8	25.3	18.7	7.5	72.7
2016	38.7	2.5	50.6	37.5	10.0	139.3
2017	51.5	2.5	67.5	50.0	10.0	181.5
2018	51.5	2.5	67.5	50.0	10.0	181.5
2019	335.2	2.4	438.8	325.0	10.0	1,111.4
Thereafter	—	233.3	—	—	945.0	1,178.3
	<u>\$ 496.3</u>	<u>\$ 245.0</u>	<u>\$ 649.7</u>	<u>\$ 481.2</u>	<u>\$ 992.5</u>	<u>\$ 2,864.7</u>

In April 2012, the Company transitioned its interest rate swap agreement to a one-month LIBOR base rate versus the then existing three-month LIBOR base rate. Accordingly, the Company entered into a new interest rate swap agreement which was designated as a cash flow hedge for \$500.0 million of the Company's floating LIBOR rate debt. In addition, the then existing interest rate swap agreement was redesignated by the Company and the Company entered into an additional undesignated interest rate swap agreement for \$500.0 million to offset the prospective impact of the newly undesignated interest rate swap agreement. The unrealized losses in AOCI related to the redesignated interest rate swap agreements are being reclassified from AOCI ratably into earnings in the same period in which the original hedged item is recorded in the Consolidated Statements of Comprehensive Income. Accordingly, the Company has fixed its interest rates on \$500.0 million of the Company's floating LIBOR rate debt at an average rate of 2.8% (exclusive of borrowing margins) through September 1, 2016. For the nine months ended November 30, 2013, and November 30, 2012, the Company reclassified net losses of \$6.2 million and \$6.1 million, net of income tax effect, respectively, from AOCI to interest expense, net, on the Company's Consolidated Statements of Comprehensive Income. For the three months ended November 30, 2013, and November 30, 2012, the Company reclassified net losses of \$2.1 million and \$2.0 million, net of income tax effect, respectively, from AOCI to interest expense, net, on the Company's Consolidated Statements of Comprehensive Income.

Senior notes –

On April 17, 2012, the Company issued \$600.0 million aggregate principal amount of 6% Senior Notes due May 2022 (the "April 2012 Senior Notes"). The net proceeds of the offering (\$591.4 million) were used for general corporate purposes, including, among others, reducing the outstanding indebtedness under the Company's prior senior credit facility and common stock share repurchases under the 2013 Authorization (as defined in Note 16). Interest on the April 2012 Senior Notes is payable semiannually on May 1 and November 1 of each year, beginning November 1, 2012. The April 2012 Senior Notes are redeemable, in whole or in part, at the option of the Company at any time at a redemption price equal to 100% of the outstanding principal amount plus a make whole payment based on the present value of the future payments at the adjusted Treasury Rate plus 50 basis points. The April 2012 Senior Notes are senior unsecured obligations and rank equally in right of payment to all existing and future senior unsecured indebtedness of the Company. Certain of the Company's U.S. subsidiaries guarantee the April 2012 Senior Notes on a senior unsecured basis. As of November 30, 2013, the Company had outstanding \$600.0 million aggregate principal amount of April 2012 Senior Notes.

On August 14, 2012, the Company issued \$650.0 million aggregate principal amount of 4.625% Senior Notes due March 2023 (the "August 2012 Senior Notes"). The Company intended to use the net proceeds from the offering (\$640.6 million) to fund a portion of the original agreement signed by the Company in June 2012 to acquire the remaining 50% equity interest in Crown Imports for approximately \$1.85 billion (the "Initial Purchase Agreement"). In connection with the issuance of the August 2012 Senior Notes, the Company and Manufacturers and Traders Trust Company, as Trustee, escrow agent, and securities intermediary, entered into an agreement (the "August 2012 Escrow Agreement"), pursuant to which an amount equal to 100% of the principal amount of the August 2012 Senior Notes (collectively, with any other property from time to time held by the escrow agent, the "August 2012 Escrowed Property") was placed into an escrow account to be released to the Company upon the closing of the Initial Purchase Agreement. If the Initial Purchase Agreement was terminated or had not been consummated on or prior to December 30, 2013, all of the August 2012 Senior Notes would be redeemed (the "Special Mandatory Redemption") at a price equal to 100% of the outstanding principal amount, together with accrued and unpaid interest to the date of the Special Mandatory Redemption. In accordance with the terms of the August 2012 Escrow Agreement, if the Initial Purchase Agreement was terminated or had not been consummated on or prior to December 30, 2013, the August 2012 Escrowed Property would be released for purposes of effecting the Special Mandatory Redemption. Because of the differences between the terms relating to a February 2013 amendment of the Initial Purchase Agreement and the Initial Purchase Agreement, the Company determined that the conditions for the release of the August 2012 Escrowed Property to the Company pursuant to the August 2012 Escrow Agreement could not be satisfied. Accordingly, the Company gave notice to the escrow agent on February 19, 2013, to release the August 2012 Escrowed Property for purposes of effecting the Special Mandatory Redemption. As a result, the August 2012 Senior Notes were redeemed on February 20, 2013, and the August 2012 Escrow Agreement was terminated in accordance with its terms.

On May 14, 2013, the Company issued \$500.0 million aggregate principal amount of 3.75% Senior Notes due May 2021 (the "May 2013 Eight Year Senior Notes") and \$1,050.0 million aggregate principal amount of

4.25% Senior Notes due May 2023 (the “May 2013 Ten Year Senior Notes”) (collectively, the “May 2013 Senior Notes”). The Company used the net proceeds from the offering (\$1,535.5 million) to fund a portion of the purchase price for the Beer Business Acquisition. Interest on the May 2013 Senior Notes is payable semiannually on May 1 and November 1 of each year, beginning November 1, 2013. The May 2013 Senior Notes are redeemable, in whole or in part, at the option of the Company at any time at a redemption price equal to 100% of the outstanding principal amount plus a make whole payment based on the present value of the future payments at the adjusted Treasury Rate plus 50 basis points. The May 2013 Senior Notes are senior unsecured obligations that rank equally with the Company’s other senior unsecured indebtedness. Certain of the Company’s U.S. subsidiaries guarantee the May 2013 Senior Notes on a senior unsecured basis. In connection with the issuance of the May 2013 Senior Notes, the Company and Manufacturers and Traders Trust Company, as Trustee, escrow agent, and securities intermediary, entered into an agreement (the “May 2013 Escrow Agreement”), pursuant to which an amount equal to 100% of the principal amount of the May 2013 Senior Notes (collectively, with any other property from time to time held by the escrow agent, the “May 2013 Escrowed Property”) was placed into an escrow account to be released to the Company upon the closing of the Beer Business Acquisition. In accordance with the terms of the May 2013 Escrow Agreement, in connection with the closing of the Beer Business Acquisition, the May 2013 Escrowed Property was released to the Company and used to fund a portion of the purchase price for the Beer Business Acquisition. As of November 30, 2013, the Company had outstanding \$1,550.0 million aggregate principal amount of May 2013 Senior Notes.

Debt payments –

As of November 30, 2013, the required principal repayments under long-term debt obligations (excluding unamortized discount of \$3.0 million) for the remaining three months of fiscal 2014 and for each of the five succeeding fiscal years and thereafter are as follows:

(in millions)

2014	\$	17.9
2015		587.3
2016		149.7
2017		887.8
2018		883.8
2019		1,112.3
Thereafter		3,328.3
	\$	<u>6,967.1</u>

Accounts receivable securitization facilities –

On December 4, 2012, the Company entered into a 364-day revolving trade accounts receivable securitization facility (the “CBI Facility”). Under the CBI Facility, trade accounts receivable generated by the Company and certain of its subsidiaries are sold by the Company to a wholly-owned bankruptcy remote single purpose subsidiary (the “CBI SPV”), which is consolidated with the Company for financial reporting purposes. Such trade accounts receivable have been pledged by the CBI SPV to secure borrowings under the CBI Facility. The Company will continue to service the trade accounts receivable as servicer for the CBI Facility. The trade accounts receivable balances related to the CBI Facility will continue to be reported as accounts receivable on the Company’s Consolidated Balance Sheets, but the trade accounts receivable will at all times be owned by the CBI SPV and be included on the financial statements of the Company to comply with generally accepted accounting principles. On October 1, 2013, the Company and the CBI SPV amended and restated the CBI Facility (the “Amended CBI Facility”). The Amended CBI Facility remains a 364-day revolving trade accounts receivable securitization facility. Under the Amended CBI Facility, there are two lenders, one holding 60% of the aggregate facility and the other holding 40% of the aggregate facility. Any borrowings under the Amended CBI Facility will be recorded as secured borrowings and will bear interest as follows: (i) 60% of the borrowings are charged at that lender’s cost of funds plus a margin of 90 basis points and (ii) 40% of the borrowings are charged at one-month LIBOR plus a margin of 90 basis points. The Amended CBI Facility provides borrowing capacity of \$190.0 million up to \$290.0 million structured to account for the seasonality of the Company’s business, subject to further limitations based upon various pre-agreed formulas. As of November 30, 2013, the CBI SPV had aggregate

outstanding borrowings under the Amended CBI Facility of \$14.6 million bearing a weighted average interest rate of 1.1%. As of November 30, 2013, the Company had \$260.4 million available under the Amended CBI Facility.

Also, on October 1, 2013, Crown Imports entered into a 364-day revolving trade accounts receivable securitization facility (the “Crown Facility”). Under the Crown Facility, trade accounts receivable generated by Crown Imports are sold by Crown Imports to its wholly-owned bankruptcy remote single purpose subsidiary (the “Crown SPV”), which is consolidated with the Company for financial reporting purposes. Such trade accounts receivable have been pledged by the Crown SPV to secure borrowings under the Crown Facility. Crown Imports will continue to service the trade accounts receivable as servicer for the Crown Facility. The trade accounts receivable balances related to the Crown Facility will continue to be reported as accounts receivable on the Company’s Consolidated Balance Sheets, but the trade accounts receivable will at all times be owned by the Crown SPV and be included on the financial statements of the Company to comply with generally accepted accounting principles. Under the Crown Facility, there are two lenders, one holding 60% of the aggregate facility and the other holding 40% of the aggregate facility. Any borrowings under the Crown Facility will be recorded as secured borrowings and will bear interest as follows: (i) 60% of the borrowings are charged at that lender’s cost of funds plus a margin of 90 basis points and (ii) 40% of the borrowings are charged at one-month LIBOR plus a margin of 90 basis points. The Crown Facility provides borrowing capacity of \$100.0 million up to \$160.0 million structured to account for the seasonality of Crown Imports’ business. As of November 30, 2013, the Crown SPV had aggregate outstanding borrowings under the Crown Facility of \$109.0 million bearing a weighted average interest rate of 1.1%. As of November 30, 2013, the Company had \$1.0 million available under the Crown Facility.

14. INCOME TAXES:

The Company’s effective tax rate for the nine months ended November 30, 2013, and November 30, 2012, was 9.0% and 25.3%, respectively. The Company’s effective tax rate for the nine months ended November 30, 2013, was favorably impacted by the Beer Business Acquisition, primarily attributable to the recognition of the nontaxable gain on the remeasurement to fair value of the Company’s preexisting 50% equity interest in Crown Imports of \$1,642.0 million, partially offset by the write-off of nondeductible goodwill of \$278.7 million. The Company’s effective tax rate for the nine months ended November 30, 2012, was substantially impacted by the benefit from additional foreign tax credits.

The Company’s effective tax rate for the three months ended November 30, 2013, and November 30, 2012, was 27.8% and 27.0%, respectively. The Company’s effective tax rate for the three months ended November 30, 2013, and November 30, 2012, were both favorably impacted by the benefit from additional foreign tax credits.

15. COMMITMENTS AND CONTINGENCIES:

Indemnification liabilities –

In connection with a prior divestiture, the Company indemnified respective parties against certain liabilities that may arise related to certain contracts with certain investees of the divested business, a certain facility in the U.K. and certain income tax matters. As of November 30, 2013, and February 28, 2013, the carrying amount of these indemnification liabilities was \$11.6 million and \$15.1 million, respectively, and is included in other liabilities on the Company’s Consolidated Balance Sheets. If the indemnified party were to incur a liability, pursuant to the terms of the indemnification, the Company would be required to reimburse the indemnified party. As of November 30, 2013, the Company estimates that these indemnifications could require the Company to make potential future payments of up to \$292.7 million under these indemnifications with \$278.9 million of this amount able to be recovered by the Company from third parties under recourse provisions. The Company does not expect to be required to make material payments under the indemnifications and the Company believes that the likelihood is remote that the indemnifications could have a material adverse effect on the Company’s financial position, results of operations, cash flows or liquidity.

In addition, prior to June 7, 2013, the Company was jointly and severally liable with Modelo to indemnify a third party for lease payments over the term of a lease contract between Crown Imports and the third party for the lease of certain office facilities. The carrying amount of this indemnification liability was not material. In

connection with the Beer Business Acquisition, this indemnification liability was released to selling, general and administrative expenses on the Company's Consolidated Statements of Comprehensive Income.

16. STOCKHOLDERS' EQUITY:

In April 2011, the Company's Board of Directors authorized the repurchase of up to \$500.0 million of the Company's Class A Common Stock and Class B Convertible Common Stock (the "2012 Authorization"). During the year ended February 29, 2012, the Company repurchased 21,234,266 shares of Class A Common Stock pursuant to the 2012 Authorization at an aggregate cost of \$413.7 million, or an average cost of \$19.48 per share, through open market transactions. During the nine months ended November 30, 2012, the Company utilized the remaining \$86.3 million outstanding under the 2012 Authorization to repurchase 3,970,481 shares of Class A Common Stock at an average cost of \$21.74 per share, through open market transactions. In total, the Company has repurchased 25,204,747 shares of Class A Common Stock pursuant to the 2012 Authorization at an aggregate cost of \$500.0 million, or an average cost of \$19.84 per share. The Company used proceeds from revolver borrowings under its then existing senior credit facility and cash generated from operations to pay the purchase price for the repurchased shares. The repurchased shares have become treasury shares.

In April 2012, the Company's Board of Directors authorized the repurchase of up to \$1.0 billion of the Company's Class A Common Stock and Class B Convertible Common Stock (the "2013 Authorization"). The Board of Directors did not specify a date upon which the 2013 Authorization would expire. Share repurchases under the 2013 Authorization may be accomplished at management's discretion from time to time based on market conditions, the Company's cash and debt position, and other factors as determined by management. Shares may be repurchased through open market or privately negotiated transactions. The Company may fund future share repurchases with cash generated from operations, proceeds from borrowings under the accounts receivable securitization facilities or proceeds from revolver borrowings under its senior credit facility. Any repurchased shares will become treasury shares.

During the nine months ended November 30, 2012, the Company repurchased 14,023,985 shares of Class A Common Stock pursuant to the 2013 Authorization at an aggregate cost of \$296.7 million, or an average cost of \$21.15 per share, through open market transactions. The Company used proceeds from the April 2012 Senior Notes, revolver borrowings under its prior senior credit facilities, and cash generated from operations to pay the purchase price for the repurchased shares. The repurchased shares have become treasury shares.

17. EARNINGS PER COMMON SHARE:

Earnings per common share – basic excludes the effect of common stock equivalents and is computed using the two-class computation method. Earnings per common share – diluted for Class A Common Stock reflects the potential dilution that could result if securities or other contracts to issue common stock were exercised or converted into common stock. Earnings per common share – diluted for Class A Common Stock has been computed using the more dilutive of the if-converted or two-class computation method. Using the if-converted method, earnings per common share – diluted for Class A Common Stock assumes the exercise of stock options using the treasury stock method and the conversion of Class B Convertible Common Stock. Using the two-class computation method, earnings per common share – diluted for Class A Common Stock assumes the exercise of stock options using the treasury stock method and no conversion of Class B Convertible Common Stock. For the nine months and three months ended November 30, 2013, and November 30, 2012, earnings per common share – diluted for Class A Common Stock has been calculated using the if-converted method. For the nine months and three months ended November 30, 2013, and November 30, 2012, earnings per common share – diluted for Class B Convertible Common Stock is presented without assuming conversion into Class A Common Stock and is computed using the two-class computation method.

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

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2013	2012	2013	2012
<i>(in millions, except per share data)</i>				
Income available to common stockholders	\$ 1,785.9	\$ 306.1	\$ 211.0	\$ 109.5
Weighted average common shares outstanding – basic:				
Class A Common Stock	164.082	158.442	165.708	158.270
Class B Convertible Common Stock	23.477	23.538	23.461	23.524
Weighted average common shares outstanding – diluted:				
Class A Common Stock	164.082	158.442	165.708	158.270
Class B Convertible Common Stock	23.477	23.538	23.461	23.524
Stock-based awards, primarily stock options	9.327	6.662	8.913	7.902
Weighted average common shares outstanding – diluted	196.886	188.642	198.082	189.696
Earnings per common share – basic:				
Class A Common Stock	\$ 9.63	\$ 1.70	\$ 1.13	\$ 0.61
Class B Convertible Common Stock	\$ 8.76	\$ 1.55	\$ 1.03	\$ 0.55
Earnings per common share – diluted:				
Class A Common Stock	\$ 9.07	\$ 1.62	\$ 1.07	\$ 0.58
Class B Convertible Common Stock	\$ 8.34	\$ 1.49	\$ 0.98	\$ 0.53

For the nine months ended November 30, 2013, and November 30, 2012, stock-based awards, primarily stock options, which could result in the issuance of 1.3 million and 2.2 million shares, respectively, of Class A Common Stock were outstanding, but were not included in the computation of earnings per common share – diluted for Class A Common Stock because the effect of including such awards would have been antidilutive. Stock-based awards outstanding whose impact would have been antidilutive in the computation of earnings per common share – diluted for Class A Common Stock for the three months ended November 30, 2013, and November 30, 2012, were not material.

18. COMPREHENSIVE INCOME:

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

<i>(in millions)</i>	Before Tax Amount	Tax (Expense)Benefit	Net of Tax Amount
For the Nine Months Ended November 30, 2013			
Net income			\$ 1,785.9
Other comprehensive (loss) income:			
Foreign currency translation adjustments:			
Net losses	\$ (39.0)	\$ (2.4)	(41.4)
Reclassification adjustments	—	—	—
Net loss recognized in other comprehensive loss	(39.0)	(2.4)	(41.4)
Unrealized gain on cash flow hedges:			
Net derivative gains	2.0	(0.7)	1.3
Reclassification adjustments	5.3	(2.4)	2.9
Net gain recognized in other comprehensive loss	7.3	(3.1)	4.2
Unrealized loss on AFS debt securities:			
Net AFS debt securities losses	(1.8)	(0.3)	(2.1)
Reclassification adjustments	—	—	—
Net loss recognized in other comprehensive loss	(1.8)	(0.3)	(2.1)
Pension/postretirement adjustments:			
Net actuarial gains	0.7	(0.2)	0.5
Reclassification adjustments	0.9	(0.2)	0.7
Net gain recognized in other comprehensive loss	1.6	(0.4)	1.2
Other comprehensive loss	\$ (31.9)	\$ (6.2)	(38.1)
Total comprehensive income			\$ 1,747.8
For the Nine Months Ended November 30, 2012			
Net income			\$ 306.1
Other comprehensive (loss) income:			
Foreign currency translation adjustments:			
Net losses	\$ (11.0)	\$ 5.4	(5.6)
Reclassification adjustments	—	—	—
Net loss recognized in other comprehensive loss	(11.0)	5.4	(5.6)
Unrealized loss on cash flow hedges:			
Net derivative losses	(10.0)	4.0	(6.0)
Reclassification adjustments	4.5	(2.5)	2.0
Net loss recognized in other comprehensive loss	(5.5)	1.5	(4.0)
Unrealized gain on AFS debt securities:			
Net AFS debt securities gains	1.1	(0.4)	0.7
Reclassification adjustments	—	—	—
Net gain recognized in other comprehensive loss	1.1	(0.4)	0.7
Pension/postretirement adjustments:			
Net actuarial gains	0.1	—	0.1
Reclassification adjustments	0.6	(0.2)	0.4
Net gain recognized in other comprehensive loss	0.7	(0.2)	0.5
Other comprehensive loss	\$ (14.7)	\$ 6.3	(8.4)
Total comprehensive income			\$ 297.7

<i>(in millions)</i>	Before Tax Amount	Tax (Expense)Benefit	Net of Tax Amount
For the Three Months Ended November 30, 2013			
Net income			\$ 211.0
Other comprehensive income:			
Foreign currency translation adjustments:			
Net gains	\$ 27.4	\$ (0.8)	26.6
Reclassification adjustments	—	—	—
Net gain recognized in other comprehensive income	27.4	(0.8)	26.6
Unrealized gain on cash flow hedges:			
Net derivative losses	(0.4)	1.1	0.7
Reclassification adjustments	1.7	(0.8)	0.9
Net gain recognized in other comprehensive income	1.3	0.3	1.6
Unrealized gain on AFS debt securities:			
Net AFS debt securities gains	1.1	(0.2)	0.9
Reclassification adjustments	—	—	—
Net gain recognized in other comprehensive income	1.1	(0.2)	0.9
Pension/postretirement adjustments:			
Net actuarial gains	0.1	—	0.1
Reclassification adjustments	0.3	(0.1)	0.2
Net gain recognized in other comprehensive income	0.4	(0.1)	0.3
Other comprehensive income	\$ 30.2	\$ (0.8)	29.4
Total comprehensive income			\$ 240.4
For the Three Months Ended November 30, 2012			
Net income			\$ 109.5
Other comprehensive income:			
Foreign currency translation adjustments:			
Net gains	\$ 1.4	\$ 1.9	3.3
Reclassification adjustments	—	—	—
Net gain recognized in other comprehensive income	1.4	1.9	3.3
Unrealized gain on cash flow hedges:			
Net derivative gains	2.8	(0.7)	2.1
Reclassification adjustments	2.2	(1.0)	1.2
Net gain recognized in other comprehensive income	5.0	(1.7)	3.3
Unrealized gain on AFS debt securities:			
Net AFS debt securities gains	1.1	(0.3)	0.8
Reclassification adjustments	—	—	—
Net gain recognized in other comprehensive income	1.1	(0.3)	0.8
Pension/postretirement adjustments:			
Net actuarial gains	0.2	(0.1)	0.1
Reclassification adjustments	0.2	(0.1)	0.1
Net gain recognized in other comprehensive income	0.4	(0.2)	0.2
Other comprehensive income	\$ 7.9	\$ (0.3)	7.6
Total comprehensive income			\$ 117.1

Accumulated other comprehensive income (“AOCI”), net of income tax effect, includes the following components:

<i>(in millions)</i>	Foreign Currency Translation Adjustments	Net Unrealized (Losses) Gains on Derivative Instruments	Net Unrealized Gains (Losses) on AFS Debt Securities	Pension/ Postretirement Adjustments	Accumulated Other Comprehensive Income
Balance, February 28, 2013	\$ 170.4	\$ (20.2)	\$ 1.4	\$ (19.5)	\$ 132.1
Other comprehensive (loss) income:					
Other comprehensive (loss) income before reclassification adjustments	(41.4)	1.3	(2.1)	0.5	(41.7)
Amounts reclassified from accumulated other comprehensive income	—	2.9	—	0.7	3.6
Other comprehensive (loss) income	(41.4)	4.2	(2.1)	1.2	(38.1)
Balance, November 30, 2013	\$ 129.0	\$ (16.0)	\$ (0.7)	\$ (18.3)	\$ 94.0

19. CONDENSED CONSOLIDATING FINANCIAL INFORMATION:

The following information sets forth the condensed consolidating balance sheets as of November 30, 2013, and February 28, 2013, the condensed consolidating statements of comprehensive income for the nine months and three months ended November 30, 2013, and November 30, 2012, and the condensed consolidating statements of cash flows for the nine months ended November 30, 2013, and November 30, 2012, for the parent company, the combined subsidiaries of the Company which guarantee the Company’s senior notes (“Subsidiary Guarantors”), the combined subsidiaries of the Company which are not Subsidiary Guarantors (primarily foreign subsidiaries) (“Subsidiary Nonguarantors”) and the Company. The Subsidiary Guarantors are 100% owned, directly or indirectly, by the parent company and the guarantees are joint and several obligations of each of the Subsidiary Guarantors. The guarantees are full and unconditional, as those terms are used in Rule 3-10 of Regulation S-X, except that a Subsidiary Guarantor can be automatically released and relieved of its obligations under certain customary circumstances contained in the indentures governing the Company’s senior notes. These customary circumstances include, so long as other applicable provisions of the indentures are adhered to, the termination or release of a Subsidiary Guarantor’s guarantee of other indebtedness or upon the legal defeasance or covenant defeasance or satisfaction and discharge of the Company’s senior notes. Separate financial statements for the Subsidiary Guarantors of the Company are not presented because the Company has determined that such financial statements would not be material to investors. The accounting policies of the parent company, the Subsidiary Guarantors and the Subsidiary Nonguarantors are the same as those described for the Company in the Summary of Significant Accounting Policies in Note 1 to the Company’s consolidated financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended February 28, 2013, and include the recently adopted accounting guidance described in Note 2 herein. There are no restrictions on the ability of the Subsidiary Guarantors to transfer funds to the Company in the form of cash dividends, loans or advances.

In connection with the preparation of the condensed consolidating financial information, the Company made certain immaterial adjustments to the condensed consolidating balance sheet at February 28, 2013, and the condensed consolidating statement of cash flows for the nine months ended November 30, 2012. The Company will also make similar adjustments to its condensed consolidating balance sheet and its condensed consolidating statements of cash flows for comparative prior periods presented in future filings. These adjustments (i) did not change the net increase in cash and cash investments for the parent company, the Subsidiary Guarantors or the Subsidiary Nonguarantors and (ii) had no impact on the consolidated amounts. The substantial majority of these adjustments had the effect of (i) decreasing the parent company’s cash flows from operating activities and increasing the parent company’s cash flows from financing activities and (ii) increasing the Subsidiary Guarantors’ cash flows from operating activities and decreasing the Subsidiary Guarantors’ cash flows from financing activities.

(in millions)

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
Condensed Consolidating Balance Sheet at November 30, 2013					
Current assets:					
Cash and cash investments	\$ 3.0	\$ 2.2	\$ 60.0	\$ —	\$ 65.2
Accounts receivable, net	0.6	11.7	656.5	—	668.8
Inventories	160.5	1,298.7	405.3	(40.5)	1,824.0
Intercompany receivable	7,158.4	12,087.8	3,320.9	(22,567.1)	—
Prepaid expenses and other	45.9	89.6	487.5	(345.6)	277.4
Total current assets	7,368.4	13,490.0	4,930.2	(22,953.2)	2,835.4
Property, plant and equipment, net	39.4	845.6	1,020.4	—	1,905.4
Investments in subsidiaries	10,539.3	8.7	—	(10,548.0)	—
Goodwill	—	5,411.2	738.8	—	6,150.0
Intangible assets, net	—	709.6	2,527.0	0.6	3,237.2
Intercompany notes receivable	3,658.2	10.3	32.8	(3,701.3)	—
Other assets, net	67.2	88.1	69.4	(16.4)	208.3
Total assets	\$ 21,672.5	\$ 20,563.5	\$ 9,318.6	\$ (37,218.3)	\$ 14,336.3

Current liabilities:					
Notes payable to banks	\$ —	\$ —	\$ 170.5	\$ —	\$ 170.5
Current maturities of long-term debt	31.8	17.6	17.7	—	67.1
Accounts payable	38.9	269.6	153.9	—	462.4
Accrued excise taxes	9.2	12.1	5.1	—	26.4
Intercompany payable	10,853.5	8,279.9	3,433.7	(22,567.1)	—
Other accrued expenses and liabilities	475.4	230.9	679.0	(356.7)	1,028.6
Total current liabilities	11,408.8	8,810.1	4,459.9	(22,923.8)	1,755.0
Long-term debt, less current maturities	5,407.0	33.1	1,456.9	—	6,897.0
Deferred income taxes	21.3	572.7	132.3	(16.3)	710.0
Intercompany notes payable	—	3,682.3	19.0	(3,701.3)	—
Other liabilities	45.6	25.5	113.4	—	184.5
Stockholders' equity	4,789.8	7,439.8	3,137.1	(10,576.9)	4,789.8
Total liabilities and stockholders' equity	\$ 21,672.5	\$ 20,563.5	\$ 9,318.6	\$ (37,218.3)	\$ 14,336.3

Condensed Consolidating Balance Sheet at February 28, 2013

Current assets:					
Cash and cash investments	\$ 185.8	\$ 0.7	\$ 145.0	\$ —	\$ 331.5
Accounts receivable, net	0.7	10.1	461.1	—	471.9
Inventories	151.5	1,019.4	317.2	(7.2)	1,480.9
Intercompany receivable	4,598.2	9,291.4	1,075.1	(14,964.7)	—
Prepaid expenses and other	33.9	46.4	447.8	(341.2)	186.9
Total current assets	4,970.1	10,368.0	2,446.2	(15,313.1)	2,471.2
Property, plant and equipment, net	43.3	832.7	353.0	—	1,229.0
Investments in subsidiaries	7,307.0	2.8	—	(7,309.8)	—
Goodwill	—	2,097.9	624.4	—	2,722.3
Intangible assets, net	—	686.5	184.9	—	871.4
Intercompany notes receivable	1,611.2	—	32.6	(1,643.8)	—
Other assets, net	63.3	243.2	58.6	(20.9)	344.2
Total assets	\$ 13,994.9	\$ 14,231.1	\$ 3,699.7	\$ (24,287.6)	\$ 7,638.1

<i>(in millions)</i>	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
Current liabilities:					
Current maturities of long-term debt	\$ 9.8	\$ 17.7	\$ 0.1	\$ —	\$ 27.6
Accounts payable	39.2	106.4	63.4	—	209.0
Accrued excise taxes	11.4	3.7	3.8	—	18.9
Intercompany payable	7,257.5	6,318.7	1,388.5	(14,964.7)	—
Other accrued expenses and liabilities	518.2	171.1	76.1	(343.0)	422.4
Total current liabilities	7,836.1	6,617.6	1,531.9	(15,307.7)	677.9
Long-term debt, less current maturities	3,251.0	26.8	—	—	3,277.8
Deferred income taxes	—	543.0	77.5	(20.9)	599.6
Intercompany notes payable	—	1,634.9	8.9	(1,643.8)	—
Other liabilities	47.5	41.8	133.2	—	222.5
Stockholders' equity	2,860.3	5,367.0	1,948.2	(7,315.2)	2,860.3
Total liabilities and stockholders' equity	\$ 13,994.9	\$ 14,231.1	\$ 3,699.7	\$ (24,287.6)	\$ 7,638.1

<i>(in millions)</i>	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
Condensed Consolidating Statement of Comprehensive Income for the Nine Months Ended November 30, 2013					
Sales	\$ 1,762.9	\$ 2,815.8	\$ 1,413.2	\$ (2,018.9)	\$ 3,973.0
Less – excise taxes	(234.2)	(110.3)	(52.0)	—	(396.5)
Net sales	1,528.7	2,705.5	1,361.2	(2,018.9)	3,576.5
Cost of product sold	(1,303.8)	(1,871.8)	(931.3)	1,973.2	(2,133.7)
Gross profit	224.9	833.7	429.9	(45.7)	1,442.8
Selling, general and administrative expenses	(315.0)	(260.8)	(112.6)	12.8	(675.6)
Impairment of goodwill and intangible assets	—	—	(300.9)	—	(300.9)
Gain on remeasurement to fair value of equity method investment	—	1,642.0	—	—	1,642.0
Operating (loss) income	(90.1)	2,214.9	16.4	(32.9)	2,108.3
Equity in earnings of equity method investees and subsidiaries	2,008.4	92.8	0.4	(2,013.3)	88.3
Interest income	0.1	—	5.8	—	5.9
Intercompany interest income	117.3	122.8	1.1	(241.2)	—
Interest expense	(206.5)	(3.5)	(30.6)	—	(240.6)
Intercompany interest expense	(130.3)	(110.4)	(0.5)	241.2	—
Income (loss) before income taxes	1,698.9	2,316.6	(7.4)	(2,046.2)	1,961.9
Benefit from (provision for) income taxes	87.0	(246.3)	(26.2)	9.5	(176.0)
Net income (loss)	\$ 1,785.9	\$ 2,070.3	\$ (33.6)	\$ (2,036.7)	\$ 1,785.9
Comprehensive income (loss)	\$ 1,747.8	\$ 2,098.9	\$ (77.4)	\$ (2,021.5)	\$ 1,747.8

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<i>(in millions)</i>					
Condensed Consolidating Statement of Comprehensive Income for the Nine Months Ended November 30, 2012					
Sales	\$ 1,536.7	\$ 1,283.5	\$ 623.7	\$ (1,060.5)	\$ 2,383.4
Less – excise taxes	(158.8)	(74.8)	(49.6)	—	(283.2)
Net sales	1,377.9	1,208.7	574.1	(1,060.5)	2,100.2
Cost of product sold	(1,105.0)	(857.5)	(344.1)	1,052.9	(1,253.7)
Gross profit	272.9	351.2	230.0	(7.6)	846.5
Selling, general and administrative expenses	(249.2)	(81.0)	(130.7)	9.9	(451.0)
Operating income	23.7	270.2	99.3	2.3	395.5
Equity in earnings of equity method investees and subsidiaries	427.0	183.5	0.4	(427.3)	183.6
Interest income	0.4	—	4.3	—	4.7
Intercompany interest income	59.2	144.1	1.2	(204.5)	—
Interest expense	(169.0)	(0.6)	(1.8)	—	(171.4)
Intercompany interest expense	(144.1)	(60.3)	(0.1)	204.5	—
Loss on write-off of financing costs	(2.8)	—	—	—	(2.8)
Income before income taxes	194.4	536.9	103.3	(425.0)	409.6
Benefit from (provision for) income taxes	111.7	(227.1)	12.4	(0.5)	(103.5)
Net income	\$ 306.1	\$ 309.8	\$ 115.7	\$ (425.5)	\$ 306.1
Comprehensive income	\$ 297.7	\$ 308.7	\$ 108.6	\$ (417.3)	\$ 297.7
Condensed Consolidating Statement of Comprehensive Income for the Three Months Ended November 30, 2013					
Sales	\$ 641.1	\$ 1,182.4	\$ 591.6	\$ (821.6)	\$ 1,593.5
Less – excise taxes	(80.9)	(51.2)	(18.1)	—	(150.2)
Net sales	560.2	1,131.2	573.5	(821.6)	1,443.3
Cost of product sold	(478.8)	(779.1)	(391.4)	815.7	(833.6)
Gross profit	81.4	352.1	182.1	(5.9)	609.7
Selling, general and administrative expenses	(95.6)	(116.3)	(38.5)	4.5	(245.9)
Operating (loss) income	(14.2)	235.8	143.6	(1.4)	363.8
Equity in earnings of equity method investees and subsidiaries	285.6	18.7	0.2	(286.5)	18.0
Interest income	—	—	2.0	—	2.0
Intercompany interest income	46.6	44.9	0.3	(91.8)	—
Interest expense	(75.7)	(0.5)	(15.4)	—	(91.6)
Intercompany interest expense	(47.6)	(44.0)	(0.2)	91.8	—
Income before income taxes	194.7	254.9	130.5	(287.9)	292.2
Benefit from (provision for) income taxes	16.3	(93.3)	(4.5)	0.3	(81.2)
Net income	\$ 211.0	\$ 161.6	\$ 126.0	\$ (287.6)	\$ 211.0
Comprehensive income	\$ 240.4	\$ 183.1	\$ 157.0	\$ (340.1)	\$ 240.4

(in millions)

Condensed Consolidating Statement of Comprehensive Income for the Three Months Ended November 30, 2012

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
Sales	\$ 570.1	\$ 483.1	\$ 223.5	\$ (416.3)	\$ 860.4
Less – excise taxes	(55.4)	(20.2)	(17.9)	—	(93.5)
Net sales	514.7	462.9	205.6	(416.3)	766.9
Cost of product sold	(424.3)	(320.0)	(124.8)	413.0	(456.1)
Gross profit	90.4	142.9	80.8	(3.3)	310.8
Selling, general and administrative expenses	(82.6)	(28.7)	(44.8)	4.1	(152.0)
Operating income	7.8	114.2	36.0	0.8	158.8
Equity in earnings of equity method investees and subsidiaries	141.4	53.9	0.2	(143.0)	52.5
Interest income	0.3	—	1.5	—	1.8
Intercompany interest income	19.7	48.7	0.4	(68.8)	—
Interest expense	(62.9)	—	(0.3)	—	(63.2)
Intercompany interest expense	(48.7)	(20.1)	—	68.8	—
Income before income taxes	57.6	196.7	37.8	(142.2)	149.9
Benefit from (provision for) income taxes	51.9	(96.1)	4.0	(0.2)	(40.4)
Net income	\$ 109.5	\$ 100.6	\$ 41.8	\$ (142.4)	\$ 109.5
Comprehensive income	\$ 117.1	\$ 101.0	\$ 47.3	\$ (148.3)	\$ 117.1

(in millions)

Condensed Consolidating Statement of Cash Flows for the Nine Months Ended November 30, 2013

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
Net cash (used in) provided by operating activities	\$ (266.2)	\$ 910.0	\$ 4.1	\$ (18.8)	\$ 629.1
Cash flows from investing activities:					
Purchase of business, net of cash acquired	—	(1,770.1)	(2,910.9)	—	(4,681.0)
Purchases of property, plant and equipment	(5.7)	(45.9)	(34.3)	—	(85.9)
Proceeds from sales of assets	—	0.2	7.6	—	7.8
Net proceeds from intercompany notes	859.2	—	—	(859.2)	—
Net investments in equity affiliates	(1,095.0)	(5.0)	—	1,100.0	—
Other investing activities	—	2.2	(0.6)	—	1.6
Net cash used in investing activities	(241.5)	(1,818.6)	(2,938.2)	240.8	(4,757.5)

<i>(in millions)</i>	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
Cash flows from financing activities:					
Payments of dividends	—	—	(18.8)	18.8	—
Net (returns of capital to) contributions from equity affiliates	—	(188.4)	1,288.4	(1,100.0)	—
Net (repayments of) proceeds from intercompany notes	(1,941.5)	1,129.9	(47.6)	859.2	—
Proceeds from issuance of long-term debt	2,225.0	—	1,500.0	—	3,725.0
Net proceeds from notes payable	—	—	170.6	—	170.6
Proceeds from exercises of employee stock options	93.1	—	—	—	93.1
Excess tax benefits from stock-based payment awards	64.7	—	—	—	64.7
Proceeds from employee stock purchases	2.5	—	—	—	2.5
Principal payments of long-term debt	(49.3)	(15.0)	(26.3)	—	(90.6)
Payments of financing costs of long-term debt	(69.6)	—	(12.6)	—	(82.2)
Payments of minimum tax withholdings on stock-based payment awards	—	(16.4)	(1.6)	—	(18.0)
Net cash provided by financing activities	324.9	910.1	2,852.1	(222.0)	3,865.1
Effect of exchange rate changes on cash and cash investments					
	—	—	(3.0)	—	(3.0)
Net (decrease) increase in cash and cash investments	(182.8)	1.5	(85.0)	—	(266.3)
Cash and cash investments, beginning of period	185.8	0.7	145.0	—	331.5
Cash and cash investments, end of period	<u>\$ 3.0</u>	<u>\$ 2.2</u>	<u>\$ 60.0</u>	<u>\$ —</u>	<u>\$ 65.2</u>

Condensed Consolidating Statement of Cash Flows for the Nine Months Ended November 30, 2012

Net cash (used in) provided by operating activities	\$ (217.5)	\$ 506.4	\$ 100.1	\$ —	\$ 389.0
Cash flows from investing activities:					
Purchase of business, net of cash acquired	—	(159.3)	—	—	(159.3)
Purchases of property, plant and equipment	(7.9)	(33.4)	(10.9)	—	(52.2)
Proceeds from sales of assets	—	4.9	3.1	—	8.0
Proceeds from notes receivable	1.2	3.4	—	—	4.6
Net proceeds from intercompany notes	307.2	—	—	(307.2)	—
Net returns of capital from equity affiliates	14.0	—	—	(14.0)	—
Other investing activities	(0.5)	0.2	(1.0)	—	(1.3)
Net cash provided by (used in) investing activities	314.0	(184.2)	(8.8)	(321.2)	(200.2)

<i>(in millions)</i>	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
Cash flows from financing activities:					
Net contributions from (returns of capital to) equity affiliates	0.1	(7.9)	(6.2)	14.0	—
Net proceeds from (repayments of) intercompany notes	0.5	(307.5)	(0.2)	307.2	—
Proceeds from issuance of long-term debt	2,050.0	—	—	—	2,050.0
Net repayments of notes payable	(298.0)	—	(58.0)	—	(356.0)
Proceeds from exercises of employee stock options	135.0	—	—	—	135.0
Excess tax benefits from stock-based payment awards	17.2	—	—	—	17.2
Proceeds from employee stock purchases	2.1	—	—	—	2.1
Principal payments of long-term debt	(846.4)	(5.2)	—	—	(851.6)
Payments of financing costs of long-term debt	(35.2)	—	—	—	(35.2)
Payments of minimum tax withholdings on stock-based payment awards	—	—	(0.5)	—	(0.5)
Payment of restricted cash upon issuance of long-term debt	(650.0)	—	—	—	(650.0)
Purchases of treasury stock	(383.0)	—	—	—	(383.0)
Net cash used in financing activities	(7.7)	(320.6)	(64.9)	321.2	(72.0)
Effect of exchange rate changes on cash and cash investments	—	—	(2.1)	—	(2.1)
Net increase in cash and cash investments	88.8	1.6	24.3	—	114.7
Cash and cash investments, beginning of period	0.5	0.6	84.7	—	85.8
Cash and cash investments, end of period	\$ 89.3	\$ 2.2	\$ 109.0	\$ —	\$ 200.5

20. BUSINESS SEGMENT INFORMATION:

Prior to the Beer Business Acquisition, Crown Imports was a reportable segment of the Company. In connection with the Beer Business Acquisition and the resulting consolidation of the acquired businesses from the date of acquisition, the Crown Imports segment, together with the Brewery Purchase, is now known as the Beer segment. Accordingly, the Company's internal management financial reporting consists of two business divisions: (i) Beer and (ii) Wine and Spirits, and the Company reports its operating results in three segments: (i) Beer (imported beer), (ii) Wine and Spirits (wine and spirits), and (iii) Corporate Operations and Other. The business segments reflect how the Company's operations are managed, how operating performance within the Company is evaluated by senior management and the structure of its internal financial reporting. Amounts included in the Corporate Operations and Other segment consist of costs of executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal, public relations and global information technology. Any costs incurred at the corporate office that are applicable to the segments are allocated to the appropriate segment. The amounts included in the Corporate Operations and Other segment are general costs that are applicable to the consolidated group and are therefore not allocated to the other reportable segments. All costs reported within the Corporate Operations and Other segment are not included in the chief operating decision maker's evaluation of the operating income performance of the other reportable segments.

In addition, the Company excludes restructuring charges and unusual items that affect comparability from its definition of operating income for segment purposes as these items are not reflective of normal continuing operations of the segments. The Company excludes these items as segment operating performance and segment

management compensation is evaluated based upon a normalized segment operating income. As such, the performance measures for incentive compensation purposes for segment management do not include the impact of these items.

For the nine months and three months ended November 30, 2013, and November 30, 2012, restructuring charges and unusual items included in operating income consist of:

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2013	2012	2013	2012
<i>(in millions)</i>				
Cost of Product Sold:				
Flow through of inventory step-up	\$ 11.0	\$ 5.7	\$ —	\$ 3.4
Amortization of favorable interim supply agreement	4.3	—	2.2	—
Cost of Product Sold	15.3	5.7	2.2	3.4
Selling, General and Administrative Expenses:				
Transaction and related costs associated with pending and completed acquisitions	43.8	17.6	8.9	8.5
Deferred compensation	7.0	—	—	—
Restructuring charges	(1.0)	1.0	(0.1)	0.3
Other costs	(1.8)	3.3	0.2	1.9
Selling, General and Administrative Expenses	48.0	21.9	9.0	10.7
Impairment of Goodwill and Intangible Assets	300.9	—	—	—
Gain on Remeasurement to Fair Value of Equity Method Investment	(1,642.0)	—	—	—
Restructuring Charges and Unusual Items	\$ (1,277.8)	\$ 27.6	\$ 11.2	\$ 14.1

The Company evaluates performance based on operating income of the respective business units. The accounting policies of the segments are the same as those described for the Company in the Summary of Significant Accounting Policies in Note 1 to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2013, and include the recently adopted accounting guidance described in Note 2 herein.

Segment information is as follows:

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2013	2012	2013	2012
<i>(in millions)</i>				
Beer				
Net sales	\$ 2,237.8	\$ 2,059.9	\$ 661.6	\$ 547.4
Segment operating income	\$ 572.9	\$ 345.4	\$ 212.5	\$ 79.0
Long-lived tangible assets	\$ 694.4	\$ 8.8	\$ 694.4	\$ 8.8
Total assets	\$ 7,214.7	\$ 350.8	\$ 7,214.7	\$ 350.8
Capital expenditures	\$ 23.2	\$ 0.8	\$ 19.6	\$ 0.4
Depreciation and amortization	\$ 24.2	\$ 2.0	\$ 11.1	\$ 0.5

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	2013	2012	2013	2012
<i>(in millions)</i>				
<u>Wine and Spirits</u>				
Net sales:				
Wine	\$ 1,938.3	\$ 1,870.7	\$ 711.9	\$ 693.5
Spirits	213.8	229.5	69.8	73.4
Net sales	\$ 2,152.1	\$ 2,100.2	\$ 781.7	\$ 766.9
Segment operating income	\$ 471.9	\$ 490.8	\$ 186.1	\$ 196.5
Equity in earnings of equity method investees	\$ 18.1	\$ 13.1	\$ 18.0	\$ 14.2
Long-lived tangible assets	\$ 1,094.6	\$ 1,107.9	\$ 1,094.6	\$ 1,107.9
Investments in equity method investees	\$ 81.9	\$ 80.6	\$ 81.9	\$ 80.6
Total assets	\$ 6,704.6	\$ 7,141.6	\$ 6,704.6	\$ 7,141.6
Capital expenditures	\$ 51.0	\$ 45.3	\$ 15.4	\$ 14.6
Depreciation and amortization	\$ 72.2	\$ 67.8	\$ 24.7	\$ 23.4
<u>Corporate Operations and Other</u>				
Net sales	\$ —	\$ —	\$ —	\$ —
Segment operating loss	\$ (71.7)	\$ (67.7)	\$ (23.6)	\$ (23.6)
Long-lived tangible assets	\$ 116.4	\$ 128.8	\$ 116.4	\$ 128.8
Total assets	\$ 417.0	\$ 1,035.2	\$ 417.0	\$ 1,035.2
Capital expenditures	\$ 12.0	\$ 6.9	\$ 1.7	\$ 2.0
Depreciation and amortization	\$ 17.4	\$ 17.7	\$ 6.3	\$ 6.1
<u>Restructuring Charges and Unusual Items</u>				
Operating income (loss)	\$ 1,277.8	\$ (27.6)	\$ (11.2)	\$ (14.1)
Equity in losses of equity method investees	\$ (0.1)	\$ (0.2)	\$ —	\$ (0.2)
<u>Consolidation and Eliminations</u>				
Net sales	\$ (813.4)	\$ (2,059.9)	\$ —	\$ (547.4)
Operating income	\$ (142.6)	\$ (345.4)	\$ —	\$ (79.0)
Equity in earnings of Crown Imports	\$ 70.3	\$ 170.7	\$ —	\$ 38.5
Long-lived tangible assets	\$ —	\$ (8.8)	\$ —	\$ (8.8)
Investments in equity method investees	\$ —	\$ 145.9	\$ —	\$ 145.9
Total assets	\$ —	\$ (204.9)	\$ —	\$ (204.9)
Capital expenditures	\$ (0.3)	\$ (0.8)	\$ —	\$ (0.4)
Depreciation and amortization	\$ (0.5)	\$ (2.0)	\$ —	\$ (0.5)
<u>Consolidated</u>				
Net sales	\$ 3,576.5	\$ 2,100.2	\$ 1,443.3	\$ 766.9
Operating income	\$ 2,108.3	\$ 395.5	\$ 363.8	\$ 158.8
Equity in earnings of equity method investees	\$ 88.3	\$ 183.6	\$ 18.0	\$ 52.5
Long-lived tangible assets	\$ 1,905.4	\$ 1,236.7	\$ 1,905.4	\$ 1,236.7
Investments in equity method investees	\$ 81.9	\$ 226.5	\$ 81.9	\$ 226.5
Total assets	\$ 14,336.3	\$ 8,322.7	\$ 14,336.3	\$ 8,322.7
Capital expenditures	\$ 85.9	\$ 52.2	\$ 36.7	\$ 16.6
Depreciation and amortization	\$ 113.3	\$ 85.5	\$ 42.1	\$ 29.5

21. ACCOUNTING GUIDANCE NOT YET ADOPTED:

Liabilities –

In February 2013, the FASB issued guidance for the recognition, measurement and disclosure of certain obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The Company is required to adopt this guidance for its annual and interim periods beginning March 1, 2014. In addition, this guidance requires retrospective application. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Foreign currency –

In March 2013, the FASB issued amended guidance to clarify the applicable guidance for the release of foreign currency cumulative translation adjustments under generally accepted accounting principles in the U.S. The amended guidance clarifies when cumulative translation adjustments should be released into net income in connection with (i) the loss of a controlling financial interest in a subsidiary or group of assets within a foreign entity or (ii) the partial sale of an equity method investment that is a foreign entity. The amended guidance also clarifies the types of events that result in the sale of an investment in a foreign entity. The Company is required to adopt this amended guidance for its annual and interim periods beginning March 1, 2014. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Income taxes –

In July 2013, the FASB issued amended guidance to clarify the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists as of the reporting date. The Company is required to adopt this amended guidance for its annual and interim periods beginning March 1, 2014. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

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

Overview

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

Prior to the Beer Business Acquisition (as defined below), Crown Imports LLC (“Crown Imports”), the Company’s prior investment in a joint venture with Grupo Modelo, S.A.B. de C.V. (“Modelo”), was a reportable segment of the Company. In connection with the Beer Business Acquisition and the resulting consolidation of the acquired businesses from the date of acquisition, the Crown Imports segment, together with the Brewery Purchase (as defined below), is now known as the Beer segment. Accordingly, the Company’s internal management financial reporting consists of two business divisions: (i) Beer and (ii) Wine and Spirits (formerly known as Constellation Wine and Spirits) and the Company reports its operating results in three segments: (i) Beer (imported beer), (ii) Wine and Spirits (wine and spirits), and (iii) Corporate Operations and Other. The business segments reflect how the Company’s operations are managed, how operating performance within the Company is evaluated by senior management and the structure of its internal financial reporting. Amounts included in the Corporate Operations and Other segment consist of costs of executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal, public relations and global information technology. Any costs incurred at the corporate office that are applicable to the segments are allocated to the appropriate segment. The amounts included in the Corporate Operations and Other segment are general costs that are applicable to the consolidated group and are therefore not allocated to the other reportable segments. All costs reported within the Corporate Operations and Other segment are not included in the chief operating decision maker’s evaluation of the operating income performance of the other reportable segments.

In addition, the Company excludes restructuring charges and unusual items that affect comparability from its definition of operating income for segment purposes as these items are not reflective of normal continuing operations of the segments. The Company excludes these items as segment operating performance and segment management compensation is evaluated based upon a normalized segment operating income. As such, the performance measures for incentive compensation purposes for segment management do not include the impact of these items.

The Company's business strategy in the Wine and Spirits segment is to remain focused on consumer-preferred premium wine brands, complemented by premium spirits. In this segment, the Company continues to focus on growing premium product categories. The Company has consolidated its U.S. distributor network in markets where it was feasible, which currently represents about 70% of the Company's branded wine and spirits volume in the U.S., in order to obtain dedicated selling resources which focus on the Company's U.S. wine and spirits portfolio to drive organic growth. Throughout the terms of these contracts, the Company generally expects shipments on an annual basis to these distributors to essentially equal the distributors' shipments to retailers.

The Company believes the current overall supply of wine is generally in balance with demand within the U.S. The calendar 2013 U.S. grape harvest overall yield came in similar to the calendar 2012 U.S. grape harvest. Accordingly, the Company currently expects that the calendar 2013 U.S. grape harvest may continue to provide some relief from the recent tightening of supply within certain U.S. varieties due to relatively smaller U.S. grape harvests in the recent years.

The Company's business strategy in the Beer segment is twofold: (i) continued focus on growing the premium Mexican beer portfolio in the U.S. through innovation and new product development within the existing portfolio of brands, as well as expanding distribution for key brands, and (ii) completion of the required brewery expansion in Mexico by December 31, 2016, with a goal to complete the expansion within three years from the date of acquisition (see additional discussion below under "Acquisition in Fiscal 2014 and Fiscal 2013 – Beer Business Acquisition").

The Company remains committed to its long-term financial model of growing sales, expanding margins and increasing cash flow in order to achieve earnings per share growth and reduce borrowings.

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

For the three months ended November 30, 2013 ("Third Quarter 2014"), the Company's net sales increased 88% over the three months ended November 30, 2012 ("Third Quarter 2013"), primarily due to the Beer Business Acquisition. Operating income increased significantly over the comparable prior year period primarily due to the benefit from the Beer Business Acquisition. The significant increase in net income over the comparable prior year period is primarily due to the items discussed above, partially offset by lower equity in earnings of Crown Imports and an increase in interest expense, net.

For the nine months ended November 30, 2013 ("Nine Months 2014"), the Company's net sales increased 70% over the nine months ended November 30, 2012 ("Nine Months 2013"), primarily due to the Beer Business Acquisition. Operating income increased significantly over the comparable prior year period primarily due to the nontaxable gain on the remeasurement to fair value of the Company's preexisting 50% equity interest in Crown Imports combined with the benefit from the Beer Business Acquisition, partially offset by an impairment of nondeductible goodwill and intangible assets for the Company's Wine and Spirits' Canadian reporting unit. The significant increase in net income over the comparable prior year period is primarily due to the items discussed above, partially offset by lower equity in earnings of Crown Imports and an increase in interest expense, net.

The following discussion and analysis summarizes the significant factors affecting (i) consolidated results of operations of the Company for Third Quarter 2014 compared to Third Quarter 2013 and Nine Months 2014 compared to Nine Months 2013, and (ii) financial liquidity and capital resources for Nine Months 2014. This discussion and analysis also identifies certain restructuring charges and unusual items expected to affect consolidated results of operations of the Company for the year ending February 28, 2014 (“Fiscal 2014”). References to base branded exclude the impact of branded wine acquired in the acquisition of Mark West. This discussion and analysis should be read in conjunction with the Company’s consolidated financial statements and notes thereto included herein and in the Company’s Annual Report on Form 10-K for the fiscal year ended February 28, 2013 (“Fiscal 2013”).

Acquisition in Fiscal 2014 and Fiscal 2013

Beer Business Acquisition

On June 7, 2013, the Company acquired (i) the remaining 50% equity interest in Crown Imports (the “Crown Acquisition”) and (ii)(a) all of the issued and outstanding equity interests of Compañía Cervecería de Coahuila, S. de R.L. de C.V., which owns and operates a brewery located in Nava, Coahuila, Mexico (the “Brewery”), (ii)(b) all of the issued and outstanding equity interests of Servicios Modelo de Coahuila, S. de R.L. de C.V., which provides personnel and services for the operation and maintenance of the Brewery, and (ii)(c) an irrevocable, fully-paid license to produce in Mexico (or worldwide under certain circumstances) and exclusively import, market and sell Modelo’s Mexican beer portfolio sold in the U.S. and Guam as of the date of the acquisition, and certain extensions (all collectively referred to as the “Brewery Purchase”). The Crown Acquisition and the Brewery Purchase are collectively referred to as the “Beer Business Acquisition.” In connection with the Beer Business Acquisition, the Company is required to build out and expand the Brewery to a nominal capacity of at least 20 million hectoliters of packaged beer annually by December 31, 2016. In addition, an interim supply agreement and a transition services agreement were entered into in association with the Beer Business Acquisition. The interim supply agreement obligates the supplier to provide Crown Imports with a supply of product not produced by the Brewery and the transition services agreement provides for certain specified services and production materials, both for a specified period of time. The associated agreements provide, among other things, that the United States will have approval rights, in its sole discretion, for amendments or modifications to the associated agreements and the United States will have a right of approval, in its sole discretion, of any extension of the term of the interim supply agreement beyond three years. The Beer Business Acquisition has positioned the Company as the third largest producer and marketer of beer for the U.S. market and the largest multi-category supplier (wine, spirits and beer) of beverage alcohol in the U.S. The estimated aggregate purchase price of \$5,226.4 million consists of cash paid at closing of \$4,745.0 million, net of cash acquired of \$106.8 million, plus the fair value of an additional purchase price for the finalization of the Final EBITDA Amount (as defined in the stock purchase agreement) of \$543.3 million, as well as additional estimated cash payments for certain working capital adjustments. The fair value of the additional purchase price related to the Final EBITDA Amount was estimated by discounting future cash flows. During the three months ended November 30, 2013, the calculation of the Final EBITDA Amount was finalized requiring the Company to make a payment of \$558.0 million no later than June 7, 2014, consisting of the additional purchase price of \$543.3 million plus imputed interest of \$14.7 million.

The aggregate cash paid at closing was financed with:

- The proceeds from the issuance of \$1,550.0 million aggregate principal amount of May 2013 Senior Notes (as defined below);
- \$1,500.0 million in term loans consisting of a \$500.0 million European Term A Facility (as defined below) and a \$1,000.0 million European Term B Facility (as defined below) under the 2013 Credit Agreement (as defined below);
- \$675.0 million in term loans under the U.S. Term A-2 facility (as defined below) under the 2013 Credit Agreement;
- \$208.0 million in proceeds of borrowings under the Company’s then existing accounts receivable securitization facility (as discussed below);
- \$580.0 million in borrowings under the revolving credit facility under the 2013 Credit Agreement;
- and
- Approximately \$232.0 million of cash on hand (inclusive of \$13.0 million of borrowings under a subsidiary working capital facility).

Prior to the Beer Business Acquisition, the Company accounted for its investment in Crown Imports under the equity method of accounting. In connection with the acquisition method of accounting, the Company's preexisting 50% equity interest was remeasured to its estimated fair value of \$1,845.0 million, and the Company recognized a gain of \$1,642.0 million on its Consolidated Statements of Comprehensive Income for the second quarter of fiscal 2014.

The Company has recognized acquisition-related costs of \$8.9 million and \$9.0 million for Third Quarter 2014 and Third Quarter 2013, respectively, and \$44.7 million and \$15.1 million for Nine Months 2014 and Nine Months 2013, respectively. Through November 30, 2013, the Company has incurred total acquisition-related costs of \$70.7 million, with \$44.7 million recognized for Nine Months 2014 and \$26.0 million recognized for Fiscal 2013. These costs are included in selling, general and administrative expenses on the Company's Consolidated Statements of Comprehensive Income.

The results of operations of the Beer Business Acquisition are reported in the Company's Beer segment and are included in the consolidated results of operations of the Company from the date of acquisition. The Beer Business Acquisition is significant and the Company expects it to have a material impact on the Company's future results of operations, financial position and cash flows.

Mark West

In July 2012, the Company acquired Mark West for \$159.3 million. The transaction primarily includes the acquisition of the Mark West trademark, related inventories and certain grape supply contracts ("Mark West"). The purchase price was financed with revolver borrowings under the Company's then existing senior credit facility. The results of operations of Mark West are reported in the Wine and Spirits segment and are included in the consolidated results of operations of the Company from the date of acquisition.

Results of Operations

Third Quarter 2014 Compared to Third Quarter 2013

Net Sales

The following table sets forth the net sales by reportable segment of the Company for Third Quarter 2014 and Third Quarter 2013.

<i>(in millions)</i>	Third Quarter 2014	Third Quarter 2013	% Increase (Decrease)
Beer	\$ 661.6	\$ 547.4	21 %
Wine and Spirits:			
Wine	711.9	693.5	3 %
Spirits	69.8	73.4	(5 %)
Wine and Spirits	781.7	766.9	2 %
Consolidations and eliminations	—	(547.4)	100 %
Consolidated Net Sales	<u>\$ 1,443.3</u>	<u>\$ 766.9</u>	88 %

Net sales increased to \$1,443.3 million for Third Quarter 2014 from \$766.9 million for Third Quarter 2013, an increase of \$676.4 million, or 88%. This increase resulted primarily from \$661.6 million of net sales of products acquired in the Beer Business Acquisition. Prior to the Beer Business Acquisition, the results of operations of the Beer segment were eliminated in consolidation as the Company accounted for its preexisting 50% equity interest in Crown Imports under the equity method of accounting.

Beer

Net sales for Beer increased to \$661.6 million for Third Quarter 2014 from \$547.4 million for Third Quarter 2013, an increase of \$114.2 million, or 21%. This increase was due largely to volume growth within the Mexican beer portfolio resulting primarily from (i) an increase in Third Quarter 2014 shipments to replenish distributor inventory levels which were running below normal levels after the strong summer selling season, (ii) continued strong consumer demand and (iii) a favorable overlap of lower volumes in Third Quarter 2013 due to the timing of shipments in the second quarter of fiscal 2013 in advance of a previously announced price increase in select markets. In addition, net sales benefited from certain price increases in select markets.

Wine and Spirits

Net sales for Wine and Spirits increased to \$781.7 million for Third Quarter 2014 from \$766.9 million for Third Quarter 2013, an increase of \$14.8 million, or 2%. Wine net sales increased to \$711.9 million for Third Quarter 2014 from \$693.5 million for Third Quarter 2013, an increase of \$18.4 million, or 3%. This increase resulted primarily from wine volume growth (predominantly in the U.S.), partially offset by an unfavorable foreign currency translation impact of \$5.7 million and higher promotional spend. Spirits net sales decreased to \$69.8 million for Third Quarter 2014 from \$73.4 million for Third Quarter 2013, a decrease of \$3.6 million, or (5%). This decrease resulted primarily from lower bulk spirits net sales.

Gross Profit

The Company's gross profit increased to \$609.7 million for Third Quarter 2014 from \$310.8 million for Third Quarter 2013, an increase of \$298.9 million, or 96%. This increase is primarily due to an increase in gross profit from the Beer Business Acquisition of \$300.9 million, partially offset by a decrease in Wine and Spirits' gross profit of \$4.1 million. The decrease in Wine and Spirits' gross profit is primarily due to higher branded wine product costs (predominantly in the U.S.) and the higher promotional spend, partially offset by the branded wine volume growth.

The Beer segment's gross profit increased \$140.9 million, or 88%, primarily due to incremental gross profit from the Brewery Purchase, the volume growth within the Mexican beer portfolio and the favorable impact from the price increases in select markets.

Gross profit as a percent of net sales increased to 42.2% for Third Quarter 2014 compared to 40.5% for Third Quarter 2013 primarily due to the Beer Business Acquisition and the first full quarter of recognition of all of the profits associated with the acquired beer brands, partially offset by the higher branded wine product costs and higher promotional spend.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to \$245.9 million for Third Quarter 2014 from \$152.0 million for Third Quarter 2013, an increase of \$93.9 million, or 62%. This increase is primarily due to \$88.4 million of selling, general and administrative expenses from the Beer Business Acquisition, combined with an increase in Wine and Spirits' selling, general and administrative expenses of \$6.3 million. The increase in Wine and Spirits' selling, general and administrative expenses is primarily due to an increase (on a constant currency basis) in selling expenses of \$6.3 million and advertising expenses of \$3.1 million, partially offset by a decrease in general and administrative expenses of \$1.7 million. The increase in selling and advertising expenses is primarily due to a planned increase in spend behind the segment's branded wine and spirits portfolio. The decrease in general and administrative expenses is primarily attributable to lower allocated information technology expense in the Wine and Spirits segment (which was offset by an increase in allocated information technology expense in the Beer segment). Information technology expense is allocated to the Company's segments to reflect utilization of central support services and costs associated with the Company's information technology systems. The reallocation of information technology expense resulted from the Beer Business Acquisition and the associated consolidation of the Beer segment's results of operations.

The Beer segment's selling, general and administrative expenses increased \$7.4 million, or 9%, primarily due to an increase in general and administrative expenses resulting largely from the higher allocated information technology expense discussed above.

Selling, general and administrative expenses as a percent of net sales decreased to 17.0% for Third Quarter 2014 as compared to 19.8% for Third Quarter 2013 primarily due to the Beer Business Acquisition and the associated lower fixed overhead.

Operating Income

The following table sets forth the operating income (loss) by reportable segment of the Company for Third Quarter 2014 and Third Quarter 2013.

<i>(in millions)</i>	Third Quarter 2014	Third Quarter 2013	% Increase (Decrease)
Beer	\$ 212.5	\$ 79.0	169%
Wine and Spirits	186.1	196.5	(5%)
Corporate Operations and Other	(23.6)	(23.6)	—%
Consolidations and eliminations	—	(79.0)	100%
Total Reportable Segments	375.0	172.9	117%
Restructuring Charges and Unusual Items	(11.2)	(14.1)	21%
Consolidated Operating Income	\$ 363.8	\$ 158.8	129%

As a result of the factors discussed above, consolidated operating income increased to \$363.8 million for Third Quarter 2014 from \$158.8 million for Third Quarter 2013, an increase of \$205.0 million, or 129%. Restructuring charges and unusual items of \$11.2 million and \$14.1 million for Third Quarter 2014 and Third Quarter 2013, respectively, consist of certain amounts that are excluded by management in their evaluation of the results of each operating segment. These amounts include:

<i>(in millions)</i>	Third Quarter 2014	Third Quarter 2013
<u>Cost of Product Sold</u>		
Amortization of favorable interim supply agreement	\$ 2.2	\$ —
Flow through of inventory step-up	—	3.4
Cost of Product Sold	2.2	3.4
<u>Selling, General and Administrative Expenses</u>		
Transaction and related costs associated with pending and completed acquisitions	8.9	8.5
Restructuring charges	(0.1)	0.3
Other costs	0.2	1.9
Selling, General and Administrative Expenses	9.0	10.7
Restructuring Charges and Unusual Items	\$ 11.2	\$ 14.1

Equity in Earnings of Equity Method Investees

The Company's equity in earnings of equity method investees decreased to \$18.0 million in Third Quarter 2014 from \$52.5 million in Third Quarter 2013, a decrease of \$34.5 million, or (66%). This decrease is primarily due to lower equity in earnings of Crown Imports as a result of the Beer Business Acquisition and the consolidation of Crown Imports' results of operations from the date of acquisition.

Interest Expense, Net

Interest expense, net of interest income of \$2.0 million and \$1.8 million, for Third Quarter 2014 and Third Quarter 2013, respectively, increased to \$89.6 million for Third Quarter 2014 from \$61.4 million for Third Quarter 2013, an increase of \$28.2 million, or 46%. The increase was driven largely by higher average borrowings, partially offset by a lower weighted average interest rate on outstanding borrowings. The higher average borrowings are primarily due to the issuance of the May 2013 Senior Notes and borrowings under the 2013 Credit Agreement (both as defined below), partially offset by the \$650.0 million aggregate principal amount of 4.625% Senior Notes issued in August 2012 and subsequently redeemed in February 2012. The lower weighted average interest rate on outstanding borrowings is primarily due to the issuance of the May 2013 Senior Notes and borrowings under the 2013 Credit Agreement.

Provision for Income Taxes

The Company's effective tax rate for Third Quarter 2014 and Third Quarter 2013 was 27.8% and 27.0%, respectively. The Company's effective tax rate for Third Quarter 2014 and Third Quarter 2013 were both favorably impacted by the benefit from additional foreign tax credits.

Net Income

As a result of the above factors, net income increased to \$211.0 million for Third Quarter 2014 from \$109.5 million for Third Quarter 2013, an increase of \$101.5 million, or 93%.

Nine Months 2014 Compared to Nine Months 2013***Net Sales***

The following table sets forth the net sales by reportable segment of the Company for Nine Months 2014 and Nine Months 2013.

<i>(in millions)</i>	Nine Months 2014	Nine Months 2013	% Increase (Decrease)
Beer	\$ 2,237.8	\$ 2,059.9	9 %
Wine and Spirits:			
Wine	1,938.3	1,870.7	4 %
Spirits	213.8	229.5	(7 %)
Wine and Spirits	2,152.1	2,100.2	2 %
Consolidations and eliminations	(813.4)	(2,059.9)	61 %
Consolidated Net Sales	\$ 3,576.5	\$ 2,100.2	70 %

Net sales increased to \$3,576.5 million for Nine Months 2014 from \$2,100.2 million for Nine Months 2013 an increase of \$1,476.3 million, or 70%. This increase resulted primarily from \$1,424.4 million of net sales of products acquired in the Beer Business Acquisition. Prior to the Beer Business Acquisition, the results of operations of the Beer segment were eliminated in consolidation as the Company accounted for its preexisting 50% equity interest in Crown Imports under the equity method of accounting.

Beer

Net sales for Beer increased to \$2,237.8 million for Nine Months 2014 from \$2,059.9 million for Nine Months 2013, an increase of \$177.9 million, or 9%. This increase resulted primarily from volume growth within

the Mexican beer portfolio which benefited from continued consumer demand and increased advertising spend, combined with a favorable impact from pricing in select markets.

Wine and Spirits

Net sales for Wine and Spirits increased to \$2,152.1 million for Nine Months 2014 from \$2,100.2 million for Nine Months 2013, an increase of \$51.9 million, or 2%. Wine net sales increased to \$1,938.3 million for Nine Months 2014 from \$1,870.7 million for Nine Months 2013, an increase of \$67.6 million, or 4%. This increase resulted primarily from base branded wine volume growth (predominantly in the U.S.) and \$18.6 million of net sales of branded wine acquired in the acquisition of Mark West, partially offset by higher promotional expense predominantly within the U.S. base branded wine portfolio. Spirits net sales decreased to \$213.8 million for Nine Months 2014 from \$229.5 million for Nine Months 2013, a decrease of \$15.7 million, or (7%). This decrease resulted primarily from lower bulk spirits net sales, lower spirits volume due largely to the timing of shipments and higher promotional expense.

Gross Profit

The Company's gross profit increased to \$1,442.8 million for Nine Months 2014 from \$846.5 million for Nine Months 2013, an increase of \$596.3 million, or 70%. This increase is due to gross profit from the Beer Business Acquisition of \$611.4 million, partially offset by an increase in unusual items, which consist of certain amounts that are excluded by management in their evaluation of the results of each operating segment, of \$9.6 million, and a decrease in Wine and Spirits' gross profit of \$6.4 million. The increase in unusual items is primarily due to the flow through of inventory step up and the amortization of a favorable interim supply agreement, both associated with the Beer Business Acquisition. The decrease in Wine and Spirits' gross profit is primarily due to the higher promotional expense combined with higher branded wine product costs, partially offset by the base branded wine volume growth.

The Beer segment's gross profit increased \$256.1 million, or 43%, primarily due to incremental gross profit from the Brewery Purchase, the favorable impact from pricing in select markets and the volume growth.

Gross profit as a percent of net sales for Nine Months 2014 compared to Nine Months 2013 remained flat at 40.3% primarily due to the benefit from the Beer Business Acquisition offset by the higher wine and spirits promotional expense, the increase in unusual items and the higher branded wine product costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to \$675.6 million for Nine Months 2014 from \$451.0 million for Nine Months 2013, an increase of \$224.6 million, or 50%. This increase is primarily due to \$181.1 million of selling, general and administrative expenses from the Beer Business Acquisition, combined with increases in (i) unusual items, which consist of certain amounts that are excluded by management in their evaluation of each operating segment, of \$26.1 million and (ii) the Wine and Spirits segment of \$12.5 million.

The increase in unusual items consists of the following:

<i>(in millions)</i>	Nine Months 2014	Nine Months 2013	Increase (Decrease)
Transaction and related costs associated with pending and completed acquisitions	\$ 43.8	\$ 17.6	\$ 26.2
Deferred compensation	7.0	—	7.0
Restructuring charges	(1.0)	1.0	(2.0)
Other costs	(1.8)	3.3	(5.1)
	<u>\$ 48.0</u>	<u>\$ 21.9</u>	<u>\$ 26.1</u>

The increase in Wine and Spirits' selling, general and administrative expenses is primarily due to an increase (on a constant currency basis) in selling expenses of \$12.9 million. The increase in selling expenses is primarily due to a planned increase in spend behind the segment's branded wine and spirits portfolio. In addition, Wine and Spirits' general and administrative expenses were down slightly (on a constant currency basis) resulting primarily from lower allocated information technology expense in the Wine and Spirits segment (which was offset by an increase in allocated information technology expense in the Beer segment), partially offset by a number of smaller increases in certain general and administrative expenses supporting the Wine and Spirits' branded portfolio. Information technology expense is allocated to the Company's segments to reflect utilization of central support services and costs associated with the Company's information technology systems. The reallocation of information technology expense resulted from the Beer Business Acquisition and the associated consolidation of the Beer segment's results of operations.

The Beer segment's selling, general and administrative expenses increased \$28.6 million, or 11%, primarily due to increases in general and administrative expenses and advertising expenses. The increase in general and administrative expenses is primarily attributable to the higher allocated information technology expense discussed above, combined with an unfavorable overlap of a recognition of a gain in the prior year in connection with the receipt of a payment terminating the right to distribute the St. Pauli Girl beer brand. The increase in advertising expenses is due largely to planned investment behind the Mexican beer portfolio.

Selling, general and administrative expenses as a percent of net sales decreased to 18.9% for Nine Months 2014 as compared to 21.5% for Nine Months 2013 primarily due to the Beer Business Acquisition and the associated lower fixed overhead, partially offset by the higher unusual items.

Impairment of Goodwill and Intangible Assets

For Nine Months 2014, the Company recorded impairment losses of \$300.9 million in the second quarter of fiscal 2014 consisting of impairments of goodwill and certain trademarks of \$278.7 million and \$22.2 million, respectively, related to its Wine and Spirits segment's Canadian reporting unit. No such impairments were recorded for Nine Months 2013.

Gain on Remeasurement to Fair Value of Equity Method Investment

As previously discussed, prior to the Beer Business Acquisition, the Company accounted for its investment in Crown Imports under the equity method of accounting. In connection with the acquisition method of accounting, the Company's preexisting 50% equity interest was remeasured to its estimated fair value of \$1,845.0 million, and the Company recognized a gain of \$1,642.0 million for Nine Months 2014.

Operating Income

The following table sets forth the operating income (loss) by reportable segment of the Company for Nine Months 2014 and Nine Months 2013.

<i>(in millions)</i>	Nine Months 2014	Nine Months 2013	% Increase (Decrease)
Beer	\$ 572.9	\$ 345.4	66%
Wine and Spirits	471.9	490.8	(4%)
Corporate Operations and Other	(71.7)	(67.7)	(6%)
Consolidations and eliminations	(142.6)	(345.4)	59%
Total Reportable Segments	830.5	423.1	96%
Restructuring Charges and Unusual Items	1,277.8	(27.6)	NM
Consolidated Operating Income	\$ 2,108.3	\$ 395.5	NM

NM = Not Meaningful

As a result of the factors discussed above, consolidated operating income increased to \$2,108.3 million for Nine Months 2014 from \$395.5 million for Nine Months 2013, an increase of \$1,712.8 million. Restructuring charges and unusual items consist of a net gain of \$1,277.8 million for Nine Months 2014 and a net loss of \$27.6 million for Nine Months 2013. Restructuring charges and unusual items consist of certain amounts that are excluded by management in their evaluation of the results of each operating segment. These amounts include:

<i>(in millions)</i>	Nine Months 2014	Nine Months 2013
Cost of Product Sold		
Flow through of inventory step-up	\$ 11.0	\$ 5.7
Amortization of favorable interim supply agreement	4.3	—
Cost of Product Sold	15.3	5.7
Selling, General and Administrative Expenses		
Transaction and related costs associated with pending and completed acquisitions	43.8	17.6
Deferred compensation	7.0	—
Restructuring charges	(1.0)	1.0
Other costs	(1.8)	3.3
Selling, General and Administrative Expenses	48.0	21.9
Impairment of Goodwill and Intangible Assets	300.9	—
Gain on Remeasurement to Fair Value of Equity Method Investment	(1,642.0)	—
Restructuring Charges and Unusual Items	\$ (1,277.8)	\$ 27.6

Equity in Earnings of Equity Method Investees

The Company's equity in earnings of equity method investees decreased to \$88.3 million in Nine Months 2014 from \$183.6 million in Nine Months 2013, a decrease of \$95.3 million, or (52%). This decrease is primarily due to lower equity in earnings of Crown Imports as a result of the Beer Business Acquisition and the consolidation of Crown Imports' results of operations from the date of acquisition.

Interest Expense, Net

Interest expense, net of interest income of \$5.9 million and \$4.7 million, for Nine Months 2014 and Nine Months 2013, respectively, increased to \$234.7 million for Nine Months 2014 from \$166.7 million for Nine Months 2013, an increase of \$68.0 million, or 41%. The increase was driven largely by higher average borrowings, partially offset by a lower weighted average interest rate on outstanding borrowings, both due primarily to the issuance of the May 2013 Senior Notes and borrowings under the 2013 Credit Agreement.

Provision for Income Taxes

The Company's effective tax rate for Nine Months 2014 and Nine Months 2013 was 9.0% and 25.3%, respectively. The Company's effective tax rate for Nine Months 2014 was favorably impacted by the Beer Business Acquisition, primarily attributable to the recognition of the nontaxable gain on the remeasurement to fair value of the Company's preexisting 50% equity interest in Crown Imports of \$1,642.0 million, partially offset by the write-off of nondeductible goodwill of \$278.7 million. The Company currently expects its Fiscal 2014 effective tax rate to approximate 11% primarily as a result of these items. The Company currently expects its effective tax rate for each of the next three fiscal years to approximate 32% primarily attributable to the Beer Business Acquisition. The Company's effective tax rate for Nine Months 2013 was substantially impacted by the benefit from additional foreign tax credits.

In December 2013, Mexico enacted new tax legislation with an effective date of January 1, 2014. Although the Company is currently assessing the effect of this new legislation, the Company does not expect it to have a material impact on its effective tax rate for Fiscal 2014 or the next three fiscal years.

Net Income

As a result of the above factors, net income increased to \$1,785.9 million for Nine Months 2014 from \$306.1 million for Nine Months 2013.

Financial Liquidity and Capital Resources

General

The Company's principal use of cash in its operating activities is for purchasing and carrying inventories and carrying seasonal accounts receivable. The Company's primary source of liquidity has historically been cash flow from operations, except during annual grape harvests when the Company has relied on short-term borrowings. In the U.S., Canada and Italy, the annual grape crush normally begins in August and runs through October. In New Zealand, the annual grape crush normally begins in February and runs through May. The Company generally begins taking delivery of grapes at the beginning of the crush season with the majority of payments for such grapes coming due within 90 days. The Company's short-term borrowings to support such purchases generally reach their highest levels one to two months after the crush season has ended. Historically, the Company has used cash flow from operating activities to repay its short-term borrowings and fund capital expenditures. The Company will continue to use its short-term borrowings, including its accounts receivable securitization facilities, to support its working capital requirements.

The Company has maintained adequate liquidity to meet current working capital requirements, fund capital expenditures and repay scheduled principal and interest payments on debt. Absent deterioration of market conditions, the Company believes that cash flows from operating activities and financing activities, primarily short-term borrowings, will provide adequate resources to satisfy its working capital, scheduled principal and interest payments on debt, and anticipated capital expenditure requirements for both its short-term and long-term capital needs.

As of December 31, 2013, the Company had a borrowing capacity of \$836.0 million available under its 2013 Credit Agreement. The member financial institutions participating in the Company's 2013 Credit Agreement have complied with prior funding requests and the Company believes the member financial institutions will comply with ongoing funding requests. However, there can be no assurances that any particular financial institution will continue to do so in the future. In addition, the CBI SPV and the Crown SPV (both as defined below) have borrowing capacity available under their respective accounts receivable securitization facilities (see additional discussion below under "Accounts Receivable Securitization Facilities").

Nine Months 2014 Cash Flows

Operating Activities

Net cash provided by operating activities for Nine Months 2014 of \$629.1 million resulted primarily from net income of \$1,785.9 million, less net noncash items recognized in the Consolidated Statements of Comprehensive Income of \$1,223.6 million, plus net cash provided by the net change in the Company's operating assets and liabilities of \$47.8 million.

The net noncash items consisted primarily of the gain on remeasurement to fair value of the Company's preexisting 50% equity interest in Crown Imports, partially offset by the impairment of goodwill and intangible assets and depreciation expense. The net cash provided by the net change in the Company's operating assets and liabilities resulted primarily from increases in accounts payable of \$128.8 million and other accrued expenses and liabilities of \$30.9 million, partially offset by an increase in inventories of \$112.2 million. The increase in accounts

payable is driven primarily by the seasonality of the calendar 2013 U.S. grape harvest. The increase in other accrued expenses and liabilities is largely due to increases in income taxes payable and accrued promotions and advertising, partially offset by a decrease in accrued interest. The increase in income taxes payable is primarily due to higher taxable income driven by the Beer Business Acquisition. The increase in accrued promotions and advertising is driven primarily by the increased U.S. promotional expense. The decrease in accrued interest is primarily due to the timing of payments. The increase in inventories is primarily due to the seasonality of the calendar 2013 U.S. grape harvest, partially offset by lower beer inventory levels due largely to timing as early June inventory levels from the Beer Business Acquisition were at higher levels (as compared to the end of November) to support the strong summer selling season for beer.

Investing Activities

Net cash used in investing activities for Nine Months 2014 was \$4,757.5 million, which resulted primarily from the Beer Business Acquisition of \$4,681.0 million and capital expenditures of \$85.9 million.

Financing Activities

Net cash provided by financing activities for Nine Months 2014 was \$3,865.1 million resulting primarily from proceeds from issuance of long-term debt of \$3,725.0 million, net proceeds from notes payable of \$170.6 million, proceeds from exercises of employee stock options of \$93.1 million and excess tax benefits from stock-based payment awards of \$64.7 million; partially offset by principal payments of long-term debt of \$90.6 million and payment of financing costs of long-term debt of \$82.2 million.

Share Repurchases

In April 2012, the Company's Board of Directors authorized the repurchase of up to \$1.0 billion of the Company's Class A Common Stock and Class B Convertible Common Stock (the "2013 Authorization"). The Board of Directors did not specify a date upon which the 2013 Authorization would expire. Share repurchases under the 2013 Authorization may be accomplished at management's discretion from time to time based on market conditions, the Company's cash and debt position, and other factors as determined by management. Shares may be repurchased through open market or privately negotiated transactions. The Company may fund future share repurchases with cash generated from operations, proceeds from borrowings under its accounts receivable securitization facilities or proceeds from revolver borrowings under its senior credit facility. Any repurchased shares will become treasury shares. No shares were repurchased during Nine Months 2014. As of November 30, 2013, the Company had \$703.3 million remaining under the 2013 Authorization.

Debt

Total debt outstanding as of November 30, 2013, amounted to \$7,134.6 million, an increase of \$3,829.2 million from February 28, 2013. This increase was due largely to the issuance of the \$1,550.0 million May 2013 Senior Notes and \$2,175.0 million in term loan borrowings under the 2013 Credit Agreement to fund a portion of the purchase price for the Beer Business Acquisition.

Senior Credit Facility

In connection with the Beer Business Acquisition, on May 2, 2013 (the "Restatement Date"), the Company, CIH International S.à r.l., an indirect wholly owned subsidiary of the Company ("CIH" and together with the Company, the "Borrowers"), and Bank of America, N.A., as administrative agent (the "Administrative Agent"), and certain other lenders (all such parties other than either of the Borrowers are collectively referred to as the "Lenders") entered into a Restatement Agreement (the "Restatement Agreement") that amended and restated the Company's prior senior credit facility (as amended and restated by the Restatement Agreement, the "2013 Credit Agreement"). The Restatement Agreement was entered into by the Company to arrange a portion of the debt to finance the Beer Business Acquisition. The effective date of the Restatement Agreement, June 7, 2013, was the date on which all of the conditions to the 2013 Credit Agreement were satisfied, which occurred on the date of the closing of the Beer Business Acquisition (the "Restatement Effective Date").

The 2013 Credit Agreement provides for aggregate credit facilities of \$3,787.5 million, consisting of a \$515.6 million U.S. term loan facility maturing on June 7, 2018 (the “U.S. Term A Facility”), a \$246.9 million U.S. term loan facility maturing on June 7, 2019 (the “U.S. Term A-1 Facility”), a \$675.0 million delayed draw U.S. term loan facility maturing on June 7, 2018 (the “U.S. Term A-2 Facility”), a \$500.0 million delayed draw European term loan facility maturing on June 7, 2018 (the “European Term A Facility”), a \$1,000.0 million European term loan facility maturing on June 7, 2020 (the “European Term B Facility”), and an \$850.0 million revolving credit facility (including a sub-facility for letters of credit of up to \$200.0 million) which terminates on June 7, 2018 (the “Revolving Credit Facility”). The 2013 Credit Agreement also permits the Company from time to time after the Restatement Effective Date to elect to increase the Lenders’ revolving credit commitments or add one or more tranches of additional term loans, subject to the willingness of existing or new lenders to fund such increase or term loans and other customary conditions. The minimum aggregate principal amount of such incremental revolving credit commitment increases or additional term loans may be no less than \$25.0 million and the maximum aggregate principal amount of all such incremental revolving credit commitment increases and additional term loans, other than term loans the proceeds of which are applied to repay existing term loans, may be no more than \$750.0 million. A portion of the borrowings under the 2013 Credit Agreement were used to refinance the outstanding obligations under the Company’s prior senior credit facility with the remainder used to finance a portion of the purchase price for the Beer Business Acquisition and related expenses. The Company intends to use the remaining availability under the 2013 Credit Agreement for general corporate purposes.

The rate of interest for borrowings, excluding the European Term B Facility, under the 2013 Credit Agreement is a function of LIBOR plus a margin or the base rate plus a margin. The rate of interest for the European Term B Facility borrowings under the 2013 Credit Agreement is a function of LIBOR, subject to a minimum rate of 0.75%, plus a margin; or the base rate, subject to a minimum rate of 1.75%, plus a margin. The margin is adjustable based upon the Company’s debt ratio (as defined in the 2013 Credit Agreement). As of November 30, 2013, the LIBOR margin for the U.S. Term A Facility, the U.S. Term A-2 Facility, the European Term A Facility and the Revolving Credit Facility was 2.0%; the LIBOR margin for the U.S. Term A-1 Facility was 2.25%; and the LIBOR margin for the European Term B Facility was 2.0%.

The principal changes to the Company’s prior senior credit facility effected by the 2013 Credit Agreement are (i) changes to the rate and term of the revolving credit facility and outstanding term loan facilities that took effect on the Restatement Effective Date, and a new \$675.0 million delayed draw U.S. Term A-2 Facility that replaced the former delayed draw term A-2 facility, and (ii) the creation of a \$1,500.0 million delayed draw European term loan facility consisting of the \$500.0 million European Term A Facility and the \$1,000.0 million European Term B Facility. The Company is the borrower under the U.S. term loan facilities. CIH is the borrower under the European term loan facilities. The 2013 Credit Agreement also modified the maximum net debt coverage ratio financial covenant.

The U.S. obligations under the 2013 Credit Agreement are guaranteed by certain of the Company’s U.S. subsidiaries. These obligations are also secured by a pledge of (i) 100% of the ownership interests in certain of the Company’s U.S. subsidiaries and (ii) 55-65% of certain interests of certain of the Company’s foreign subsidiaries. The European obligations under the 2013 Credit Agreement are guaranteed by the Company. These obligations are also secured by a pledge of (i) 100% of certain interests in certain of CIH’s subsidiaries and (ii) 100% of the ownership interests in certain of the Company’s U.S. subsidiaries and 55-65% of certain interests of certain of the Company’s foreign subsidiaries.

The Company and its subsidiaries are also subject to covenants that are contained in the 2013 Credit Agreement, including those restricting the incurrence of additional indebtedness (including guarantees of indebtedness), additional liens, mergers and consolidations, the payment of dividends, the making of certain investments, prepayments of certain debt, transactions with affiliates, agreements that restrict the Company’s non-guarantor subsidiaries from paying dividends, and dispositions of property, in each case subject to numerous conditions, exceptions and thresholds. The financial covenants are limited to a minimum interest coverage ratio and a maximum net debt coverage ratio.

As of November 30, 2013, under the 2013 Credit Agreement, the Company had outstanding borrowings under the U.S. Term A Facility of \$496.3 million bearing an interest rate of 2.2%, U.S. Term A-1 Facility of \$245.0 million bearing an interest rate of 2.4%, U.S. Term A-2 Facility of \$649.7 million bearing an interest rate of 2.2%, European Term A Facility of \$481.2 million bearing an interest rate of 2.2%, European Term B Facility of \$992.5 million bearing an interest rate of 2.8%, outstanding letters of credit of \$14.0 million, and \$836.0 million in revolving loans available to be drawn.

As of November 30, 2013, the required principal repayments under the term loans of the 2013 Credit Agreement for the remaining three months of fiscal 2014 and for each of the five succeeding fiscal years and thereafter are as follows:

	U.S. Term A Facility	U.S. Term A-1 Facility	U.S. Term A-2 Facility	European Term A Facility	European Term B Facility	Total
<i>(in millions)</i>						
2014	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2015	19.4	1.8	25.3	18.7	7.5	72.7
2016	38.7	2.5	50.6	37.5	10.0	139.3
2017	51.5	2.5	67.5	50.0	10.0	181.5
2018	51.5	2.5	67.5	50.0	10.0	181.5
2019	335.2	2.4	438.8	325.0	10.0	1,111.4
Thereafter	—	233.3	—	—	945.0	1,178.3
	<u>\$ 496.3</u>	<u>\$ 245.0</u>	<u>\$ 649.7</u>	<u>\$ 481.2</u>	<u>\$ 992.5</u>	<u>\$ 2,864.7</u>

As of December 31, 2013, under the 2013 Credit Agreement, the Company had outstanding borrowings under the U.S. Term A Facility of \$496.3 million bearing an interest rate of 2.2%, U.S. Term A-1 Facility of \$245.0 million bearing an interest rate of 2.4%, U.S. Term A-2 Facility of \$649.7 million bearing an interest rate of 2.2%, European Term A Facility of \$481.2 million bearing an interest rate of 2.2%, European Term B Facility of \$992.5 million bearing an interest rate of 2.8%, outstanding letters of credit of \$14.0 million, and \$836.0 million in revolving loans available to be drawn.

In April 2012, the Company transitioned its interest rate swap agreement to a one-month LIBOR base rate versus the then existing three-month LIBOR base rate. Accordingly, the Company entered into a new interest rate swap agreement which was designated as a cash flow hedge for \$500.0 million of the Company's floating LIBOR rate debt. In addition, the then existing interest rate swap agreement was redesignated by the Company and the Company entered into an additional undesignated interest rate swap agreement for \$500.0 million to offset the prospective impact of the newly undesignated interest rate swap agreement. The unrealized losses in accumulated other comprehensive income ("AOCI") related to the redesignated interest rate swap agreements are being reclassified from AOCI ratably into earnings in the same period in which the original hedged item is recorded in the Consolidated Statements of Comprehensive Income. Accordingly, the Company has fixed its interest rates on \$500.0 million of the Company's floating LIBOR rate debt at an average rate of 2.8% (exclusive of borrowing margins) through September 1, 2016. For Nine Months 2014 and Nine Months 2013, the Company reclassified net losses of \$6.2 million and \$6.1 million, net of income tax effect, respectively, from AOCI to interest expense, net, on the Company's Consolidated Statements of Comprehensive Income. For Third Quarter 2014 and Third Quarter 2013, the Company reclassified net losses of \$2.1 million and \$2.0 million, net of income tax effect, respectively, from AOCI to interest expenses, net, on the Company's Consolidated Statements of Comprehensive Income.

Senior Notes

On April 17, 2012, the Company issued \$600.0 million aggregate principal amount of 6% Senior Notes due May 2022 (the "April 2012 Senior Notes"). The net proceeds of the offering (\$591.4 million) were used for general corporate purposes, including, among others, reducing the outstanding indebtedness under the Company's prior senior credit facility and common stock share repurchases under the 2013 Authorization. Interest on the April 2012 Senior Notes is payable semiannually on May 1 and November 1 of each year, beginning November 1, 2012. The April 2012 Senior Notes are redeemable, in whole or in part, at the option of the Company at any time at a

redemption price equal to 100% of the outstanding principal amount plus a make whole payment based on the present value of the future payments at the adjusted Treasury Rate plus 50 basis points. The April 2012 Senior Notes are senior unsecured obligations and rank equally in right of payment to all existing and future senior unsecured indebtedness of the Company. Certain of the Company's U.S. subsidiaries guarantee the April 2012 Senior Notes on a senior unsecured basis. As of November 30, 2013, the Company had outstanding \$600.0 million aggregate principal amount of April 2012 Senior Notes.

On May 14, 2013, the Company issued \$500.0 million aggregate principal amount of 3.75% Senior Notes due May 2021 (the "May 2013 Eight Year Senior Notes") and \$1,050.0 million aggregate principal amount of 4.25% Senior Notes due May 2023 (the "May 2013 Ten Year Senior Notes") (collectively, the "May 2013 Senior Notes"). The Company used the net proceeds from the offering (\$1,535.5 million) to fund a portion of the purchase price for the Beer Business Acquisition. Interest on the May 2013 Senior Notes is payable semiannually on May 1 and November 1 of each year, beginning November 1, 2013. The May 2013 Senior Notes are redeemable, in whole or in part, at the option of the Company at any time at a redemption price equal to 100% of the outstanding principal amount plus a make whole payment based on the present value of the future payments at the adjusted Treasury Rate plus 50 basis points. The May 2013 Senior Notes are senior unsecured obligations that rank equally with the Company's other senior unsecured indebtedness. Certain of the Company's U.S. subsidiaries guarantee the May 2013 Senior Notes on a senior unsecured basis. In connection with the issuance of the May 2013 Senior Notes, the Company and Manufacturers and Traders Trust Company, as Trustee, escrow agent, and securities intermediary, entered into an agreement (the "May 2013 Escrow Agreement"), pursuant to which an amount equal to 100% of the principal amount of the May 2013 Senior Notes (collectively, with any other property from time to time held by the escrow agent, the "May 2013 Escrowed Property") was placed into an escrow account to be released to the Company upon the closing of the Beer Business Acquisition. In accordance with the terms of the May 2013 Escrow Agreement, in connection with the closing of the Beer Business Acquisition, the May 2013 Escrowed Property was released to the Company and used to fund a portion of the purchase price for the Beer Business Acquisition. As of November 30, 2013, the Company had outstanding \$1,550.0 million aggregate principal amount of May 2013 Senior Notes.

Accounts Receivable Securitization Facilities

On December 4, 2012, the Company entered into a 364-day revolving trade accounts receivable securitization facility (the "CBI Facility"). Under the CBI Facility, trade accounts receivable generated by the Company and certain of its subsidiaries are sold by the Company to a wholly-owned bankruptcy remote single purpose subsidiary (the "CBI SPV"), which is consolidated with the Company for financial reporting purposes. Such trade accounts receivable have been pledged by the CBI SPV to secure borrowings under the CBI Facility. The Company will continue to service the trade accounts receivable as servicer for the CBI Facility. The trade accounts receivable balances related to the CBI Facility will continue to be reported as accounts receivable on the Company's Consolidated Balance Sheets, but the trade accounts receivable will at all times be owned by the CBI SPV and be included on the financial statements of the Company to comply with generally accepted accounting principles. On October 1, 2013, the Company and the CBI SPV amended and restated the CBI Facility (the "Amended CBI Facility"). The Amended CBI Facility remains a 364-day revolving trade accounts receivable securitization facility. Under the Amended CBI Facility, there are two lenders, one holding 60% of the aggregate facility and the other holding 40% of the aggregate facility. Any borrowings under the Amended CBI Facility will be recorded as secured borrowings and will bear interest as follows: (i) 60% of the borrowings are charged at that lender's cost of funds plus a margin of 90 basis points and (ii) 40% of the borrowings are charged at one-month LIBOR plus a margin of 90 basis points. The Amended CBI Facility provides borrowing capacity of \$190.0 million up to \$290.0 million structured to account for the seasonality of the Company's business, subject to further limitations based upon various pre-agreed formulas. As of November 30, 2013, the CBI SPV had aggregate outstanding borrowings under the Amended CBI Facility of \$14.6 million bearing a weighted average interest rate of 1.1%. As of November 30, 2013, the Company had \$260.4 million available under the Amended CBI Facility.

Also, on October 1, 2013, Crown Imports entered into a 364-day revolving trade accounts receivable securitization facility (the "Crown Facility"). Under the Crown Facility, trade accounts receivable generated by Crown Imports are sold by Crown Imports to its wholly-owned bankruptcy remote single purpose subsidiary (the "Crown SPV"), which is consolidated with the Company for financial reporting purposes. Such trade accounts

receivable have been pledged by the Crown SPV to secure borrowings under the Crown Facility. Crown Imports will continue to service the trade accounts receivable as servicer for the Crown Facility. The trade accounts receivable balances related to the Crown Facility will continue to be reported as accounts receivable on the Company's Consolidated Balance Sheets, but the trade accounts receivable will at all times be owned by the Crown SPV and be included on the financial statements of the Company to comply with generally accepted accounting principles. Under the Crown Facility, there are two lenders, one holding 60% of the aggregate facility and the other holding 40% of the aggregate facility. Any borrowings under the Crown Facility will be recorded as secured borrowings and will bear interest as follows: (i) 60% of the borrowings are charged at that lender's cost of funds plus a margin of 90 basis points and (ii) 40% of the borrowings are charged at one-month LIBOR plus a margin of 90 basis points. The Crown Facility provides borrowing capacity of \$100.0 million up to \$160.0 million structured to account for the seasonality of Crown Imports' business. As of November 30, 2013, the Crown SPV had aggregate outstanding borrowings under the Crown Facility of \$109.0 million bearing a weighted average interest rate of 1.1%. As of November 30, 2013, the Company had \$1.0 million available under the Crown Facility.

Contractual Obligations and Commitments

In May 2013, the Company issued \$1,550.0 million aggregate principal amount of May 2013 Senior Notes and borrowed \$208.0 million under the Company's then existing accounts receivable securitization facility. In June 2013, the Company drew down \$2,175.0 million in term loan debt and \$580.0 million in revolver borrowings under the 2013 Credit Agreement. The following table provides the payments due by period for only these changes as of November 30, 2013:

	PAYMENTS DUE BY PERIOD				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
<i>(in millions)</i>					
Contractual obligations					
Notes payable to banks	\$ 170.5	\$ 170.5	\$ —	\$ —	\$ —
Long-term debt (excluding unamortized discount)	\$ 6,967.1	\$ 17.9	\$ 737.0	\$ 1,771.6	\$ 4,440.6

The above table excludes payment of \$558.0 million for the additional purchase price of \$543.3 million and imputed interest of \$14.7 million in connection with the Beer Business Acquisition. This amount is expected to be paid in the second quarter of fiscal 2015.

Accounting Guidance Not Yet Adopted

Liabilities –

In February 2013, the FASB issued guidance for the recognition, measurement and disclosure of certain obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The Company is required to adopt this guidance for its annual and interim periods beginning March 1, 2014. In addition, this guidance requires retrospective application. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Foreign currency –

In March 2013, the FASB issued amended guidance to clarify the applicable guidance for the release of foreign currency cumulative translation adjustments under generally accepted accounting principles in the U.S. The amended guidance clarifies when cumulative translation adjustments should be released into net income in connection with (i) the loss of a controlling financial interest in a subsidiary or group of assets within a foreign entity or (ii) the partial sale of an equity method investment that is a foreign entity. The amended guidance also clarifies the types of events that result in the sale of an investment in a foreign entity. The Company is required to adopt this amended guidance for its annual and interim periods beginning March 1, 2014. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Income taxes –

In July 2013, the FASB issued amended guidance to clarify the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists as of the reporting date. The Company is required to adopt this amended guidance for its annual and interim periods beginning March 1, 2014. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Information Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control, which could cause actual results to differ materially from those set forth in, or implied by, such forward-looking statements. All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q, including without limitation (I) the statements under Part I – Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” regarding (i) the Company’s business strategy, future financial position, prospects, plans and objectives of management, (ii) the Company’s expected restructuring charges and other costs, (iii) information concerning expected or potential actions of third parties, (iv) information concerning the future expected balance of supply and demand for wine, (v) the expected impact upon results of operations resulting from the Company’s decision to consolidate its U.S. distributor network, (vi) the duration of the share repurchase implementation, (vii) information concerning the purchase price allocation, including asset valuations, (viii) the Company’s effective tax rate, and (ix) the timing of the cash payment for the purchase price adjustment and the amount of certain working capital adjustments and (II) the statements regarding the expansion of the Mexican brewery and its timeframe for completion are forward-looking statements. When used in this Quarterly Report on Form 10-Q, the words “anticipate,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. In addition to the risks and uncertainties of ordinary business operations and conditions in the general economy and markets in which the Company competes, the forward-looking statements of the Company contained in this Quarterly Report on Form 10-Q are also subject to the risk and uncertainty that (i) the actual balance of supply and demand for wine products will vary from current expectations due to, among other reasons, actual shipments to distributors and actual consumer demand, (ii) the Company’s restructuring charges and other costs may vary materially from current expectations due to, among other reasons, variations in anticipated headcount reductions, contract terminations or modifications and/or other costs of implementation, (iii) the amount and timing of any additional share repurchases may vary due to market conditions, the Company’s cash and debt position, the impact of the Beer Business Acquisition and other factors as determined by management from time to time, (iv) final management determinations and independent appraisals relating to purchase price allocation will vary from current management estimates, (v) the actual amount of certain working capital adjustments may differ from the Company’s current expectations, (vi) the timeframe for the brewery expansion may vary from the Company’s current expectations due to market conditions, the Company’s cash and debt position, and other factors as determined by management, and (vii) the actual impact of new Mexican tax legislation may differ from the Company’s current expectations. For additional information about risks and uncertainties that could adversely affect the Company’s forward-looking statements, please refer to Item 1A “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended February 28, 2013.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company, as a result of its global operating, acquisition and financing activities, is exposed to market risk associated with changes in foreign currency exchange rates, diesel fuel prices and interest rates. To manage the volatility relating to these risks, the Company periodically purchases and/or sells derivative instruments including foreign currency forward and option contracts, diesel fuel swap agreements and interest rate swap agreements. The Company uses derivative instruments solely to reduce the financial impact of these risks and does not use derivative instruments for trading purposes.

Foreign currency derivative instruments are or may be used to hedge existing foreign currency denominated assets and liabilities, forecasted foreign currency denominated sales/purchases to/from third parties as well as intercompany sales/purchases, intercompany principal and interest payments, and in connection with acquisitions or joint venture investments outside the U.S. As of November 30, 2013, the Company had exposures to foreign currency risk primarily related to the Mexican peso, euro, New Zealand dollar and Canadian dollar.

As of November 30, 2013, and November 30, 2012, the Company had outstanding foreign currency derivative instruments with an absolute notional value of \$1,202.5 million and \$487.5 million, respectively. As of November 30, 2013, approximately 73.2% of the Company's balance sheet exposures and forecasted transactional exposures for the remainder of fiscal 2014 were hedged. The estimated fair value of the Company's foreign currency derivative instruments was a net asset of \$1.4 million and \$4.3 million as of November 30, 2013, and November 30, 2012, respectively. Using a sensitivity analysis based on estimated fair value of open contracts using forward rates, if the contract base currency had been 10% weaker as of November 30, 2013, and November 30, 2012, the fair value of open foreign currency contracts would have been decreased by \$12.9 million and \$11.7 million, respectively. Losses or gains from the revaluation or settlement of the related underlying positions would substantially offset such gains or losses on the derivative instruments.

As of November 30, 2013, and November 30, 2012, the Company had outstanding diesel fuel swap agreements with an absolute notional value of \$36.7 million and \$18.3 million, respectively. The estimated fair value of the Company's diesel fuel swap agreements was a net asset of \$0.9 million and \$1.0 million as of November 30, 2013, and November 30, 2012, respectively. Using a sensitivity analysis based on estimated fair value of open contracts using forward rates, if the contract base price had been 10% weaker as of November 30, 2013, and November 30, 2012, the fair value of open diesel fuel contracts would have been decreased by \$3.4 million and \$1.7 million, respectively.

The fair value of fixed interest rate debt is subject to interest rate risk, credit risk and foreign currency risk. The estimated fair value of the Company's total fixed interest rate debt, including current maturities, was \$4,321.9 million and \$3,610.3 million as of November 30, 2013, and November 30, 2012, respectively. A hypothetical 1% increase from prevailing interest rates as of November 30, 2013, and November 30, 2012, would have resulted in a decrease in the fair value of the fixed interest rate long-term debt by \$197.2 million and \$174.1 million, respectively.

As of November 30, 2013, and November 30, 2012, the Company had an outstanding cash flow designated interest rate swap agreement to minimize interest rate volatility. As of November 30, 2013, and November 30, 2012, the swap agreement fixed LIBOR interest rates on \$500.0 million of the Company's floating LIBOR rate debt at an average rate of 2.8% (exclusive of borrowing margins) through September 1, 2016. In addition, the Company had offsetting undesignated interest rate swap agreements with an absolute notional value of \$1.0 billion outstanding as of November 30, 2013, and November 30, 2012. The estimated fair value of the Company's interest rate swap agreements was a net liability of \$34.7 million and \$47.1 million as of November 30, 2013, and November 30, 2012, respectively. A hypothetical 1% increase from prevailing interest rates as of November 30, 2013, and November 30, 2012, would have favorably increased the fair value of the interest rate swap agreements by \$13.1 million and \$18.4 million, respectively.

In addition to the \$4,321.9 million and \$3,610.3 million estimated fair value of fixed interest rate debt outstanding as of November 30, 2013, and November 30, 2012, respectively, the Company also had variable interest rate debt outstanding (primarily LIBOR-based), certain of which includes a fixed margin. As of November 30,

2013, and November 30, 2012, the estimated fair value of the Company's total variable interest rate debt, including current maturities, was \$2,844.2 million and \$765.2 million, respectively. A hypothetical 1% increase from prevailing interest rates as of November 30, 2013, and November 30, 2012, would have resulted in a decrease in the fair value of the variable interest rate long-term debt by \$118.1 million and \$31.2 million, respectively.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

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

Internal Control Over Financial Reporting

The Beer Business Acquisition was significant to the Company and was consummated effective June 7, 2013. Upon consummation of the Beer Business Acquisition, Crown Imports LLC became a consolidated subsidiary and ceased being accounted for under the equity method. The Company currently expects to include Crown Imports LLC within management's annual assessment of internal control over financial reporting for the year ending February 28, 2014; however, the Company intends to take a period of time to fully incorporate the Mexican brewery operations it acquired in connection with the Beer Business Acquisition into its evaluation of internal control over financial reporting. In connection with the foregoing evaluation by the Company's Chief Executive Officer and its Chief Financial Officer, other than as noted above, no changes were identified in the Company's "internal control over financial reporting" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f)) that occurred during the Company's fiscal quarter ended November 30, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

As previously reported in the Company's Form 10-Q for the fiscal quarter ended August 31, 2013, on April 22, 2013, the United States District Court for the District of Columbia ("District Court") signed the Stipulation and Order filed by the United States Department of Justice Antitrust Division (the "DOJ"), permitting the Company and Anheuser-Busch InBev SA/NV ("ABI") to consummate the Beer Business Acquisition. The Proposed Final Judgment was subject to a 60-day public comment period as required under the Antitrust Procedures and Penalties Act. That comment period expired July 22, 2013. The DOJ responded to public comments on September 13, 2013, and on September 25, 2013, moved the District Court for entry of the Final Judgment. The Final Judgment was signed on October 21, 2013 and entered into the District Court's docket on October 24, 2013, without modification to the terms included in the Proposed Final Judgment.

As also previously reported in the Company's Form 10-Q for the fiscal quarter ended August 31, 2013, an action had been filed by private parties against the Company, ABI, and Grupo Modelo, S.A.B de C.V. ("Modelo") alleging certain antitrust claims and seeking to enjoin the proposed transaction between ABI and Modelo. On September 13, 2013, the Second Amended and Supplemental Complaint was dismissed and the district judge denied plaintiffs' other procedural motions. Plaintiffs filed a Motion for Relief from Judgment Pursuant to Fed. R. Civ. P. 59(e) or 60(b), or in the alternative, Rule 60(d) (the "Motion for Relief from Judgment") on November 11, 2013,

and the Company and its co-defendants filed their opposition motion on November 19, 2013. Plaintiffs filed their reply on December 1, 2013. The Company is awaiting the Judge's determination; oral argument on plaintiffs' Motion for Relief from Judgment is scheduled for January 24, 2014.

**Item 4. Mine Safety
Disclosures.**

Not Applicable.

Item 6. Exhibits.

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

For the exhibits that are filed herewith or incorporated herein by reference, see the Index to Exhibits located on page 61 of this report. The Index to Exhibits is incorporated herein by reference.

SIGNATURES

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

Dated: January 9, 2014

CONSTELLATION BRANDS, INC.

By: /s/ David E. Klein

David E. Klein, Senior Vice President,
Treasurer and Controller

Dated: January 9, 2014

By: /s/ Robert Ryder

Robert Ryder, Executive Vice President and
Chief Financial Officer (principal financial
officer and principal accounting officer)

INDEX TO EXHIBITS

Exhibit No.

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

- 4.7 Supplemental Indenture No. 6, dated as of February 27, 2009, by and among the Company, Constellation Services LLC, and The Bank of New York Mellon Trust Company National Association (successor trustee to BNY Midwest Trust Company), as Trustee (filed as Exhibit 4.31 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2009 and incorporated herein by reference.)
- 4.8 Supplemental Indenture No. 7, dated as of June 7, 2013, among Constellation Brands Beach Holdings, Inc., Crown Imports LLC, Constellation Brands, Inc., and The Bank of New York Mellon Trust Company, National Association, as trustee (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, dated June 7, 2013, filed June 11, 2013 and incorporated herein by reference.)
- 4.9 Indenture, with respect to 7.25% Senior Notes due May 2017, dated May 14, 2007, by and among the Company, as Issuer, certain subsidiaries, as Guarantors, and The Bank of New York Trust Company, N.A., as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated May 9, 2007, filed May 14, 2007 and incorporated herein by reference.) #
- 4.10 Supplemental Indenture No. 1, dated as of January 22, 2008, by and among the Company, BWE, Inc., Atlas Peak Vineyards, Inc., Buena Vista Winery, Inc., Clos du Bois Wines, Inc., Gary Farrell Wines, Inc., Peak Wines International, Inc., and Planet 10 Spirits, LLC, and The Bank of New York Trust Company, N.A. (successor trustee to BNY Midwest Trust Company), as Trustee (filed as Exhibit 4.39 to the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2008 and incorporated herein by reference.) #
- 4.11 Supplemental Indenture No. 2, dated as of February 27, 2009, by and among the Company, Constellation Services LLC, and The Bank of New York Mellon Trust Company National Association (successor trustee to BNY Midwest Trust Company), as Trustee (filed as Exhibit 4.34 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2009 and incorporated herein by reference.)
- 4.12 Supplemental Indenture No. 3, dated as of June 7, 2013, among Constellation Brands Beach Holdings, Inc., Crown Imports LLC, Constellation Brands, Inc., and The Bank of New York Mellon Trust Company, National Association, as trustee (filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, dated June 7, 2013, filed June 11, 2013 and incorporated herein by reference.)
- 4.13 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.)
- 4.14 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.)
- 4.15 Supplemental Indenture No. 2, with respect to 4.625% Senior Notes due March 2023, 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.)
- 4.16 Supplemental Indenture No. 3, with respect to 3.75% Senior Notes due May 2021, dated as of May 14, 2013, among Constellation Brands, Inc., 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.)
- 4.17 Supplemental Indenture No. 4, with respect to 4.25% Senior Notes due May 2023, dated as of May 14, 2013, among Constellation Brands, Inc., 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.)
- 4.18 Supplemental Indenture No. 5, dated as of June 7, 2013, among Constellation Brands Beach Holdings, Inc., Crown Imports LLC, Constellation Brands, Inc., 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.)
- 4.19 Restatement Agreement, dated as of May 2, 2013, among the Company, CIH, Bank of America, N.A., as administrative agent, and the lenders party thereto, including Second Amended and Restated Credit Agreement dated as of May 2, 2013, among the Company, CIH, Bank of America, N.A., as administrative agent, and the Lenders party thereto (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated May 2, 2013, filed May 7, 2013 and incorporated herein by reference.)
- 4.20 Joinder Agreement, dated as of June 7, 2013, between CIH International S.à r.l., Bank of America, N.A., as administrative agent and lender (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated June 7, 2013, filed June 11, 2013 and incorporated herein by reference.)

- 10.1 Amended and Restated Guarantee Agreement, dated as of June 7, 2013, made by the subsidiaries of Constellation Brands, Inc. from time to time party thereto and Constellation Brands, Inc. in favor of Bank of America, N.A., as Administrative Agent, for the ratable benefit of the Lenders party to the Second Amended and Restated Credit Agreement dated as of May 2, 2013 (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, dated June 7, 2013, filed June 11, 2013 and incorporated herein by reference.)
- 10.2 Second Amendment to the Company's 2005 Supplemental Executive Retirement Plan (filed herewith.) *
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith.)
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith.)
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (filed herewith.)
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (filed herewith.)
- 99.1 Final Judgment filed with the United States District Court for the District of Columbia on October 24, 2013, together with Exhibits B and C (filed herewith.)
- 101.1 The following materials from the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of November 30, 2013 and February 28, 2013, (ii) Consolidated Statements of Comprehensive Income for the nine months and three months ended November 30, 2013 and 2012, (iii) Consolidated Statements of Cash Flows for the nine months ended November 30, 2013 and 2012, and (iv) Notes to Consolidated Financial Statements.
 - # Company's Commission File No. 001-08495.
 - + Portions of this exhibit were redacted pursuant to a confidential treatment request filed with and approved by the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.
 - * Designates management contract or compensatory plan or arrangement.

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

SECOND AMENDMENT
TO THE
CONSTELLATION BRANDS, INC.
2005 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

WHEREAS, Constellation Brands, Inc. (the “Company”) maintains the Constellation Brands, Inc. 2005 Supplemental Executive Retirement Plan (the “Constellation SERP”), for the benefit of eligible employees of the Company and its affiliates; and

WHEREAS, under Section 4.1 of the Constellation SERP, the Human Resources Committee of the Board of Directors of the Company (the “Committee”) is authorized to amend the Constellation SERP, and the Committee has determined that amendment of the Constellation SERP now is necessary and desirable;

WHEREAS, the Human Resources Committee of the Board approved the merger of the Crown Imports LLC 2007 Supplemental Executive Retirement Plan (effective January 1, 2011) (the “2007 SERP”) and the Crown Imports LLC 2011 Supplemental Executive Retirement Plan (effective January 1, 2011) (the “2011 SERP”) into the Constellation SERP at its September 30, 2013 meeting and delegated to the officers of the Company the authority to take those actions and prepare and execute those documents that he or she deems necessary or desirable to effect the merger; and

NOW, THEREFORE, pursuant to the power reserved to the Committee under Section 4.1 of the Constellation SERP, the Constellation SERP is hereby amended, in the following particulars:

1. By adding the following new paragraph to the end of Section 1.1, effective as of January 1, 2014:

Effective January 1, 2014, the Crown Imports LLC 2007 Supplemental Executive Retirement Plan (effective January 1, 2011) and the Crown Imports LLC 2011 Supplemental Executive Retirement Plan (effective January 1, 2011) (collectively, the “Crown SERPs”) are hereby merged into the SERP. Contributions to the Crown SERPs are frozen. However, the terms of the Crown SERPs continue with respect to amounts credited prior to January 1, 2014 without modification. A copy of the terms of the Crown SERPs as of January 1, 2014 are attached as Appendix A.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, on behalf of the Company, the undersigned officer has executed this amendment this 23rd day of October, 2013.

CONSTELLATION BRANDS, INC.

By: /s/ Kathy Howell

Name: Kathy Howell

Title: VP, Benefits & Wellness

APPENDIX A

[See attached (1) the Crown Imports LLC 2007 Supplemental Executive Retirement Plan (effective January 1, 2011) and (2) the Crown Imports LLC 2011 Supplemental Executive Retirement Plan (effective January 1, 2011)]

CROWN IMPORTS LLC

**2007 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
(As Amended and Restated Effective January 1, 2011)**

CROWN IMPORTS LLC
2007 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
(As Amended and Restated Effective January 1, 2011)

Article 1

INTRODUCTION

1.1 THE SERP AND ITS EFFECTIVE DATE. Crown Imports LLC (the “Company”) has adopted, effective March 1, 2007 (the “Effective Date”), and amended and restated effective as of January 1, 2011, the Crown Imports LLC 2007 Supplemental Executive Retirement Plan (the “SERP”), as set forth herein.

1.2 PURPOSE. The Company maintains the Crown Imports LLC 401(k) and Profit Sharing Plan (the “Plan”), a plan that is intended to meet the qualification requirements set forth in Section 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Code Section 401(a) (17) limits to \$225,000 (in 2007, as adjusted in subsequent years by the Secretary of the Treasury) the amount of compensation that may be taken into account for a year under a qualified plan (the “Compensation Limit”), and Code Section 415 limits the annual additions, including employer contributions, that may be made to an employee’s account under a qualified plan (the “Section 415 Limit”). In addition, other limits may apply to limit or reduce the contributions that may be made to an employee’s account under the Plan.

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), permits the provision of benefits under an unfunded plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The purpose of the SERP is to provide to those employees of the Company or an Affiliate (as defined below) who are selected by the Committee (as defined below) from year to year, benefits that would be provided under the Plan without regard to the Compensation Limit or the Section 415 Limit, or other limits with respect to certain Company contributions under the Plan. In no case, however, may any Company contribution to the SERP relate to, or be determined with respect to, any elective contributions made by any employee to the Plan. For purposes of the SERP, the term “Affiliate” means a corporation, trade or business that is a member of a controlled group of corporations, a group of trades or businesses (whether or not incorporated) under common control or an “affiliated service group,” (all as defined in Code Sections 414(b), 414(c) and 414(m)) that includes the Company. The term “Affiliate” also includes a corporation, trade or business that is required to be aggregated with the Company pursuant to regulations under Code Section 414(o). In applying the term “Affiliate” for purposes of Section 2.5(a), the standard of control under Code Sections 414(b) and 414(c) will be deemed to be at least 50%.

The SERP shall be frozen as of the last day of the Plan Year ending December 31, 2010, so that for Plan Years beginning on or after January 1, 2011, the SERP shall have no Active Participants (as defined below) and no further contributions will be made to the SERP.

1.3 DEFINED TERMS. Except as otherwise indicated, capitalized terms used in this plan document that are not defined herein have the same meaning as the same terms in the Plan.

1.4 PLAN ADMINISTRATION. The SERP shall be administered by a committee (the "Committee") consisting of one or more individuals appointed by the Board of Directors of the Company. The Committee shall have, to the extent appropriate, the same powers, rights, duties and obligations with respect to the SERP as the Committee under the Plan has with respect to the Plan. In the event that the Board of Directors does not appoint a Committee, the Company shall act as the Committee.

Article 2

PARTICIPATION AND BENEFITS

2.1 ELIGIBILITY FOR BENEFITS. A person for whom an account is established at any time under the SERP (a "SERP Account") shall be a participant in the SERP (a "Participant") for purposes of receiving distributions, maintaining account balances and being credited with net earnings, gains and losses until all amounts credited to his or her SERP Account have been distributed or forfeited. The Committee, in its discretion, may select the employees of the Company or an Affiliate who shall receive Annual Benefit Credits, as defined in Section 2.2, under the SERP for a Plan Year (the "Active Participants"). The Committee may, in its discretion, designate an employee as an Active Participant for the purpose of receiving credits with respect to some types of contributions under the Plan and not other types of contributions; furthermore, the Committee need not select all Active Participants to receive credits with respect to the same types of contributions under the Plan. A person who becomes an Active Participant shall remain a Participant until all amounts credited to his or her SERP Account have been distributed or forfeited, whether or not such person is selected as an Active Participant for a subsequent Plan Year.

Notwithstanding the foregoing, no person shall be an Active Participant during any Plan Year beginning on or after January 1, 2011.

2.2 AMOUNT OF BENEFIT CREDITS. The amount credited to an Active Participant's SERP Account for a Plan Year ("Annual Benefit Credits") shall equal (a) the amount, if any, of Employer Safe-Harbor Profit Sharing Contributions and Employer Regular Profit Sharing Contributions the Active Participant would have received under the Plan for that Plan Year if he or she had received Employer Safe-Harbor Profit Sharing Contributions and Employer Regular Profit Sharing Contributions with respect to his or her Plan Compensation above the Compensation Limit at the same rate that he or she received

Employer Safe-Harbor Profit Sharing Contributions and Employer Regular Profit Sharing Contributions under the Plan with respect to his or her Plan Compensation not greater than the Compensation Limit and if the Section 415 Limit did not apply (respectively, the "SERP Safe Harbor Contributions" and the "SERP Regular Contributions"), and (b) such other amounts as the Committee shall from time to time, in its discretion, determine to credit to the Active Participant's SERP Account with respect to other limited or reduced contributions under the Plan, except that in no case shall any contribution or benefit provided under the SERP be contingent upon, or determined with respect to, an elective contribution made by an employee to the Plan.

Notwithstanding the foregoing, no Annual Benefit Credits shall be made to the Plan with respect to any Plan Year beginning on or after January 1, 2011. For the avoidance of doubt, the last Annual Benefit Credits to be made to the SERP will be (i) any SERP Safe Harbor Contributions that relate to the Plan Year ending December 31, 2010, and (ii) any SERP Regular Contributions that relate to the Plan Year ending December 31, 2010.

2.3 INCOME CREDITS. Each Participant's SERP Account shall be credited as of each Valuation Date with net earnings, gains and losses ("Income Credits") in an amount equal to the amount that such SERP Account would have earned, gained or lost if at all times, from the first business date Annual Benefit Credits, if any, were credited to the Participant's SERP Account, such amounts were fully invested as provided in the following paragraph.

From time to time the Committee shall determine the method of determining Participants' Income Credits under the SERP. The Committee may, in its discretion, determine Income Credits by treating the Participants' SERP Accounts as if invested in a manner designated by the Committee or by permitting Participants to self-direct the manner in which their Income Credits are to be determined from among such deemed investment options, and in accordance with such rules and procedures, as the Committee shall from time to time determine. Any changes that the Committee shall make in the method for determining Income Credits shall be determined and announced to Participants in advance of the date it becomes effective and shall represent a rate which the Company could, ignoring the effect of federal, state and local income taxes, replicate by investing its assets in available markets if it chose to do so.

2.4 VESTING. Except as otherwise provided herein, a Participant shall be vested in his or her SERP Account as follows: (a) he or she shall become vested in his or her Annual Benefit Credits to the same extent that the Participant is vested in his or her Employer Regular Profit Sharing Contributions under the Plan and (b) he or she shall be vested in any Income Credits to the same extent he or she is vested in the Annual Benefit Credits to which such Income Credits relate.

2.5 PAYMENT OF BENEFITS. Payments of the vested amount credited to a Participant's SERP Account, including any vested Annual Benefit Credits and any vested Income Credits and other earnings, shall be made as follows:

(a) DISTRIBUTIONS. The vested SERP Account of a Participant, including any Participant who is a “specified employee” (within the meaning of Code Section 409A(a)(2)(B)(i)), shall be paid in a lump sum in cash promptly after the date (“Payment Date”) that is six months after the date of his or her separation from service (as defined in Section 1.409A-1(h) of the Treasury Regulations (“Separation Date”)), but in no event later than 90 days after the Payment Date. For purposes of the SERP, a transfer of employment to any entity that is not an Affiliate is a separation from service. The unvested portion of the Participant’s SERP Account shall be forfeited on the Separation Date.

(b) AFFILIATE EMPLOYEES. In the event that a Participant is an employee of an Affiliate, other than the Company, and the Affiliate has a Change of Control, the Participant shall be 100% vested in his or her SERP Account and the Participant’s entire SERP Account shall be distributed to the Participant promptly in the form of a lump sum distribution, but in no event later than 90 days after such a Change in Control. Notwithstanding the preceding sentence, such vesting and distribution shall only occur if neither the Company nor an entity that is an Affiliate (as determined under the last sentence of the second paragraph of Section 1.2) after such transaction employs the Participant after such transaction. For this purpose, an Affiliate shall be deemed to have a Change of Control with respect to any event that would be a Change of Control within the meaning of Section 2.5(c), if the term “Company” were replaced with the term “Affiliate” each time it is used therein.

(c) CHANGE OF CONTROL. Notwithstanding anything in this Section 2.5 to the contrary, in the event of the occurrence of a Change of Control with respect to the Company, all Participants shall be 100% vested in their SERP Accounts, the SERP shall be terminated and the entire SERP Account of each Participant shall be distributed to the Participant promptly, but in no event later than 30 days, after the Change of Control, or, if the Participant has already experienced a Separation Date, after his or her Payment Date, in the form of a lump sum distribution. For this purpose a “Change of Control” shall mean (i) a “change in control event” as described in Code Section 409A(a)(2)(A)(v) and (ii) an event that satisfies either of the following:

- (1) A change in the ownership of the Company. A change in the ownership of the Company is deemed to occur on the date that any one person, or more than one person acting as a group (as described below), acquires ownership of equity interests of the Company that, together with equity interests held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the equity interests of the Company. However, if any one person or more than one person acting as a group, including any member of the Company, is considered to own 50 percent or more of the total fair market value or total voting power of the equity interests of the Company as of the Effective Date, the acquisition of

additional equity interests by the same person or persons will not be considered to cause a change in the ownership of the Company. An increase in the percentage of equity interests owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its equity interests in exchange for property will be treated as an acquisition of equity interests for purposes of this Section 2.5(c)(1). This Section 2.5(c)(1) applies only when there is a transfer or issuance of equity interests of the Company and the equity interests remains outstanding after the transaction.

Persons will not be considered to be acting as a group solely because they purchase or own voting securities of the Company at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of voting securities, or similar business transaction with the Company. If a person, including an entity, owns voting securities in the Company and another corporation that enters into a merger, consolidation, purchase or acquisition of voting securities, or similar transaction with the Company, such shareholder is considered to be acting as a group with other shareholders of the other corporation only with respect to their ownership interest in that corporation prior to the transaction.

Notwithstanding the foregoing, a Change of Control shall not occur upon the transfer of voting securities of the Company among or between persons or, if such persons are individuals, members of their immediate family, or between trusts or other entities controlled by or operated for the benefit of such individuals or members of their immediate family, who own more than 50 percent of the total voting power of the Company, or upon the transfer of voting securities of the Company among or between the Company and a Affiliate or two or more Affiliates.

For purposes of the preceding paragraph, the term “immediate family” shall include the spouse and the lineal ascendants and descendants of an individual and the spouses of such lineal ascendants and descendants and the other individuals who share a common parent or grandparent with such individual and the spouses of such individuals. Adopted children shall be considered as the descendants of their adoptive parents and their parents’ parents in the same manner as would be the biological children of such parents.

(2) The sale of all or substantially all of the Company’s assets. A sale of all or substantially all of the Company’s assets occurs on the date that any one person or persons acting as a group acquire (or have acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to all or substantially all (and in no case less than 40%) of the

total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means to the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. A transfer of assets to an entity that is controlled by the members of the Company immediately after the transfer, or a transfer of assets by the Company to any of the following, are not considered to be a sale of all or substantially all of the Company's assets for purposes of this Section 2.5(c)(2): (A) a member of the Company (immediately before the asset transfer) in exchange for or with respect of its equity interests; (B) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding equity interests of the Company; or (D) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (C). For purposes of this Section 2.5(c)(2) and except as otherwise provided, a person's status is determined immediately after the transfer of the assets. For example, a transfer to a corporation in which the Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the transaction is not treated as a sale of all substantially all of the assets of the Company.

Persons will not be considered to be acting as a group solely because they purchase assets of the Company at the same time. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of assets, or similar business transaction with the Company. If a person, including an entity, owns stock in the Company and another corporation that enters into a merger, consolidation, purchase or acquisition of assets, or similar transaction with the Company, such shareholder is considered to be acting as a group with other shareholders of the other corporation only with respect to their ownership interest in that corporation prior to the transaction.

2.6 BENEFICIARY DESIGNATION. In the event of a Participant's death prior to full distribution of his or her vested SERP Account, such amount shall be paid to the beneficiary properly designated by the Participant in the manner established by the Committee to receive his or her SERP Account hereunder. Such distribution shall be made in a lump sum distribution as soon as practicable, but within 90 days, after the Participant's death. If the Participant fails to properly designate a beneficiary hereunder, including if the Participant's designated beneficiary predeceases him or her, upon the Participant's death the vested SERP Account shall be paid to the person or entity that is the Participant's beneficiary under the Plan, whether by designation of the Participant or by the terms of the Plan.

2.7 VALUATION OF ACCOUNTS. The value of a Participant's vested SERP Account shall be determined as of the Valuation Date immediately preceding the date on which a distribution is made to such Participant, based upon the value that the SERP Account would have if at all times it were earning the rate of return specified by the Committee or were fully invested in the investment options designated by the Committee or selected by the Participant, pursuant to Section 2.3.

2.8 FUNDING. Benefits payable under the SERP to any person shall be paid directly by the Company. The Company shall not be required to fund, or otherwise segregate assets to be used for payment of benefits under the SERP. While the Company may make investments in amounts equal or unequal to amounts payable hereunder, the Company shall not be under any obligation to make such investments and any such investments shall remain an asset of the Company subject to the claims of its general creditors. Notwithstanding the foregoing, the Company may maintain one or more trusts to hold assets to be used for payment of benefits under the SERP; provided that the assets of each trust shall be subject to the creditors of the Company in the event the Company becomes insolvent (as defined in such trust) and provided that any such trust must comply with the requirements of Code Section 409A. Any payments by such a trust to a Participant (or to the beneficiary of a Participant) under the SERP shall be considered payment by the Company and shall discharge the Company of any further liability under the SERP to the extent of the payments made by such trust.

Article 3

MISCELLANEOUS

3.1 EMPLOYMENT RIGHTS. Status as a Participant and/or as an Active Participant shall not be construed to give an employee the right to be retained in the service of the Company or any Affiliate or any right to any benefits not specifically provided by the SERP.

3.2 INTERESTS NOT TRANSFERABLE. Except as to withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time under the SERP shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefits, whether currently or thereafter payable, shall be void. No benefit shall, in any manner, be liable for or subject to the debts or liabilities of any person entitled to such benefits. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber his or her benefits under the SERP, or if by reason of his or her bankruptcy or other event happening at any time, such benefits would devolve upon any other person or would not be enjoyed by the person entitled thereto under the SERP, then the Company, in its discretion, may terminate the interest in any such benefits of the person entitled thereto under the SERP and hold or apply them to or for the benefit of such person entitled thereto under the SERP or his or her spouse, children or other dependents, or any of them, in such manner as the Company may deem proper.

3.3 UNCLAIMED AMOUNTS. Unclaimed amounts shall consist of the amounts of the SERP Accounts of any Participant that cannot be distributed because of the Committee's inability to locate the payee, after a reasonable search, within a period of two (2) years after the benefits become distributable under Article 2, as set forth herein. Unclaimed amounts shall be forfeited at the end of such two-year period. These forfeitures shall reduce the obligations of the Company under the SERP. After an unclaimed amount has been forfeited, the Participant or beneficiary, as applicable, shall have no further right to his or her SERP Account.

3.4 CONTROLLING LAW. The law of the State of Illinois, without giving effect to its conflicts of laws principles, shall be controlling in all matters relating to the SERP to the extent not preempted by ERISA.

3.5 NUMBER. Words in the plural shall include the singular and the singular shall include the plural.

3.6 ACTION BY AN EMPLOYER. Except as otherwise specifically provided herein, any action required of or permitted by the Company under the SERP shall be by resolution of the Board of Directors of the Company or person(s) authorized by resolution of the Board of Directors of the Company.

3.7 TAXES. The Company shall have the right to require Participants to remit to the Company any amount sufficient to satisfy applicable federal, state, and local tax withholding requirements, and to deduct from all payments made pursuant to the SERP amounts sufficient to satisfy such withholding requirements.

3.8 WAIVER. No failure or delay on the part of the Company or the Committee in enforcing or exercising any right or remedy hereunder will operate as a waiver thereof at the same or at any prior or subsequent time.

3.9 SEVERABILITY. If any provision of the SERP is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the SERP, and the SERP will be construed and enforced as if the illegal or invalid provision had not been included.

3.10 INDEMNIFICATION. To the maximum extent permitted by law, the officers, directors, members, managers, and all agents and representatives of the Company and members of the Committee will be indemnified by the Company, and saved harmless against any claims, losses, liabilities, costs, fines, penalties, and expenses (including attorneys fees), resulting from any actual or alleged action, conduct, or failure to act relating to the administration of the SERP, except for claims arising from gross negligence, willful neglect, willful misconduct, or lack of good faith, or from conduct that has resulted in the receipt of personal profit or advantage to which such party is not entitled. Parties may be indemnified

under this Section 3.10 to the extent not indemnified or saved harmless under any liability insurance or any other indemnification arrangement with respect to the SERP.

3.11 SECTION 409A COMPLIANCE. The SERP is intended to comply with, and will in all cases be interpreted and operated in accordance with the requirements of, Code Section 409A, and the regulations and other guidance issued thereunder. If an unintentional operational failure occurs with respect to Code Section 409A requirements, any affected Participant or beneficiary shall fully cooperate with the Company to correct the failure, to the extent possible, in accordance with any correction procedure established by the U.S. Internal Revenue Service. Any reference herein to Code Section 409A and the Treasury Regulations shall be interpreted to refer to any successor section of the Code, the Treasury Regulations or other guidance issued by the U.S. Internal Revenue Service, as appropriate.

Article 4

AMENDMENT AND TERMINATION

4.1 COMPANY AUTHORITY TO AMEND. The Company intends the SERP to be permanent, but reserves the right at any time to modify or amend the SERP by action of its Board of Directors or the Committee, or to terminate the SERP by action of its Board of Directors, provided however, that if a Participant has a SERP Account, benefits provided under Section 2.1 shall constitute an irrevocable obligation of the Company as applicable, to the same extent that such SERP Account, had it been an account under the Plan, would have been an irrevocable obligation of the Plan.

[Signature Page Follows]

Executed in this 18th day of February, 2011.

CROWN IMPORTS LLC

By: /s/ William F. Hackett

Its: President

CROWN IMPORTS LLC

2011 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
Effective January 1, 2011

CROWN IMPORTS LLC
2011 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
Effective January 1, 2011

Article 1

INTRODUCTION

1.1 THE 2011 SERP AND ITS EFFECTIVE DATE. Crown Imports LLC (the “Company”) has adopted, effective as of January 1, 2011 (the “Effective Date”), the Crown Imports LLC 2011 Supplemental Executive Retirement Plan (the “2011 SERP”), as set forth herein.

1.2 PURPOSE. The Company maintains the Crown Imports LLC 401(k) and Profit Sharing Plan (the “Plan”), a plan that is intended to meet the qualification requirements set forth in Section 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Code Section 401(a) (17) limits to \$245,000 (in 2011, as adjusted in subsequent years by the Secretary of the Treasury) the amount of compensation that may be taken into account for a year under a qualified plan (the “Compensation Limit”), and Code Section 415 limits the annual additions, including employer contributions, that may be made to an employee’s account under a qualified plan (the “Section 415 Limit”). In addition, other limits may apply to limit or reduce the contributions that may be made to an employee’s account under the Plan.

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), permits the provision of benefits under an unfunded plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The purpose of the SERP is to provide to certain employees of the Company or an Affiliate (as defined below) benefits that would be provided under the Plan without regard to the Compensation Limit or the Section 415 Limit, or other limits with respect to certain Company contributions under the Plan. In no case, however, may any Company contribution to the 2011 SERP relate to, or be determined with respect to, any elective contributions made by any employee to the Plan. For purposes of the 2011 SERP, the term “Affiliate” means a corporation, trade or business that is a member of a controlled group of corporations, a group of trades or businesses (whether or not incorporated) under common control or an “affiliated service group,” (all as defined in Code Sections 414(b), 414(c) and 414(m)) that includes the Company. The term “Affiliate” also includes a corporation, trade or business that is required to be aggregated with the Company pursuant to regulations under Code Section 414(o). In applying the term “Affiliate” for purposes of Section 2.5(a), the standard of control under Code Sections 414(b) and 414(c) will be deemed to be at least 50%.

1.3 DEFINED TERMS. Except as otherwise indicated, capitalized terms used in this plan document that are not defined herein have the same meaning as the same terms in the Plan.

1.4 PLAN ADMINISTRATION. The 2011 SERP shall be administered by a committee (the "Committee") consisting of one or more individuals appointed by the Board of Directors of the Company. The Committee shall have, to the extent appropriate, the same powers, rights, duties and obligations with respect to the SERP as the Committee under the Plan has with respect to the Plan. In the event that the Board of Directors does not appoint a Committee, the Company shall act as the Committee.

Article 2

PARTICIPATION AND BENEFITS

2.1 ELIGIBILITY FOR BENEFITS. A person for whom an account is established at any time under the 2011 SERP (a "SERP Account") shall be a participant in the 2011 SERP (a "Participant") for purposes of receiving distributions, maintaining account balances and being credited with net earnings, gains and losses until all amounts credited to his or her SERP Account have been distributed or forfeited. Any employee of the Company or an Affiliate whose contributions under the Plan are limited in a particular Plan Year, in accordance with Section 1.2, by the Compensation Limit, the Section 415 Limit or by any other limit with respect to certain Company contributions under the Plan shall become a Participant and shall receive Annual Benefit Credits, as defined in Section 2.2, under the 2011 SERP for that Plan Year (an "Active Participant"). The Committee shall be notified when any employee of the Company or an Affilaite becomes an Active Participant. A person who becomes an Active Participant shall remain a Participant until all amounts credited to his or her SERP Account have been distributed or forfeited, whether or not such person is an Active Participant for a subsequent Plan Year.

2.2 AMOUNT OF BENEFIT CREDITS. The amount credited to an Active Participant's SERP Account for a Plan Year ("Annual Benefit Credits") shall equal (a) the amount, if any, of Employer Safe-Harbor Profit Sharing Contributions and Employer Regular Profit Sharing Contributions the Active Participant would have received under the Plan for that Plan Year if he or she had received Employer Safe-Harbor Profit Sharing Contributions and Employer Regular Profit Sharing Contributions with respect to his or her Plan Compensation above the Compensation Limit at the same rate that he or she received Employer Safe-Harbor Profit Sharing Contributions and Employer Regular Profit Sharing Contributions under the Plan with respect to his or her Plan Compensation not greater than the Compensation Limit and if the Section 415 Limit did not apply, and (b) such other amounts as the Committee shall from time to time, in its discretion, determine to credit to the Active Participant's SERP Account with respect to other limited or reduced contributions under the Plan, except that in no case shall any contribution or benefit provided under the

2011 SERP be contingent upon, or determined with respect to, an elective contribution made by an employee to the Plan.

2.3 INCOME CREDITS. Each Participant's SERP Account shall be credited as of each Valuation Date with net earnings, gains and losses ("Income Credits") in an amount equal to the amount that such SERP Account would have earned, gained or lost if at all times, from the first business date Annual Benefit Credits, if any, were credited to the Participant's SERP Account, such amounts were fully invested as provided in the following paragraph.

From time to time the Committee shall determine the method of determining Participants' Income Credits under the 2011 SERP. The Committee may, in its discretion, determine Income Credits by treating the Participants' SERP Accounts as if invested in a manner designated by the Committee or by permitting Participants to self-direct the manner in which their Income Credits are to be determined from among such deemed investment options, and in accordance with such rules and procedures, as the Committee shall from time to time determine. Any changes that the Committee shall make in the method for determining Income Credits shall be determined and announced to Participants in advance of the date it becomes effective and shall represent a rate which the Company could, ignoring the effect of federal, state and local income taxes, replicate by investing its assets in available markets if it chose to do so.

2.4 VESTING. Except as otherwise provided herein, a Participant shall be vested in his or her SERP Account as follows: (a) he or she shall become vested in his or her Annual Benefit Credits to the same extent that the Participant is vested in his or her Employer Regular Profit Sharing Contributions under the Plan and (b) he or she shall be vested in any Income Credits to the same extent he or she is vested in the Annual Benefit Credits to which such Income Credits relate.

Notwithstanding the foregoing, if a Participant's employment with the Company or an Affiliate is terminated for "Cause," the Participant will forfeit his or her entire SERP Account, including the portion that has already vested. For purposes of the 2011 SERP, "Cause" has the meaning set forth in any employment, consulting, or other written agreement between the Participant and the Company or an Affiliate. If there is no such employment, consulting, or other written agreement, or if such agreement does not define "Cause," then "Cause" will mean the Participant's:

- (a) willful neglect of or continued failure to substantially perform, in any material respect, his or her duties as assigned to the Participant from time to time or obligations including, without limitation, a violation of policy or a breach of noncompetition, nonsolicitation or nondisclosure obligation to the Company or an Affiliate, other than any such failure resulting from his or her incapacity due to physical or mental illness;

(b) commission of a willful act (including, without limitation, a dishonest or fraudulent act) or a grossly negligent act, or the willful or grossly negligent omission to act, that is intended to cause, causes, or is reasonably likely to cause, material harm to the Company or an Affiliate, monetarily, reputationally, or otherwise;

(c) commission or conviction of, or plea of *nolo contendere* to, any felony or any crime or offense involving dishonesty or fraud or that is significantly injurious to the Company or an Affiliate, monetarily, reputationally, or otherwise; or

(d) abuse of illegal drugs or other controlled substances or habitual intoxication.

Unless otherwise defined in the Participant's employment or other agreement, an act or omission is "willful" for this purpose if it was knowingly done, or knowingly omitted to be done, by the Participant not in good faith and without reasonable belief that the act or omission was in the best interest of the Company. The Committee has the discretion, in other circumstances, to determine in good faith, from all the facts and circumstances reasonably available to it, whether a Participant who is under investigation for, or has been charged with, a crime will be deemed to have committed such crime willfully for purposes of this 2011 SERP. The Participant's employment shall be deemed to have terminated for Cause if, after the Participant's employment has terminated, facts and circumstances are discovered that would have justified a termination for Cause.

2.5 PAYMENT OF BENEFITS. Payments of the vested amount credited to a Participant's SERP Account, including any vested Annual Benefit Credits and any vested Income Credits and other earnings, shall be made as follows:

(a) **DISTRIBUTIONS.** The vested SERP Account of a Participant, including any Participant who is a "specified employee" (within the meaning of Code Section 409A(a)(2)(B)(i)), shall be paid in a lump sum in cash promptly after the date ("Payment Date") that is six months after the date of his or her separation from service (as defined in Section 1.409A-1(h) of the Treasury Regulations ("Separation Date")), but in no event later than 90 days after the Payment Date. For purposes of the 2011 SERP, a transfer of employment to any entity that is not an Affiliate is a separation from service. The unvested portion of the Participant's SERP Account shall be forfeited on the Separation Date.

(b) **AFFILIATE EMPLOYEES.** In the event that a Participant is an employee of an Affiliate, other than the Company, and the Affiliate has a Change of Control, the Participant shall be 100% vested in his or her SERP Account and the Participant's entire SERP Account shall be distributed to the Participant promptly in the form of a lump sum distribution, but in no event later than 90 days after such a Change in Control. Notwithstanding the preceding sentence, such vesting and distribution shall only occur if neither the Company nor an entity that is an Affiliate (as determined under the last sentence of the second paragraph of Section 1.2) after such transaction

employs the Participant after such transaction. For this purpose, an Affiliate shall be deemed to have a Change of Control with respect to any event that would be a Change of Control within the meaning of Section 2.5(c), if the term “Company” were replaced with the term “Affiliate” each time it is used therein.

(c) CHANGE OF CONTROL. Notwithstanding anything in this Section 2.5 to the contrary, in the event of the occurrence of a Change of Control with respect to the Company, all Participants shall be 100% vested in their SERP Accounts, the 2011 SERP shall be terminated and the entire SERP Account of each Participant shall be distributed to the Participant promptly, but in no event later than 30 days, after the Change of Control, or, if the Participant has already experienced a Separation Date, after his or her Payment Date, in the form of a lump sum distribution. For this purpose a “Change of Control” shall mean (i) a “change in control event” as described in Code Section 409A(a)(2)(A)(v) and (ii) an event that satisfies either of the following:

(1) A change in the ownership of the Company. A change in the ownership of the Company is deemed to occur on the date that any one person, or more than one person acting as a group (as described below), acquires ownership of equity interests of the Company that, together with equity interests held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the equity interests of the Company. However, if any one person or more than one person acting as a group, including any member of the Company, is considered to own 50 percent or more of the total fair market value or total voting power of the equity interests of the Company as of the Effective Date, the acquisition of additional equity interests by the same person or persons will not be considered to cause a change in the ownership of the Company. An increase in the percentage of equity interests owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its equity interests in exchange for property will be treated as an acquisition of equity interests for purposes of this Section 2.5(c)(1). This Section 2.5(c)(1) applies only when there is a transfer or issuance of equity interests of the Company and the equity interests remains outstanding after the transaction.

Persons will not be considered to be acting as a group solely because they purchase or own voting securities of the Company at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of voting securities, or similar business transaction with the Company. If a person, including an entity, owns voting securities in the Company and another corporation that enters into a merger, consolidation, purchase or acquisition of voting securities, or similar transaction with the Company, such shareholder is considered to be acting

as a group with other shareholders of the other corporation only with respect to their ownership interest in that corporation prior to the transaction.

Notwithstanding the foregoing, a Change of Control shall not occur upon the transfer of voting securities of the Company among or between persons or, if such persons are individuals, members of their immediate family, or between trusts or other entities controlled by or operated for the benefit of such individuals or members of their immediate family, who own more than 50 percent of the total voting power of the Company, or upon the transfer of voting securities of the Company among or between the Company and a Affiliate or two or more Affiliates.

For purposes of the preceding paragraph, the term “immediate family” shall include the spouse and the lineal ascendants and descendants of an individual and the spouses of such lineal ascendants and descendants and the other individuals who share a common parent or grandparent with such individual and the spouses of such individuals. Adopted children shall be considered as the descendants of their adoptive parents and their parents’ parents in the same manner as would be the biological children of such parents.

(2) The sale of all or substantially all of the Company’s assets. A sale of all or substantially all of the Company’s assets occurs on the date that any one person or persons acting as a group acquire (or have acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to all or substantially all (and in no case less than 40%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means to the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. A transfer of assets to an entity that is controlled by the members of the Company immediately after the transfer, or a transfer of assets by the Company to any of the following, are not considered to be a sale of all or substantially all of the Company’s assets for purposes of this Section 2.5(c)(2): (A) a member of the Company (immediately before the asset transfer) in exchange for or with respect of its equity interests; (B) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding equity interests of the Company; or (D) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (C). For purposes of this Section 2.5(c)(2) and except as otherwise provided, a person’s status is determined immediately after the transfer of the assets. For example, a transfer to a corporation in which the

Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the transaction is not treated as a sale of all substantially all of the assets of the Company.

Persons will not be considered to be acting as a group solely because they purchase assets of the Company at the same time. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of assets, or similar business transaction with the Company. If a person, including an entity, owns stock in the Company and another corporation that enters into a merger, consolidation, purchase or acquisition of assets, or similar transaction with the Company, such shareholder is considered to be acting as a group with other shareholders of the other corporation only with respect to their ownership interest in that corporation prior to the transaction.

2.6 BENEFICIARY DESIGNATION. In the event of a Participant's death prior to full distribution of his or her vested SERP Account, such amount shall be paid to the beneficiary properly designated by the Participant in the manner established by the Committee to receive his or her SERP Account hereunder. Such distribution shall be made in a lump sum distribution as soon as practicable, but within 90 days, after the Participant's death. If the Participant fails to properly designate a beneficiary hereunder, including if the Participant's designated beneficiary predeceases him or her, upon the Participant's death the vested SERP Account shall be paid to the person or entity that is the Participant's beneficiary under the Plan, whether by designation of the Participant or by the terms of the Plan.

2.7 VALUATION OF ACCOUNTS. The value of a Participant's vested SERP Account shall be determined as of the Valuation Date immediately preceding the date on which a distribution is made to such Participant, based upon the value that the SERP Account would have if at all times it were earning the rate of return specified by the Committee or were fully invested in the investment options designated by the Committee or selected by the Participant, pursuant to Section 2.3.

2.8 FUNDING. Benefits payable under the 2011 SERP to any person shall be paid directly by the Company. The Company shall not be required to fund, or otherwise segregate assets to be used for payment of benefits under the 2011 SERP. While the Company may make investments in amounts equal or unequal to amounts payable hereunder, the Company shall not be under any obligation to make such investments and any such investments shall remain an asset of the Company subject to the claims of its general creditors. Notwithstanding the foregoing, the Company may maintain one or more trusts to hold assets to be used for payment of benefits under the 2011 SERP; provided that the assets of each trust shall be subject to the creditors of the Company in the event the Company becomes insolvent (as defined in such trust) and provided that any such trust must comply with the requirements of Code Section 409A. Any payments by such a trust to a Participant (or to the beneficiary of a Participant) under the 2011 SERP shall be considered payment by the

Company and shall discharge the Company of any further liability under the 2011 SERP to the extent of the payments made by such trust.

Article 3

MISCELLANEOUS

3.1 EMPLOYMENT RIGHTS. Status as a Participant and/or as an Active Participant shall not be construed to give an employee the right to be retained in the service of the Company or any Affiliate or any right to any benefits not specifically provided by the 2011 SERP.

3.2 INTERESTS NOT TRANSFERABLE. Except as to withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time under the 2011 SERP shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefits, whether currently or thereafter payable, shall be void. No benefit shall, in any manner, be liable for or subject to the debts or liabilities of any person entitled to such benefits. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber his or her benefits under the 2011 SERP, or if by reason of his or her bankruptcy or other event happening at any time, such benefits would devolve upon any other person or would not be enjoyed by the person entitled thereto under the 2011 SERP, then the Company, in its discretion, may terminate the interest in any such benefits of the person entitled thereto under the 2011 SERP and hold or apply them to or for the benefit of such person entitled thereto under the 2011 SERP or his or her spouse, children or other dependents, or any of them, in such manner as the Company may deem proper.

3.3 UNCLAIMED AMOUNTS. Unclaimed amounts shall consist of the amounts of the SERP Accounts of any Participant that cannot be distributed because of the Committee's inability to locate the payee, after a reasonable search, within a period of two (2) years after the benefits become distributable under Article 2, as set forth herein. Unclaimed amounts shall be forfeited at the end of such two-year period. These forfeitures shall reduce the obligations of the Company under the 2011 SERP. After an unclaimed amount has been forfeited, the Participant or beneficiary, as applicable, shall have no further right to his or her SERP Account.

3.4 CONTROLLING LAW. The law of the State of Illinois, without giving effect to its conflicts of laws principles, shall be controlling in all matters relating to the 2011 SERP to the extent not preempted by ERISA.

3.5 NUMBER. Words in the plural shall include the singular and the singular shall include the plural.

3.6 ACTION BY AN EMPLOYER. Except as otherwise specifically provided herein, any action required of or permitted by the Company under the 2011 SERP shall be by resolution of the Board of Directors of the Company or person(s) authorized by resolution of the Board of Directors of the Company.

3.7 TAXES. The Company shall have the right to require Participants to remit to the Company any amount sufficient to satisfy applicable federal, state, and local tax withholding requirements, and to deduct from all payments made pursuant to the 2011 SERP amounts sufficient to satisfy such withholding requirements.

3.8 WAIVER. No failure or delay on the part of the Company or the Committee in enforcing or exercising any right or remedy hereunder will operate as a waiver thereof at the same or at any prior or subsequent time.

3.9 SEVERABILITY. If any provision of the 2011 SERP is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the 2011 SERP, and the 2011 SERP will be construed and enforced as if the illegal or invalid provision had not been included.

3.10 INDEMNIFICATION. To the maximum extent permitted by law, the officers, directors, members, managers, and all agents and representatives of the Company and members of the Committee will be indemnified by the Company, and saved harmless against any claims, losses, liabilities, costs, fines, penalties, and expenses (including attorneys fees), resulting from any actual or alleged action, conduct, or failure to act relating to the administration of the SERP, except for claims arising from gross negligence, willful neglect, willful misconduct, or lack of good faith, or from conduct that has resulted in the receipt of personal profit or advantage to which such party is not entitled. Parties may be indemnified under this Section 3.10 to the extent not indemnified or saved harmless under any liability insurance or any other indemnification arrangement with respect to the 2011 SERP.

3.11 SECTION 409A COMPLIANCE. The 2011 SERP is intended to comply with, and will in all cases be interpreted and operated in accordance with the requirements of, Code Section 409A, and the regulations and other guidance issued thereunder. If an unintentional operational failure occurs with respect to Code Section 409A requirements, any affected Participant or beneficiary shall fully cooperate with the Company to correct the failure, to the extent possible, in accordance with any correction procedure established by the U.S. Internal Revenue Service. Any reference herein to Code Section 409A and the Treasury Regulations shall be interpreted to refer to any successor section of the Code, the Treasury Regulations or other guidance issued by the U.S. Internal Revenue Service, as appropriate.

Article 4

AMENDMENT AND TERMINATION

4.1 COMPANY AUTHORITY TO AMEND. The Company intends the SERP to be permanent, but reserves the right at any time to modify or amend the SERP by action of its Board of Directors or the Committee, or to terminate the SERP by action of its Board of Directors, provided however, that if a Participant has a SERP Account, benefits provided under Section 2.1 shall constitute an irrevocable obligation of the Company as applicable, to the same extent that such SERP Account, had it been an account under the Plan, would have been an irrevocable obligation of the Plan.

[Signature Page Follows]

Executed in this 18th day of February, 2011.

CROWN IMPORTS LLC

By: /s/ William F. Hackett

Its: President

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

**Constellation Brands, Inc.
Form 10-Q for Fiscal Quarter Ended November 30, 2013**

I, Robert Sands, certify that:

1. I have reviewed this report on Form 10-Q of Constellation Brands, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's
-

fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 9, 2014

/s/ Robert Sands

Robert Sands

President and Chief Executive Officer

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

**Constellation Brands, Inc.
Form 10-Q for Fiscal Quarter Ended November 30, 2013**

I, Robert Ryder, certify that:

1. I have reviewed this report on Form 10-Q of Constellation Brands, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's
-

fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 9, 2014

/s/ Robert Ryder

Robert Ryder
Executive Vice President and
Chief Financial Officer

**SECTION 1350 CERTIFICATION
OF CHIEF EXECUTIVE OFFICER**

**Constellation Brands, Inc.
Form 10-Q for Fiscal Quarter Ended November 30, 2013**

In connection with the Constellation Brands, Inc. Quarterly Report on Form 10-Q for the Fiscal Quarter Ended November 30, 2013, I, Robert Sands, certify pursuant to 18 U.S.C. Section 1350 that, to the best of my knowledge:

1. The Quarterly Report on Form 10-Q for the Fiscal Quarter Ended November 30, 2013 of Constellation Brands, Inc. fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the periodic report on Form 10-Q for the Fiscal Quarter Ended November 30, 2013 of Constellation Brands, Inc. fairly presents, in all material respects, the financial condition and results of operations of Constellation Brands, Inc.

Dated: January 9, 2014

/s/ Robert Sands

Robert Sands,
President and Chief Executive Officer

**SECTION 1350 CERTIFICATION
OF CHIEF FINANCIAL OFFICER**

**Constellation Brands, Inc.
Form 10-Q for Fiscal Quarter Ended November 30, 2013**

In connection with the Constellation Brands, Inc. Quarterly Report on Form 10-Q for the Fiscal Quarter Ended November 30, 2013, I, Robert Ryder, certify pursuant to 18 U.S.C. Section 1350 that, to the best of my knowledge:

1. The Quarterly Report on Form 10-Q for the Fiscal Quarter Ended November 30, 2013 of Constellation Brands, Inc. fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the periodic report on Form 10-Q for the Fiscal Quarter Ended November 30, 2013 of Constellation Brands, Inc. fairly presents, in all material respects, the financial condition and results of operations of Constellation Brands, Inc.

Dated: January 9, 2014

/s/ Robert Ryder

Robert Ryder,
Executive Vice President and
Chief Financial Officer

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA,

Plaintiff,

v.

ANHEUSER-BUSCH InBEV
SA/NV, *et al.*,

Defendants.

Civil Action No. 13-127 (RWR) Judge Richard W. Roberts

FINAL JUDGMENT

WHEREAS, Plaintiff United States of America (“United States”) filed its Complaint against Defendants Anheuser-Busch InBev SA/NV (“ABI”) and Grupo Modelo, S.A.B. de C.V. (“Modelo”) on January 31, 2013;

AND WHEREAS, pursuant to a Stipulation among Plaintiff and the Defendants including Defendant Constellation Brands, Inc., (“Constellation”), the Court has joined Constellation as a Defendant to this action for the purposes of settlement and for the entry of this Final Judgment;

AND WHEREAS, the United States and Defendants ABI, Modelo, and Constellation, by their respective attorneys, have consented to entry of this Final Judgment without trial or adjudication of any issue of fact or law, and without this Final Judgment constituting any evidence against or admission by any party regarding any issue of fact or law;

AND WHEREAS, Defendants agree to be bound by the provisions of the Final Judgment pending its approval by the Court;

AND WHEREAS, the essence of this Final Judgment is (a) the prompt and certain divestiture of certain rights and assets held by Defendants ABI and Modelo to Defendant Constellation (or other firm) as an Acquirer, to assure that competition is not substantially lessened; and (b) the necessary and appropriate build-out and capacity expansion of the Piedras Negras Brewery by the Acquirer over time to ensure that the Acquirer is able to compete in the United States independent of a relationship to the Sellers;

AND WHEREAS, this Final Judgment requires Defendants ABI and Modelo to make certain divestitures to Defendant Constellation (or other Acquirer) for the purpose of remedying the loss of competition alleged in the Complaint;

AND WHEREAS, Defendants ABI and Modelo intend for the divestiture of certain rights and assets to Constellation (or other Acquirer) to be permanent;

AND WHEREAS, this Final Judgment requires Defendant Constellation (or other Acquirer) to make certain investments for the purpose of expanding the capacity of the Piedras Negras Brewery;

AND WHEREAS, Defendants have represented to the United States that the divestitures required below can and will be made, and Defendant Constellation has represented that the Piedras Negras Brewery investments and expansion can and will be accomplished, and that Defendants will later raise no claim of hardship or difficulty as grounds for asking the Court to modify any of the provisions contained below;

NOW THEREFORE, before any testimony is taken, without trial or adjudication of any issue of fact or law, and upon consent of the parties, it is ORDERED, ADJUDGED, AND DECREED:

I. JURISDICTION

This Court has jurisdiction over the subject matter of and each of the parties to this action. The Complaint states a claim upon which relief may be granted against Defendants ABI and Modelo under Section 7 of the Clayton Act, as amended (15 U.S.C. § 18). Pursuant to the Stipulation filed simultaneously with this Final Judgment joining Constellation as a Defendant to this action for the purpose of this Final Judgment, Constellation has consented to this Court's exercise of personal jurisdiction over it.

II. DEFINITIONS

As used in the Final Judgment:

A. "ABI" means Anheuser-Busch InBev SA/NV, its domestic and foreign parents, predecessors, divisions, subsidiaries, affiliates, partnerships and joint ventures (excluding Crown, and, prior to the completion of the Transaction, Modelo); and all directors, officers, employees, agents, and representatives of the foregoing. The terms "parent," "subsidiary," "affiliate," and "joint venture" refer to any person in which there is majority (greater than 50 percent) or total ownership or control between the company and any other person.

B. "ABI-Owned Distributor" means any Distributor in which ABI owns more than 50 percent of the outstanding equity interests as of the date of the divestiture of the Divestiture Assets.

C. "Acquirer" means:

1. Constellation;

or

2. an alternative purchaser of the Divestiture Assets selected pursuant to the procedures set forth in this Final Judgment.

D. "Acquirer Confidential Information" means:

1. confidential commercial information of Constellation (or other Acquirer) that has been obtained from such entity, including quantities, units, and prices of items ordered or purchased from the Sellers by the Acquirer, and any other competitively sensitive information regarding the Sellers' or the Acquirer's performance under the Interim Supply Agreement or the Transition Services Agreement; and
2. confidential unit sales data, non-public pricing strategies and plans, or any other confidential commercial information of the Acquirer that either an ABI-Owned Distributor, or any other Distributor in which ABI acquires a majority interest after the date of the divestiture contemplated herein, obtains from the Acquirer by virtue of its relationship with the Acquirer.

E. "Beer" means any fermented alcoholic beverage that (1) is composed in part of water, a type of starch, yeast, and a flavoring and (2) has undergone the process of brewing.

F. "Brewery Companies" means (1) Compañía Cervecería de Coahuila S.A. de C.V., a subsidiary of Grupo Modelo with its headquarters in Coahuila, Mexico, and (2) Servicios Modelo de Coahuila, S.A. de C.V., a subsidiary of Grupo Modelo with its headquarters in Coahuila, Mexico.

G. "Constellation" means Constellation Brands, Inc., its domestic and foreign parents, predecessors, divisions, subsidiaries, affiliates, partnerships and joint ventures, including but not limited to, Crown, and all directors, officers, employees, agents, and representatives of the foregoing. The terms "parent," "subsidiary," "affiliate," and "joint venture" refer to any person in which there is majority (greater than 50 percent) or total ownership or control between the company and any other person.

H. “Covered Entity” means any Beer brewer, importer, or brand owner (other than ABI) that derives more than \$7.5 million in annual gross revenue from Beer sold for further resale in the United States, or from license fees generated by such Beer sales.

I. “Covered Interest” means any non-ABI Beer brewing assets or any non-ABI Beer brand assets of, or any interest in (including any financial, security, loan, equity, intellectual property, or management interest), a Covered Entity; except that a Covered Interest shall not include (i) a Beer brewery or Beer brand located outside the United States that does not generate at least \$7.5 million in annual gross revenue from Beer sold for resale in the United States; or (ii) a license to distribute a non-ABI Beer brand where said distribution license does not generate at least \$3 million in annual gross revenue in the United States.

J. “Crown” means Crown Imports, LLC, the joint venture between Constellation and Modelo that is in the business of importing Modelo Brand Beer into the United States, or any successor thereto.

K. “Defendants” means ABI, Modelo, and Constellation, and any successor or assignee to all or substantially all of the business or assets of ABI, Modelo, or Constellation involved in the brewing of Beer.

L. “Distributor” means a wholesaler in the Territory who acts as an intermediary between a brewer or importer of Beer and a retailer of Beer.

M. “Distributor Incentive Program” means the Anheuser-Busch Voluntary Alignment Incentive Program and any other policy or program, either currently in effect or implemented hereafter, that offers some type of benefit to a Distributor based on the Distributor’s sales performance, its loyalty in supporting any brand or brands of Beer, or its commercial support for any brand or brands of Beer, including decisions of which brands to carry or the sales volume of each.

N. “Divestiture Assets” means all tangible and intangible assets, rights and interests necessary to effectuate the purposes of this Final Judgment, as specified by the following agreements attached hereto and labeled as Exhibit A to this Final Judgment: the Stock Purchase Agreement (including the exhibits thereto) and the MIPA (including the exhibits thereto). In addition:

1. In the event that the Acquirer is a buyer other than Constellation, the Divestiture Assets shall also include the Entire Importer Interest, pursuant to ABI’s Drag-Along Right to require Constellation to divest such interest, and subject to Constellation’s right to receive compensation in the event of such divestiture, as set forth in Section 12.5 of the MIPA, attached hereto in Exhibit A;
and
 - a. in the event that a Divestiture Trustee is appointed, the Divestiture Trustee may, with the consent of the United States pursuant to Section IV.J herein: include in the Divestiture Assets any additional assets, including tangible assets as well as intellectual property interests and other intangible interests or assets that extend beyond the United States, if the Divestiture Trustee finds the inclusion of such assets necessary to enable the Acquirer to expand the Piedras Negras Brewery to a Nominal Capacity of at least twenty (20) million hectoliters of packaged Beer per year, or to remedy any breach that the Monitoring Trustee has identified pursuant to Section VIII.B.3 herein; or

- b. remove from the divestiture package any assets that are not needed by the Acquirer to accomplish the purposes of this Final Judgment, if such removal will facilitate the divestiture of Modelo's United States Beer business as contemplated by this Final Judgment.

O. "Drag-Along Right" means ABI's right, as defined in Section 12.5(b) of the MIPA, attached hereto in Exhibit A, to require Constellation to divest Constellation's interest in Crown in the event Constellation is not the Acquirer.

P. "Entire Importer Interest" means Constellation's present interest in Crown, as defined in Section 12.5(b) of the MIPA, attached hereto in Exhibit A.

Q. "Hold Separate Stipulation and Order" means the Stipulation and Order filed by the parties simultaneously herewith, which imposes certain duties on the Defendants with respect to the operation of the Divestiture Assets pending the proposed divestitures, and also adds Constellation as a Defendant in this action.

R. "Interim Supply Agreement" means:

1. the form of agreement between Modelo and Crown, attached as Exhibit A to the MIPA, attached hereto, and incorporated herein,
or
2. in the event the Divestiture Assets are sold to an Acquirer other than Constellation, an agreement between Sellers and the Acquirer to provide the same types of services under substantially similar terms as provided in Exhibit A to the MIPA incorporated hereto, subject to approval by the United States in its sole discretion.

S. "MIPA" means the Amended and Restated Membership Interest Purchase Agreement among Constellation Beers Ltd., Constellation Brands Beach Holdings, Inc., Constellation Brands, Inc., and Anheuser-Busch InBev SA/NV dated February 13, 2013, as amended on April 19, 2013, and attached hereto in Exhibit A.

T. "Modelo" means Grupo Modelo, S.A.B. de C.V., its domestic and foreign parents, predecessors, divisions, subsidiaries, affiliates, partnerships and joint ventures (excluding Crown and the entities listed on Exhibit B hereto); and all directors, officers, employees, agents, and representatives of the foregoing. The terms "parent," "subsidiary," "affiliate," and "joint venture" refer to any person in which there is majority (greater than 50 percent) or total ownership or control between the company and any other person.

U. "Modelo Brand Beer" means any Beer SKU that is part of the Divestiture Assets, and any Beer SKU that may become subject to the agreements giving effect to the divestitures required by Sections IV or VI of this Final Judgment.

V. "Nominal Capacity" means a brewery's annual production capacity for packaged Beer, if the brewery were operated at 100% capacity.

W. "Piedras Negras Brewery" means all the land and all existing structures, buildings, plants, infrastructure, equipment, fixed assets, inventory, tooling, personal property, titles, leases, office furniture, materials, supplies, and other tangible property located in Nava, Coahuila, Mexico and owned by the Brewery Companies.

X. "Sellers" means ABI and Modelo.

Y. "Stock Purchase Agreement" means the Stock Purchase Agreement between Anheuser-Busch InBev SA/NV and Constellation Brands, Inc. dated February 13, 2013, as amended on April 19, 2013, and attached hereto in Exhibit A.

Z. "Sub-License Agreement" means the Amended and Restated Sub-License Agreement between Marcas Modelo, S.A. de C.V. and Constellation Beers Ltd., attached as Exhibit A to the Stock Purchase Agreement.

AA. "Territory" means the fifty states of the United States of America, the District of Columbia, and Guam.

BB. "Transaction" means ABI's proposed acquisition of the remainder of Modelo.

CC. "Transition Services Agreement" means:

1. the form of agreement between ABI and Constellation attached as Exhibit B to the Stock Purchase Agreement, and incorporated herein; or
2. in the event the Divestiture Assets are sold to an Acquirer other than Constellation, an agreement between Sellers and such Acquirer to provide the same types of services under substantially similar terms as provided in Exhibit B to the Stock Purchase Agreement incorporated hereto, subject to approval by the United States in its sole discretion.

III. APPLICABILITY

A. This Final Judgment applies to Defendants, as defined above, and all other persons in active concert or participation with any of them who receive actual notice of this Final Judgment by personal service or otherwise.

B. If, prior to complying with Section IV and VI of this Final Judgment, Sellers sell or otherwise dispose of all or substantially all of their assets or of lesser business units that include the Divestiture Assets, they shall require the purchaser to be bound by the provisions of this Final Judgment.

IV. DIVESTITURE

A. The Court orders the divestitures set forth in this Section IV, having accepted the following representations made by the parties as of the date of filing this Final Judgment:

1. by ABI, the certain representations contained in Section 3.25 of the Stock Purchase Agreement attached in Exhibit A hereto regarding the sufficiency of the assets to be divested;
2. by ABI, the certain representations contained in Section 3.26 of the Stock Purchase Agreement attached in Exhibit A hereto regarding the absence of present knowledge of impediments to the expansion of capacity of the Piedras Negras Brewery;
3. by Modelo, the representations set forth in the Letter of Grupo Modelo, S.A.B. de C.V., dated April 17, 2013, attached hereto as Exhibit C, regarding the issues described in subparagraphs A.1 and A.2 above; and
4. by Modelo, the representations set forth in the Letter of Grupo Modelo, S.A.B. de C.V., dated April 17, 2013, attached hereto as Exhibit C, regarding the sufficiency of the assets being divested for the importation, marketing, distribution and sale of Modelo Brand Beer in the United States.

B. ABI is ordered and directed, upon the later of (1) the completion of the Transaction or (2) ninety (90) calendar days after the filing of this proposed Final Judgment, to divest the Divestiture Assets in a manner consistent with this Final Judgment to an Acquirer acceptable to the United States in its sole discretion. The United States, in its sole discretion, may agree to one or more extensions of this time period not to exceed sixty (60) calendar days in total, and shall notify the Court in such circumstances. ABI agrees to use its best efforts to divest the Divestiture Assets as expeditiously as possible.

C. In the event Sellers are attempting to divest the Divestiture Assets to an Acquirer other than Constellation, in accomplishing the divestiture ordered by this Final Judgment, Sellers promptly shall make known, by usual and customary means, the availability of the Divestiture Assets. Sellers shall inform any person making inquiry regarding a possible purchase of the Divestiture Assets that they are being divested pursuant to this Final Judgment and provide that person with a copy of this Final Judgment. Sellers shall offer to furnish to all prospective Acquirers, subject to customary confidentiality assurances, all information and documents relating to the Divestiture Assets customarily provided in a due diligence process except such information or documents subject to the attorney-client privileges or work-product doctrine. Sellers shall make available such information to the United States at the same time that such information is made available to any other person.

D. Sellers shall provide the Acquirer and the United States information relating to the personnel involved in the operation of the Divestiture Assets to enable the Acquirer to make offers of employment. Sellers will not interfere with any negotiations by the Acquirer to retain, employ or contract with any employee of the Brewery Companies. Interference with respect to this paragraph includes, but is not limited to, enforcement of non-compete clauses, solicitation of employment with ABI or Modelo, offers to transfer to another facility of ABI or Modelo, and offers to increase salary or other benefits apart from those offered company-wide.

E. In the event the Sellers are attempting to divest the Divestiture Assets to an Acquirer other than Constellation, Sellers shall permit prospective Acquirers of the Divestiture Assets to have reasonable access to personnel and to make inspections of the physical facilities of the Piedras Negras Brewery; access to any and all environmental, zoning, and other permit documents and information; and access to any and all financial, operational, or other documents and information customarily provided as part of a due diligence process.

F. Defendants shall, as soon as possible, but within two (2) business days after completion of the relevant event, notify the United States of: (1) the effective date of the completion of the Transaction; and (2) the effective date of the sale of the Divestiture Assets to the Acquirer.

G. Any amendment or modification of any of the agreements in Exhibit A, or any similar agreements entered with an Acquirer pursuant to Section IV.B, may only be entered into with the approval of the United States in its sole discretion. Sellers and the Acquirer shall enter into a Transition Services Agreement for a period up to three (3) years from the date of the divestiture to enable the Acquirer to compete effectively in providing Beer in the United States. Sellers shall perform all duties and provide any and all services required of Sellers under the Transition Services Agreement. Any amendments or modifications of the Transition Services Agreement may only be entered into with the approval of the United States in its sole discretion.

H. Sellers and the Acquirer shall enter into an Interim Supply Agreement for a period up to three (3) years from the execution date of the divestiture to enable the Acquirer to compete effectively in providing Beer in the United States. Sellers shall perform all duties and provide any and all services required of Sellers under the Interim Supply Agreement. Any amendments, modifications, or extensions of the Interim Supply Agreement beyond three (3) years may only be entered into with the approval of the United States in its sole discretion.

I. If the Acquirer seeks an extension of the Interim Supply Agreement, the Acquirer shall so notify the United States in writing at least four (4) months prior to the date the Interim Supply Agreement expires. If the United States approves such an extension, it shall so notify the Acquirer in writing at least three (3) months prior to the date the Interim Supply Agreement expires. The total term of the Interim Supply Agreement and any extension(s) so approved shall not exceed five (5) years.

J. Unless the United States otherwise consents in writing, the divestiture pursuant to Section IV or VI shall include the entire Divestiture Assets, and shall be accomplished in such a way as to satisfy the United States, in its sole discretion, that the Divestiture Assets can and will be used by the Acquirer as part of a viable, ongoing business, engaged in providing Beer in the United States. The divestiture shall be:

1. made to an Acquirer that, in the United States' sole judgment, has the intent and capability (including the necessary managerial, operational, technical and financial capability) to complete the expansion of the Piedras Negras Brewery as contemplated herein, and to compete in the business of providing Beer; and
2. accomplished so as to satisfy the United States, in its sole discretion, that none of the terms of the agreement between an Acquirer and Sellers gives Sellers the ability unreasonably to raise the Acquirer's costs, to lower the Acquirer's efficiency, or otherwise to interfere in the ability of the Acquirer to compete effectively.

V. REQUIRED EXPANSION AND OTHER PROVISIONS DESIGNED TO PROMOTE COMPETITION

A. Acquirer shall accomplish the expansion of the Piedras Negras Brewery to a Nominal Capacity of at least twenty (20) million hectoliters of packaged Beer annually, to include the ability to produce commercially reasonable quantities of each Modelo Brand Beer offered by Crown for sale in the United States as of the date of filing this proposed Final Judgment. Acquirer shall complete the above expansion by December 31, 2016. As part of the expansion of the Piedras Negras Brewery, Defendant Constellation shall use its best efforts to complete the following construction milestones by the specified deadlines:

1. Within six (6) months from the date of divestiture, the appointment of, and contracts executed with, design and engineering firms;

2. Within twelve (12) months from the date of divestiture, the completion of the design and engineering (including specifications and rated capacities) of the brewhouse, packaging hall, and warehouse;
3. Within twelve (12) months from the date of divestiture, the obtainment of all necessary permits;
4. Within twelve (12) months from the date of divestiture, the commencement of construction of the brewhouse, packaging hall, and warehouse;
5. Within twenty-four (24) months from the date of divestiture, the completion of the construction of the warehouse and completion of the installation of equipment in the warehouse;
6. Within thirty (30) months from the date of divestiture, the completion of the construction of the brewhouse and completion of the installation of equipment in the brewhouse;
7. Within thirty-six (36) months from the date of divestiture, the completion of the construction of the packaging hall and the completion of the installation of equipment in the packaging hall; and

8. Within thirty-six (36) months from the date of divestiture, Constellation determines in its discretion that it is able to obtain its supply requirements from the Piedras Negras Brewery and is no longer dependent on supply under the Interim Supply Agreement.

B. For a period of thirty-six (36) months after the date of the divestiture, (i) ABI shall not make any change to its Distributor Incentive Program that would cause any Modelo Brand Beer to count against a Distributor's level of alignment, nor implement a new Distributor Incentive Program that would have a similar effect; and (ii) additionally, any Distributor's carrying of Modelo Brand Beer shall not be considered by ABI to be an adverse factor or circumstance when determining whether or not to approve such Distributor's purchase of any other Distributor.

C. For a period of two (2) years beginning one (1) year after filing of this proposed Final Judgment, as to any ABI-Owned Distributor that has rights to distribute Modelo Brand Beer in the Territory, the Acquirer shall have the right, upon sixty (60) days notice to ABI, to direct the ABI-Owned Distributor to sell those rights to another Distributor identified by Acquirer, subject to the terms for such sales set forth in Exhibit D hereto, and incorporated herein. At least thirty (30) days before ABI acquires a majority of the equity interests in any additional Distributors after divestiture of the Divestiture Assets, and such Distributors have rights to distribute Modelo Brand Beer in the Territory, ABI shall notify the Acquirer of any such planned acquisition and the Acquirer shall have thirty (30) days from the date of such notice to provide notice to ABI that the Acquirer intends to exercise the rights outlined in Exhibit D hereto.

D. If Sellers and the Acquirer enter into any new agreement(s) with each other with respect to the brewing, packaging, production, marketing, importing, distribution, or sale of Beer in the United States or elsewhere, Sellers and the Acquirer shall notify the United States of the new agreement(s) at least sixty (60) calendar days in advance of such agreement(s) becoming effective and such agreement(s) may only be entered into with the approval of the United States in its sole discretion.

**VI. APPOINTMENT OF TRUSTEE TO EFFECT
DIVESTITURE**

A. If Sellers have not divested the Divestiture Assets within the time period specified in Section IV.B, Sellers shall notify the United States of that fact in writing. Upon application of the United States, the Court shall appoint a Divestiture Trustee selected by the United States and approved by the Court to divest the Divestiture Assets in a manner consistent with this Final Judgment.

B. After the appointment of a Divestiture Trustee becomes effective, only the Divestiture Trustee shall have the right to sell the Divestiture Assets. The Divestiture Trustee shall have the power and authority to accomplish the divestiture to an Acquirer acceptable to the United States at such price and on such terms as are then obtainable upon reasonable effort by the Divestiture Trustee, subject to the provisions of Sections IV, V, VI, and VII of this Final Judgment, and shall have such other powers as this Court deems appropriate.

C. Subject to Section VI.E of this Final Judgment, the Divestiture Trustee may hire at the cost and expense of Sellers any investment bankers, attorneys, or other agents, who shall be solely accountable to the Divestiture Trustee, reasonably necessary in the Divestiture Trustee's judgment to assist in the divestiture.

D. Defendants shall not object to a sale by the Divestiture Trustee on any ground other than the Divestiture Trustee's malfeasance. Any such objections by Defendants must be conveyed in writing to the United States and the Divestiture Trustee within ten (10) calendar days after the Divestiture Trustee has provided the notice required under Section VII.A.

E. The Divestiture Trustee shall serve at the cost and expense of Sellers, pursuant to a written agreement with Sellers on such terms and conditions as the United States approves, and shall account for all monies derived from the sale of the assets sold by the Divestiture Trustee and all costs and expenses so incurred. After approval by the Court of the Divestiture Trustee's accounting, including fees for its services and those of any professionals and agents retained by the Divestiture Trustee, all remaining money shall be paid to Sellers and the trust shall then be terminated. The compensation of the Divestiture Trustee and any professionals and agents retained by the Divestiture Trustee shall be reasonable in light of the value of the Divestiture Assets and based on a fee arrangement providing the Divestiture Trustee with an incentive based on the price and terms of the divestiture and the speed with which it is accomplished, but timeliness is paramount.

F. Defendants shall use their best efforts to assist the Divestiture Trustee in accomplishing the required divestiture. The Divestiture Trustee and any consultants, accountants, attorneys, and other persons retained by the Divestiture Trustee shall have full and complete access to the personnel, books, records, and facilities of the business to be divested, and Defendants shall develop financial and other information relevant to such business as the Divestiture Trustee may reasonably request, subject to reasonable protection for trade secret or other confidential research, development, or commercial information. Defendants shall take no action to interfere with or to impede the Divestiture Trustee's accomplishment of the divestiture.

G. After its appointment, the Divestiture Trustee shall file monthly reports with the United States and the Court setting forth the Divestiture Trustee's efforts to accomplish the divestiture ordered under this Final Judgment. To the extent such reports contain information that the Divestiture Trustee deems confidential, such reports shall not be filed in the public docket of the Court. Such reports shall include the name, address, and telephone number of each person who, during the preceding month, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring the Divestiture Assets, and shall describe in detail each

contact with any such person. The Divestiture Trustee shall maintain full records of all efforts made to divest the Divestiture Assets.

H. If the Divestiture Trustee has not accomplished the divestiture ordered under this Final Judgment within six (6) months after its appointment, the Divestiture Trustee shall promptly file with the Court a report setting forth (1) the Divestiture Trustee's efforts to accomplish the required divestiture, (2) the reasons, in the Divestiture Trustee's judgment, why the required divestiture has not been accomplished, and (3) the Divestiture Trustee's recommendations. To the extent such reports contain information that the Divestiture Trustee deems confidential, such reports shall not be filed in the public docket of the Court. The Divestiture Trustee shall at the same time furnish such report to the Defendants and to the United States, which shall have the right to make additional recommendations consistent with the purpose of the trust. The Court thereafter shall enter such orders as it shall deem appropriate to carry out the purpose of the Final Judgment, which may, if necessary, include extending the trust and the term of the Divestiture Trustee's appointment by a period requested by the United States.

VII. NOTICE OF PROPOSED DIVESTITURE

A. Within two (2) business days following execution of a definitive divestiture agreement with an Acquirer other than Constellation, the Defendants or the Divestiture Trustee, whichever is then responsible for effecting the divestiture required herein, shall notify the United States of any proposed divestiture required by Section IV of this Final Judgment. If the Divestiture Trustee is responsible, it shall similarly notify Defendants. The notice shall set forth the details of the proposed divestiture and list the name, address, and telephone number of each person who offered or expressed an interest in or desire to acquire any ownership interest in the Divestiture Assets or, in the case of the Divestiture Trustee, any update of the information required to be provided under Section VI.G above.

B. Within fifteen (15) calendar days of receipt by the United States of such notice, the United States may request from Defendants, the proposed Acquirer, any other third party, or the Divestiture Trustee if applicable, additional information concerning the proposed divestiture, the proposed Acquirer, and any other potential Acquirer. Defendants and the Divestiture Trustee shall furnish any additional information requested within fifteen (15) calendar days of the receipt of the request, unless the parties shall otherwise agree.

C. Within thirty (30) calendar days after receipt of the notice or within twenty (20) calendar days after the United States has been provided the additional information requested from Defendants, the proposed Acquirer, any third party, and the Divestiture Trustee, whichever is later, the United States shall provide written notice to Defendants and the Divestiture Trustee, stating whether or not it objects to the proposed divestiture. If the United States provides written notice that it does not object, the divestiture may be consummated, subject only to Defendants' limited right to object to the sale under Section VI.D of this Final Judgment. Absent written notice that the United States does not object to the proposed Acquirer or upon objection by the United States, a divestiture proposed under Section VI shall not be consummated. Upon objection by Defendants under Section VI.D, a divestiture proposed under Section VI shall not be consummated unless approved by the Court.

VIII. MONITORING TRUSTEE

A. Upon the filing of this Final Judgment, the United States may, in its sole discretion, appoint a Monitoring Trustee, subject to approval by the Court.

B. The Monitoring Trustee shall have the power and authority to monitor Defendants' compliance with the terms of this Final Judgment and the Hold Separate Stipulation and Order entered by this Court, and shall have such powers as this Court deems appropriate. The Monitoring Trustee shall be required to investigate and report on the Defendants' compliance with this Final Judgment and the Defendants' progress toward effectuating the purposes of this Final Judgment, including but not limited to:

1. the attainment of the construction milestones by the Acquirer as set forth in Section V.A, the reasons for any failure to meet such milestones, and recommended remedies for any such failure;
2. any breach or other problem that arises under the Transition Services Agreement, Interim Supply Agreement, or other agreement between Sellers and Acquirer that may affect the accomplishment of the purposes of this Final Judgment, the reasons for such breach or problem, and recommended remedies therefor; and
3. any breach or other concern regarding the accuracy of the representations made by ABI in sections 3.25 and 3.26 of the Stock Purchase Agreement, incorporated herein, or successor agreements thereto, and by Modelo in the Letter of Grupo Modelo, S.A.B. de C.V., incorporated herein as Exhibit C, and recommended remedies therefor.

C. Subject to Section VIII.E of this Final Judgment, the Monitoring Trustee may hire at the cost and expense of ABI, any consultants, accountants, attorneys, or other persons, who shall be solely accountable to the Monitoring Trustee, reasonably necessary in the Monitoring Trustee's judgment.

D. Defendants shall not object to actions taken by the Monitoring Trustee in fulfillment of the Monitoring Trustee's responsibilities under any Order of this Court on any ground other than the Monitoring Trustee's malfeasance. Any such objections by Defendants must be conveyed in writing to the United States and the Monitoring Trustee within ten (10) calendar days after the action taken by the Monitoring Trustee giving rise to the Defendants' objection.

E. The Monitoring Trustee shall serve at the cost and expense of ABI on such terms and conditions as the United States approves. The compensation of the Monitoring Trustee and any consultants, accountants, attorneys, and other persons retained by the Monitoring Trustee shall be on reasonable and customary terms commensurate with the individuals' experience and responsibilities. The Monitoring Trustee shall, within three (3) business days of hiring any consultants, accountants, attorneys, or other persons, provide written notice of such hiring and the rate of compensation to ABI.

F. The Monitoring Trustee shall have no responsibility or obligation for the operation of Defendants' businesses.

G. Defendants shall use their best efforts to assist the Monitoring Trustee in monitoring Defendants' compliance with their individual obligations under this Final Judgment and under the Hold Separate Stipulation and Order. The Monitoring Trustee and any consultants, accountants, attorneys, and other persons retained by the Monitoring Trustee shall have full and complete access to the personnel, books, records, and facilities relating to compliance with this Final Judgment, subject to reasonable protection for trade secret or other confidential research, development, or commercial information or any applicable privileges. Defendants shall take no action to interfere with or to impede the Monitoring Trustee's accomplishment of its responsibilities.

H. After its appointment, the Monitoring Trustee shall file reports every ninety (90) days, or more frequently as needed, with the United States, the Defendants and the Court setting forth the Defendants' efforts to comply with their individual obligations under this Final Judgment and under the Hold Separate Stipulation and Order. To the extent such reports contain information that the trustee deems confidential, such reports shall not be filed in the public docket of the Court.

I. The Monitoring Trustee shall serve until the divestiture of all the Divestiture Assets is finalized pursuant to either Section IV or Section VI of this Final Judgment and the Transition Services Agreement and the Interim Supply Agreement have expired and all other relief has been completed as defined in Section V.A.

IX. FINANCING

Sellers shall not finance all or any part of any purchase made pursuant to Section IV or VI of this Final Judgment.

X. HOLD SEPARATE

Until the divestiture required by this Final Judgment has been accomplished, Defendants shall take all steps necessary to comply with the Hold Separate Stipulation and Order entered by this Court. Defendants shall take no action that would jeopardize the divestiture ordered by this Court.

XI. AFFIDAVITS

A. Within twenty (20) calendar days of the filing of this proposed Final Judgment, and every thirty (30) calendar days thereafter until the divestiture has been completed under Section IV or VI, each Seller shall deliver to the United States an affidavit as to the fact and manner of its compliance with Section IV or VI of this Final Judgment. Each such affidavit shall include the name, address, and telephone number of each person who, during the preceding thirty (30) calendar days, made an offer to

acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring, any interest in the Divestiture Assets, and shall describe in detail each contact with any such person during that period. Each such affidavit shall also include a description of the efforts Sellers have taken to solicit buyers for the Divestiture Assets, and to provide required information to prospective Acquirers, including the limitations, if any, on such information. Assuming the information set forth in the affidavit is true and complete, any objection by the United States to information provided by Sellers, including limitation on information, shall be made within fourteen (14) calendar days of receipt of such affidavit.

B. Within twenty (20) calendar days of the filing of this proposed Final Judgment, each Defendant shall deliver to the United States an affidavit that describes in reasonable detail all actions it has taken and all steps it has implemented on an ongoing basis to comply with Section X of this Final Judgment. Each Defendant shall deliver to the United States an affidavit describing any changes to the efforts and actions outlined in its earlier affidavits filed pursuant to this section within fifteen (15) calendar days after the change is implemented.

C. Defendants shall keep all records of all efforts made to preserve and divest the Divestiture Assets until one year after such divestiture has been completed.

**XII. NOTIFICATION OF FUTURE
TRANSACTIONS**

A. Unless such transaction is otherwise subject to the reporting and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, 15 U.S.C. § 18a (the “HSR Act”), ABI, without providing at least sixty (60) calendar days advance notification to the United States, shall not directly or indirectly acquire or license a Covered Interest in or from a Covered Entity; provided, however, that advance notification shall not be required for acquisitions of the type addressed in 16 C.F.R. §§ 802.1 and 802.9.

B. Any notification pursuant to Section XII.A above shall be provided to the United States in letter format, and shall identify the parties to the transaction, the assets being acquired or licensed, the value of the transaction, the seller's annual gross revenue from each brand or asset being acquired, and the identity of the current importer for any Beer being acquired that is brewed outside the United States.

C. All references to the HSR Act in this Final Judgment refer to the HSR Act as it exists at the time of the transaction or agreement and incorporate any subsequent amendments to the Act.

XIII. FIREWALL

A. During the term of the Transition Services Agreement and the Interim Supply Agreement, Sellers shall implement and maintain reasonable procedures to prevent Acquirer Confidential Information from being disclosed by or through Sellers to those of Sellers' affiliates who are involved in the marketing, distribution, or sale of Beer in the United States, or to any other person who does not have a need to know the information.

B. Sellers shall, within ten (10) business days of the entry of the Hold Separate Stipulation and Order, submit to the United States a document setting forth in detail the procedures implemented to effect compliance with Section XIII.A of this Final Judgment. The United States shall notify Sellers within five (5) business days whether it approves of or rejects Sellers' compliance plan, in its sole discretion. In the event that Sellers' compliance plan is rejected, the reasons for the rejection shall be provided to Sellers and Sellers shall be given the opportunity to submit, within ten (10) business days of receiving the notice of rejection, a revised compliance plan. If the parties cannot agree on a compliance plan, the United States shall have the right to request that the Court rule on whether Sellers' proposed compliance plan is reasonable.

C. Defendants may at any time submit to the United States evidence relating to the actual operation of the firewall in support of a request to modify the firewall set forth in this Section XIII. In determining whether it would be appropriate for the United States to consent to modify the firewall, the United States, in its sole discretion, shall consider the need to protect Acquirer Confidential Information and the impact the firewall has had on Sellers' ability to efficiently provide services, supplies and products under the Transition Services Agreement and the Interim Supply Agreement.

D. Sellers and the Acquirer shall:

1. furnish a copy of this Final Judgment and related Competitive Impact Statement within sixty (60) days of entry of the Final Judgment to (a) each officer, director, and any other employee that will receive Acquirer Confidential Information; (b) each officer, director, and any other employee that is involved in (i) any contact with the other companies that are parties to the Transition Services Agreement and Interim Supply Agreement, (ii) making decisions under the Transition Services Agreement or the Interim Supply Agreement, (iii) making decisions regarding ABI's Distributor Incentive Programs, or (iv) making decisions regarding the treatment of Crown by either ABI-Owned Distributors, or by any other Distributor in which ABI acquires a majority interest after the date of the divestiture contemplated herein; and (c) any successor to a person designated in Section XIII.D.1(a) or (b);

2. annually brief each person designated in Section XIII.D.1 on the meaning and requirements of this Final Judgment and the antitrust laws; and
3. obtain from each person designated in Section XIII.D.1, within sixty (60) days of that person's receipt of the Final Judgment, a certification that he or she (i) has read and, to the best of his or her ability, understands and agrees to abide by the terms of this Final Judgment; (ii) is not aware of any violation of the Final Judgment that has not been reported to the company; and (iii) understands that any person's failure to comply with this Final Judgment may result in an enforcement action for civil or criminal contempt of court against each Defendant and/or any person who violates this Final Judgment.

XIV. COMPLIANCE INSPECTION

A. For the purposes of determining or securing compliance with this Final Judgment, or of determining whether the Final Judgment should be modified or vacated, and subject to any legally recognized privilege, from time to time authorized representatives of the United States Department of Justice Antitrust Division ("Antitrust Division"), including consultants and other persons retained by the United States, shall, upon written request of an authorized representative of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to Defendants, be permitted:

1. access during Defendants' office hours to inspect and copy, or at the option of the United States, to require Defendants to provide hard copy or electronic copies of, all books, ledgers, accounts, records, data, and documents in the possession, custody, or control of Defendants, relating to any matters contained in this Final Judgment; and

2. to interview, either informally or on the record, Defendants' officers, employees, or agents, who may have their individual counsel present, regarding such matters. The interviews shall be subject to the reasonable convenience of the interviewee and without restraint or interference by Defendants.

B. Upon the written request of an authorized representative of the Assistant Attorney General in charge of the Antitrust Division, Defendants shall submit written reports or respond to written interrogatories, under oath if requested, relating to any of the matters contained in this Final Judgment as may be requested. Written reports authorized under this paragraph may, at the sole discretion of the United States, require Defendants to conduct, at Defendants' cost, an independent audit or analysis relating to any of the matters contained in this Final Judgment.

C. No information or documents obtained by the means provided in this section shall be divulged by the United States to any person other than an authorized representative of the executive branch of the United States, except in the course of legal proceedings to which the United States is a party (including grand jury proceedings), or for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.

D. If at the time information or documents are furnished by Defendants to the United States, Defendants represent and identify in writing the material in any such information or documents to which a claim of protection may be asserted under the Protective Order, then the United States shall give Defendants ten (10) calendar days notice prior to divulging such material in any legal proceeding (other than a grand jury proceeding).

XV. NO REACQUISITION

Sellers may not reacquire any part of the Divestiture Assets during the term of this Final Judgment.

XVI. BANKRUPTCY

The failure of any party to the Sub-License Agreement to perform any remaining obligations of such party under the Sub-License Agreement shall not excuse performance by the other party of its obligations thereunder. Accordingly, for purposes of Section 365(n) of the Bankruptcy Reform Act of 1978, as amended, and codified as 11 U.S.C. §§ 101 *et. seq.* (the “Bankruptcy Code”) or any analogous provision under any law of any foreign or domestic, federal, state, provincial, local, municipal or other governmental jurisdiction relating to bankruptcy, insolvency or reorganization (“Foreign Bankruptcy Law”), (a) the Sub-License Agreement will not be deemed to be an executory contract, and (b) if for any reason the Sub-License Agreement is deemed to be an executory contract, the licenses granted under the Sub-License Agreement shall be deemed to be licenses to rights in “intellectual property” as defined in Section 101 of the Bankruptcy Code or any analogous provision of Foreign Bankruptcy Law and Constellation or any other Acquirer shall be protected in the continued enjoyment of its right under the Sub-License Agreement including, without limitation, if Constellation or another Acquirer so elects, the protection conferred upon licensees under 11 U.S.C. Section 365(n) of the Bankruptcy Code or any analogous provision of Foreign Bankruptcy Law.

XVII. RETENTION OF JURISDICTION

This Court retains jurisdiction to enable any party to this Final Judgment to apply to this Court at any time for further orders and directions as may be necessary or appropriate to carry out or construe this Final Judgment, to modify any of its provisions, to ensure and enforce compliance, and to punish violations of its provisions.

XVIII. EXPIRATION OF FINAL JUDGMENT

Unless this Court grants an extension, this Final Judgment shall expire ten (10) years from the date of its entry.

XIX. PUBLIC INTEREST DETERMINATION

Entry of this Final Judgment is in the public interest. The parties have complied with the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16, including making copies available to the public of this Final Judgment, the Competitive Impact Statement, and any comments thereon and the United States' responses to comments. Based upon the record before the Court, which includes the Competitive Impact Statement and any comments and response to comments filed with the Court, entry of this Final Judgment is in the public interest.

Date: 10/21/13

Court approval subject to procedures of the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16.

/s/ R.W. Roberts
United States District Judge

EXHIBIT B

Aeromodelo, S.A. de C.V.
Bodegas Alprosa, S.A. de C.V.
Club de Base Ball Obregon, S.A. de C.V.
Comercio y Distribución Modelo, S. de R.L. en C.V.
Compañía Cervecera de Colima, S. A. de C.V.
Desarrollo Inmobiliario Siglo XXI, S.A.de C.V.
Espectáculos Costa del Pacifico, S.A. de C.V.
Extrade, S.A. de C.V.
Extraser, S.A. de C.V.
Industria del Campo, S.A. de C.V.
Inmobiliaria Exmod, S.A. de C.V.
Intregrow Malt, LLC
Promotora Deportiva y Cultural de la Laguna, S.A. de C.V.
Promotora Deportiva y Cultural de Zacatecas, S.A. de C.V.
Promotora e Inmobiliaria Cuyd, S.A. de C.V.
Rancho Ceremo, S.A de C.V.
Santos Laguna, S.A. de C.V.
Seguridad Privada Modelo, S. A. de C. V.
Servicios de Personal Modelo, S.A. de C.V.
Territorio Santos Modelo, S.A. de C.V.
Tiendas Extra, S.A. de C.V.

EXHIBIT C

[GRUPO MODELO, S.A.B. DE C.V. Letterhead]

April 17, 2013

U.S. v. Anheuser-Busch InBev SA/NV, et al., No. 13-00127-RWR

Dear Mary:

At the request of the Antitrust Division of the United States Department of Justice, Grupo Modelo, S.A.B. de C.V. ("Grupo Modelo"), in connection with the above-captioned action, hereby represents as follows:

- **Future Expansion.** Grupo Modelo is not aware at this time of any material impediment (physical, legal, regulatory or otherwise) to the expansion of the Piedras Negras plant to operate at a nominal capacity of thirty million (30,000,000) hectoliters of beer per annum (assuming that sufficient capital expenditures shall have been made and necessary permits shall have been sought).
- **Proprietary Inputs.** With the exception of yeast and recipes, there are no proprietary inputs required to operate the Piedras Negras plant.
- **Sufficiency.** Grupo Modelo is not aware at this time of any additional assets beyond the Divestiture Asset (as that term is defined in the proposed Final Judgment) that would need to be transferred to Constellation Brands, Inc. ("Constellation") in order to operate the Piedras Negras plant.

The Divestiture Assets include all of the assets, properties and rights owned by Grupo Modelo that Constellation would need to obtain from Grupo Modelo in order to import, distribute, market and sell the Modelo Beer Brands (as that term is defined in the proposed Final Judgment) in the U.S. through Crown Imports LLC. This representation will be effective until the Monitoring Trustee's services shall have been terminated pursuant to Section IIX.I. of the proposed Final Judgment.

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- **Employees.** At this time, all employees who spend substantially all of their time working at the Piedras Negras plant are employed by Servicios Modelo de Coahuila, S.A. de C.V., except for the employees of independent contractors who perform job functions not directly related to the production of beer at the Piedras Negras plant, including but not limited to gardening, cleaning and medical services.

Sincerely,

GRUPO MODELO, S.A.B DE C.V.

By: /s/ Carlos Fernandez
Name: Carlos Fernandez
Title: CEO

Mary Strimel, Esq.
U.S. Department of Justice
Networks and Technology Enforcement Division
450 Fifth Street, N.W., Suite 7100
Washington, D.C. 20530

The Registrant has omitted from this filing Exhibit A and Exhibit D to the Final Judgment. The Registrant will furnish supplementally to the Securities and Exchange Commission, upon request, a copy of such Exhibits and Schedules.