

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 August 31, 1998

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 BRANDS, INC. AND ITS SUBSIDIARIES:	16-0716709
NEW YORK	BATAVIA WINE CELLARS, INC.	16-1222994
NEW YORK	CANANDAIGUA WINE COMPANY, INC.	16-1462887
NEW YORK	CANANDAIGUA EUROPE LIMITED	16-1195581
NEW YORK	ROBERTS TRADING CORP.	16-0865491
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	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. Employer Identification No.)

300 WILLOWBROOK OFFICE PARK, FAIRPORT, NEW YORK 14450

(Address of principal executive offices) (Zip Code)

(716) 393-4130

(Registrants' telephone number, including area code)

(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

The number of shares outstanding with respect to each of the classes of common stock of Canandaigua Brands, Inc., as of September 23, 1998, is set forth below (all of the Registrants, other than Canandaigua Brands, Inc., are direct or indirect wholly-owned subsidiaries of Canandaigua Brands, Inc.):

CLASS -----	NUMBER OF SHARES OUTSTANDING -----
Class A Common Stock, Par Value \$.01 Per Share	14,626,510
Class B Common Stock, Par Value \$.01 Per Share	3,248,187

- 1 -

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.
<TABLE>

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

<CAPTION>

August 31, 1998

February 28, 1998

<u><S></u>	(unaudited)	<u><C></u>
ASSETS	<u><C></u>	<u><C></u>

CURRENT ASSETS:		
Cash and cash investments	\$ 1,473	\$ 1,232
Accounts receivable, net	154,550	142,615
Inventories, net	345,972	394,028
Prepaid expenses and other current assets	37,550	26,463
	-----	-----
Total current assets	539,545	564,338
PROPERTY, PLANT AND EQUIPMENT, net	246,157	244,035
OTHER ASSETS	262,004	264,786
	-----	-----
Total assets	\$ 1,047,706	\$ 1,073,159
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Notes payable	\$ 63,000	\$ 91,900
Current maturities of long-term debt	24,118	24,118
Accounts payable	65,624	52,055
Accrued Federal and state excise taxes	21,561	17,498
Other accrued expenses and liabilities	101,569	97,763
	-----	-----
Total current liabilities	275,872	283,334
	-----	-----
LONG-TERM DEBT, less current maturities	297,407	309,218
	-----	-----
DEFERRED INCOME TAXES	59,237	59,237
	-----	-----
OTHER LIABILITIES	5,445	6,206
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred Stock, \$.01 par value-		
Authorized, 1,000,000 shares;		
Issued, none at August 31, 1998, and		
February 28, 1998	--	--
Class A Common Stock, \$.01 par value-		
Authorized, 120,000,000 shares;		
Issued, 17,802,475 shares at August 31, 1998,		
and 17,604,784 shares at February 28, 1998	178	176
Class B Convertible Common Stock, \$.01 par value-		
Authorized, 20,000,000 shares;		
Issued, 3,873,912 shares at August 31, 1998,		
and 3,956,183 shares at February 28, 1998	39	40
Additional paid-in capital	234,992	231,687
Retained earnings	249,733	220,346
	-----	-----
	484,942	452,249
	-----	-----
Less-Treasury stock-		
Class A Common Stock, 3,029,505 shares at		
August 31, 1998, and 2,199,320 shares at		
February 28, 1998, at cost	(72,990)	(34,878)
Class B Convertible Common Stock, 625,725 shares		
at August 31, 1998, and February 28, 1998, at cost	(2,207)	(2,207)
	-----	-----
	(75,197)	(37,085)
	-----	-----
Total stockholders' equity	409,745	415,164
	-----	-----
Total liabilities and stockholders' equity	\$ 1,047,706	\$ 1,073,159
	=====	=====

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

- 2 -

<TABLE>	CANANDAIGUA BRANDS, INC. AND SUBSIDIARIES			
	CONSOLIDATED STATEMENTS OF INCOME			
	(in thousands, except per share data)			
<CAPTION>	For the Six Months Ended August 31,		For the Three Months Ended	
August 31,	-----		-----	
-----	1998	1997	1998	1997

	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(unaudited)				
<S>	<C>	<C>	<C>	<C>
GROSS SALES	\$ 880,150	\$ 820,326	\$ 457,281	\$
409,288				
Less - Excise taxes	(217,836)	(212,791)	(107,895)	
(107,764)				
Net sales	662,314	607,535	349,386	
301,524				
COST OF PRODUCT SOLD	(467,767)	(442,044)	(247,775)	
(216,765)				
Gross profit	194,547	165,491	101,611	
84,759				
SELLING, GENERAL AND				
ADMINISTRATIVE EXPENSES	(128,786)	(111,483)	(67,454)	
(56,258)				
Operating income	65,761	54,008	34,157	
28,501				
INTEREST EXPENSE, net	(15,952)	(16,024)	(7,425)	
(7,545)				
Income before provision for				
Federal and state income taxes	49,809	37,984	26,732	
20,956				
PROVISION FOR FEDERAL AND STATE				
INCOME TAXES	(20,422)	(15,573)	(10,960)	
(8,591)				
NET INCOME	\$ 29,387	\$ 22,411	\$ 15,772	\$
12,365				
SHARE DATA:				
Earnings per common share:				
Basic	\$ 1.57	\$ 1.20	\$ 0.85	\$
0.67				
Diluted	\$ 1.53	\$ 1.18	\$ 0.83	\$
0.65				
Weighted average common shares				
outstanding:				
Basic	18,669	18,665	18,589	
18,559				
Diluted	19,168	19,002	19,051	
18,962				

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

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

	For the Six Months Ended August 31,	
	1998	1997
	(unaudited)	(unaudited)
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 29,387	\$ 22,411
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	11,952	12,625
Amortization of intangible assets	5,015	4,699
Deferred tax provision	900	4,900
Amortization of discount on long-term debt	189	172

Stock-based compensation expense	51	350
Gain on sale of property, plant and equipment	(3)	(883)
Change in operating assets and liabilities:		
Accounts receivable, net	(11,935)	(17,518)
Inventories, net	48,056	(8,131)
Prepaid expenses and other current assets	(10,867)	1,285
Accounts payable	11,339	57,408
Accrued Federal and state excise taxes	4,063	2,669
Other accrued expenses and liabilities	2,906	1,584
Other assets and liabilities, net	(2,549)	(717)
	-----	-----
Total adjustments	59,117	58,443
	-----	-----
Net cash provided by operating activities	88,504	80,854
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(14,098)	(18,213)
Purchase of joint venture minority interest	(716)	--
Proceeds from sale of property, plant and equipment	27	8,512
	-----	-----
Net cash used in investing activities	(14,787)	(9,701)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchases of treasury stock	(36,014)	(9,233)
Net repayments of notes payable	(28,900)	(27,800)
Principal payments of long-term debt	(12,000)	(40,409)
Exercise of employee stock options	2,154	741
Proceeds from employee stock purchases	1,284	204
Payment of issuance costs of long-term debt	--	(388)
	-----	-----
Net cash used in financing activities	(73,476)	(76,885)
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS	241	(5,732)
CASH AND CASH INVESTMENTS, beginning of period	1,232	10,010
	-----	-----
CASH AND CASH INVESTMENTS, end of period	\$ 1,473	\$ 4,278
	=====	=====

<FN>

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

</FN>

</TABLE>

- 4 -

CANANDAIGUA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 1998

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 fairly the financial information for Canandaigua Brands, 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, 1998.

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:

	August 31, 1998	February 28, 1998
	-----	-----
(in thousands)		
Raw materials and supplies	\$ 14,395	\$ 14,439
Wine and distilled spirits in process	231,442	304,037
Finished case goods	118,280	92,948
	-----	-----
	364,117	411,424
Less - LIFO reserve	(18,145)	(17,396)
	-----	-----

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 \$0.4 million, or \$0.02 per share on a diluted basis, higher for the six months ended August 31, 1998, and reported net income would have been \$1.7 million, or \$0.09 per share on a diluted basis, higher for the six months ended August 31, 1997.

- 5 -

3) BORROWINGS:

BANK CREDIT AGREEMENT -

In June 1998, the bank credit agreement was amended to, among other things, eliminate the requirement that the Company reduce the outstanding balance of the revolving loan facility to less than \$60,000,000 for thirty consecutive days during the six months ending each August 31. In July 1998, the revolving loan facility under the bank credit agreement was increased by \$100.0 million to \$285.0 million.

4) RETIREMENT SAVINGS AND PROFIT SHARING RETIREMENT PLAN:

Effective March 1, 1998, the Company's existing retirement savings and profit sharing retirement plans and the Barton profit sharing and 401(k) plan were merged into the Canandaigua Brands, Inc. 401(k) and Profit Sharing Plan (the Plan). The Plan covers substantially all employees, excluding those employees covered by collective bargaining agreements. The 401(k) portion of the Plan permits eligible employees to defer a portion of their compensation (as defined in the Plan) on a pretax basis. Participants may defer up to 10% of their compensation for the year, subject to limitations of the Plan. The Company makes a matching contribution of 50% of the first 6% of compensation a participant defers. The amount of the Company's contribution under the profit sharing portion of the Plan is in such discretionary amount as the Board of Directors may annually determine, subject to limitations of the Plan.

5) STOCKHOLDERS' EQUITY:

STOCK REPURCHASE AUTHORIZATION -

In June 1998, the Company's Board of Directors authorized the repurchase of up to \$100,000,000 of its Class A Common Stock and Class B Convertible Common Stock. The Company may finance such purchases, which will become treasury shares, through cash generated from operations or through the bank credit agreement.

INCREASE IN NUMBER OF AUTHORIZED SHARES OF CLASS A COMMON STOCK -

In July 1998, the stockholders of the Company approved an increase in the number of authorized shares of Class A Common Stock from 60,000,000 shares to 120,000,000 shares, thereby increasing the aggregate number of authorized shares of the Company to 141,000,000 shares.

6) EARNINGS PER COMMON SHARE:

The Company adopted the provisions of Statement of Financial Accounting Standards No. 128, "Earnings Per Share," (SFAS No. 128) effective February 28, 1998. Basic earnings per common share excludes the effect of common stock equivalents and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period for Class A Common Stock and Class B Convertible Common Stock. Diluted earnings per common share reflects the potential dilution that could result if securities or other contracts to issue common stock were exercised or converted into common stock. Diluted earnings per common share assumes the exercise of stock options using the treasury stock method and assumes the conversion of convertible

- 6 -

securities, if any, using the "if converted" method. Historical earnings per common share have been restated to conform with the provisions of SFAS No. 128.

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

For the Six Months Ended August 31,		For the Three Months Ended August 31,	
-----	-----	-----	-----
1998	1997	1998	1997
-----	-----	-----	-----

(in thousands, except per share data)				
Income applicable to common shares	\$29,387	\$22,411	\$15,772	\$12,365
	=====	=====	=====	=====
Weighted average common shares				
outstanding - basic	18,669	18,665	18,589	18,559
Stock options	499	337	462	403
	-----	-----	-----	-----
Weighted average common shares				
outstanding - diluted	19,168	19,002	19,051	18,962
	=====	=====	=====	=====
EARNINGS PER COMMON SHARE - BASIC	\$ 1.57	\$ 1.20	\$ 0.85	\$ 0.67
	=====	=====	=====	=====
EARNINGS PER COMMON SHARE - DILUTED	\$ 1.53	\$ 1.18	\$ 0.83	\$ 0.65
	=====	=====	=====	=====

7) 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 the Company are not presented because the Company has determined that such financial statements would not be material to investors. The subsidiary guarantors comprise all of the direct and indirect subsidiaries of the Company, other than the nonguarantor subsidiaries which individually, and in the aggregate, are inconsequential. There are no restrictions on the ability of the subsidiary guarantors to transfer funds to the Company in the form of cash dividends or loan repayments; however, except for limited amounts, the subsidiary guarantors may not loan funds to the Company.

The following table presents summarized financial information for subsidiary guarantors in connection with all of the Company's 8.75% Senior Subordinated Notes:

	August 31,	February 28,
	1998	1998
	-----	-----
(in thousands)		
Balance Sheet Data:		
Current assets	\$440,223	\$460,618
Noncurrent assets	\$394,917	\$395,225
Current liabilities	\$121,729	\$102,207
Noncurrent liabilities	\$ 62,010	\$ 61,784

- 7 -

	For the Six Months		For the Three Months	
	Ended August 31,		Ended August 31,	
	-----	-----	-----	-----
	1998	1997	1998	1997
	-----	-----	-----	-----
(in thousands)				
Income Statement Data:				
Net sales	\$552,352	\$514,338	\$289,774	\$253,064
Gross profit	\$122,885	\$106,425	\$ 64,673	\$ 53,093
Income before provision for				
Federal and state income				
taxes	\$ 50,451	\$ 41,448	\$ 27,406	\$ 20,233
Net income	\$ 29,766	\$ 24,768	\$ 16,221	\$ 12,103

8) ACCOUNTING PRONOUNCEMENT:

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 (SFAS No. 133), "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. SFAS No. 133 requires that every derivative be recorded as either an asset or liability in the balance sheet measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting. The Company is required to adopt SFAS No. 133 on a prospective basis for interim periods and fiscal years beginning March 1, 2000. The Company believes the effect of adoption on its financial statements will not be material.

INTRODUCTION

The following discussion and analysis summarizes the significant factors affecting (i) consolidated results of operations of the Company for the three months ended August 31, 1998 ("Second Quarter 1999"), compared to the three months ended August 31, 1997 ("Second Quarter 1998"), and for the six months ended August 31, 1998 ("Six Months 1999"), compared to the six months ended August 31, 1997 ("Six Months 1998"), and (ii) financial liquidity and capital resources for Six Months 1999. This discussion and analysis should be read in conjunction with the Company's consolidated financial statements and notes thereto included herein and in the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1998.

The Company is a leading producer and marketer of beverage alcohol brands. The Company is principally a producer and supplier of wine and an importer and producer of beer and distilled spirits in the United States. The Company's beverage alcohol brands are marketed in three general categories: wine, beer and distilled spirits.

- 8 -

RESULTS OF OPERATIONS

SECOND QUARTER 1999 COMPARED TO SECOND QUARTER 1998

NET SALES

The following table sets forth the net sales (in thousands of dollars) and unit volume (in thousands of cases), if applicable, for branded beverage alcohol products and other products and services sold by the Company for Second Quarter 1999 and Second Quarter 1998.

Second Quarter 1999 Compared to Second Quarter 1998

	Net Sales			Unit Volume		
	1999	1998	%Increase/ (Decrease)	1999	1998	%Increase/ (Decrease)
Wine	\$132,064	\$122,099	8.2%	6,654	6,442	3.3%
Beer	141,133	108,383	30.2%	11,177	8,691	28.6%
Spirits	50,183	51,372	(2.3%)	2,488	2,575	(3.4%)
Other (a)	26,006	19,670	32.2%	N/A	N/A	N/A
	\$349,386	\$301,524	15.9%	20,319	17,708	14.7%

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

Net sales for Second Quarter 1999 increased to \$349.4 million from \$301.5 million for Second Quarter 1998, an increase of \$47.9 million, or 15.9%. This increase resulted primarily from (i) \$32.8 million of additional beer sales, largely Mexican beers, (ii) \$10.0 million of additional wine sales, resulting primarily from the introduction of new wine brands and (iii) \$6.3 million of additional nonbranded sales, primarily grape juice concentrate sales. Unit volume for branded beverage alcohol products for Second Quarter 1999 increased 14.7% as compared to Second Quarter 1998. The unit volume increase was the result of the increased sales of the Company's beer brands, primarily Mexican beer, and the introduction of new wine brands. Notwithstanding an overall increase in net sales and unit volume of its wine brands primarily due to the introduction of new products, the Company has experienced a decline in many of its other wine brands. The Company is addressing this through implementation of various programs, such as addressing noncompetitive consumer prices of its wine products on a market-by-market basis as well as increasing its promotional activities where appropriate.

GROSS PROFIT

The Company's gross profit increased to \$101.6 million for Second Quarter 1999 from \$84.8 million for Second Quarter 1998, an increase of \$16.8 million, or 19.9%. As a percent of net sales, gross profit increased to 29.1% for Second Quarter 1999 from 28.1% for Second Quarter 1998. The dollar increase in gross profit resulted primarily from additional beer unit volume, introduction of new wine brands and unit cost improvements in wine and spirits brands.

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

valuation ("FIFO") only, gross profit reflected a reduction of \$1.6 million and \$0.6 million in Second Quarter 1999 and Second Quarter 1998, respectively, due to the Company's LIFO accounting method.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to \$67.5 million for Second Quarter 1999 from \$56.3 million for Second Quarter 1998, an increase of \$11.2 million, or 19.9%. The dollar increase in selling, general and administrative expenses resulted principally from higher advertising costs associated with the introduction of new wine brands and increased beer sales, and higher promotion costs related to the growth in beer sales as well as programs implemented to improve the Company's wine sales. Selling, general and administrative expenses as a percent of net sales increased to 19.3% for Second Quarter 1999 as compared to 18.7% for Second Quarter 1998. The increase in percent of net sales resulted primarily from advertising costs associated with the introduction of new wine brands and promotion costs related to programs implemented to improve the Company's wine sales.

NET INCOME

As a result of the above factors, net income increased to \$15.8 million for Second Quarter 1999 from \$12.4 million for Second Quarter 1998, an increase of \$3.4 million, or 27.6%.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Second Quarter 1999 were \$42.6 million, an increase of \$5.6 million over EBITDA of \$37.0 million for Second Quarter 1998. 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.

SIX MONTHS 1999 COMPARED TO SIX MONTHS 1998

NET SALES

The following table sets forth the net sales (in thousands of dollars) and unit volume (in thousands of cases), if applicable, for branded beverage alcohol products and other products and services sold by the Company for Six Months 1999 and Six Months 1998.

	Six Months 1999 Compared to Six Months 1998					
	Net Sales			Unit Volume		
	1999	1998	%Increase/ (Decrease)	1999	1998	%Increase/ (Decrease)
Wine	\$250,852	\$247,538	1.3%	12,794	13,162	(2.8%)
Beer	259,929	205,996	26.2%	20,644	16,439	25.6%
Spirits	102,013	101,734	0.3%	5,094	5,124	(0.6%)
Other (a)	49,520	52,267	(5.3%)	N/A	N/A	N/A
	=====	=====	=====	=====	=====	=====
	\$662,314	\$607,535	9.0%	38,532	34,725	11.0%

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

Net sales for Six Months 1999 increased to \$662.3 million from \$607.5 million for Six Months 1998, an increase of \$54.8 million, or 9.0%. This increase resulted primarily from (i) \$53.9 million of additional beer sales, largely Mexican beers, and (ii) \$3.3 million of additional wine sales, resulting primarily from the introduction of new wine brands. Unit volume for branded beverage alcohol products for Six Months 1999 increased 11.0% as compared to Six Months 1998. The unit volume increase was the result of the increased sales of the Company's beer brands, primarily Mexican beer.

GROSS PROFIT

The Company's gross profit increased to \$194.5 million for Six Months 1999 from \$165.5 million for Six Months 1998, an increase of \$29.1 million, or 17.6%. As a percent of net sales, gross profit increased to 29.4% for Six Months 1999 from 27.2% for Six Months 1998. The dollar increase in gross profit resulted primarily from additional beer unit volume, unit cost improvements in wine and

spirits brands, introduction of new wine brands and higher average selling prices related to wine sales.

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 \$0.7 million and \$2.9 million in Six Months 1999 and Six Months 1998, respectively, due to the Company's LIFO accounting method.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to \$128.8 million for Six Months 1999 from \$111.5 million for Six Months 1998, an increase of \$17.3 million, or 15.5%. The dollar increase in selling, general and administrative expenses resulted principally from higher advertising costs associated with the Company's wine sales, primarily the introduction of new wine brands, and increased beer sales, and higher promotion costs related to both programs implemented to improve the Company's wine sales and the growth in beer sales. Selling, general and administrative expenses as a percent of net sales increased to 19.4% for Six Months 1999 as compared to 18.4% for Six Months 1998. The increase in percent of net sales resulted primarily from advertising costs associated with the introduction of new wine brands and promotion costs related to programs implemented to improve the Company's wine sales.

NET INCOME

As a result of the above factors, net income increased to \$29.4 million for Six Months 1999 from \$22.4 million for Six Months 1998, an increase of \$7.0 million, or 31.1%.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Six Months 1999 were \$82.7 million, an increase of \$11.4 million over EBITDA of \$71.3 million for Six Months 1998. 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.

- 11 -

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. 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.

SIX MONTHS 1999 CASH FLOWS

OPERATING ACTIVITIES

Net cash provided by operating activities for Six Months 1999 was \$88.5 million, which resulted from \$47.5 million in net income adjusted for noncash items, plus \$41.0 million representing the net change in operating assets and liabilities. The net change in operating assets and liabilities resulted primarily from a \$48.1 million decrease in inventory levels.

INVESTING ACTIVITIES AND FINANCING ACTIVITIES

Net cash used in investing activities for Six Months 1999 was \$14.8 million, which resulted primarily from \$14.1 million of capital expenditures, including \$4.4 million for vineyards.

Net cash used in financing activities for Six Months 1999 was \$73.5 million, which resulted primarily from repurchases of \$36.0 million of the Company's Class A Common Stock, net repayments of \$28.9 million of revolving loan borrowings under the Company's bank credit agreement and principal payments of \$12.0 million of long-term debt.

During June 1998, the Company's Board of Directors authorized the repurchase of up to \$100.0 million of its 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 the bank credit agreement. In July 1998, the revolving loan facility under the bank credit agreement was increased by \$100.0 million to \$285.0 million in order to increase its flexibility to make such purchases. The repurchased shares will become treasury shares and may be used for general corporate purposes. As of September 28, 1998, the Company had purchased 1,018,836 shares of Class A Common Stock at an aggregate cost of \$44.9 million, or at an average cost of \$44.05 per share.

- 12 -

DEBT

Total debt outstanding as of August 31, 1998, amounted to \$384.5 million, a decrease of \$40.7 million from February 28, 1998, resulting primarily from the net repayments of revolving loan borrowings and principal payments of long-term debt. The ratio of total debt to total capitalization decreased to 48.4% as of August 31, 1998, from 50.6% as of February 28, 1998.

As of August 31, 1998, under its bank credit agreement, the Company had outstanding term loans of \$128.0 million bearing interest at 6.3%, \$63.0 million of revolving loans bearing interest at 6.3%, undrawn revolving letters of credit of \$8.4 million, and \$213.6 million in revolving loans available to be drawn. During June 1998, the bank credit agreement was amended to, among other things, eliminate the requirement that the Company reduce the outstanding balance of the revolving loan facility to less than \$60,000,000 for thirty consecutive days during the six months ending each August 31.

As of August 31, 1998, the Company had outstanding \$195.0 million aggregate principal amount of 8 3/4% Senior Subordinated Notes due December 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.

ACCOUNTING PRONOUNCEMENT

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 (SFAS No. 133), "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. SFAS No. 133 requires that every derivative be recorded as either an asset or liability in the balance sheet measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting. The Company is required to adopt SFAS No. 133 on a prospective basis for interim periods and fiscal years beginning March 1, 2000. The Company believes the effect of adoption on its financial statements will not be material.

YEAR 2000 ISSUE

The Company has in place detailed programs to address Year 2000 readiness in its internal systems and with its key customers and suppliers. The Year 2000 issue is the result of computer logic that was written using two digits rather than four to define the applicable year. Any computer logic that processes date-sensitive information may recognize the date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures.

Pursuant to the Company's readiness programs, all major categories of information technology systems and non-information technology systems (i.e., equipment with embedded microprocessors) in use by the Company, including manufacturing, sales, financial and human resources, are being inventoried and assessed. In addition, plans are being developed for the required systems modifications or replacements. With respect to its information technology systems, the Company has completed the

- 13 -

entire assessment phase and approximately 50% of the remediation phase. With respect to its non-information technology systems, the Company has completed approximately 80% of the assessment phase and approximately 40% of the

remediation phase. Selected areas, both internal and external, will be tested to assure the integrity of the Company's remediation programs. The testing is expected to be completed by September 1999. The Company plans to have all internal mission-critical information technology and non-information technology systems Year 2000 compliant by September 1999.

The Company is also communicating with its major customers, suppliers and financial institutions to assess the potential impact on the Company's operations if those third parties fail to become Year 2000 compliant in a timely manner. While this process is not yet complete, based upon responses to date, it appears that many of those customers and suppliers have only indicated that they have in place Year 2000 readiness programs, without specifically confirming that they will be Year 2000 compliant in a timely manner. Risk assessment, readiness evaluation, action plans and contingency plans related to the Company's significant customers and suppliers are expected to be completed by September 1999. The Company's key financial institutions have been surveyed and it is the Company's understanding that they are or will be Year 2000 compliant on or before December 31, 1999.

The costs incurred to date related to its Year 2000 activities have not been material to the Company, and, based upon current estimates, the Company does not believe that the total cost of its Year 2000 readiness programs will have a material adverse impact on the Company's results of operations or financial condition.

The Company's readiness programs also include the development of contingency plans to protect its business and operations from Year 2000-related interruptions. These plans should be complete by September 1999 and, by way of examples, will include back-up procedures, identification of alternate suppliers, where possible, and increases in safety inventory levels. Based upon the Company's current assessment of its non-information technology systems, the Company does not believe it necessary to develop an extensive contingency plan for those systems. There can be no assurances, however, that any of the Company's contingency plans will be sufficient to handle all problems or issues which may arise.

The Company believes that it is taking reasonable steps to identify and address those matters that could cause serious interruptions in its business and operations due to Year 2000 issues. However, delays in the implementation of new systems, a failure to fully identify all Year 2000 dependencies in the Company's systems and in the systems of its suppliers, customers and financial institutions, a failure of such third parties to adequately address their respective Year 2000 issues, or a failure of a contingency plan could have a material adverse effect on the Company's business, financial condition and results of operations. For example, the Company would experience a material adverse impact on its business if significant suppliers of beer, glass or telecommunications systems fail to timely provide the Company with necessary inventories or services due to Year 2000 systems failures.

The statements set forth herein concerning Year 2000 issues which are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. In particular, the costs associated with the Company's Year 2000 programs and the time-frame in which the Company plans to complete Year 2000 modifications are based upon management's best estimates. These estimates were derived from internal assessments and assumptions of future events. These estimates may be adversely affected by the continued availability of personnel and system resources, and by the failure of significant third parties to properly address Year 2000 issues. Therefore, there can be no guarantee that any estimates, or other

- 14 -

forward-looking statements will be achieved, and actual results could differ significantly from those contemplated.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

At the Annual Meeting of Stockholders of Canandaigua Brands, Inc., held on July 21, 1998 (the "Annual Meeting"), the holders of the Company's Class A Common Stock (the "Class A Stock"), voting as a separate class, elected management's slate of director nominees designated to be elected by the holders of the Class A Stock, and the holders of the Company's Class B Common Stock (the "Class B Stock"), voting as a separate class, elected management's slate of director nominees designated to be elected by the holders of the Class B Stock.

In addition, at the Annual Meeting, the holders of Class A Stock and the holders of Class B Stock, voting together as a single class, voted upon the following proposals:

- (i) Proposal to amend and restate the Company's Restated Certificate

of Incorporation, as presently amended, to incorporate a prior amendment and to increase the number of authorized shares of the Class A Common Stock of the Company from 60,000,000 to 120,000,000, thereby increasing the aggregate number of authorized shares of the Company to 141,000,000.

- (ii) Proposal to ratify the selection of Arthur Andersen LLP, Certified Public Accountants, as the Company's independent auditors for the fiscal year ending February 28, 1999.

Set forth below is the number of votes cast for, against or withheld, as well as the number of abstentions and broker nonvotes, as applicable, as to each of the foregoing matters.

- I. The results of the voting for the election of Directors of the Company are as follows:

Directors Elected By the Holders of Class A Stock:

Nominee	For	Withheld
Thomas C. McDermott	13,248,797	128,410
Paul L. Smith	13,249,427	127,780

- 15 -

Directors Elected By the Holders of Class B Stock:

Nominee	For	Withheld
George Bresler	31,515,390	10,540
James A. Locke, III	31,516,410	9,520
Marvin Sands	31,516,410	9,520
Richard Sands	31,511,310	14,620
Robert Sands	31,511,310	14,620
Bertram E. Silk	31,516,410	9,520

- II. The proposal to amend and restate the Company's Restated Certificate of Incorporation, as amended, was approved with the following votes:

For:	43,046,325
Against:	1,804,141
Abstain:	52,671
Broker Nonvotes:	0

- III. The selection of Arthur Andersen LLP was ratified with the following votes:

For:	44,799,615
Against:	11,230
Abstain:	92,292
Broker Nonvotes:	0

ITEM 5. OTHER INFORMATION.

Any notice of a proposal that is submitted outside the processes of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "Act"), and which a stockholder intends to bring forth at the Company's 1999 Annual Meeting of Stockholders will be untimely for purposes of Rule 14a-4 of the Act, if received by the Company after February 16, 1999.

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

- (a) See Index to Exhibits located on Page 20 of this Report.
- (b) No Reports on Form 8-K were filed with the Securities and Exchange Commission during the quarter ended August 31, 1998.

- 16 -

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 BRANDS, INC.

Dated: September 28, 1998

By: /s/ Thomas F. Howe

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

Dated: September 28, 1998

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: September 28, 1998

By: /s/ Thomas F. Howe

Thomas F. Howe, Controller

Dated: September 28, 1998

By: /s/ Thomas S. Summer

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

CANANDAIGUA WINE COMPANY, INC.

Dated: September 28, 1998

By: /s/ Thomas F. Howe

Thomas F. Howe, Controller

Dated: September 28, 1998

By: /s/ Thomas S. Summer

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

- 17 -

CANANDAIGUA EUROPE LIMITED

Dated: September 28, 1998

By: /s/ Thomas F. Howe

Thomas F. Howe, Controller

Dated: September 28, 1998

By: /s/ Thomas S. Summer

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

ROBERTS TRADING CORP.

Dated: September 28, 1998

By: /s/ Thomas F. Howe

Thomas F. Howe, Controller

Dated: September 28, 1998

By: /s/ Thomas S. Summer

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

BARTON INCORPORATED

Dated: September 28, 1998

By: /s/ Alexander L. Berk

Alexander L. Berk, President and
Chief Executive Officer

Dated: September 28, 1998

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: September 28, 1998

By: /s/ Alexander L. Berk

Alexander L. Berk, Executive Vice
President

Dated: September 28, 1998

By: /s/ Raymond E. Powers

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

- 18 -

BARTON BEERS, LTD.

Dated: September 28, 1998

By: /s/ Alexander L. Berk

Alexander L. Berk, Executive Vice
President

Dated: September 28, 1998

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: September 28, 1998

By: /s/ Alexander L. Berk

Alexander L. Berk, President

Dated: September 28, 1998

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: September 28, 1998

By: /s/ Alexander L. Berk

Alexander L. Berk, President

Dated: September 28, 1998

By: /s/ Raymond E. Powers

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

BARTON DISTILLERS IMPORT CORP.

Dated: September 28, 1998

By: /s/ Alexander L. Berk

Alexander L. Berk, President

Dated: September 28, 1998

By: /s/ Raymond E. Powers

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

- 19 -

BARTON FINANCIAL CORPORATION

Dated: September 28, 1998 By: /s/ Raymond E. Powers

Raymond E. Powers, President and
Secretary

Dated: September 28, 1998 By: /s/ Charles T. Schlau

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

STEVENS POINT BEVERAGE CO.

Dated: September 28, 1998 By: /s/ Alexander L. Berk

Alexander L. Berk, Executive Vice
President

Dated: September 28, 1998 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

Dated: September 28, 1998 By: /s/ Alexander L. Berk

Alexander L. Berk, President

Dated: September 28, 1998 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: September 28, 1998 By: /s/ Alexander L. Berk

Alexander L. Berk, President

Dated: September 28, 1998 By: /s/ Raymond E. Powers

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

- 20 -

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 herewith).

3.2 Amended and Restated By-Laws of the Company (filed herewith).

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

4.1 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).

4.2 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).

- 4.3 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).
- 4.4 Third Supplemental Indenture, dated as of December 19, 1997, among the Company, Canandaigua Europe Limited, Roberts Trading Corp. and The Chase Manhattan Bank (filed as Exhibit 4.4 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1998 and incorporated herein by reference).
- 4.5 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).
- 4.6 First Supplemental Indenture, dated as of December 19, 1997, among the Company, Canandaigua Europe Limited, Roberts Trading Corp. and Harris Trust and Savings Bank (filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1998 and incorporated herein by reference).
- 4.7 Credit Agreement between the Company, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent, dated as of December 19, 1997 (filed as Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1998 and incorporated herein by reference).

- 21 -

- 4.8 Amendment No. 1 to Credit Agreement, dated as of June 19, 1998, between the Company, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (filed herewith).
- 4.9 Tranche II Revolving Agreement (Series A), dated as of July 15, 1998, between the Company, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (including identification of the omitted annex thereto) (filed herewith).

(10) MATERIAL CONTRACTS.

- 10.1 Amendment No. 1 to Credit Agreement, dated as of June 19, 1998, between the Company, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (incorporated by reference to Exhibit 4.8, filed herewith).
- 10.2 Tranche II Revolving Agreement (Series A), dated as of July 15, 1998, between the Company, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (including identification of the omitted annex thereto) (incorporated by reference to Exhibit 4.9, filed herewith).

(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.

- 22 -

(27) FINANCIAL DATA SCHEDULE.

Financial Data Schedule (filed herewith).

(99) ADDITIONAL EXHIBITS.

Not applicable.

EXHIBIT 3.2

BY-LAWS
OF
CANANDAIGUA BRANDS, INC.

(AS AMENDED AND RESTATED ON SEPTEMBER 18, 1998)

ARTICLE I
STOCKHOLDERS

SECTION 1.1 ANNUAL MEETINGS. An annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

SECTION 1.2 SPECIAL MEETINGS. Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, or by a committee of the Board of Directors which has been duly designated by the Board of Directors, and whose powers and authority, as expressly provided in a resolution of the Board of Directors, include the power to call such meetings, but such special meetings may not be called by any other person or persons.

SECTION 1.3 NOTICE OF MEETINGS. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the written notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

SECTION 1.4 ADJOURNMENTS. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 1.5 QUORUM. The Corporation's authorized capital stock consists of 120,000,000 shares designated as Class A Common Stock (the "Class A Common"), 20,000,000 shares designated as Class B Common Stock (the "Class B Common") and 1,000,000 shares designated as Preferred Stock (the "Preferred Stock"). At each meeting of stockholders, except as otherwise provided by law, the Corporation's Restated Certificate of Incorporation or these By-Laws, the holders of shares representing a majority of the votes entitled to be cast at the meeting by the holders of all outstanding shares entitled to vote, present in person or represented by proxy, shall constitute a quorum. In the absence of a quorum, the stockholders so present

2

may adjourn the meeting from time to time in the manner provided in Section 1.4 of these By-Laws until a quorum shall attend. Such an adjournment may be approved by the affirmative vote of a majority of the votes entitled to be cast by the stockholders present or represented by proxy at such meeting notwithstanding that a quorum is not present. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of any corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

SECTION 1.6 VOTING. At each meeting of stockholders (a) each holder of Class A Common present in person or represented by proxy at the meeting and entitled to vote on a matter shall be entitled to cast one (1) vote for each share of Class A Common held by such holder, (b) each holder of Class B Common present in person or represented by proxy at the meeting and entitled to vote on a matter shall be entitled to cast ten (10) votes for each share of Class B Common held by such holder and (c) each holder of Preferred Stock present in person or represented by proxy at the meeting shall be entitled to such voting

rights as shall be provided for in the Certificate of Designations relating to the Preferred Stock held by such holder. Except as otherwise provided by law, Section 2.2 of these By-Laws pertaining to the election of directors, or the Corporation's Restated Certificate of Incorporation, all classes of stock shall vote together as a single class and the affirmative vote of a majority of the votes entitled to be cast by stockholders present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders. Except as otherwise required by law or by the Restated Certificate of Incorporation, the Board of Directors may require a larger vote upon any election or question.

SECTION 1.7 ORGANIZATION. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the Chief Executive Officer, or in his absence by the President or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

SECTION 1.8 PROXIES. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by proxy in any manner permitted by the General Corporation Law of the State of Delaware, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation.

SECTION 1.9 FIXING DATE FOR DETERMINATION OF STOCKHOLDERS OF RECORD. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing

3

without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (2) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 1.10 LIST OF STOCKHOLDERS ENTITLED TO VOTE. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the offices of the transfer agent. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

SECTION 1.11 ACTION BY CONSENT OF STOCKHOLDERS. Unless otherwise restricted by the Restated Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

SECTION 1.12 BUSINESS AT MEETINGS OF STOCKHOLDERS. At an annual meeting of

the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive

4

offices of the Corporation not less than 120 days before the date of the Corporation's proxy statement that was released to stockholders in connection with its previous annual meeting of stockholders. If the date of the annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting or if no annual meeting was held during the previous year, then the notice must be received a reasonable time before the Corporation begins to print and mail its proxy materials. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (w) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (x) the name, address and telephone number of the stockholder proposing such business, (y) the class and number of shares of the Corporation which are beneficially owned by the stockholder, and (z) any material interest of the stockholder in such business. A stockholder who makes a proposal shall provide the Corporation with such additional information regarding the proposal as shall be reasonably requested by the Corporation, including, without limitation, any information necessary for the Corporation to comply with federal securities laws. The Chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 1.12, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

ARTICLE II

BOARD OF DIRECTORS

SECTION 2.1 NUMBER; QUALIFICATIONS. The Board of Directors shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors. Directors shall be elected at the annual meeting of stockholders and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

SECTION 2.2 ELECTION; RESIGNATION; REMOVAL; VACANCIES. At every meeting of stockholders called for the election of directors, the holders of Class A Common, voting as a class, shall be entitled to elect one-fourth (1/4) of the number of directors to be elected at such meeting (rounded, if the total number of directors to be elected at such meeting is not evenly divisible by four (4), to the next higher whole number), and the holders of Class B Common, voting as a class, shall be entitled to elect the remaining number of directors to be elected at such meeting. Irrespective of the foregoing, if the number of outstanding Class B Common shares is less than 12 1/2% of the total number of outstanding shares of Class A Common and Class B Common, then the holders of the Class A Common shall be entitled to elect one-fourth (1/4) of the number of directors to be elected at such meeting (rounded, if the total number of directors to be elected at such meeting is not evenly divisible by four (4), to the next higher whole number) and shall be entitled to participate with the holders of the Class B Common voting as a single class in the election of the remaining number of directors to be elected at such meeting, provided that the holders of Class A Common shall have one (1) vote per share and the holders of Class B Common shall have ten (10) votes per share. In each case, the directors shall be elected by a plurality of the votes entitled to be cast by the stockholders who are present in person or represented by proxy at the meeting and entitled to vote on the election of directors. If, during

5

the interval between annual meetings for the election of directors, the number of directors who have been elected by either the holders of the Class A Common or the Class B Common shall, by reason of resignation, death, retirement, disqualification or removal, be reduced, the vacancy or vacancies in directors so created may be filled by a majority vote of the remaining directors then in office, even if less than a quorum, or by a sole remaining director. Any director so elected by the remaining directors to fill any such vacancy may be removed from office by the vote of the holders of a majority of the shares of the Class A Common and the Class B Common voting as a single class, provided that the holders of Class A Common shall have one (1) vote per share and the holders of Class B Common shall have ten (10) votes per share.

SECTION 2.3 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notices thereof need not be given.

SECTION 2.4 SPECIAL MEETINGS. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairman, Chief Executive Officer, the President, any Vice-President, the Secretary, or by any two members of the Board of Directors. At least one days' notice thereof shall be given by the person or persons calling the meeting, either personally, by mail or by telegram.

SECTION 2.5 TELEPHONIC MEETINGS PERMITTED. Members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this By-Law shall constitute presence in person at such meeting.

SECTION 2.6 QUORUM; VOTE REQUIRED FOR ACTION. At all meetings of the Board of Directors a majority of the whole Board shall constitute a quorum for the transaction of business. Except in cases in which the Restated Certificate of Incorporation or these By-Laws otherwise provide, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 2.7 ORGANIZATION. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the Chief Executive Officer, or in his absence by the President, or in their absence by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

SECTION 2.8 INFORMAL ACTION BY DIRECTORS. Unless otherwise restricted by the Restated Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

ARTICLE III

COMMITTEES

SECTION 3.1 COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the Restated Certificate of Incorporation of the Corporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of dissolution, or amending these By-Laws; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

SECTION 3.2 COMMITTEE RULES. Unless the Board of Directors otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these By-Laws.

ARTICLE IV

OFFICERS

SECTION 4.1 EXECUTIVE OFFICERS; ELECTION; QUALIFICATIONS; TERM OF OFFICE; RESIGNATION; REMOVAL; VACANCIES. The Board of Directors shall choose a President

and Secretary, and it may, if it so determines, choose a Chairman of the Board and a Vice Chairman of the Board from among its members. The Board of Directors may also choose a Chief Executive Officer, one or more Vice-Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers, and may choose such other officers as it may deem necessary, each of whom shall have such titles and duties as shall be determined by the Board of Directors. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding this election, and until his successor is elected and qualified or until his earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation. Any number of offices may be held by the same person. Any vacancy occurring in any office of the Corporation by death, resignation,

7

removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

SECTION 4.2 CHAIRMAN OF THE BOARD. The Chairman of the Board, if there be one, shall preside at all meetings of the Board of Directors and stockholders, and shall perform such other duties as the Board may direct.

SECTION 4.3 CHIEF EXECUTIVE OFFICER. The Board of Directors may designate whether the Chairman of the Board, if one shall have been chosen, or the President shall be the Chief Executive Officer of the Corporation. If a Chairman of the Board has not been chosen, or if one has been chosen but not designated Chief Executive Officer, then the President shall be the Chief Executive Officer of the Corporation. The Chief Executive Officer shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation, unless otherwise provided by the Board of Directors. He shall preside at all meetings of the stockholders and shall see that orders and resolutions of the Board of Directors are carried into effect. He shall have general powers of supervision and shall be the final arbiter of all differences among officers of the Corporation and his decision as to any matter affecting the Corporation shall be final and binding as between the officers of the Corporation subject only to the Board of Directors.

SECTION 4.4 PRESIDENT. If the Chairman of the Board has not been chosen Chief Executive Officer or, if the Chairman of the Board has been so chosen, in the event of his inability or refusal to act, the President shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. At all other times, the President shall have the active management of the business of the Corporation under the general supervision of the Chief Executive Officer. In general, he shall perform all duties incident to the office of President, and such other duties as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

SECTION 4.5 VICE-PRESIDENTS. In the absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 4.6 SECRETARY. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or Chief Executive Officer, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the

8

signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

SECTION 4.7 ASSISTANT SECRETARY. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the

Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 4.8 TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 4.9 ASSISTANT TREASURER. The Assistant Treasurer, or if there be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE V

STOCK -----

SECTION 5.1 CERTIFICATES. Every holder of stock shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, if any, or the President or a Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, certifying the class and number of shares of the Corporation owned by him. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

9

SECTION 5.2 LOST, STOLEN OR DESTROYED STOCK CERTIFICATES; ISSUANCE OF NEW CERTIFICATES. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 5.3 TRANSFERS OF STOCK. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 5.4 REGISTERED STOCKHOLDERS. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

ARTICLE VI

MISCELLANEOUS -----

SECTION 6.1 FISCAL YEAR. The fiscal year of the Corporation shall be March 1 to the last day of February, unless otherwise determined by resolution of the Board of Directors.

SECTION 6.2 SEAL. The corporate seal shall have the name of the Corporation

inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

SECTION 6.3 WAIVER OF NOTICE OF MEETINGS OF STOCKHOLDERS, DIRECTORS AND COMMITTEES. Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the stockholders, directors, or member of a committee of directors need be specified in any written waiver of notice.

SECTION 6.4 INTERESTED DIRECTORS; QUORUM. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the

10

meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

SECTION 6.5 FORM OF RECORDS. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, micro photographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

SECTION 6.6 AMENDMENT OF BY-LAWS. These By-Laws may be altered or repealed, and new By-Laws made, by the Board of Directors, but the stockholders may make additional By-Laws and may alter and repeal any By-Laws whether adopted by them or otherwise.

EXHIBIT 3.2

BY-LAWS
OF
CANANDAIGUA BRANDS, INC.

(AS AMENDED AND RESTATED ON SEPTEMBER 18, 1998)

ARTICLE I
STOCKHOLDERS

SECTION 1.1 ANNUAL MEETINGS. An annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

SECTION 1.2 SPECIAL MEETINGS. Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, or by a committee of the Board of Directors which has been duly designated by the Board of Directors, and whose powers and authority, as expressly provided in a resolution of the Board of Directors, include the power to call such meetings, but such special meetings may not be called by any other person or persons.

SECTION 1.3 NOTICE OF MEETINGS. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the written notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

SECTION 1.4 ADJOURNMENTS. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 1.5 QUORUM. The Corporation's authorized capital stock consists of 120,000,000 shares designated as Class A Common Stock (the "Class A Common"), 20,000,000 shares designated as Class B Common Stock (the "Class B Common") and 1,000,000 shares designated as Preferred Stock (the "Preferred Stock"). At each meeting of stockholders, except as otherwise provided by law, the Corporation's Restated Certificate of Incorporation or these By-Laws, the holders of shares representing a majority of the votes entitled to be cast at the meeting by the holders of all outstanding shares entitled to vote, present in person or represented by proxy, shall constitute a quorum. In the absence of a quorum, the stockholders so present

2

may adjourn the meeting from time to time in the manner provided in Section 1.4 of these By-Laws until a quorum shall attend. Such an adjournment may be approved by the affirmative vote of a majority of the votes entitled to be cast by the stockholders present or represented by proxy at such meeting notwithstanding that a quorum is not present. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of any corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

SECTION 1.6 VOTING. At each meeting of stockholders (a) each holder of Class A Common present in person or represented by proxy at the meeting and entitled to vote on a matter shall be entitled to cast one (1) vote for each share of Class A Common held by such holder, (b) each holder of Class B Common present in person or represented by proxy at the meeting and entitled to vote on a matter shall be entitled to cast ten (10) votes for each share of Class B Common held by such holder and (c) each holder of Preferred Stock present in person or represented by proxy at the meeting shall be entitled to such voting

rights as shall be provided for in the Certificate of Designations relating to the Preferred Stock held by such holder. Except as otherwise provided by law, Section 2.2 of these By-Laws pertaining to the election of directors, or the Corporation's Restated Certificate of Incorporation, all classes of stock shall vote together as a single class and the affirmative vote of a majority of the votes entitled to be cast by stockholders present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders. Except as otherwise required by law or by the Restated Certificate of Incorporation, the Board of Directors may require a larger vote upon any election or question.

SECTION 1.7 ORGANIZATION. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the Chief Executive Officer, or in his absence by the President or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

SECTION 1.8 PROXIES. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by proxy in any manner permitted by the General Corporation Law of the State of Delaware, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation.

SECTION 1.9 FIXING DATE FOR DETERMINATION OF STOCKHOLDERS OF RECORD. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing

3

without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (2) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 1.10 LIST OF STOCKHOLDERS ENTITLED TO VOTE. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the offices of the transfer agent. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

SECTION 1.11 ACTION BY CONSENT OF STOCKHOLDERS. Unless otherwise restricted by the Restated Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

SECTION 1.12 BUSINESS AT MEETINGS OF STOCKHOLDERS. At an annual meeting of

the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive

4

offices of the Corporation not less than 120 days before the date of the Corporation's proxy statement that was released to stockholders in connection with its previous annual meeting of stockholders. If the date of the annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting or if no annual meeting was held during the previous year, then the notice must be received a reasonable time before the Corporation begins to print and mail its proxy materials. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (w) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (x) the name, address and telephone number of the stockholder proposing such business, (y) the class and number of shares of the Corporation which are beneficially owned by the stockholder, and (z) any material interest of the stockholder in such business. A stockholder who makes a proposal shall provide the Corporation with such additional information regarding the proposal as shall be reasonably requested by the Corporation, including, without limitation, any information necessary for the Corporation to comply with federal securities laws. The Chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 1.12, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

ARTICLE II

BOARD OF DIRECTORS

SECTION 2.1 NUMBER; QUALIFICATIONS. The Board of Directors shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors. Directors shall be elected at the annual meeting of stockholders and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

SECTION 2.2 ELECTION; RESIGNATION; REMOVAL; VACANCIES. At every meeting of stockholders called for the election of directors, the holders of Class A Common, voting as a class, shall be entitled to elect one-fourth (1/4) of the number of directors to be elected at such meeting (rounded, if the total number of directors to be elected at such meeting is not evenly divisible by four (4), to the next higher whole number), and the holders of Class B Common, voting as a class, shall be entitled to elect the remaining number of directors to be elected at such meeting. Irrespective of the foregoing, if the number of outstanding Class B Common shares is less than 12 1/2% of the total number of outstanding shares of Class A Common and Class B Common, then the holders of the Class A Common shall be entitled to elect one-fourth (1/4) of the number of directors to be elected at such meeting (rounded, if the total number of directors to be elected at such meeting is not evenly divisible by four (4), to the next higher whole number) and shall be entitled to participate with the holders of the Class B Common voting as a single class in the election of the remaining number of directors to be elected at such meeting, provided that the holders of Class A Common shall have one (1) vote per share and the holders of Class B Common shall have ten (10) votes per share. In each case, the directors shall be elected by a plurality of the votes entitled to be cast by the stockholders who are present in person or represented by proxy at the meeting and entitled to vote on the election of directors. If, during

5

the interval between annual meetings for the election of directors, the number of directors who have been elected by either the holders of the Class A Common or the Class B Common shall, by reason of resignation, death, retirement, disqualification or removal, be reduced, the vacancy or vacancies in directors so created may be filled by a majority vote of the remaining directors then in office, even if less than a quorum, or by a sole remaining director. Any director so elected by the remaining directors to fill any such vacancy may be removed from office by the vote of the holders of a majority of the shares of the Class A Common and the Class B Common voting as a single class, provided that the holders of Class A Common shall have one (1) vote per share and the holders of Class B Common shall have ten (10) votes per share.

SECTION 2.3 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notices thereof need not be given.

SECTION 2.4 SPECIAL MEETINGS. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairman, Chief Executive Officer, the President, any Vice-President, the Secretary, or by any two members of the Board of Directors. At least one days' notice thereof shall be given by the person or persons calling the meeting, either personally, by mail or by telegram.

SECTION 2.5 TELEPHONIC MEETINGS PERMITTED. Members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this By-Law shall constitute presence in person at such meeting.

SECTION 2.6 QUORUM; VOTE REQUIRED FOR ACTION. At all meetings of the Board of Directors a majority of the whole Board shall constitute a quorum for the transaction of business. Except in cases in which the Restated Certificate of Incorporation or these By-Laws otherwise provide, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 2.7 ORGANIZATION. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the Chief Executive Officer, or in his absence by the President, or in their absence by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

SECTION 2.8 INFORMAL ACTION BY DIRECTORS. Unless otherwise restricted by the Restated Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

ARTICLE III

COMMITTEES

SECTION 3.1 COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the Restated Certificate of Incorporation of the Corporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of dissolution, or amending these By-Laws; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

SECTION 3.2 COMMITTEE RULES. Unless the Board of Directors otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these By-Laws.

ARTICLE IV

OFFICERS

SECTION 4.1 EXECUTIVE OFFICERS; ELECTION; QUALIFICATIONS; TERM OF OFFICE; RESIGNATION; REMOVAL; VACANCIES. The Board of Directors shall choose a President

and Secretary, and it may, if it so determines, choose a Chairman of the Board and a Vice Chairman of the Board from among its members. The Board of Directors may also choose a Chief Executive Officer, one or more Vice-Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers, and may choose such other officers as it may deem necessary, each of whom shall have such titles and duties as shall be determined by the Board of Directors. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding this election, and until his successor is elected and qualified or until his earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation. Any number of offices may be held by the same person. Any vacancy occurring in any office of the Corporation by death, resignation,

7

removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

SECTION 4.2 CHAIRMAN OF THE BOARD. The Chairman of the Board, if there be one, shall preside at all meetings of the Board of Directors and stockholders, and shall perform such other duties as the Board may direct.

SECTION 4.3 CHIEF EXECUTIVE OFFICER. The Board of Directors may designate whether the Chairman of the Board, if one shall have been chosen, or the President shall be the Chief Executive Officer of the Corporation. If a Chairman of the Board has not been chosen, or if one has been chosen but not designated Chief Executive Officer, then the President shall be the Chief Executive Officer of the Corporation. The Chief Executive Officer shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation, unless otherwise provided by the Board of Directors. He shall preside at all meetings of the stockholders and shall see that orders and resolutions of the Board of Directors are carried into effect. He shall have general powers of supervision and shall be the final arbiter of all differences among officers of the Corporation and his decision as to any matter affecting the Corporation shall be final and binding as between the officers of the Corporation subject only to the Board of Directors.

SECTION 4.4 PRESIDENT. If the Chairman of the Board has not been chosen Chief Executive Officer or, if the Chairman of the Board has been so chosen, in the event of his inability or refusal to act, the President shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. At all other times, the President shall have the active management of the business of the Corporation under the general supervision of the Chief Executive Officer. In general, he shall perform all duties incident to the office of President, and such other duties as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

SECTION 4.5 VICE-PRESIDENTS. In the absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 4.6 SECRETARY. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or Chief Executive Officer, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the

8

signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

SECTION 4.7 ASSISTANT SECRETARY. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the

Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 4.8 TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 4.9 ASSISTANT TREASURER. The Assistant Treasurer, or if there be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE V

STOCK

SECTION 5.1 CERTIFICATES. Every holder of stock shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, if any, or the President or a Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, certifying the class and number of shares of the Corporation owned by him. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

9

SECTION 5.2 LOST, STOLEN OR DESTROYED STOCK CERTIFICATES; ISSUANCE OF NEW CERTIFICATES. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 5.3 TRANSFERS OF STOCK. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 5.4 REGISTERED STOCKHOLDERS. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1 FISCAL YEAR. The fiscal year of the Corporation shall be March 1 to the last day of February, unless otherwise determined by resolution of the Board of Directors.

SECTION 6.2 SEAL. The corporate seal shall have the name of the Corporation

inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

SECTION 6.3 WAIVER OF NOTICE OF MEETINGS OF STOCKHOLDERS, DIRECTORS AND COMMITTEES. Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the stockholders, directors, or member of a committee of directors need be specified in any written waiver of notice.

SECTION 6.4 INTERESTED DIRECTORS; QUORUM. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the

10

meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

SECTION 6.5 FORM OF RECORDS. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, micro photographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

SECTION 6.6 AMENDMENT OF BY-LAWS. These By-Laws may be altered or repealed, and new By-Laws made, by the Board of Directors, but the stockholders may make additional By-Laws and may alter and repeal any By-Laws whether adopted by them or otherwise.

[EXECUTION COPY]

TRANCHE II REVOLVING AGREEMENT (SERIES A)

TRANCHE II REVOLVING AGREEMENT (SERIES A) dated as of July 15, 1998 between CANANDAIGUA BRANDS, INC., the Tranche II Revolving Lenders party hereto and THE CHASE MANHATTAN BANK, as Administrative Agent.

Canandaigua Brands, Inc., the Subsidiary Guarantors named therein, the lenders named therein (including the Tranche II Revolving Lenders party hereto), The Chase Manhattan Bank, as Administrative Agent, and Credit Suisse First Boston, The First National Bank of Chicago, Fleet National Bank and The Bank of Nova Scotia, as Co-Agents, are parties to a Credit Agreement dated as of December 19, 1997 (the "Credit Agreement"). Terms defined in the Credit Agreement are used herein as defined therein.

Pursuant to Section 2.01(c) of the Credit Agreement, the Borrower has requested the Lenders to issue commitments to provide up to \$100,000,000 of Tranche II Revolving Commitments (Series A) (the "Series A Commitments"). The Tranche II Revolving Lenders signatory to this Agreement have agreed to extend such commitments and, accordingly, the parties hereto hereby agree as follows:

SECTION 1. SERIES A COMMITMENTS. Each Tranche II Revolving Lender executing this Agreement hereby agrees, subject to the terms and conditions set forth in the Credit Agreement, to make Tranche II Revolving Loans (herein, the "Series A Loans") to the Borrower, and to participate in Swingline Loans and Letters of Credit as provided in Sections 2.05 and 2.06, respectively, of the Credit Agreement, from time to time during the Revolving Availability Period, in an aggregate principal amount that will not result in (i) such Lender's Tranche II Revolving Exposure in respect of Loans and participations in Swingline Loans and Letters of Credit made pursuant to its Series A Commitment (herein, such Lender's "Series A Exposure") exceeding such Lender's Series A Commitment, (ii) the sum of the total Series A Exposures of all of the Tranche II Revolving Lenders exceeding \$100,000,000 or (iii) the sum of the total Tranche II Revolving Exposures (including the Series A Exposures) of all of the Lenders exceeding \$200,000,000. Within the foregoing limits and subject to the terms and conditions set forth herein and in the Credit Agreement, the Borrower may borrow, prepay and reborrow Series A Loans.

SECTION 2. REPAYMENT, ETC. The Borrower hereby acknowledges and confirms that it has agreed, under the terms of the Credit Agreement, to repay any amounts of Series A Loans borrowed under the Credit Agreement when and as the same become due and payable. The Borrower agrees that the interest options and Applicable Rates on any Series A Loans (and on any Letters of Credit issued under the Series A Commitments) shall be the same as those

2

presently provided for Revolving Loans (or Letters of Credit) under the Credit Agreement, and that the facility fee in respect of the Series A Commitments shall be the same as that presently provided for Revolving Commitments under the Credit Agreement. The Borrower hereby agrees upon the effectiveness of this Agreement as provided in Section 3 below to pay to each Tranche II Revolving Lender executing this Agreement an upfront fee equal to 1/8 of 1% of such Tranche II Revolving Lender's Series A Commitments as set forth in Annex I hereto.

SECTION 3. MISCELLANEOUS. This Agreement shall be construed in accordance with and governed by the law of the State of New York. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

3

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year

first above written.

CANANDAIGUA BRANDS, INC.

By /s/ Thomas S. Summer

Title: SR. Vice President and Chief
Financial Officer

By its signature below each Subsidiary Guarantor acknowledges and consents to the foregoing Agreement and confirms that the obligations of the Borrower in respect of Series A Loans under the Credit Agreement are entitled to the benefits of the Guarantee of each Subsidiary Guarantor in Article III of the Credit Agreement and shall constitute "Guaranteed Obligations" (as defined therein) under and for all purposes of the Credit Agreement.

SUBSIDIARY GUARANTORS

BATAVIA WINE CELLARS, INC.
CANANDAIGUA EUROPE LIMITED
CANANDAIGUA WINE COMPANY, INC
ROBERTS TRADING CORP.

BARTON FINANCIAL CORPORATION

By /s/ Thomas S. Summer

Title: Treasurer

By /s/ David S. Sorce

Title: Vice President

BARTON INCORPORATED
BARTON BRANDS, LTD.
BARTON BEERS, LTD.
BARTON BRANDS OF CALIFORNIA, INC.
BARTON BRANDS OF GEORGIA, INC.
BARTON DISTILLERS IMPORT CORP.
MONARCH IMPORT COMPANY
STEVENS POINT BEVERAGE CO.
THE VIKING DISTILLERY, INC.

By /s/ Robert Sands

Title: Vice President

TRANCHE II REVOLVING LENDERS

THE CHASE MANHATTAN BANK,
as Tranche II Revolving Lender and as
Administrative Agent

By /s/ Carol A. Ulmer

Title: Vice President

THE BANK OF NOVA SCOTIA
as Tranche II Revolving Lender and as
Co-Agent

By /s/ J. Alan Edwards

Title: Authorized Signatory

CREDIT SUISSE FIRST BOSTON
as Tranche II Revolving Lender and as
Co-Agent

By /s/ Chris T. Horgan

Title: Vice President

By /s/ Joel Gladowski

Title: Managing Director

THE FIRST NATIONAL BANK OF CHICAGO
as Tranche II Revolving Lender and as
Co-Agent

By /s/ Amy L. Robbins

Title: Vice President

5

FLEET NATIONAL BANK
as Tranche II Revolving Lender and as
Co-Agent

By /s/ Martin K. Birmingham

Title: Vice President

FIRST UNION NATIONAL BANK

By /s/ Robert A. Brown

Title: Vice President

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By /s/ Jim Brown

Title: Vice President

COOPERATIEVE CENTRALE RAIFFEISEN-
BOERENLEENBANK B.A. "RABOBANK
NEDERLAND", NEW YORK BRANCH

DSR

By /s/ Angelo J. Balestrieri

Title: Vice President

By /s/ W. Pieter c. Kodde

Title: Vice President

SANWA BANK LTD.

By /s/ Stephen C. Small

Title: Vice President & Area Manager

6

STATE STREET BANK AND TRUST COMPANY

By /s/ Christopher Del Signore

Title: Assistant Vice President

SUNTRUST BANK, ATLANTA

By /s/ Robert V. Honeycutt

Title: Vice President

By /s/ F. Steven Parrish

Title: Vice President

WELLS FARGO BANK, N.A.

By /s/ Clifford Lawrence

Title: Vice President

TRANCHE II REVOLVING AGREEMENT (SERIES A)
AMONG THE COMPANY, ITS PRINCIPAL OPERATING SUBSIDIARIES,
AND CERTAIN BANKS FOR WHICH THE CHASE MANHATTAN BANK
ACTS AS ADMINISTRATIVE AGENT

THE OMITTED ANNEX

ANNEX I - Commitments

[EXECUTION COPY]

TRANCHE II REVOLVING AGREEMENT (SERIES A)

TRANCHE II REVOLVING AGREEMENT (SERIES A) dated as of July 15, 1998 between CANANDAIGUA BRANDS, INC., the Tranche II Revolving Lenders party hereto and THE CHASE MANHATTAN BANK, as Administrative Agent.

Canandaigua Brands, Inc., the Subsidiary Guarantors named therein, the lenders named therein (including the Tranche II Revolving Lenders party hereto), The Chase Manhattan Bank, as Administrative Agent, and Credit Suisse First Boston, The First National Bank of Chicago, Fleet National Bank and The Bank of Nova Scotia, as Co-Agents, are parties to a Credit Agreement dated as of December 19, 1997 (the "Credit Agreement"). Terms defined in the Credit Agreement are used herein as defined therein.

Pursuant to Section 2.01(c) of the Credit Agreement, the Borrower has requested the Lenders to issue commitments to provide up to \$100,000,000 of Tranche II Revolving Commitments (Series A) (the "Series A Commitments"). The Tranche II Revolving Lenders signatory to this Agreement have agreed to extend such commitments and, accordingly, the parties hereto hereby agree as follows:

SECTION 1. SERIES A COMMITMENTS. Each Tranche II Revolving Lender executing this Agreement hereby agrees, subject to the terms and conditions set forth in the Credit Agreement, to make Tranche II Revolving Loans (herein, the "Series A Loans") to the Borrower, and to participate in Swingline Loans and Letters of Credit as provided in Sections 2.05 and 2.06, respectively, of the Credit Agreement, from time to time during the Revolving Availability Period, in an aggregate principal amount that will not result in (i) such Lender's Tranche II Revolving Exposure in respect of Loans and participations in Swingline Loans and Letters of Credit made pursuant to its Series A Commitment (herein, such Lender's "Series A Exposure") exceeding such Lender's Series A Commitment, (ii) the sum of the total Series A Exposures of all of the Tranche II Revolving Lenders exceeding \$100,000,000 or (iii) the sum of the total Tranche II Revolving Exposures (including the Series A Exposures) of all of the Lenders exceeding \$200,000,000. Within the foregoing limits and subject to the terms and conditions set forth herein and in the Credit Agreement, the Borrower may borrow, prepay and reborrow Series A Loans.

SECTION 2. REPAYMENT, ETC. The Borrower hereby acknowledges and confirms that it has agreed, under the terms of the Credit Agreement, to repay any amounts of Series A Loans borrowed under the Credit Agreement when and as the same become due and payable. The Borrower agrees that the interest options and Applicable Rates on any Series A Loans (and on any Letters of Credit issued under the Series A Commitments) shall be the same as those

2

presently provided for Revolving Loans (or Letters of Credit) under the Credit Agreement, and that the facility fee in respect of the Series A Commitments shall be the same as that presently provided for Revolving Commitments under the Credit Agreement. The Borrower hereby agrees upon the effectiveness of this Agreement as provided in Section 3 below to pay to each Tranche II Revolving Lender executing this Agreement an upfront fee equal to 1/8 of 1% of such Tranche II Revolving Lender's Series A Commitments as set forth in Annex I hereto.

SECTION 3. MISCELLANEOUS. This Agreement shall be construed in accordance with and governed by the law of the State of New York. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

3

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year

first above written.

CANANDAIGUA BRANDS, INC.

By /s/ Thomas S. Summer

Title: SR. Vice President and Chief
Financial Officer

By its signature below each Subsidiary Guarantor acknowledges and consents to the foregoing Agreement and confirms that the obligations of the Borrower in respect of Series A Loans under the Credit Agreement are entitled to the benefits of the Guarantee of each Subsidiary Guarantor in Article III of the Credit Agreement and shall constitute "Guaranteed Obligations" (as defined therein) under and for all purposes of the Credit Agreement.

SUBSIDIARY GUARANTORS

BATAVIA WINE CELLARS, INC.
CANANDAIGUA EUROPE LIMITED
CANANDAIGUA WINE COMPANY, INC
ROBERTS TRADING CORP.

BARTON FINANCIAL CORPORATION

By /s/ Thomas S. Summer

Title: Treasurer

By /s/ David S. Sorce

Title: Vice President

BARTON INCORPORATED
BARTON BRANDS, LTD.
BARTON BEERS, LTD.
BARTON BRANDS OF CALIFORNIA, INC.
BARTON BRANDS OF GEORGIA, INC.
BARTON DISTILLERS IMPORT CORP.
MONARCH IMPORT COMPANY
STEVENS POINT BEVERAGE CO.
THE VIKING DISTILLERY, INC.

By /s/ Robert Sands

Title: Vice President

TRANCHE II REVOLVING LENDERS

THE CHASE MANHATTAN BANK,
as Tranche II Revolving Lender and as
Administrative Agent

By /s/ Carol A. Ulmer

Title: Vice President

THE BANK OF NOVA SCOTIA
as Tranche II Revolving Lender and as
Co-Agent

By /s/ J. Alan Edwards

Title: Authorized Signatory

CREDIT SUISSE FIRST BOSTON
as Tranche II Revolving Lender and as
Co-Agent

By /s/ Chris T. Horgan

Title: Vice President

By /s/ Joel Gladowski

Title: Managing Director

THE FIRST NATIONAL BANK OF CHICAGO
as Tranche II Revolving Lender and as
Co-Agent

By /s/ Amy L. Robbins

Title: Vice President

5

FLEET NATIONAL BANK
as Tranche II Revolving Lender and as
Co-Agent

By /s/ Martin K. Birmingham

Title: Vice President

FIRST UNION NATIONAL BANK

By /s/ Robert A. Brown

Title: Vice President

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By /s/ Jim Brown

Title: Vice President

COOPERATIEVE CENTRALE RAIFFEISEN-
BOERENLEENBANK B.A. "RABOBANK
NEDERLAND", NEW YORK BRANCH

DSR

By /s/ Angelo J. Balestrieri

Title: Vice President

By /s/ W. Pieter c. Kodde

Title: Vice President

SANWA BANK LTD.

By /s/ Stephen C. Small

Title: Vice President & Area Manager

6

STATE STREET BANK AND TRUST COMPANY

By /s/ Christopher Del Signore

Title: Assistant Vice President

SUNTRUST BANK, ATLANTA

By /s/ Robert V. Honeycutt

Title: Vice President

By /s/ F. Steven Parrish

Title: Vice President

WELLS FARGO BANK, N.A.

By /s/ Clifford Lawrence

Title: Vice President

TRANCHE II REVOLVING AGREEMENT (SERIES A)
AMONG THE COMPANY, ITS PRINCIPAL OPERATING SUBSIDIARIES,
AND CERTAIN BANKS FOR WHICH THE CHASE MANHATTAN BANK
ACTS AS ADMINISTRATIVE AGENT

THE OMITTED ANNEX

ANNEX I - Commitments

EXHIBIT 11

CANANDAIGUA BRANDS, INC. AND SUBSIDIARIES
 COMPUTATION OF EARNINGS PER COMMON SHARE
 (in thousands, except per share data)

	For the Six Months Ended August 31,			
	1998		1997	
	Basic	Diluted	Basic	Diluted
Income applicable to common shares	\$29,387	\$29,387	\$22,411	\$22,411
Adjustments	--	--	--	--
Income applicable to common shares	\$29,387	\$29,387	\$22,411	\$22,411
Shares:				
Weighted average common shares outstanding	18,669	18,669	18,665	18,665
Adjustments:				
Stock options	--	499	--	337
Adjusted weighted average common shares outstanding	18,669	19,168	18,665	19,002
Earnings per common share	\$ 1.57	\$ 1.53	\$ 1.20	\$ 1.18

	For the Three Months Ended August 31,			
	1998		1997	
	Basic	Diluted	Basic	Diluted
Income applicable to common shares	\$15,772	\$15,772	\$12,365	\$12,365
Adjustments	--	--	--	--
Income applicable to common shares	\$15,772	\$15,772	\$12,365	\$12,365
Shares:				
Weighted average common shares outstanding	18,589	18,589	18,559	18,559
Adjustments:				
Stock options	--	462	--	403
Adjusted weighted average common shares outstanding	18,589	19,051	18,559	18,962
Earnings per common share	\$ 0.85	\$ 0.83	\$ 0.67	\$ 0.65

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from the Company's August 31, 1998 Form 10-Q and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<CIK> 0000016918

<NAME> CANANDAIGUA BRANDS, INC.

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	FEB-28-1999
<PERIOD-END>	AUG-31-1998
<CASH>	1,473
<SECURITIES>	0
<RECEIVABLES>	154,550
<ALLOWANCES>	0
<INVENTORY>	345,972
<CURRENT-ASSETS>	539,545
<PP&E>	370,797
<DEPRECIATION>	124,640
<TOTAL-ASSETS>	1,047,706
<CURRENT-LIABILITIES>	275,872
<BONDS>	297,407
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	217
<OTHER-SE>	409,528
<TOTAL-LIABILITY-AND-EQUITY>	1,047,706
<SALES>	662,314
<TOTAL-REVENUES>	662,314
<CGS>	467,767
<TOTAL-COSTS>	467,767
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	15,952
<INCOME-PRETAX>	49,809
<INCOME-TAX>	20,422
<INCOME-CONTINUING>	29,387
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	29,387
<EPS-PRIMARY>	1.57
<EPS-DILUTED>	1.53

</TABLE>