FORM 10-Q
Securities and Exchange Commission
Washington, D.C. 20549

(Mark One)

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended November 30, 1996

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 0-7570

CANANDAIGUA WINE COMPANY, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	16-0716709
(State or other jurisdiction of incorporataion or organization)	(I.R.S. Employer Identification No.)

116 BUFFALO STREET, CANANDAIGUA, NEW YORK 14424
(Address of principal executive offices) (Zip Code)

(716) 394-7900
(Registrant's telephone number including area code)

None
(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 X No

The number of shares outstanding of each of the Registrant's classes of common stock, as of January 10, 1997, is set forth below:

CLASS	NUMBER OF SHARES OUTSTANDING
Class A Common Stock, Par Value $.01 Per Share	15,547,625
Class B Common Stock, Par Value $.01 Per Share	3,330,458

Part 1 - Financial Information

Item 1. Financial Statements
<TABLE>
CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
<CAPTION>

	November 30, 1996 (unaudited)	February 29, 1996 (audited)
ASSETS		
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash investments	$ 4,997	$ 3,339
Accounts receivable, net	198,106	142,471
Inventories, net	373,631	341,838
Prepaid expenses and other current assets	14,598	30,372
Total current assets	591,332	518,020
PROPERTY, PLANT AND EQUIPMENT, NET	251,218	250,638
OTHER ASSETS	276,963	285,922
Total assets	$ 1,119,513	$ 1,054,580

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LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 130,000	$ 111,300
Current maturities of long-term debt	40,597	40,797
Accounts payable	79,567	59,730
Accrued Federal and state excise taxes	22,849	19,699
Other accrued expenses and liabilities	63,906	68,440
Total current liabilities	336,919	299,966
LONG-TERM DEBT, less current maturities	349,901	327,616
DEFERRED INCOME TAXES	64,194	58,194
OTHER LIABILITIES	9,934	12,298
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A Common Stock, $.01 par value- Authorized, 60,000,000 shares; Issued, 17,460,832 shares at November 30, 1996, and 17,423,082 shares at February 29, 1996	174	174
Class B Convertible Common Stock, $.01 par value- Authorized, 20,000,000 shares; Issued 3,956,183 shares at November 30, 1996, and 3,991,683 shares at February 29, 1996	40	40
Additional paid-in capital	222,026	221,133
Retained earnings	164,353	142,600
	386,593	363,947
Less-Treasury stock-		
Class A Common Stock, 1,913,207 shares at November 30, 1996, and 1,165,786 shares at February 29, 1996, at cost	(25,821)	(5,234)
Class B Convertible Common Stock, 625,725 shares at November 30, 1996, and February 29, 1996, at cost	(2,207)	(2,207)
	(28,028)	(7,441)
Total stockholders' equity	358,565	356,506
Total liabilities and stockholders' equity	$ 1,119,513	$ 1,054,580
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<FN>
The accompanying notes to consolidated financial statements are an integral part of these balance sheets.
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<TABLE>

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share data)

<CAPTION>

	For the Nine Months Ended November 30,		For the Three Months Ended November 30,	
	1996	1995	1996	1995
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>
GROSS SALES	$ 1,180,849	$ 983,955	$ 425,983	$ 391,186
Less - Excise taxes	(307,405)	(246,311)	(108,250)	(105,601)
Net sales	873,444	737,644	317,733	285,585
COST OF PRODUCT SOLD	(649,019)	(534,449)	(236,050)	(208,332)
Gross profit	224,425	203,195	81,683	77,253
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(161,139)	(129,375)	(58,269)	(50,104)
NONRECURRING RESTRUCTURING EXPENSES	--	(3,301)	--	(1,748)
Operating income	63,286	70,519	23,414	25,401
INTEREST EXPENSE, net	(25,468)	(19,507)	(8,665)	(8,047)
Income before provision for Federal and state income taxes	37,818	51,012	14,749	17,354
PROVISION FOR FEDERAL AND				

STATE INCOME TAXES	(16,065)	(19,900)	(6,438)	(6,942)
NET INCOME	$ 21,753	$ 31,112	$ 8,311	$ 10,412
SHARE DATA:				
Net income per common and common equivalent share:				
Primary	$ 1.10	$ 1.55	$ .42	$ .52
Fully diluted	$ 1.10	$ 1.55	$ .42	$ .52
Weighted average common shares outstanding:				
Primary	19,864,901	20,038,649	19,617,854	20,103,679
Fully diluted	19,864,901	20,038,649	19,778,993	20,103,679

<FN>
The accompanying notes to consolidated financial statements are an integral part of these statements.
</FN>
</TABLE>

<TABLE>

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

<CAPTION>

<S>	For the Nine Months Ended November 30, 1996 (unaudited) <C>	1995 (unaudited) <C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 21,753	$ 31,112
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	18,662	11,011
Amortization of intangible assets	7,175	4,383
Loss (gain) on sale of property, plant and equipment	201	(39)
Amortization of discount on long-term debt	29	-
Deferred tax provision	10,000	19,175
Restructuring charges - fixed asset write-down	-	(2,050)
Change in operating assets and liabilities, net of effects from purchase of business:		
Accounts receivable, net	(55,635)	(70,417)
Inventories, net	(31,793)	(35,460)
Prepaid expenses	9,176	(3,106)
Accounts payable	18,510	28,966
Accrued Federal and state excise taxes	3,150	(7,458)
Other accrued expenses and liabilities	17,951	(7,812)
Other	(3,815)	(11,695)
Total adjustments	(6,389)	(74,502)
Net cash provided by (used in) operating activities	15,364	(43,390)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment, net of minor disposals	(25,318)	(32,753)
Payment of accrued earn-out amounts	(13,848)	(10,000)
Proceeds from sale of property, plant and equipment	5,171	1,394
Net cash used in investing activities	(33,995)	(41,359)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt, net of discount	61,668	13,219
Net proceeds from notes payable, short-term borrowings	18,700	118,500
Principal payments of long-term debt	(39,612)	(51,072)
Purchases of treasury stock	(19,997)	-
Payment of issuance costs of long-term debt	(1,478)	-
Proceeds from employee stock purchases	998	1,292
Exercise of employee stock options	10	1,014
Net cash provided by financing activities	20,289	82,953
NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS	1,658	(1,796)
CASH AND CASH INVESTMENTS, beginning of period	3,339	3,090
CASH AND CASH INVESTMENTS, end of period	$ 4,997	$ 1,294
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Fair value of assets acquired	$ -	$ 144,936

Liabilities assumed	-	3,155
Cash paid	-	141,781
Less - Amounts borrowed	-	141,781
Net cash paid for acquisition	$ -	$ -
Goodwill reduction on settlement of disputed final closing net asset statement for Vintners Acquisition	$ 5,894	$ -

<FN>
The accompanying notes to consolidated financial statements are an integral part of these statements.
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</TABLE>

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 1996
(in thousands, except share data)

1) MANAGEMENT'S REPRESENTATIONS:

The condensed consolidated financial statements included herein have been prepared by 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 the financial information for Canandaigua Wine Company, Inc. and its subsidiaries. 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 Transition Report on Form 10-K, for the transition period from September 1, 1995, to February 29, 1996.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Certain November 1995 balances have been reclassified to conform with current year presentation.

3) INVENTORIES:

Inventories are valued at the lower of cost (computed in accordance with the last-in, first-out (LIFO) or first-in, first-out (FIFO) methods) or market. The percentage of inventories valued using the LIFO method is 94% at November 30, 1996, and February 29, 1996. Replacement cost of the inventories determined on a FIFO basis is approximately $386,421, and $332,849, at November 30, 1996, and February 29, 1996, respectively. The net realizable value of the Company's inventories is in excess of $373,631, and $341,838, at November 30, 1996, and February 29, 1996, respectively.

Elements of cost include materials, labor and overhead and consist of the following:

	November 30, 1996	February 29, 1996
Raw materials and supplies	$ 25,930	$ 24,197
Wines and distilled spirits in process	269,959	254,956
Finished case goods	77,742	62,685
	$373,631	$341,838

If the FIFO method of inventory valuation had been used, reported net income would have been $12.5 million, or $.63 per share, higher for the nine months ended November 30, 1996; and reported net income would have been $.1 million, or $.01 per share, lower for the nine months ended November 30, 1995.

4) ACQUISITIONS:

VINTNERS HOLDBACK -

On September 26, 1996, the Company reached a final settlement with the company formerly known as Vintners International Company, Inc. and its lenders on the disputed final closing net asset statement. As a result, the Company recorded a purchase price reduction for the Vintners Acquisition, which reduced recorded goodwill by approximately $5.9 million.

UNITED DISTILLERS -

The following table sets forth the unaudited pro forma consolidated results of operations of the Company for the nine months ended November 30, 1996 and 1995. The nine month unaudited pro forma consolidated results of operations for the period ended November 30, 1995, gives effect to the UDG Acquisition as if it occurred on March 1, 1995. The unaudited pro forma consolidated results of operations are presented after giving effect to certain adjustments for depreciation, amortization of goodwill, interest expense on the acquisition financing and related income tax effects. The unaudited pro forma consolidated results of operations are based upon currently available information and upon certain assumptions that the Company believes are reasonable under the circumstances. The unaudited pro forma consolidated results of operations do not purport to represent what the Company's consolidated results of operations would actually have been if the UDG Acquisition in fact had occurred on such date or to project the Company's consolidated results of operations at any future date or for any future period.

	For the Nine Months Ended November 30,	
	1996	1995
Net sales	$ 873,444	$ 79,157
Income before provision for Federal and state income taxes	$ 37,818	$ 54,495
Net income	$ 21,753	$ 33,254
Share data:		
Net income per common and common equivalent share:		
Primary	$ 1.10	$ 1.66
Fully diluted	$ 1.10	$ 1.66
Weighted average common shares outstanding:		
Primary	19,864,901	20,038,649
Fully diluted	19,864,901	20,038,649

5) BORROWINGS:

Borrowings consist of the following at November 30, 1996:
<TABLE>
<CAPTION>

	Current	Long-term	Total
<S>	<C>	<C>	<C>
Notes Payable:			
Senior Credit Facility:			
Revolving Credit Loans	$ 130,000	$ -	$ 130,000
Long-term Debt:			
Senior Credit Facility:			
Term loan, variable rate, aggregate proceeds of $246,000, due in installments through August 2001	$ 40,000	$ 157,000	$ 197,000
Senior Subordinated Notes:			
8.75% redeemable after December 15, 1998, due 2003	-	130,000	130,000
8.75% Series B redeemable after December 15, 1998, due 2003 (less unamortized discount of $3,303 - effective rate 9.76%)	-	61,697	61,697
Capitalized Lease Agreements:			
Capitalized facility and equipment leases at interest rates ranging from 8.9% to 11.5%, due in monthly installments through fiscal 1998	479	-	479
Industrial Development Agencies:			
7.5% 1980 issue, original proceeds $2,370, due in annual installments of $118 through fiscal 2000	118	237	355
Other Long-term Debt:			
Loans payable - 5.0% secured by cash surrender value of officers' life insurance policies	-	967	967
	$ 40,597	$ 349,901	$ 390,498

</TABLE>

On October 29, 1996, the Company issued $65.0 million of unsecured Series B Senior Subordinated Notes (the "Series B Notes") due 2003 at a stated rate of 8.75% per annum. The net proceeds from the sale of the Series B Notes were used to repay amounts outstanding under its bank credit facility, including revolving loans. Interest on the Series B Notes will be payable semiannually on June 15 and December 15 of each year. The Series B Notes are redeemable at the option of the Company, in whole or in part, on or after December 15, 1998. The Series B Notes are unsecured and subordinated to the prior payment in full of all senior indebtedness of the Company, which includes the credit facility and, the Series B Notes are guaranteed, on a senior subordinated basis, by substantially all of the Company's operating subsidiaries.

The indenture relating to the Series B Notes contains certain covenants, including, but not limited to, (i) limitation on indebtedness; (ii) limitation on restricted payments; (iii) limitation on transactions with affiliates; (iv) limitation on senior subordinated indebtedness; (v) limitation on liens; (vi) limitation on sale of assets; (vii) limitation on issuances of guarantees of and pledges for indebtedness; (viii) restriction on transfer of assets; (ix) limitation on subsidiary capital stock; (x) limitation on the creation of any restriction on the ability of the Company's subsidiaries to make distributions and other payments; and (xi) restrictions on mergers, consolidation and the transfer of all or substantially all of the assets of the Company to another person. The limitation on indebtedness covenant is governed by a rolling four quarter fixed charge coverage ratio.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS OF THE COMPANY

The Company's results of operations over recent years have been significantly impacted by acquisitions. As previously reported, on September 1, 1995, the Company acquired certain distilled spirits brands and related assets from United Distillers Glenmore, Inc., and certain of its North American affiliates (collectively, "UDG"); and, in addition, this transaction included multiyear agreements under which UDG will supply the Company with bulk whisky and the Company will supply UDG with services including continued packaging of various UDG brands not acquired by the Company (the "UDG Acquisition"). The Company financed the UDG Acquisition through an amendment to its then-existing bank credit facility, primarily through an increase in the term loan facility under that bank credit facility.

The following table sets forth, for the periods indicated, certain items in the Company's consolidated statements of income expressed as a percentage of net sales:

<TABLE>
<CAPTION>

	Three Months Ended November 30, 1996	Three Months Ended November 30, 1995	Nine Months Ended November 30, 1996	Nine Months Ended November 30, 1995
<S>	<C>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of product sold	74.3	72.9	74.3	72.5
Gross profit	25.7	27.1	25.7	27.5
Selling, general and administrative expenses	18.4	17.6	18.4	17.5
Nonrecurring restructuring expenses	0.0	0.6	0.0	0.4
Operating income	7.3	8.9	7.3	9.6
Interest expense, net	2.7	2.8	2.9	2.7
Income before provision for income taxes	4.6	6.1	4.4	6.9
Provision for Federal and state income taxes	2.0	2.5	1.9	2.7
Net income	2.6%	3.6%	2.5%	4.2%

</TABLE>

THREE MONTHS ENDED NOVEMBER 30, 1996 ("THIRD QUARTER 1997"), COMPARED TO THREE MONTHS ENDED NOVEMBER 30, 1995("NOVEMBER 1995 QUARTER")

NET SALES

Net sales for the Company's Third Quarter 1997 increased to $317.7 million from $285.6 million for the November 1995 Quarter, an increase of $32.1 million, or approximately 11.3%. This increase resulted primarily from (i) $12.8 million of additional beer sales, largely Mexican beers; (ii) $7.4 million of increased sales of varietal table wine products due mainly to selling price increases implemented between October 1995 and May 1996, as well as additional unit volume; (iii) $6.0 million of additional sales of grape juice concentrate; and (iv) $4.3 million of additional sales of distilled spirits.

The table below sets forth the net sales (in thousands of dollars) and unit volumes (in thousands of cases) for the branded beverage alcohol products, branded wine products, each category of branded wine products, beer and spirits brands sold by the Company for Third Quarter 1997 and the November 1995 Quarter.

<TABLE>

Three Months Ended November 30, 1996, Compared to Three Months Ended November 30, 1995

<CAPTION>

	Net Sales			Unit Volume		
	1996	1995	%Inc/ (Dec)	1996	1995	%Inc/ (Dec)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Branded Beverage Alcohol Products (1)	$277,159	$254,077	9.1 %	16,311	15,347	6.3 %
Branded Wine Products	$152,224	$145,915	4.3 %	7,943	8,037	(1.2)%
Non-varietal Table Wines	$ 59,599	$ 63,864	(6.7)%	3,727	4,023	(7.4)%
Varietal Table Wines	$ 47,394	$ 39,998	18.5 %	2,020	1,900	6.3 %
Sparkling Wines	$ 28,040	$ 26,903	4.2 %	1,142	1,160	(1.6)%
Dessert Wines	$ 17,191	$ 15,150	13.5 %	1,054	954	10.5 %
Beer	$ 74,314	$ 61,486	20.9 %	5,892	4,957	18.9 %
Spirits	$ 51,045	$ 46,765	9.2 %	2,476	2,353	5.2 %

<FN>

(1) The sum of net sales amounts from the categories may not equal total Branded Beverage Alcohol Products because miscellaneous items affecting net sales may be included in total Branded Beverage Alcohol Products but not reflected in the category information.

</FN>

</TABLE>

Net sales and unit volume of the Company's branded beverage alcohol products for Third Quarter 1997 increased 9.1% and 6.3%, respectively, as compared to the November 1995 Quarter. The net sales increase resulted from additional imported beer volume, as well as price increases on most of the Company's branded wine products, particularly varietal table wine brands. Unit volume increases were largely the result of increased sales of the Company's imported beer brands, spirits brands, varietal table wines and dessert wines. These increases were partially offset by lower unit volume of non-varietal table wines and sparkling wines.

Net sales and unit volume of the Company's non-varietal table wine products decreased by 6.7% and 7.4%, respectively, in Third Quarter 1997 as compared to the November 1995 Quarter, with increased sales of red non-varietals being more than offset by decreased sales of white and blush non-varietals. The Company believes that the overall decline reflects the impact of the Company's selling price increases as well as changing consumer preferences among some of the Company's product lines. In addition, the November 1995 Quarter included a higher than normal level of shipments due to the fulfillment of backlog orders remaining at the end of fiscal 1995 which were caused by production and shipping delays associated with the relocation of the Company's West Coast bottling operations.

Net sales and unit volume of the Company's varietal table wine brands increased by 18.5% and 6.3%, respectively, as compared to the November 1995 Quarter. Net sales growth outpaced unit volume growth principally due to selling price increases. Net sales and unit volume of the Company's varietal wine products such as chardonnay, cabernet sauvignon and merlot, which represent more than half of the Company's varietal wine volume, continued to increase substantially. These sales more than offset continued declines in white zinfandel net sales and unit volume. In addition, the November 1995 Quarter included a higher than normal level of shipments due to the backlog of orders discussed in the non-varietal table wine section above. The Company believes that consumer demand for varietal table wines declined somewhat during the Company's Third Quarter 1997 due to industry-wide price increases, although the dollar volume of retail sales continued to grow.

Net sales of the Company's sparkling wines increased by 4.2% due to selling price increases, while unit volume decreased by 1.6% as compared to the November 1995 Quarter. The Company believes that its sparkling wine retail sales trends for Third Quarter 1997 were better than the industry as a whole.

Net sales and unit volume of the Company's dessert wine brands increased by 13.5% and 10.5%, respectively. The Company believes that these increases are not indicative of long-term trends and reflect primarily a timing difference in shipments of dessert wines between Third Quarter 1997 and second quarter 1997 relative to the same periods in the prior year.

Net sales and unit volume of the Company's beer products increased by 20.9% and 18.9%, respectively, in Third Quarter 1997 as compared to the November 1995 Quarter. Net sales and unit volume increases were largely due to the Company's Mexican beer brands, which represented over 70% of total beer sales. The Company believes that its imported beer growth rate exceeds that of the industry.

During Third Quarter 1997 the Company renewed its exclusive Importer Agreement with an affiliate of Grupo Modelo for the importation of their brands, Corona Extra, Corona Light, Pacifico, Modelo Especial and Negra Modelo, in 25 states located primarily in the western United States. The Agreement has been extended to December 31, 2006, with provisions for automatic five-year renewals thereafter, provided that the Company is in compliance with the terms of the Agreement.

Net sales and unit volume of the Company's distilled spirits brands increased by 9.2% and 5.2%, respectively, for Third Quarter 1997 as compared to the November 1995 Quarter due to substantial increases in brandy and cordials/liqueurs sales, as well as increases in whiskey and tequila sales. These increases were partially offset by declines in sales of the Company's vodka products. Net sales and unit volume of the spirits brands acquired in the UDG Acquisition increased by 6.1% and 6.4%, respectively, for Third Quarter 1997 as compared to the November 1995 Quarter (the first quarter in which the Company owned the brands). Net sales and unit volume of the Company's spirits brands exclusive of the UDG brands increased by 11.7% and 4.4%, respectively, for Third Quarter 1997 as compared to the November 1995 Quarter. The Company believes that its sales growth exceeds the industry growth rate.

GROSS PROFIT

The Company's gross profit increased to $81.7 million in Third Quarter 1997 from $77.3 million in the November 1995 Quarter, an increase of $4.4 million, or 5.7%. The change in gross profit resulted primarily from (i) approximately $4.4 million of additional gross profit from increases in beer sales; (ii) approximately $3.2 million of gross profit from additional sales of spirits brands; (iii) approximately $2.6 million of gross profit from additional unit volume of nonbranded products, primarily bulk wine and grape juice concentrate; and (iv) approximately $5.8 million of lower gross profit, primarily due to increased cost of product sold, particularly higher grape costs in the fall 1996 harvest, which applied to both the Company's branded wines and grape juice concentrate products. The Company believes that these increases in grape costs were due to an imbalance in supply and demand in the varieties which the Company purchases. The higher costs were partially offset by additional net sales resulting primarily from selling price increases of the Company's branded wines and grape juice concentrate products.

Gross profit as a percentage of net sales was 25.7% for Third Quarter 1997 as compared to 27.1% in the November 1995 Quarter. The decline in the gross profit margin was largely due to higher costs, particularly grape costs, of wine and grape juice concentrate products, partially offset by increased selling prices on most of the Company's branded wines and grape juice concentrate products and improved gross margins on the Company's beer and spirits products.

In general, the preferred method of accounting for inventory valuation is the last-in, first-out method ("LIFO") because, in most circumstances, it results in a better matching of costs and revenues. For comparison purposes to companies using the first-in, first-out method of accounting for inventory valuation ("FIFO") only, the Company's Third Quarter 1997 results reflect a reduction in gross profit of approximately $8.0 million due to the Company's LIFO accounting method, based on the Company's current estimate of a $29.0 million LIFO adjustment for the 1997 fiscal year. The Company previously estimated that gross profit for the 1997 fiscal year would be negatively impacted as a result of LIFO by $27.5 million. The LIFO adjustment for the full 1997 fiscal year will be revised, as appropriate, at the end of the fiscal year. For comparison purposes, results for the Company's November 1995 Quarter reflected a reduction to gross profit of approximately $2.8 million due to LIFO. The Company's estimated LIFO adjustment for fiscal 1997 is a forward-looking statement. The Company found it necessary to revise its estimate of the impact of LIFO in the first quarter, second quarter and third quarter of the current fiscal year versus its previous estimates due to the difficulty in projecting grape costs from the 1996 harvest completed in Third Quarter 1997 and anticipated levels of inventory on hand at the end of fiscal 1997. There are no assurances that the Company's actual LIFO adjustment for fiscal 1997 will not differ materially from its latest estimate.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for Third Quarter 1997 were $58.3 million, an increase of $8.2 million as compared to the November 1995 Quarter, due primarily to increased personnel and related expenses stemming from the Company's reengineering efforts and the continued expansion of the Company's management capabilities; increased selling, general and administrative expenses, exclusive of advertising and promotion, related to the UDG Acquisition; increased advertising and promotion expenses related to increased sales; and other expenses consistent with the Company's growth.

INTEREST EXPENSE, NET

Net interest expense totaled $8.7 million in Third Quarter 1997, an increase of $0.7 million as compared to the November 1995 Quarter, due primarily to increased borrowing levels related to working capital needs.

PROVISION FOR FEDERAL AND STATE INCOME TAXES

The Company's effective tax rate for Third Quarter 1997 increased to 43.7% from 40.0% for the November 1995 Quarter due to a higher effective tax rate in California caused by statutory limitations on the Company's ability to utilize certain deductions.

NET INCOME

As a result of the foregoing, net income for Third Quarter 1997 was $8.3 million, a decrease of $2.1 million as compared to the November 1995 Quarter.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Third Quarter 1997 was $32.0 million. EBITDA should not be construed as an alternative to operating income or net cash flow from operating activities and should not be construed as an indication of operating performance or as a measure of liquidity.

NINE MONTHS ENDED NOVEMBER 30, 1996 ("NINE MONTHS 1997"), COMPARED TO NINE MONTHS ENDED NOVEMBER 30, 1995 ("NOVEMBER 1995 NINE MONTHS")

NET SALES

Net sales for the Company's Nine Months 1997 increased to $873.4 million from $737.6 million for the November 1995 Nine Months, an increase of $135.8 million, or approximately 18.4%. This increase resulted primarily from (i) $52.1 million of additional imported beer sales, primarily Mexican beers; (ii) the inclusion of $49.0 million of net sales of products and services from the UDG Acquisition during the period from March 1, 1996, through August 31, 1996; (iii) $19.8 million of increased net sales of the Company's varietal table wine products resulting from selling price increases implemented between October 1995 and May 1996, as well as additional unit volume; (iv) $17.2 million of higher sales of grape juice concentrate; (v) $7.6 million of additional sales of spirits brands; partially offset by $5.1 million of decreased sales of the Company's non-varietal table wine brands and a decrease of $4.8 million in sales of other nonbranded products and services.

FOR PURPOSES OF COMPUTING THE NET SALES AND UNIT VOLUME COMPARATIVE DATA FOR THE TABLE BELOW AND FOR THE REMAINDER OF THE DISCUSSION OF NET SALES, SALES OF SPIRITS PRODUCTS ACQUIRED IN THE UDG ACQUISITION HAVE BEEN INCLUDED FOR THE PERIOD FROM MARCH 1, 1995, THROUGH AUGUST 31, 1995, WHICH WAS PRIOR TO THE UDG ACQUISITION.

The table below sets forth the net sales (in thousands of dollars) and unit volumes (in thousands of cases) for the branded beverage alcohol products, branded wine products, each category of branded wine products, beer and spirits brands sold by the Company for Nine Months 1997 and the November 1995 Nine Months:

<TABLE>
Nine Months Ended November 30, 1996, Compared to Nine Months Ended November 30, 1995
<CAPTION>

	Net Sales			Unit Volume		
	1996	1995	%Inc/ (Dec)	1996	1995	%Inc/ (Dec)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Branded Beverage Alcohol Products (1)	$771,098	$697,512	10.5 %	47,008	43,421	8.2 %
Branded Wine Products	$392,629	$377,095	4.1 %	20,809	21,485	(3.1)%
Non-varietal Table Wines	$164,148	$169,258	(3.0)%	10,190	10,901	(6.5)%
Varietal Table Wines	$124,419	$104,628	18.9 %	5,214	4,928	5.8 %
Sparkling Wines	$ 54,127	$ 53,075	2.0 %	2,296	2,364	(2.9)%
Dessert Wines	$ 49,935	$ 50,134	(0.4)%	3,109	3,292	(5.6)%
Beer	$237,628	$185,514	28.1 %	18,964	14,985	26.6 %
Spirits (2)	$141,266	$134,348	5.1 %	7,235	6,928	4.4 %

<FN>
(1) The sum of net sales and unit volume amounts from the categories may not equal total Branded Beverage Alcohol Products because miscellaneous items affecting net sales and unit volume may be included in total Branded

Beverage Alcohol Products but not reflected in the category information.

(2) For comparison purposes only, net sales of $41,514 and unit volume of 2,001 of distilled spirits brands acquired in the September 1, 1995, UDG Acquisition have been included in the table for the nine months ended November 30, 1995. These amounts represent net sales and unit volume of those brands for the period March 1, 1995, through August 31, 1995, which was prior to the UDG Acquisition.
</FN>
</TABLE>

Net sales and unit volume of the Company's branded beverage alcohol products for Nine Months 1997 increased 10.5% and 8.2%, respectively, as compared to the November 1995 Nine Months. The net sales increase resulted from higher imported beer sales, price increases on most of the Company's branded wine products, particularly varietal table wine brands, and increased sales of the Company's spirits brands. Unit volume increases were led by substantial growth in the Company's imported beer brands and increases in its varietal table wine and spirits brands, partially offset by declines in unit volume of non-varietal table wines, dessert wines and sparkling wines.

Net sales and unit volume of the Company's non-varietal table wine products declined by 3.0% and 6.5%, respectively, for Nine Months 1997 as compared to the November 1995 Nine Months. The Company believes that the decline in unit volume reflects the impact of the Company's selling price increases and other competitive pressures.

Net sales and unit volume of the Company's varietal table wine brands increased by 18.9% and 5.8%, respectively. Net sales increased at a greater rate than unit volume due to selling price increases instituted between October 1995 and May 1996. Net sales and unit volume of the Company's varietal table wine products such as chardonnay, cabernet sauvignon and merlot, which represent more than half of the Company's varietal table wine volume, increased substantially in Nine Months 1997. While unit volume of white zinfandel products declined in Nine Months 1997, net sales for these products were virtually unchanged due to the Company's selling price increases.

Net sales of the Company's sparkling wines increased 2.0%, while unit volume decreased by 2.9% during Nine Months 1997 as compared to the November 1995 Nine Months. The Company believes that the decline in unit volume is consistent with industry trends as well as the impact of price increases implemented in May 1996.

Net sales and unit volume of the Company's dessert wine brands declined by 0.4% and 5.6%, respectively, during Nine Months 1997. The Company believes that, although the decline in unit volume was mitigated by selling price increases, these results reflect the continuing trend of consumer preferences away from the dessert wine category.

Net sales and unit volume of the Company's beer brands increased 28.1% and 26.6%, respectively, during Nine Months 1997. These increases were largely due to the Company's Mexican beer brands, which represented over 70% of total beer sales, which continued strong growth trends. The Company believes that the growth in its Mexican beers is related to the growth of the Hispanic population in the Company's distribution areas, the continued popularity of imported beers in general and the narrowing retail price gap between imported beers and domestic beers.

Net sales and unit volume of the Company's distilled spirits brands increased by 5.1% and 4.4%, respectively, in Nine Months 1997 as compared to the November 1995 Nine Months. Excluding the impact of the UDG Acquisition, spirits net sales and unit volume increased by 8.8% and 2.9%, respectively, reflecting strong brandy sales, increases in tequila and liqueurs and the introduction of a number of new products. Net sales and unit volume of the brands acquired in the UDG Acquisition increased by 1.0% and 6.4%, respectively, in Nine Months 1997, with net sales growth lagging unit volume increases due to the impact of downward selling price adjustments for these brands to be more in line with the pricing strategy of the rest of the Company's spirits portfolio.

GROSS PROFIT

The Company's gross profit increased to $224.4 million in Nine Months 1997 from $203.2 million in the November 1995 Nine Months, an increase of $21.2 million, or 10.4%. This change in gross profit resulted primarily from (i) approximately $20.5 million of gross profit from sales generated during the period from March 1, 1996, through August 31, 1996, from the business acquired from UDG; (ii) approximately $16.8 million of additional gross profit from increases in beer sales; and (iii) approximately $16.1 million of lower gross profit primarily due to increased cost of product sold, particularly higher grape costs in the fall 1996 harvest and additional costs resulting from inefficiencies in the production of wine and grape juice concentrate, particularly at the Company's newly consolidated West Coast operations, partially offset by additional net sales resulting primarily from selling price increases of the Company's branded wines and grape juice concentrate products and a partial reduction of certain grape contract loss reserves established in connection with the 1993 Vintners Acquisition, which reduction corresponds to the increase in grape costs relative to the contract pricing and the termination of certain unfavorable contracts. The Company's increased production costs stemmed from low bulk wine conversion rates and bottling inefficiencies. The Company also experienced high imported concentrate and bulk freight costs. The Company has instituted a series of steps to address these matters, including a reengineering effort to redesign more effectively its work processes, organizational structure and information systems.

Gross profit as a percentage of net sales was 25.7% for Nine Months 1997 as compared to 27.5% in the November 1995 Nine Months. The decline in the gross profit margin was due largely to higher costs, particularly grape costs, of wine and grape juice concentrate products, partially offset by increased selling prices on most of the Company's branded wines and grape juice concentrate products. The Company has experienced significant increases in its cost of grapes in both the 1995 and 1996 harvests. The Company believes that these increases in grape costs were due to an imbalance in supply and demand in the varieties which the Company purchases.

In general, the preferred method of accounting for inventory valuation is the last-in, first-out method ("LIFO") because, in most circumstances, it results in a better matching of costs and revenues. For comparison purposes to companies using the first-in, first-out method of accounting for inventory valuation ("FIFO") only, the Company's Nine Months 1997 results reflect a reduction in gross profit of approximately $21.8 million due to the Company's LIFO accounting method. For comparison purposes, results for the Company's November 1995 Nine Months reflected an addition to gross profit of approximately $0.2 million due to LIFO.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for Nine Months 1997 were $161.1 million, an increase of $31.8 million as compared to the November 1995 Nine Months. Of this amount, $13.9 million was due primarily to increased personnel and related expenses stemming from the Company's reengineering efforts and the continued expansion of the Company's management capabilities and other expenses consistent with the Company's growth; $11.3 million related to the UDG Acquisition; and $6.6 million was due to additional advertising, promotion and selling expenses associated with increased unit volume exclusive of sales related to the UDG Acquisition during the period from March 1, 1996, through August 31, 1996.

INTEREST EXPENSE, NET

Net interest expense totaled $25.5 million in Nine Months 1997, an increase of $6.0 million as compared to the November 1995 Nine Months, primarily due to additional interest expense from the UDG Acquisition financing and increased borrowing levels related to working capital needs.

PROVISION FOR FEDERAL AND STATE INCOME TAXES

The Company's effective tax rate for Nine Months 1997 increased to 42.5% from 39.0% for the November 1995 Nine Months due to a higher effective tax rate in California caused by statutory limitations on the Company's ability to utilize certain deductions.

NET INCOME

As a result of the foregoing, net income for Nine Months 1997 was $21.8 million, a decrease of $9.4 million as compared to the November 1995 Nine Months.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Nine Months 1997 was $89.1 million. EBITDA should not be construed as an alternative to operating income or net cash flow from operating activities and should not be construed as an indication of operating performance or as a measure of liquidity.

FINANCIAL LIQUIDITY AND CAPITAL RESOURCES

GENERAL

The Company's principal use of cash in its operating activities is for purchasing and carrying inventories. The Company's primary source of liquidity has historically been cash flow from operations, except during the annual fall grape harvests when the Company has relied on short-term borrowings. The annual grape crush normally begins in August and runs through October. The Company generally begins purchasing grapes in August with payments for such grapes beginning to come due in September. The Company's short-term borrowings to support such purchases generally reach their highest levels in November or December. Historically, the Company has used cash flow from operating activities to repay its short-term borrowings.

CASH FLOWS - NINE MONTHS 1997

OPERATING ACTIVITIES

Net cash provided by operating activities in Nine Months 1997 was $15.4 million. The net cash provided by operating activities for Nine Months 1997 resulted principally from net income adjusted for noncash items and a net increase in operating liabilities (primarily an $18.5 million increase in accounts payable associated with the 1996 grape harvest and an $18.0 million increase in other accrued expenses and liabilities principally the result of an increase of $7.2 million in accrued income taxes and an increase of $4.3 million in accrued interest), partially offset by a net increase in operating assets (primarily a $55.6 million increase in accounts receivable associated with higher seasonal sales of products and a $31.8 million increase in inventories as a result of the purchase of grapes from the 1996 grape harvest).

INVESTING ACTIVITIES AND FINANCING ACTIVITIES

Net cash used in investing activities in Nine Months 1997 was $34.0 million, resulting primarily from $25.3 million of capital expenditures and the final $13.8 million earn-out payment to the former Barton stockholders, offset in part by proceeds from the sale of property, plant and equipment of $5.2 million, resulting principally from the May 1996 sale of the Company's Central Cellars winery, located in Lodi, California.

Net cash provided by financing activities in Nine Months 1997 was $20.3 million, resulting principally from net proceeds of $61.7 million from the issuance of additional subordinated notes and net proceeds of $18.7 million from revolving loan borrowings under the Company's bank credit facility, partially offset by principal payments of $39.6 million of long-term debt and repurchases of $20.0 million of the Company's Class A Common Stock.

As of November 30, 1996, under its bank credit facility, the Company had outstanding term loans of $197.0 million bearing interest at 6.5%, $130.0 million of revolving loans bearing interest at 6.7%, $8.9 million of revolving letters of credit and $13.7 million under the Barton Letter of Credit. As of November 30, 1996, under the bank credit facility, $46.1 million of revolving loans were available to be drawn by the Company.

During January 1996, the Company's Board of Directors authorized the repurchase of up to $30.0 million of the Company's Class A Common Stock and Class B Common Stock. The repurchase of shares of common stock will be accomplished, from time to time, depending upon market conditions, through open market or privately negotiated transactions. The Company may finance such repurchases through cash generated from operations or through its bank credit facility. The repurchased shares will become treasury shares and may be used for general corporate purposes. As of January 10, 1997, the Company had repurchased 785,200 shares of Class A Common Stock at an aggregate cost of $20.7 million.

THE COMPANY'S BANK CREDIT FACILITY

As of January 10, 1997, under its bank credit facility, the Company had outstanding term loans of $185.9 million bearing interest at 6.5% with quarterly principal payments of $10.0 million and a final payment of $5.9 million in August 2001, outstanding revolving loans of $70.0 million bearing interest at 6.4%, undrawn revolving letters of credit of $9.3 million and $105.7 million available to be drawn in revolving loans.

SENIOR SUBORDINATED NOTES

On October 29, 1996, the Company issued $65.0 million aggregate principal amount of 8 3/4% Series B Senior Subordinated Notes due 2003 (the "Series B Notes"). The Company used the net proceeds from the sale of the Series B Notes to repay amounts outstanding under its bank credit facility, including $50.0 million under revolving loans and approximately $9.6 million to repay and permanently reduce term loans. The Company will continue to use the revolving loans to support its working capital requirements. In addition, the Company intends to use the revolving loans to complete the above-described and previously announced stock repurchase program. Revolving loans repaid from the net proceeds of the sale of the Series B Notes may be re-borrowed from time to time.

The terms of the Series B Notes are substantially identical to those of the Company's 8 3/4% Senior Subordinated Notes due 2003, which were issued in a registered offering on December 27, 1993 and of which $130.0 million aggregate principal amount is outstanding (the "Original Notes"). A brief description of the Series B Notes is contained in Note 5 to the Company's financial statements located in Part I of this Report on Form 10-Q. Such description is qualified in its entirety by reference to the complete text of the Indenture covering the Series B Notes, a copy of which has been filed with the Securities and Exchange Commission.

As of November 30, 1996, the Company had outstanding an aggregate $195.0 million of 8 3/4% senior subordinated notes due 2003, being the Original Notes and the Series B Notes.

OTHER

The Company's cash requirements have increased during the past twelve months due to increased grape costs, operating inefficiencies at the Company's West Coast wine operations and increased working capital needs from the Company's expanded business. The Company believes that the revolving loans available under its bank credit facility and cash provided by operating activities will provide adequate resources to satisfy its working capital, liquidity and anticipated capital expenditure requirements for at least the next four fiscal quarters.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company and its subsidiaries are subject to litigation from time to time in the ordinary course of business. Although the amount of any liability with respect to such litigation cannot be determined, in the opinion of management, such liability will not have a material adverse effect on the Company's financial condition or results of operations.

With respect to the following described litigation, on November 8, 1996, the District Court entered summary judgment in favor of the Company and the other defendants. The Court's judgment resolves all claims against all of the defendants in this litigation. The time period in which plantiffs could have filed a notice of appeal to the United States Court of Appeals for the Second Circuit expired on December 12, 1996, without any such notice being filed.

As previously reported in the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended May 31, 1996 and August 31, 1996, on November 13, 1995, a purported stockholder of the Company filed a class action in the United States District Court for the Southern District of New York, VENTRY, ET AL. V. CANANDAIGUA WINE COMPANY, INC., ET AL. (the "Ventry Class Action"). On November 16, 1995, another purported stockholder of the Company filed a class action in the United States District Court for the Southern District of New York, BRICKELL PARTNERS, ET AL. V. CANANDAIGUA WINE COMPANY, INC., ET AL. (the "Brickell Class Action"). On December 6, 1995, a third purported stockholder of the Company filed a class action in the United States District Court for the Southern District of New York, BABICH, ET AL. V. CANANDAIGUA WINE COMPANY, INC., ET AL. (and this class action together with the Brickell Class Action and the Ventry Class Action, the "Class Actions"). The defendants in the Class Actions were the Company, Richard Sands and Lynn K. Fetterman. The Class Actions were consolidated and a consolidated complaint was filed on January 16, 1996. The Class Actions asserted violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and sought to recover damages in an unspecified amount which the class members allegedly sustained by purchasing the Company's common stock at artificially inflated prices. The complaints in the Class Actions alleged that the Company's public documents and statements were materially incomplete and, as a result, misleading.

On April 8, 1996, the Company filed a motion to dismiss the consolidated complaint and oral argument was held on September 25, 1996. After oral argument, the Court stated that it intended to construe the Company's motion to dismiss as a motion for summary judgment. As noted above, on November 8, 1996, the District Court entered summary judgment in favor of the Company and the other defendants.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) See Index to Exhibits located at Page 22 of this Report.

(b) The following Reports on Form 8-K were filed by the Company with the Securities and Exchange Commission during the quarter ended November 30, 1996:

(i) Form 8-K dated September 5, 1996. This Form 8-K reported information under Item 5 (Other Events);

(ii) Form 8-K dated October 11, 1996. This Form 8-K reported information under Item 5 (Other Events) and included the Company's unaudited Consolidated Statements of Income for the six months ended August 31, 1996 and August 31, 1995 and for the three months ended August 31, 1996 and August 31, 1995; and

(iii) Form 8-K dated October 29, 1996. This Form 8-K reported information under Item 5 (Other Events).

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.

CANANDAIGUA WINE COMPANY, INC.

Dated: January 14, 1997 By: /s/ Richard Sands

Richard Sands, President and Chief Executive Officer

Dated: January 14, 1997 By: /s/ Thomas F. Howe

Thomas F. Howe, Vice President, Corporate Reporting and Controller (Principal Accounting Officer)

INDEX TO EXHIBITS

(2) PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION

Not applicable.

(3) ARTICLES OF INCORPORATION AND BY-LAWS.

3.1 Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant's Transition Report on Form 10-K for the transition period from September 1, 1995 to February 29, 1996 and incorporated herein by reference).

3.2 Amended and Restated By-laws of the Registrant (filed as Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1995 and incorporated herein by reference).

(4) INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES.

4.1 Specimen of Certificate of Class A Common Stock of the Company (filed as Exhibit 1.1 to the Registrant's Registration Statement on Form 8-A dated April 28, 1992 and incorporated herein by reference).

4.2 Specimen of Certificate of Class B Common Stock of the Company (filed as Exhibit 1.2 to the Registrant's Registration Statement on Form 8-A dated April 28, 1992 and incorporated herein by reference).

4.3 Indenture dated as of December 27, 1993 among the Registrant, its Subsidiaries and Chemical Bank (filed as Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1993 and incorporated herein by reference).

4.4 First Supplemental Indenture dated as of August 3, 1994 among the Registrant, Canandaigua West, Inc. and Chemical Bank (filed as Exhibit 4.5 to the Registrant's Registration Statement on Form S-8 (Registration No. 33-56557) and incorporated herein by reference).

4.5 Second Supplemental Indenture dated August 25, 1995, among the Registrant, V Acquisition Corp. (a subsidiary of the Registrant now known as The Viking Distillery, Inc.) and Chemical Bank (filed as Exhibit 4.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1995 and incorporated herein by reference).

4.6 Indenture with respect to the 8 3/4% Series B Senior Subordinated Notes Due 2003 dated as of October 29, 1996 among the Registrant, its Subsidiaries and Harris Trust and Savings Bank (filed as Exhibit 4.2 to the Registrant's Registration Statement on Form S-4 (Registration No. 333-17673) and incorporated heren by reference).

4.7 Exchange and Registration Rights Agreement dated as of October 29, 1996, pertaining to the Registrant's $65,000,000 8 3/4% Series B Senior Subordinated Notes Due 2003 (filed as Exhibit 4.8 to the Registrant's Registration Statement on Form S-4 (Registration No. 333-17673) and incorporated herein by reference).

(10) MATERIAL CONTRACTS.

10.1 Amendment No. 5, dated as of October 10, 1996, to Third Amended and Restated Credit Agreement between the Registrant, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.) acts as administrative agent (filed as Exhibit 10.26 to the Registrant's Registration Statement on Form S-4 (Registration No. 333-17673) and incorporated herein by reference).

10.2 Amendment No. 8 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.27 to the Registrant's Registration Statement on Form S-4 (Registration No. 333-17673) and incorporated herein by reference).

(11) STATEMENT RE COMPUTATION OF PER SHARE EARNINGS.

Computation of per share earnings (filed herewith).

(15) LETTER RE UNAUDITED INTERIM FINANCIAL INFORMATION.

Not applicable.

(18) LETTER RE CHANGE IN ACCOUNTING PRINCIPLES.

Not applicable.

(19) REPORT FURNISHED TO SECURITY HOLDERS.

Not applicable.

(22) PUBLISHED REPORT REGARDING MATTERS SUBMITTED TO A VOTE OF SECURITY HOLDERS.

Not applicable.

(23) CONSENTS OF EXPERTS AND COUNSEL.

Not applicable.

(24) POWER OF ATTORNEY.

Not applicable.

(27) FINANCIAL DATA SCHEDULE.

Financial Data Schedule (filed herewith).

(99) ADDITIONAL EXHIBITS.

Not applicable.

<TABLE>

EXHIBIT 11

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES

COMPUTATION OF NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE

(in thousands, except per share data)

(unaudited)

<CAPTION>

	For the Nine Months Ended November 30,			
	1996		1995	
Net income per common and common equivalent share:	Primary	Fully Diluted	Primary	Fully Diluted
<S>	<C>	<C>	<C>	<C>
Net income available to common and common equivalent shares	$ 21,753	$ 21,753	$ 31,112	$ 31,112
Adjustments	-	-	-	-
Net income available to common and common equivalent shares	$ 21,753	$ 21,753	$ 31,112	$ 31,112
Shares:				
Weighted average common shares outstanding	19,482	19,482	19,577	19,577
Adjustments:				
(1) Assumed exercise of incentive stock options	363	363	282	282
(2) Assumed exercise of stock options	20	20	180	180
Weighted average common and common equivalent shares outstanding	19,865	19,865	20,039	20,039
Net income per common and common equivalent share	$ 1.10	$ 1.10	$ 1.55	$ 1.55

<CAPTION>

	For the Three Months Ended November 30,			
	1996		1995	
Net income per common and common equivalent share:	Primary	Fully Diluted	Primary	Fully Diluted
<S>	<C>	<C>	<C>	<C>
Net income available to common and common equivalent shares	$ 8,311	$ 8,311	$ 10,412	$ 10,412
Adjustments	-	-	-	-
Net income available to common and common equivalent shares	$ 8,311	$ 8,311	$ 10,412	$ 10,412
Shares:				
Weighted average common shares outstanding	19,337	19,337	19,605	19,605
Adjustments:				
(1) Assumed exercise of incentive stock options	275	431	297	297
(2) Assumed exercise of stock options	6	11	202	202
Weighted average common and common equivalent shares outstanding	19,618	19,779	20,104	20,104
Net income per common and common equivalent share	$ .42	$ .42	$ .52	$ .52

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Company's November 30, 1996 Form 10-Q and is qualified in its entirety by
reference to such financial statements.
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