

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended May 31, 1997

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

DELAWARE	CANANDAIGUA WINE COMPANY, INC. AND ITS SUBSIDIARIES:	16-0716709
NEW YORK	BATAVIA WINE CELLARS, INC.	16-1222994
NEW YORK	CANANDAIGUA WEST, INC.	16-1462887
DELAWARE	BARTON INCORPORATED	36-3500366
DELAWARE	BARTON BRANDS, LTD.	36-3185921
MARYLAND	BARTON BEERS, LTD.	36-2855879
CONNECTICUT	BARTON BRANDS OF CALIFORNIA, INC.	06-1048198
GEORGIA	BARTON BRANDS OF GEORGIA, INC.	58-1215938
NEW YORK	BARTON DISTILLERS IMPORT CORP.	13-1794441
DELAWARE	BARTON FINANCIAL CORPORATION	51-0311795
WISCONSIN	STEVENS POINT BEVERAGE CO.	39-0638900
ILLINOIS	MONARCH IMPORT COMPANY (f/k/a BARTON MANAGEMENT, INC.)	36-3539106
GEORGIA	THE VIKING DISTILLERY, INC.	58-2183528

(State or other jurisdiction of incorporation or organization)	(Exact name of registrant as specified in its charter)	(I.R.S. Identification No.)
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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 Registrants (1) have 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 Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes No
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The number of shares outstanding with respect to each of the classes of common stock of Canandaigua Wine Company, Inc., as of July 8, 1997, is set forth below (all of the Registrants, other than Canandaigua Wine Company, Inc., are direct or indirect wholly-owned subsidiaries of Canandaigua Wine Company, Inc.):

CLASS -----	NUMBER OF SHARES OUTSTANDING -----
Class A Common Stock, Par Value \$.01 Per Share	15,218,070
Class B Common Stock, Par Value \$.01 Per Share	3,330,458

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

<TABLE>

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

<CAPTION>

	May 31, 1997	February 28, 1997
	(unaudited)	
<S>	<C>	<C>
ASSETS		

CURRENT ASSETS:		
Cash and cash investments	\$ 1,621	\$ 10,010
Accounts receivable, net	160,797	142,592
Inventories, net	290,286	326,626
Prepaid expenses and other current assets	19,056	21,787
	-----	-----
Total current assets	471,760	501,015
PROPERTY, PLANT AND EQUIPMENT, NET	241,633	249,552
OTHER ASSETS	268,265	270,334
	-----	-----
Total assets	\$ 981,658	\$ 1,020,901
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Notes payable	\$ 21,500	\$ 57,000
Current maturities of long-term debt	40,351	40,467
Accounts payable	54,131	63,492
Accrued Federal and state excise taxes	21,029	17,058
Other accrued expenses and liabilities	79,023	68,556
	-----	-----
Total current liabilities	216,034	246,573
	-----	-----
LONG-TERM DEBT, less current maturities	328,969	338,884
	-----	-----
DEFERRED INCOME TAXES	61,395	61,395
	-----	-----
OTHER LIABILITIES	8,942	9,316
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A Common Stock, \$.01 par value-		
Authorized, 60,000,000 shares;		
Issued, 17,479,842 shares at May 31, 1997,		
and 17,462,332 shares at February 28, 1997	175	174
Class B Convertible Common Stock, \$.01 par value-		
Authorized, 20,000,000 shares;		
Issued, 3,956,183 shares at May 31, 1997, and		
February 28, 1997	40	40
Additional paid-in capital	223,076	222,336
Retained earnings	180,321	170,275
	-----	-----
	403,612	392,825
	-----	-----
Less-Treasury stock-		
Class A Common Stock, 2,267,119 shares at		
May 31, 1997, and 1,915,468 shares at		
February 28, 1997, at cost	(35,087)	(25,885)
Class B Convertible Common Stock, 625,725 shares		
at May 31, 1997, and February 28, 1997, at cost	(2,207)	(2,207)
	-----	-----
	(37,294)	(28,092)
	-----	-----
Total stockholders' equity	366,318	364,733
	-----	-----
Total liabilities and stockholders' equity	\$ 981,658	\$ 1,020,901
	=====	=====

<FN>

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

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</TABLE>

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

	For the Three Months Ended May 31,	
	1997	1996
	(unaudited)	(unaudited)
GROSS SALES	\$ 411,038	\$ 376,829
Less - Excise taxes	(105,027)	(100,336)
	-----	-----

Net sales	306,011	276,493
COST OF PRODUCT SOLD	(225,279)	(203,586)
	-----	-----
Gross profit	80,732	72,907
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(55,225)	(49,943)
	-----	-----
Operating income	25,507	22,964
INTEREST EXPENSE, net	(8,479)	(8,795)
	-----	-----
Income before provision for Federal and state income taxes	17,028	14,169
PROVISION FOR FEDERAL AND STATE INCOME TAXES	(6,982)	(5,668)
	-----	-----
NET INCOME	\$ 10,046	\$ 8,501
	=====	=====

SHARE DATA:

Net income per common and common

equivalent share:

Primary	\$ 0.52	\$ 0.43
	=====	=====

Fully diluted	\$ 0.52	\$ 0.43
	=====	=====

Weighted average common and common

equivalent shares outstanding:

Primary	19,236,026	19,895,580
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Fully diluted	19,321,928	19,895,580
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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
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

<CAPTION>

	For the Three Months Ended May 31,	
	1997	1996
	(unaudited)	(unaudited)
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 10,046	\$ 8,501
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	6,411	6,177
Amortization of intangible assets	2,423	2,407
Amortization of discount on long-term debt	85	-
(Gain) loss on sale of property, plant and equipment	(1,031)	182
Change in operating assets and liabilities:		
Accounts receivable, net	(13,769)	(7,855)
Inventories, net	36,340	29,435
Prepaid expenses and other current assets	2,791	4,533
Accounts payable	(10,101)	(9,206)
Accrued Federal and state excise taxes	3,971	(865)
Other accrued expenses and liabilities	10,494	6,212
Other	(491)	(138)
	-----	-----
Total adjustments	37,123	30,882
	-----	-----
Net cash provided by operating activities	47,169	39,383
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment, net of minor disposals	(6,626)	(13,957)
Proceeds from sale of property, plant and equipment	5,818	5,057
	-----	-----
Net cash used in investing activities	(808)	(8,900)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes payable	(35,500)	(21,400)
Principal payments of long-term debt	(10,116)	(10,162)
Purchases of treasury stock	(9,233)	(294)
Payment of issuance costs of long-term debt	(378)	-
Proceeds from employee stock purchases	204	657
Exercise of employee stock options	273	-
	-----	-----

Net cash used in financing activities	(54,750)	(31,199)
	-----	-----
NET DECREASE IN CASH AND CASH INVESTMENTS	(8,389)	(716)
CASH AND CASH INVESTMENTS, beginning of period	10,010	3,339
	-----	-----
CASH AND CASH INVESTMENTS, end of period	\$ 1,621	\$ 2,623
	=====	=====

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

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CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 1997

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 Annual Report on Form 10-K for the fiscal year ended February 28, 1997.

2) 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. Substantially all of the inventories are valued using the LIFO method. Elements of cost include materials, labor and overhead and consist of the following:

	May 31, 1997	February 28, 1997
	-----	-----
(in thousands)		
Raw materials and supplies	\$ 11,493	\$ 14,191
Wines and distilled spirits in process	213,926	262,289
Finished case goods	89,623	72,526
	-----	-----
	315,042	349,006
Less - LIFO reserve	(24,756)	(22,380)
	-----	-----
	\$ 290,286	\$ 326,626
	=====	=====

Information related to the FIFO method of inventory valuation may be useful in comparing operating results to those companies not using the LIFO method of inventory valuation. If the FIFO method had been used, reported net income would have been \$1.4 million, or \$0.07 per share on a fully diluted basis, higher for the three months ended May 31, 1997, and reported net income would have been \$3.5 million, or \$0.18 per share on a fully diluted basis, higher for the three months ended May 31, 1996.

3) NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE:

Net income per common and common equivalent share is based on the weighted average number of common and dilutive common equivalent shares outstanding during each period. Dilutive common equivalent shares consist of stock options.

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In February 1997, Statement of Financial Accounting Standards No. 128, "Earnings per Share," (SFAS No. 128) was issued. The Company is required to adopt SFAS No. 128 for the year ending February 28, 1998, and restate previously reported earnings per share. Early adoption is not permitted. The Company believes the effect of adoption will not be material.

4) SUMMARIZED FINANCIAL INFORMATION - SUBSIDIARY GUARANTORS:

The subsidiary guarantors are wholly owned and the guarantees are full, unconditional, joint and several obligations of each of the subsidiary guarantors. Summarized financial information for the subsidiary guarantors is set forth below. Separate financial statements for the subsidiary guarantors of

(a) Other consists primarily of non-branded concentrate sales, contract bottling and other production services and bulk product sales, none of which are sold in case quantities.

Net sales for First Quarter 1998 increased to \$306.0 million from \$276.5 million for First Quarter 1997, an increase of \$29.5 million, or 10.7%. This increase resulted primarily from (i) \$24.8 million of additional imported beer sales, largely Mexican beers, (ii) \$4.8 million of additional spirits sales and (iii) \$4.3 million of additional non-varietal and varietal table wine sales. These increases were partially offset by lower sales of grape juice concentrate, dessert wines and sparkling wines. Unit volume for branded beverage alcohol products for First Quarter 1998 increased 14.1% as compared to First Quarter 1997. The unit volume increase was largely the result of increased sales of the Company's imported beer brands and spirits brands. The increase in non-varietal and varietal table wine brands unit volume was partially offset by a decrease in unit volume of dessert wine brands and sparkling wine brands.

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GROSS PROFIT

The Company's gross profit increased to \$80.7 million for First Quarter 1998 from \$72.9 million for First Quarter 1997, an increase of \$7.8 million, or 10.7%. As a percent of net sales, gross profit was 26.4% for First Quarter 1998 and First Quarter 1997. The dollar increase in gross profit resulted primarily from increased sales of beer and higher gross profit from spirits brands, partially offset by lower gross profit from branded wine sales due to higher costs, particularly grape costs, not fully offset by higher selling prices. The Company has experienced significantly higher grape costs from the 1995 and 1996 harvests and may experience higher costs from the 1997 harvest, although grape prices from the upcoming harvest are inherently difficult to predict this early in the season. The Company believes that due to the timing of implementation of selling price increases, changes in geographical mix and other competitive factors, higher grape costs have not been fully offset by higher selling prices. There is no assurance that the Company will be able to fully offset these higher costs in the future.

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, gross profit reflected a reduction of \$2.4 million and \$5.9 million in First Quarter 1998 and First Quarter 1997, respectively, due to the Company's LIFO accounting method.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to \$55.2 million for First Quarter 1998 from \$49.9 million for First Quarter 1997, an increase of \$5.3 million, or 10.6%. Selling, general and administrative expenses as a percent of net sales decreased to 18.0% for First Quarter 1998 as compared to 18.1% for First Quarter 1997. The dollar increase in selling, general and administrative expenses resulted principally from advertising, promotion, selling and other expenses related to the Company's increased sales volume and overall growth.

INTEREST EXPENSE, NET

Net interest expense decreased to \$8.5 million for First Quarter 1998 from \$8.8 million for First Quarter 1997, a decrease of \$0.3 million, or 3.6%. The decrease was primarily due to a decrease in the Company's average borrowings which was partially offset by an increase in the average interest rate.

NET INCOME

As a result of the above factors, net income increased to \$10.0 million for First Quarter 1998 from \$8.5 million for First Quarter 1997, an increase of \$1.5 million, or 18.2%.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for First Quarter 1998 was \$34.3 million, an increase of \$2.8 million over EBITDA of \$31.5 million for First Quarter 1997. 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.

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FINANCIAL LIQUIDITY AND CAPITAL RESOURCES

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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. The Company will continue to use its short-term borrowings to support its working capital requirements. The Company believes that cash provided by operating activities and its financing activities, primarily short-term borrowings, will provide adequate resources to satisfy its working capital, liquidity and anticipated capital expenditure requirements for both its short-term and long-term capital needs.

FIRST QUARTER 1998 CASH FLOWS

OPERATING ACTIVITIES

Net cash provided by operating activities for First Quarter 1998 was \$47.2 million which resulted primarily from a net decrease of \$25.4 million in operating assets plus net income adjusted for noncash items. The net decrease of \$25.4 million in operating assets was primarily due to a net \$36.3 million seasonal decrease in inventory levels, partially offset by a \$13.8 million increase in accounts receivable principally the result of increased beer sales.

INVESTING ACTIVITIES AND FINANCING ACTIVITIES

Net cash used in investing activities for First Quarter 1998 was \$0.8 million which resulted from \$6.6 million of capital expenditures, including \$1.9 million for vineyards, partially offset by proceeds from the sale of property, plant and equipment of \$5.8 million.

Net cash used in financing activities for First Quarter 1998 was \$54.8 million which resulted principally from net repayment of \$35.5 million of revolving loan borrowings under the Company's bank credit agreement, principal payments of \$10.1 million of long-term debt and repurchase of \$9.2 million of the Company's Class A Common Stock.

During January 1996, the Company's Board of Directors authorized the repurchase of up to \$30.0 million of its Class A Common Stock and Class B Common Stock (the "Repurchase Program"). During May 1997, the Company completed the Repurchase Program with the repurchase of 362,100 shares of its Class A Common Stock at a cost of \$9.2 million. With respect to the Repurchase Program, the Company repurchased a total of 1,149,550 shares of Class A Common Stock at an aggregate cost of \$30.0 million, or at an average cost of \$26.10 per share.

DEBT

Total debt outstanding as of May 31, 1997, amounted to \$390.8 million, a decrease of \$45.5 million from February 28, 1997, resulting primarily from the repayment of revolving loan borrowings and

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principal payments of long-term debt. The ratio of total debt to total capitalization decreased to 51.6% as of May 31, 1997, from 54.5% as of February 28, 1997.

As of May 31, 1997, under its bank credit agreement, the Company had outstanding term loans of \$175.9 million bearing interest at 6.8%, \$21.5 million of revolving loans bearing interest at 6.5%, undrawn revolving letters of credit of \$5.7 million and \$157.8 million available to be drawn in revolving loans.

As of May 31, 1997, the Company had outstanding \$195.0 million aggregate principal amount of 8 3/4% Senior Subordinated Notes due 2003. The notes are unsecured and subordinated to the prior payment in full of all senior indebtedness of the Company, which includes the bank credit agreement. The notes are guaranteed, on a senior subordinated basis, by substantially all of the Company's operating subsidiaries. Subsequent to May 31, 1997, California Products Company, Bisceglia Brothers Wine Co., Guild Wineries & Distilleries, Inc., Vintners International Company, Inc. and Widmer's Wine Cellars, Inc., each a subsidiary guarantor, were merged into another subsidiary guarantor.

PART II - OTHER INFORMATION

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

- (a) See Index to Exhibits beginning on Page 13 of this Report.
- (b) There were no Reports on Form 8-K filed by the Company with the Securities and Exchange Commission during the quarter ended May 31, 1997.

SIGNATURES

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

CANANDAIGUA WINE COMPANY, INC.

Dated: July 15, 1997 By: /s/ THOMAS F. HOWE

Thomas F. Howe, Vice President,
Corporate Reporting and Controller

Dated: July 15, 1997 By: /s/ THOMAS S. SUMMER

Thomas S. Summer, Senior Vice President
and Chief Financial Officer
(Principal Financial Officer and Principal
Accounting Officer)

SUBSIDIARIES

BATAVIA WINE CELLARS, INC.

Dated: July 15, 1997 By: /s/ THOMAS F. HOWE

Thomas F. Howe, Controller

Dated: July 15, 1997 By: /s/ THOMAS S. SUMMER

Thomas S. Summer, Treasurer
(Principal Financial Officer and Principal
Accounting Officer)

CANANDAIGUA WEST, INC.

Dated: July 15, 1997 By: /s/ THOMAS F. HOWE

Thomas F. Howe, Controller

Dated: July 15, 1997 By: /s/ THOMAS S. SUMMER

Thomas S. Summer, Treasurer
(Principal Financial Officer and Principal
Accounting Officer)

BARTON INCORPORATED

Dated: July 15, 1997 By: /s/ ALEXANDER L. BERK

Alexander L. Berk, President and
Chief Operating Officer

Dated: July 15, 1997 By: /s/ RAYMOND E. POWERS

Raymond E. Powers, Executive Vice
President, Treasurer and Assistant Secretary
(Principal Financial Officer and Principal
Accounting Officer)

BARTON BRANDS, LTD.

Dated: July 15, 1997 By: /s/ ALEXANDER L. BERK

Alexander L. Berk, Executive Vice President

Dated: July 15, 1997 By: /s/ RAYMOND E. POWERS

Raymond E. Powers, Executive Vice
President, Treasurer and Assistant Secretary
(Principal Financial Officer and Principal
Accounting Officer)

BARTON BEERS, LTD.

Dated: July 15, 1997 By: /s/ ALEXANDER L. BERK

Alexander L. Berk, Executive Vice President

Dated: July 15, 1997

By: /s/ RAYMOND E. POWERS

Raymond E. Powers, Executive Vice President,
Treasurer and Assistant Secretary
(Principal Financial Officer and Principal
Accounting Officer)

BARTON BRANDS OF CALIFORNIA, INC.

Dated: July 15, 1997

By: /s/ ALEXANDER L. BERK

Alexander L. Berk, Executive Vice President

Dated: July 15, 1997

By: /s/ RAYMOND E. POWERS

Raymond E. Powers, Executive Vice President,
Treasurer and Assistant Secretary
(Principal Financial Officer and Principal
Accounting Officer)

BARTON BRANDS OF GEORGIA, INC.

Dated: July 15, 1997

By: /s/ ALEXANDER L. BERK

Alexander L. Berk, Executive Vice President

Dated: July 15, 1997

By: /s/ RAYMOND E. POWERS

Raymond E. Powers, Executive Vice
President, Treasurer and Assistant Secretary
(Principal Financial Officer and Principal
Accounting Officer)

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BARTON DISTILLERS IMPORT CORP.

Dated: July 15, 1997

By: /s/ ALEXANDER L. BERK

Alexander L. Berk, Executive Vice President

Dated: July 15, 1997

By: /s/ RAYMOND E. POWERS

Raymond E. Powers, Executive Vice President,
Treasurer and Assistant Secretary
(Principal Financial Officer and Principal
Accounting Officer)

BARTON FINANCIAL CORPORATION

Dated: July 15, 1997

By: /s/ RAYMOND E. POWERS

Raymond E. Powers, President and Secretary

Dated: July 15, 1997

By: /s/ CHARLES T. SCHLAU

Charles T. Schlau, Treasurer
(Principal Financial Officer and Principal
Accounting Officer)

STEVENS POINT BEVERAGE CO.

Dated: July 15, 1997

By: /s/ ALEXANDER L. BERK

Alexander L. Berk, Executive Vice President

Dated: July 15, 1997

By: /s/ RAYMOND E. POWERS

Raymond E. Powers, Executive Vice President,
Treasurer and Assistant Secretary
(Principal Financial Officer and Principal
Accounting Officer)

MONARCH IMPORT COMPANY (f/k/a BARTON
MANAGEMENT, INC.)

Dated: July 15, 1997

By: /s/ ALEXANDER L. BERK

Alexander L. Berk, Executive Vice President

Dated: July 15, 1997

By: /s/ RAYMOND E. POWERS

Raymond E. Powers, Executive Vice President,
Treasurer and Assistant Secretary (Principal
Financial Officer and Principal Accounting

Officer)

THE VIKING DISTILLERY, INC.

Dated: July 15, 1997

By: /s/ ALEXANDER L. BERK

Alexander L. Berk, Executive Vice President

Dated: July 15, 1997

By: /s/ RAYMOND E. POWERS

Raymond E. Powers, Executive Vice President,
Treasurer and Assistant Secretary
(Principal Financial Officer and Principal
Accounting Officer)

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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 Company (filed as Exhibit 3.1 to the Company'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 Company (filed as Exhibit 3.2 to the Company'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 Company'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 Company'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 Company, its Subsidiaries and The Chase Manhattan Bank (as successor to Chemical Bank) (filed as Exhibit 4.1 to the Company'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 Company, Canandaigua West, Inc. and The Chase Manhattan Bank (as successor to Chemical Bank) (filed as Exhibit 4.5 to the Company'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 Company, V Acquisition Corp. (a subsidiary of the Company now known as The Viking Distillery, Inc.) and The Chase Manhattan Bank (as successor to Chemical Bank) (filed as Exhibit 4.5 to the Company'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 C Senior Subordinated Notes Due 2003 dated as of October 29, 1996 among the Company, its Subsidiaries and Harris Trust and Savings Bank (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-4 (Registration No. 333-17673) and incorporated herein by reference).

(10) MATERIAL CONTRACTS.

10.1 Long-Term Stock Incentive Plan, which amends and restates the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed herewith).

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(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.

CANANDAIGUA WINE COMPANY, INC.

LONG-TERM STOCK INCENTIVE PLAN

This Long-Term Stock Incentive Plan, which amends and restates in its entirety the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan, was approved by the Board of Directors of the Company by unanimous written consent as of June 23, 1997, to be effective immediately. Certain capitalized terms used in the Plan are defined in Annex A.

1. PURPOSE

The Plan is designed to provide the Company with increased flexibility to attract and retain valued employees and directors and to provide them with incentives to maintain and enhance the Company's long-term performance record by aligning the interests of the Participants and the stockholders of the Company.

2. ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall possess the authority, in its discretion, (a) to determine the employees and directors of the Company to whom Awards shall be granted and the time or times at which Awards shall be granted; (b) to determine at the time of grant the number of shares to be subject to each Award; (c) to prescribe the form of the instrument representing such Award; (d) to establish any appropriate terms and conditions applicable to the Awards including any limitations on grants, vesting or exercisability, and to make any amendments to such instruments or the Awards which may, without limitation, include any acceleration of vesting or exercisability, waiver of any condition or requirement or taking of other action consistent with the purposes of the Plan; (e) to interpret and construe the Plan; (f) to make and amend rules and regulations relating to the Plan; and (g) to make all other determinations necessary or advisable for the administration of the Plan. The Committee's determinations shall be conclusive and binding on all Participants and all persons claiming under or through any Participant. No member of the Committee shall be liable for any action taken or decision made in good faith relating to the Plan or any Award granted under the Plan.

No outstanding Award may be exercised by any person if the Participant to whom the Award is granted (x) is, or at any time after the date of grant has been, in competition with the Company or its affiliates or (y) has been terminated by the Company for Cause. The Committee shall determine, in its discretion, whether a Participant's actions constitute competition with the Company or its affiliates.

3. ELIGIBLE EMPLOYEES AND NON-EMPLOYEE DIRECTORS

All employees of the Company are eligible to receive Awards under the Plan. Awards may be made to non-employee directors of the Company. No Awards under the Plan shall be made to Covered Employees which are intended to qualify under Section 162(m) of the Code until the Plan is approved by stockholders of the Company.

4. SHARES AVAILABLE; TYPES OF AWARDS

The total number of shares of the Company's Common Stock available for Awards under the Plan in the aggregate shall not exceed four million shares. The maximum number of Shares which may be subject to Awards granted to any Covered Employee in any fiscal year shall not exceed 2 1/2% of the outstanding Common Stock as of the date the Plan is approved by the Board of Directors. Shares subject to Awards may be authorized and unissued shares or may be treasury shares.

If an Award expires, terminates or is cancelled without being exercised or becoming vested, new Awards may thereafter be granted under the Plan covering such shares unless the applicable Rules under Section 16(b) of the Exchange Act or Section 162(m) of the Code require otherwise.

The Committee may make Awards from time to time in any one or more of the following types singly or in tandem: Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock or Other Stock-Based Awards.

5. STOCK OPTIONS

Stock Option Awards under the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan made prior to the date this Long-Term Stock Incentive Plan was adopted by the Board of Directors shall remain outstanding and in full force in accordance with their terms. Each Stock Option Award shall specify the following terms and conditions, as well as any other terms, conditions, limitations and restrictions specified by the Committee:

(a) Exercise Price. The exercise price per Share under each Stock Option shall be specified by the Committee, provided that the exercise price per Share for each Stock Option granted to a Covered Employee shall equal the Fair Market Value of the Common Stock on the date the Award is granted.

(b) Duration of Option. The duration of each Stock Option shall be specified. Stock Options must be exercised on or before 5:00 p.m. Eastern Time on their expiration date.

(c) Exercise Terms. Each Stock Option granted under the Plan shall become exercisable in five equal annual installments commencing on the first anniversary of the date of grant except as otherwise provided by the Committee. Stock Options may be partially exercised from time to time during the period extending from the time they first become exercisable in accordance with the terms of the Award until the expiration of the exercise period specified in the Award. Exercise of related Stock Appreciation Rights will cause the immediate automatic expiration of related Stock Options on the terms and conditions specified by the Committee. The Committee may impose such additional limitations or conditions on the vesting or exercise of any Stock Option as it deems appropriate.

(d) Payment of Exercise Price. A Stock Option shall be exercised upon such notice as is required by the Committee accompanied by payment in full of the exercise price for the Shares being acquired in such form as the Committee may provide in accordance with Section 9 of the Plan, together with all applicable withholding taxes as provided in Section 10 of the Plan.

6. STOCK APPRECIATION RIGHTS

Stock Appreciation Rights may be granted by the Committee in Awards which are in tandem with Stock Options or freestanding. Tandem Awards may be granted at the same time as the grant of the related Stock Option or at any time thereafter prior to the end of the exercise period for the related Stock Option.

(a) Value. The value of each Stock Appreciation Right shall be the difference between the Fair Market Value of a Share on the date of exercise of the Stock Appreciation Right and the reference amount specified in the Award, which for each Stock Appreciation Right granted in tandem with a Stock Option shall be not less than the exercise price of the related Stock Option. The reference amount for each Stock Appreciation Right granted to a Covered Employee shall not be less than the Fair Market Value of a Share on the date of grant of the Stock Appreciation Right.

(b) Duration of Stock Appreciation Right. The duration of each Stock Appreciation Right shall be specified. Each tandem Stock Appreciation Right shall specify the Stock Option to which it is related and the terms and conditions under which exercise or expiration of the related Stock Option will result in automatic expiration of the related Stock Appreciation Right and the terms and conditions on which exercise or expiration of the Stock Appreciation Right will result in automatic expiration of the related Stock Option.

(c) Exercise Terms. Each Stock Appreciation Right granted under the Plan shall become exercisable in five equal annual installments commencing on the first anniversary of the date of grant except as otherwise provided by the Committee. Stock Appreciation Rights may be partially exercised from time to time during the period extending from the time they first become exercisable in accordance with the terms of the Award until the expiration of the exercise period specified in the Award. Exercise of related Stock Options will cause the immediate automatic expiration of related Stock Appreciation Rights on the terms and conditions specified by the Committee. The Committee may impose such additional limitations or conditions on the exercise of any Stock Appreciation Right as specified in the Award as it deems appropriate, including such additional limitations or conditions on the vesting or exercise of any Stock Appreciation Right as it deems appropriate. A Stock Appreciation Right shall be exercised upon such notice as is required by the Committee.

7. RESTRICTED STOCK

Shares of Restricted Stock may be granted by the Committee from time to time in its discretion to Participants subject to such terms and conditions as may be required by law or are specified in the Award, including any payment required for the Shares. The Award will also specify the availability of dividends and other distributions with respect to which Shares of Restricted Stock are entitled and the voting rights, if any, associated with such Shares of Restricted Stock. Restricted Stock Awards to Participants who may be Covered Employees which are intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code shall only be made if payout is contingent upon achievement of Performance Targets within or at the end of the Performance Period with respect to one or more Performance Criteria as specified by the Committee and the Committee certifies the extent to which any Performance

Target has been satisfied and the number of Shares of Restricted Stock deliverable as a result thereof, prior to the delivery of any such Shares to Covered Employees. In any fiscal year, the value of Restricted Stock Awards to any individual Covered Employee shall not exceed \$2.5 million (measured by the difference between the amount of any payment for the Shares by the Participant and the Fair Market Value of the Shares on the date of the Award).

8. OTHER STOCK-BASED AWARDS

From time to time in its discretion, the Committee may grant Other Stock-Based Awards to any Participant on such terms and conditions as may be determined by the Committee and specified in the Award. Grants of Other Stock-Based Awards to Participants who may be Covered Employees which are intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code shall only be made if payout or exercise is contingent upon achievement of Performance Targets within or at the end of the Performance Period with respect to one or more Performance Criteria as specified by the Committee and the Committee certifies the extent to which any Performance Target has been satisfied, and the number of Shares or other compensation deliverable as a result thereof, prior to the delivery of any such Shares or compensation to Covered Employees. Any exercise of Other Stock-Based Awards shall be made upon such notice as is required by the Committee to the Company accompanied by payment in full of any exercise price for the Shares or other compensation being acquired in such form as the Committee may provide in accordance with Section 9 of the Plan, together with all applicable withholding taxes as provided in Section 10 of the Plan. In any fiscal year, the value of Other Stock-Based Awards to any individual Covered Employee shall not exceed \$2.5 million (measured by the difference between the amount of any payment or exercise price for the Award by the Participant and the Fair Market Value of the Shares or the Award on the date of the Award).

9. PAYMENT FOR PURCHASE OR EXERCISE OF AWARDS

The exercise price of Stock Options and any Other Stock-Based Awards providing for exercise prices and the purchase price for any Restricted Stock or Other Stock-Based Awards for purchase prices shall be paid to the Company upon exercise or acquisition of such Award in the manner which the Committee may determine which may include by (a) delivery of cash or a check in the amount of the price of the Award, (b) tendering previously acquired Shares having a Fair Market Value at the time of delivery equal to the price of the Award, (c) delivery of

irrevocable instructions to a broker or other agent acceptable to the Company to promptly sell Shares received under the Award and to deliver to the Company the amount of proceeds to pay the price related to such Award, or (d) such other method of payment as the Committee in its discretion deems appropriate, in each case together with all applicable withholding taxes as provided in Section 10. Previously acquired Shares tendered in payment must have been owned by Participant for at least six months prior to the tender in payment of an Award.

10. WITHHOLDING TAXES

Whenever required by law in connection with an Award, the Company shall require the Participant to remit to the Company an amount sufficient to satisfy any federal, state and/or local income and employment withholding tax requirements prior to the delivery of any certificate or certificates for Shares or to take any other appropriate action to satisfy such withholding requirements, including any method permitted for payment under Section 9 as determined by the Committee. To the extent permitted under such rules as the Committee may promulgate and in compliance with any requirements to avoid violations under Section 16(b) of the Exchange Act and related Rules, the Participant may satisfy such obligation in whole or in part by electing to have the Company withhold Shares from the Shares to which the Participant is otherwise entitled under the Award.

11. PERFORMANCE CRITERIA

For each Award of Restricted Stock or Other Stock-Based Award intended to qualify as "performance based compensation" under Section 162(m) of the Code and related Rules, the Committee shall select the applicable Performance Criteria, Performance Period and Performance Target for the Award consistent with the terms of the Plan and Section 162(m). The Committee may select Performance Criteria, Performance Periods and Performance Targets for Restricted Stock and Other Stock-Based Awards for Participants other than Covered Employees in its discretion. The Committee shall have no discretion to increase the amount of compensation payable to Covered Employees if a Performance Target has been attained, but the Committee may adjust compensation to increase the amount, in its discretion, to any other Participant. The Committee may adjust Performance Targets to take into account the effects of any Extraordinary Items equitably in a manner consistent with the determination of the original Award, provided, however, no such adjustment may be made with respect to any Award to a Covered Employee which is intended to qualify as "performance based compensation" unless such adjustment satisfies the requirements of Code Section 162(m) and the related Rules.

For Awards to Covered Employees which are intended to qualify as "performance based compensation" under Code Section 162(m), the Performance Target with respect to the selected Performance Criteria must be established by the Committee in advance of the deadlines applicable under Code Section 162(m) and the Rules thereunder and while the performance relating to the Performance Target remains substantially uncertain within the meaning of such Section 162(m) and Rules. At the time the Performance Targets are established, the Committee shall provide, in terms of an objective formula or standard for each Covered Employee, the method of computing the specific amount that will represent the maximum number of Shares or amount of other compensation payable to the Participant if the Performance Target is attained.

12. AWARDS NOT TRANSFERABLE

Unless transferability is permitted under certain conditions as determined by the Committee, no Award is transferable by the Participant other than (i) by will or the laws of descent and distribution, (ii) pursuant to a domestic relations order, or (iii) to the extent permitted under the Plan, the Award or interpretation of the Committee, by gift to family members or by gift or permitted non-cash exchange to entities beneficially owned by family members or other permitted transferees, and shall be exercisable only by the Participant, the Participant's legal representative, or the Participant's permitted transferees. Shares of Restricted Stock may not be sold or otherwise transferred until ownership vests in the Participant.

13. GENERAL RESTRICTION ON ISSUANCE OF STOCK CERTIFICATES

The Company shall not be required to deliver any certificate upon the grant, vesting or exercise of any Award until it has been furnished with such documents as it may deem necessary to insure compliance with any law or Rules of the SEC or any other governmental authority having jurisdiction under the Plan. Certificates for Shares delivered upon such grant or exercise shall bear legends restricting transfer or other restrictions or conditions to the extent required by law or determined by the Committee. Each Award under the Plan is subject to the condition that, if at any time the Committee shall determine that the listing, registration or qualification of the Shares subject to such Award under any state or federal law or other applicable Rule, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of the granting of such Awards or the issue or purchase of Shares thereunder, such Awards may not vest or be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

14. TERMINATION OF EMPLOYMENT

If the employment of a Participant terminates by reason of the Participant's Retirement, Disability or death, any Award may be exercised or received by the Participant, the Participant's designated beneficiary or legal representative or permitted transferee at any time on or prior to the earlier of the expiration date of the Award or the expiration of one year after the date of Retirement, Disability or death but only if, and to the extent that the Participant was entitled to exercise or receive the Award at the date of Retirement, Disability or death and subject to such other terms and conditions as may be specified in the Award and the Plan. All Awards or any portion thereof not yet vested or exercisable on the date of Retirement, Disability or death shall terminate immediately on the date of termination (except as otherwise provided by the Committee or an employment agreement between the Company and the Participant). Upon termination of the Participant's employment for any reason other than Retirement, Disability or death, any Award may be exercised or received by the Participant, the Participant's designated beneficiary or legal representative or permitted transferee at any time on or prior to the earlier of the expiration date of the Award or the expiration of thirty days after the date of termination but only if, and to the extent that the Participant was entitled to exercise or receive the Award at the date of termination and subject to such other terms and conditions as may be specified in the Award and the Plan. All Awards or any portion thereof not yet vested or exercisable on the date of termination other than by reason of Retirement, Disability or death shall terminate immediately on the date of termination (except as otherwise provided by the Committee or an employment agreement between the Company and the Participant).

Unless otherwise determined by the Committee, an authorized leave of absence pursuant to a written agreement or other leave entitling the Participant to reemployment in a comparable position by law or Rule shall not constitute a termination of employment for purposes of the Plan unless the Participant does not return at or before the end of the authorized leave or within the period for which re-employment is guaranteed by law or Rule.

15. ADJUSTMENT OF AWARDS

In the event of any change in the Common Stock of the Company by reason of any stock dividend, stock split, recapitalization, reorganization, merger, consolidation, split-up, combination, or exchange of shares, or rights offering

to purchase Common Stock at a price substantially below fair market value, or of any similar change affecting the Common Stock, the number and kind of shares authorized under Section 4 for the Plan, the number and kind of shares which thereafter are subject to an Award under the Plan and the number and kind of unexercised Stock Options or Other Stock-Based Awards and the number of Shares of Restricted Stock and the price per share shall be adjusted automatically consistent with such change to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants in the Plan.

16. NO EMPLOYMENT RIGHTS

The Plan and any Awards granted under the Plan shall not confer upon any Participant any right with respect to continuance as an employee of the Company, nor shall the Plan or such Awards interfere in any way with the right of the Company to terminate the Participant's position as an employee or director at any time.

17. RIGHTS AS A SHAREHOLDER

The recipient of any Award under the Plan shall have no rights as a shareholder with respect thereto unless and until certificates for the underlying Shares are issued to the recipient, except as otherwise specifically provided by the Committee.

18. SECTION 162(m) CONDITIONS

It is the intent of the Company that the Plan and Awards granted under the Plan satisfy and be interpreted in a manner that satisfies any applicable requirements of Code Section 162(m) as performance-based compensation. Any provision, application or interpretation of the Plan inconsistent with this intent to satisfy the standards in Code Section 162(m) shall be disregarded. Notwithstanding anything to the contrary in the Plan, the provisions of the Plan may at any time be bifurcated by the Committee in any manner so that certain provisions of the Plan or any Award intended (or required in order) to satisfy the applicable requirements of Code Section 162(m) are applicable only to Covered Employees.

19. AMENDMENT AND DISCONTINUANCE

The Plan and any Award outstanding under the Plan may be amended, modified or terminated by the Committee at any time and all Awards shall be subject to the Plan, as amended from time to time, except that the Committee may not, without approval of the Participant to whom the Award was granted or his legal representative or permitted transferee adversely affect the rights of such person under such Award. No amendment, modification, or termination of the Plan shall be effective without stockholder approval if such approval is required under applicable law or Rule or any regulation of the stock market on which the Common Stock is traded.

20. CHANGE IN CONTROL

(a) Notwithstanding other provisions of the Plan, in the event of a Change in Control of the Company, all of a Participant's Awards shall become immediately vested and exercisable or fully earned at the maximum amount, except with respect to Covered Employees for "performance based compensation" as otherwise determined by the Committee.

(b) In the event of a Change in Control, in the discretion of the Committee, each Participant who is a Section 16 insider with respect to whom the Change in Control might result in a violation under Section 16(b) of the Exchange Act, may receive, in exchange for the surrender of the Stock Option, an amount of cash equal to the difference between the fair market value (based on the kind and amount of any securities, cash, other property or other consideration to be received with respect to each Share in the Change in Control transaction as determined by the Committee) of the Common Stock covered by the Award and the option price of such Common Stock under the Stock Option or to receive, in exchange for any other Award, an amount of cash equivalent to such fair market value had the Participant received the Shares or other compensation as intended under the Award prior to the Change in Control.

(c) Notwithstanding the foregoing, the Plan and any Awards outstanding under the Plan shall be binding upon any successor to the Company, whether such successor is the result of a direct or indirect purchase, merger, consolidation or other acquisition of all or substantially all of the business and/or assets of the Company.

21. GOVERNING LAW

The Plan and any Award made pursuant to it shall be construed under the laws of the State of Delaware.

By: /s/ RICHARD SANDS

Title: President

Date of Stockholder Approval _____

ANNEX A
TO
LONG-TERM STOCK INCENTIVE PLAN

CERTAIN DEFINITIONS

Capitalized terms used in the Plan shall have the meanings set forth below:

"AWARD" means any grant of Stock Options, Restricted Stock, Stock Appreciation Rights or Other Stock-Based Award under the Plan.

"CAUSE" means, solely for the purposes of the Plan, gross negligence or willful misconduct or commission of a felony or an act of moral turpitude determined by the Committee to be detrimental to the best interests of the Company or, if the Participant is subject to a written agreement with the Company "cause" shall have the meaning set forth in that agreement.

"CHANGE IN CONTROL" means:

- (a) there shall be consummated
 - (i) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which any Shares are to be converted into cash, securities or other property, provided that the consolidation or merger is not with a corporation which was a direct or indirect wholly-owned subsidiary of the Company or a parent of the Company immediately before the consolidation or merger; or
 - (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or
- (b) the stockholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; or
- (c) any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of 30% or more of the voting control of the Company's then outstanding common stock, provided that such person shall not be a wholly-owned subsidiary of the Company immediately before it becomes such 30% beneficial owner of voting control; or
- (d) individuals who constitute the Company's Board of Directors on the date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, provided, however, that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least three quarters of the directors comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) shall be, for purposes of this clause (d), considered as though such person were a member of the Incumbent Board.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMPANY" means Canandaigua Wine Company, Inc. and its Subsidiaries, except where the context indicates that only the parent company is intended.

"COMMITTEE" means the committee appointed by the Company's Board of Directors (the "Committee") consisting of not fewer than the number of members of the Board of Directors required under Code Section 162(m) and the Rules

of the IRS thereunder for determining performance based compensation which is deductible by the Company who are "outside directors" as defined from time to time under the IRS Rules and, to the extent possible are also "Non-Employee Directors" as defined from time to time under the SEC Rules for approval of Awards exempt from Section 16(b). If any member of the Committee does not qualify as an "outside director", Awards under the Plan for Covered Employees shall be administered by a subcommittee of the Committee comprised solely of members who qualify as outside directors to the extent desirable to preserve the deductibility of such compensation under Section 162(m) of the Code and such

subcommittee shall constitute the Committee for all purposes under the Plan. The full Board of Directors, in its discretion, may act as the Committee under the Plan and shall do so with respect to grants of Awards to non-employee directors. The Committee may delegate to selected officers of the Company, individually or acting as a committee, any portion of its authority, except as otherwise expressly provided in the Plan. In the event of a delegation to management, the term "Committee" as used herein shall include the officer or committee with respect to the delegated authority. Notwithstanding any such delegation of authority, the Committee comprised of members of the Board of Directors shall retain overall responsibility for the operation of the Plan. Management acting pursuant to delegated authority shall not make Awards under the Plan to any Covered Employees or other Section 16 insider.

"COMMON STOCK" means the Class A Common Stock of the Company, par value \$.01 per Share.

"COVERED EMPLOYEE" means the Chief Executive Officer of the Company and the four other most highly compensated officers of the Company as such term is defined under the Rules promulgated under Section 162(m) of the Code and such other officers as may be designated by the Committee.

"DISABILITY" means the inability of a Participant to perform his or her duties for a period in excess of the applicable statutory short-term disability coverage provided by the Company. The date of termination with respect to Disability shall be the day following the date such short term disability protection lapses.

"EXTRAORDINARY ITEMS" means (a) items presented as such (or other comparable terms) on the Company's audited financial statements, (b) extraordinary, unusual or nonrecurring items of gain or loss, (c) changes in tax or accounting laws or Rules, and (d) the effects of mergers, acquisitions, divestitures, spin offs or significant transactions, each of which are identified in the audited financial statements and notes thereto or in the "management's discussion and analysis" of the financial statements in a period report filed with the SEC under the Exchange Act.

"FAIR MARKET VALUE" of a Share means the closing price of the Common Stock on the NASDAQ Stock Market or other national stock exchange on which the Common Stock is actively traded for the date as reported in the WALL STREET JOURNAL, Eastern Edition or such other standard reference service as the Committee may select.

"IRS" means the Internal Revenue Service and, if the context permits, the courts interpreting the Code.

"OTHER STOCK-BASED AWARD" means an Award granted pursuant to Section 8 of the Plan which is subject to the terms, conditions and restrictions set forth in the instrument evidencing the Award.

"PARTICIPANT" means any employee of the Company or non-employee director of the Company who has received an Award under the Plan.

"PERFORMANCE CRITERIA" means one or more of the following performance criteria selected by the Committee with respect to any performance-based Award: (a) increases in the Fair Market Value of a Share, (b) shareholder value added, (c) cash flow, (d) earnings per share, (e) earnings of the Company before deducting interest, taxes, depreciation and amortization, (f) return on equity, (g) return on capital, (h) return on assets or net assets, (i) cost reduction or control, (j) operating income or net operating income, (k) operating margins/sales in one or more business segments or product lines, (l) return on operating revenue, and (m) market share in one or more business segments or product lines. Performance criteria may be established on a corporate, divisional, business unit or consolidated basis and measured absolutely or relative to the Company's peers.

"PERFORMANCE PERIOD" means the fiscal year or years or other period established by the Committee with respect to which the Performance Targets are set by the Committee.

"PERFORMANCE TARGET" means one or more specific objective goal or goals (which may be cumulative or alternative) that are timely set in writing by the Committee for each Participant for the applicable Performance Period with respect to any one or more of the Performance Criteria.

"PLAN" means the Long-Term Stock Incentive Plan of the Company, as amended from time to time.

"RESTRICTED STOCK" means Shares granted pursuant to Section 7 of the Plan which are subject to the terms, conditions and restrictions set forth in the instrument evidencing the Award.

"RETIREMENT" means a termination of employment by an employee who is at least 60 years of age and after at least 10 years of service with the Company (which shall include entities acquired by the Company, if the Committee so determines).

"RULES" means rules, regulations and interpretations issued by the governmental authority charged with administering any law and any judicial interpretations applicable thereto.

"SEC" means the Securities and Exchange Commission.

"SHARES" means shares of the Company's Class A Common Stock, par value \$.01 per share.

"STOCK OPTION" means any nonqualified Stock Option granted pursuant to Section 5 of the Plan which is subject to the terms, conditions and restrictions set forth in the instrument evidencing the Award and the Plan.

"SUBSIDIARIES" means (a) all corporations of which at least fifty percent of the voting stock is owned by the Company directly or through one or more corporations at least fifty percent of whose voting stock is so owned, and (b) partnerships or other entities in which the Company has, either directly or indirectly, at least a fifty percent interest in the capital or profits.

OTHER TERMS: Any other terms used in the Plan which are defined in Sections 83, 162(m) or 421 of the Internal Revenue Code as amended, or the Rules thereunder or corresponding provisions of subsequent laws and Rules in effect at the time Awards are made under the Plan, shall have the meanings set forth in such laws or Rules.

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)

	For the Three Months Ended May 31,			
	1997		1996	
	Primary	Fully Diluted	Primary	Fully Diluted
Net income per common and common equivalent share:				
Net income available to common and common equivalent shares	\$ 10,046	\$ 10,046	\$ 8,501	\$ 8,501
Adjustments	-	-	-	-
Net income available to common and common equivalent shares	\$ 10,046	\$ 10,046	\$ 8,501	\$ 8,501
Shares:				
Weighted average common shares outstanding	18,770	18,770	19,629	19,629
Adjustments:				
(1) Assumed exercise of incentive stock options	466	552	210	210
(2) Assumed exercise of stock options	-	-	57	57
Weighted average common and common equivalent shares outstanding	19,236	19,322	19,896	19,896
Net income per common and common equivalent share	\$ 0.52	\$ 0.52	\$ 0.43	\$ 0.43

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This schedule contains summary financial information extracted from the Company's May 31, 1997 Form 10-Q and is qualified in its entirety by reference to such financial statements.

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