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

(Mark One)

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

For the quarterly period ended August 31, 1999

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

(State or other jurisdiction of incorporation or organization)	(Exact name of registrant as specified in its charter)	(I.R.S. Employer Identification No.)
DELAWARE	CANANDAIGUA BRANDS, INC.	16-0716709
	AND ITS SUBSIDIARIES:	
NEW YORK	BATAVIA WINE CELLARS, INC.	16-1222994
NEW YORK	CANANDAIGUA WINE COMPANY, INC.	16-1462887
NEW YORK	CANANDAIGUA EUROPE LIMITED	16-1195581
ENGLAND AND WALES	CANANDAIGUA LIMITED	-----
NEW YORK	POLYPHENOLICS, INC.	16-1546354
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

300 WILLOWBROOK OFFICE PARK, FAIRPORT, NEW YORK 14450
(Address of principal executive offices) (Zip Code)

(716) 218-2169
(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 X No ___

The number of shares outstanding with respect to each of the classes of common stock of Canandaigua Brands, Inc., as of September 30, 1999, 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	14,896,803
Class B Common Stock, Par Value $.01 Per Share	3,158,345

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	August 31, 1999	February 28, 1999
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash investments	$ 4,340	$ 27,645
Accounts receivable, net	344,652	260,433
Inventories, net	602,257	508,571
Prepaid expenses and other current assets	74,206	59,090
Total current assets	1,025,455	855,739
PROPERTY, PLANT AND EQUIPMENT, net	553,442	428,803
OTHER ASSETS	801,391	509,234
Total assets	$ 2,380,288	$ 1,793,776
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 75,077	$ 87,728
Current maturities of long-term debt	17,844	6,005
Accounts payable	150,354	122,746
Accrued excise taxes	41,469	49,342
Other accrued expenses and liabilities	214,287	149,451
Total current liabilities	499,031	415,272
LONG-TERM DEBT, less current maturities	1,274,295	831,689
DEFERRED INCOME TAXES	110,261	88,179
OTHER LIABILITIES	27,752	23,364
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.01 par value- Authorized, 1,000,000 shares; Issued, none at August 31, 1999, and February 28, 1999	-	-
Class A Common Stock, $.01 par value- Authorized, 120,000,000 shares; Issued, 18,036,328 shares at August 31, 1999, and 17,915,359 shares at February 28, 1999	180	179
Class B Convertible Common Stock, $.01 par value- Authorized, 20,000,000 shares; Issued, 3,796,524 shares at August 31, 1999, and 3,849,173 shares at February 28, 1999	38	39
Additional paid-in capital	242,324	239,912
Retained earnings	313,028	281,081
Accumulated other comprehensive income- Cumulative translation adjustment	(4,907)	(4,173)
	550,663	517,038
Less-Treasury stock-		
Class A Common Stock, 3,156,004 shares at August 31, 1999, and 3,168,306 shares at February 28, 1999, at cost	(79,507)	(79,559)
Class B Convertible Common Stock, 625,725 shares at August 31, 1999, and February 28, 1999, at cost	(2,207)	(2,207)
	(81,714)	(81,766)
Total stockholders' equity	468,949	435,272
Total liabilities and stockholders' equity	$ 2,380,288	$ 1,793,776

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

<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,

	1999	1998	1999	1998
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>
GROSS SALES	$ 1,519,834	$ 880,150	$ 814,845	$ 457,281
Less - Excise taxes	(368,085)	(217,836)	(193,265)	(107,895)
Net sales	1,151,749	662,314	621,580	349,386
COST OF PRODUCT SOLD	(806,499)	(467,017)	(432,452)	(246,150)
Gross profit	345,250	195,297	189,128	103,236
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(235,821)	(128,786)	(125,320)	(67,454)
NONRECURRING CHARGES	(5,510)	-	-	-
Operating income	103,919	66,511	63,808	35,782
INTEREST EXPENSE, net	(50,675)	(15,952)	(28,640)	(7,425)
Income before income taxes	53,244	50,559	35,168	28,357
PROVISION FOR INCOME TAXES	(21,297)	(20,729)	(14,067)	(11,626)
NET INCOME	$ 31,947	$ 29,830	$ 21,101	$ 16,731
SHARE DATA:				
Earnings per common share:				
Basic	$ 1.78	$ 1.60	$ 1.17	$ 0.90
Diluted	$ 1.73	$ 1.56	$ 1.14	$ 0.88
Weighted average common shares outstanding:				
Basic	17,994	18,669	18,010	18,589
Diluted	18,459	19,168	18,499	19,051

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

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

<CAPTION>

	For the Six Months Ended August 31,	
	1999	1998
	(unaudited)	(unaudited)
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 31,947	$ 29,830
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	23,733	11,952
Amortization of intangible assets	10,410	5,015
Stock-based compensation expense	769	51
Amortization of discount on long-term debt	208	189
Deferred tax (benefit) provision	(1,697)	900
Gain on sale of assets	(1,486)	(3)

Change in operating assets and liabilities, net of effects from purchases of businesses:		
Accounts receivable, net	(64,766)	(11,935)
Inventories, net	20,585	47,306
Prepaid expenses and other current assets	(12,559)	(10,867)
Accounts payable	9,383	11,339
Accrued excise taxes	(8,076)	4,063
Other accrued expenses and liabilities	48,417	3,213
Other assets and liabilities, net	2,230	(2,549)
Total adjustments	27,151	58,674
Net cash provided by operating activities	59,098	88,504
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of businesses, net of cash acquired	(452,491)	-
Purchases of property, plant and equipment	(30,759)	(14,098)
Proceeds from sale of assets	1,071	27
Purchase of joint venture minority interest	-	(716)
Net cash used in investing activities	(482,179)	(14,787)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	664,080	-
Exercise of employee stock options	1,194	2,154
Proceeds from employee stock purchases	601	1,284
Principal payments of long-term debt	(242,529)	(12,000)
Net repayments of notes payable	(12,676)	(28,900)
Payment of issuance costs of long-term debt	(10,751)	-
Purchases of treasury stock	-	(36,014)
Net cash provided by (used in) financing activities	399,919	(73,476)
Effect of exchange rate changes on cash and cash investments	(143)	-
NET (DECREASE) INCREASE IN CASH AND CASH INVESTMENTS	(23,305)	241
CASH AND CASH INVESTMENTS, beginning of period	27,645	1,232
CASH AND CASH INVESTMENTS, end of period	$ 4,340	$ 1,473
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Fair value of assets acquired, including cash acquired	$ 554,235	$ -
Liabilities assumed	(99,255)	-
Cash paid	454,980	-
Less - cash acquired	(2,489)	-
Net cash paid for purchases of businesses	$ 452,491	$ -

<FN>
The accompanying notes to consolidated financial statements are an integral part of these statements.
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CANANDAIGUA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 1999

1) MANAGEMENT'S REPRESENTATIONS:

The condensed consolidated financial statements included herein have been prepared by Canandaigua Brands, Inc. and its subsidiaries (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q and reflect, in the opinion of the Company, all adjustments necessary to present fairly the financial information for the Company. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted as permitted by such rules and regulations. These consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1999.

2) ACQUISITIONS:

On April 9, 1999, in an asset acquisition, the Company acquired several well-known Canadian whisky brands, including Black Velvet, production facilities located in Alberta and Quebec, Canada, case goods and bulk whisky inventories and other related assets from affiliates of Diageo plc (the "Black Velvet Acquisition"). In connection with the transaction, the Company also entered into multi-year agreements with Diageo to provide packaging and distilling services for various brands retained by Diageo. The purchase price was approximately $185.5 million and was financed by the proceeds from the sale of the "Senior Subordinated Notes" (as defined in Note 6).

The Black Velvet Acquisition was accounted for using the purchase method; accordingly, the acquired assets were recorded at fair market value at the date of acquisition. The excess of the purchase price over the estimated fair market value of the net assets acquired (goodwill), $30.1 million, is being amortized on a straight-line basis over 40 years. The results of operations of the Black Velvet Acquisition have been included in the Consolidated Statements of Income since the date of acquisition.

On June 4, 1999, the Company purchased all of the outstanding capital stock of Franciscan Vineyards, Inc. and related transactions purchased vineyards, a winery, equipment and other vineyard related assets located in Northern California (collectively, the "Franciscan Acquisition"). The purchase price was approximately $212.0 million cash plus assumed debt, net of cash acquired, of approximately $30.8 million. The purchase price was financed by additional term loan borrowings under the bank credit agreement. Also, on June 4, 1999, the Company acquired all of the outstanding capital stock of Simi Winery, Inc. (the "Simi Acquisition"). The cash purchase price was approximately $57.5 million and was financed by revolving loan borrowings under the bank credit agreement. The purchases were accounted for using the purchase method; accordingly, the acquired assets were recorded at fair market value at the date of acquisition. The excess of the purchase price over the estimated fair market value of the net assets acquired (goodwill) for the Franciscan Acquisition and the Simi Acquisition, $72.0 million and $6.9 million, respectively, is being amortized on a straight-line basis over 40 years. The Franciscan and Simi operations are managed together as a separate business segment of the Company ("Franciscan"). The results of operations of Franciscan have been included in the Consolidated Statements of Income since the date of acquisition. The unaudited pro forma results of operations for the six months ended August 31, 1999 (shown in the table below), reflect total nonrecurring charges of $12.4 million ($0.40 per share on a diluted basis) related to transaction costs, primarily for exercise of stock options, which were incurred by Franciscan Vineyards, Inc. prior to the acquisition.

The following table sets forth the unaudited pro forma results of operations of the Company for the six months ended August 31, 1999 and 1998, which gives effect to the acquisition of Matthew Clark plc ("Matthew Clark"), the Black Velvet Acquisition and Franciscan as if they occurred on March 1, 1998. The unaudited pro forma results of operations are presented after giving effect to certain adjustments for depreciation, amortization of goodwill, interest expense on the acquisition financing and related income tax effects. The unaudited pro forma results of operations are based upon currently available information and upon certain assumptions that the Company believes are reasonable under the circumstances. The unaudited pro forma results of operations do not purport to present what the Company's results of operations would actually have been if the aforementioned transactions had in fact occurred on such date or at the beginning of the period indicated, nor do they project the Company's financial position or results of operations at any future date or for any future period.

	For the Six Months Ended August 31,	
	1999	1998
(in thousands, except per share data)		
Net sales	$ 1,179,113	$ 1,062,563
Income before income taxes	$ 37,711	$ 55,300
Net income	$ 22,627	$ 32,626
Earnings per common share:		
Basic	$ 1.26	$ 1.75
Diluted	$ 1.23	$ 1.70
Weighted average common shares outstanding:		
Basic	17,994	18,669
Diluted	18,459	19,168

3) INVENTORIES:

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

(in thousands)	August 31, 1999	February 28, 1999
Raw materials and supplies	$ 37,523	$ 32,388
Wine and distilled spirits in process	362,514	344,175
Finished case goods	202,220	132,008
	$ 602,257	$ 508,571

4) OTHER ASSETS:

The major components of other assets are as follows:

(in thousands)	August 31, 1999	February 28, 1999
Goodwill	$ 421,079	$ 311,908
Trademarks	270,243	102,183
Distribution rights and agency license agreements	87,052	76,894
Other	68,274	53,779
	846,648	544,764
Less - Accumulated amortization	(45,257)	(35,530)
	$ 801,391	$ 509,234

5) OTHER ACCRUED EXPENSES AND LIABILITIES:

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

(in thousands)	August 31, 1999	February 28, 1999
Accrued advertising and promotions	$ 53,830	$ 38,604
Accrued income taxes payable	28,765	9,347
Accrued interest	12,814	11,384
Accrued salaries and commissions	10,980	15,584
Other	107,898	74,532
	$ 214,287	$ 149,451

6) BORROWINGS:

On March 4, 1999, the Company issued $200.0 million aggregate principal amount of 8 1/2% Senior Subordinated Notes due March 2009 ("Senior Subordinated Notes"). The net proceeds of the offering (approximately $195.0 million) were used to fund the Black Velvet Acquisition and to pay the fees and expenses related thereto with the remainder of the net proceeds used for general corporate purposes. Interest on the Senior Subordinated Notes is payable semiannually on March 1 and September 1 of each year, beginning September 1, 1999. The Senior Subordinated Notes are redeemable at the option of the Company, in whole or in part, at any time on or after March 1, 2004. The Company may also redeem up to $70.0 million of the Senior Subordinated Notes using the proceeds of certain equity offerings completed before March 1, 2002. The Senior Subordinated 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 Senior Subordinated Notes are guaranteed, on a senior subordinated basis, by certain of the Company's significant operating subsidiaries.

On August 4, 1999, the Company issued $200.0 million aggregate principal amount of 8 5/8% Senior Notes due August 2006 ("Senior Notes"). The net proceeds of the offering (approximately $196.0 million) was used to repay a portion of the Company's borrowings under its bank credit agreement. Interest on the Senior Notes is payable semiannually on February 1 and August 1 of each year, beginning

February 1, 2000. The Senior Notes are redeemable at the option of the Company, in whole or in part, at any time. The Senior Notes are unsecured senior obligations and rank equally in right of payment to all existing and future unsecured senior indebtedness of the Company. The Senior Notes are guaranteed, on a senior basis, by certain of the Company's significant operating subsidiaries.

7) EARNINGS PER COMMON SHARE:

Basic earnings per common share exclude the effect of common stock equivalents and are 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 reflect 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 assume the exercise of stock options using the treasury stock method and assume the conversion of convertible securities, if any, using the "if converted" method.

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

<TABLE>
<CAPTION>

	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	1999	1998	1999	1998
(in thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>
Income applicable to common shares	$ 31,947	$ 29,830	$ 21,101	$ 16,731
Weighted average common shares outstanding - basic	17,994	18,669	18,010	18,589
Stock options	465	499	489	462
Weighted average common shares outstanding - diluted	18,459	19,168	18,499	19,051
EARNINGS PER COMMON SHARE - BASIC	$ 1.78	$ 1.60	$ 1.17	$ 0.90
EARNINGS PER COMMON SHARE - DILUTED	$ 1.73	$ 1.56	$ 1.14	$ 0.88

</TABLE>

8) STOCK INCENTIVE PLANS:

At the Company's Annual Meeting of Stockholders held on July 20, 1999, stockholders approved the amendment to the Company's Long-Term Stock Incentive Plan to increase the aggregate number of shares of the Class A Stock available for awards under the plan from 4,000,000 shares to 7,000,000 shares.

9) SUMMARIZED FINANCIAL INFORMATION - SUBSIDIARY GUARANTORS:

The following table presents summarized financial information for the Company, the parent company, the combined subsidiaries of the Company which guarantee the Company's senior subordinated notes and senior notes ("Subsidiary Guarantors") and the combined subsidiaries of the Company which are not Subsidiary Guarantors, primarily Matthew Clark ("Subsidiary Nonguarantors"). The Subsidiary Guarantors are wholly owned and the guarantees are full, unconditional, joint and several obligations of each of the Subsidiary Guarantors. 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 Matthew Clark, the Company's Canadian subsidiary, and certain other 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, loans or advances.

<TABLE>
<CAPTION>

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
(in thousands)					
Balance Sheet Data:					
August 31, 1999					
Current assets	$ 109,222	$ 610,468	$ 305,765	$ -	$ 1,025,455
Noncurrent assets	$ 922,563	$ 1,254,587	$ 458,473	$ (1,280,790)	$ 1,354,833
Current liabilities	$ 181,854	$ 29,961	$ 287,216	$ -	$ 499,031
Noncurrent liabilities	$ 1,267,132	$ 95,768	$ 49,408	$ -	$ 1,412,308

February 28, 1999					
Current assets	$ 114,243	$ 532,028	$ 209,468	$ -	$ 855,739
Noncurrent assets	$ 646,133	$ 396,125	$ 421,867	$ (526,088)	$ 938,037
Current liabilities	$ 157,648	$ 126,803	$ 130,821	$ -	$ 415,272
Noncurrent liabilities	$ 815,421	$ 73,178	$ 54,633	$ -	$ 943,232
Income Statement Data:					
For the Six Months Ended August 31, 1999					
Net sales	$ 276,053	$ 694,858	$ 356,468	$ (175,630)	$ 1,151,749
Gross profit	$ 89,328	$ 153,379	$ 102,543	$ -	$ 345,250
Income before income taxes	$ 6,592	$ 26,624	$ 20,028	$ -	$ 53,244
Net income	$ 3,955	$ 15,974	$ 12,018	$ -	$ 31,947
For the Six Months Ended August 31, 1998					
Net sales	$ 248,590	$ 552,352	$ 1,093	$ (139,721)	$ 662,314
Gross profit	$ 71,268	$ 123,635	$ 394	$ -	$ 195,297
(Loss) income before income taxes	$ (511)	$ 51,359	$ (289)	$ -	$ 50,559
Net (loss) income	$ (302)	$ 30,302	$ (170)	$ -	$ 29,830
For the Three Months Ended August 31, 1999					
Net sales	$ 121,430	$ 395,639	$ 188,258	$ (83,747)	$ 621,580
Gross profit	$ 49,898	$ 83,504	$ 55,726	$ -	$ 189,128
Income before income taxes	$ 11,616	$ 11,086	$ 12,466	$ -	$ 35,168
Net income	$ 6,969	$ 6,652	$ 7,480	$ -	$ 21,101

<CAPTION>

<S> (in thousands)	Parent Company <C>	Subsidiary Guarantors <C>	Subsidiary Nonguarantors <C>	Eliminations <C>	Consolidated <C>
For the Three Months Ended August 31, 1998					
Net sales	$ 137,438	$ 289,774	$ 271	$ (78,097)	$ 349,386
Gross profit	$ 36,878	$ 66,298	$ 60	$ -	$ 103,236
(Loss) income before income taxes	$ (404)	$ 29,177	$ (416)	$ -	$ 28,357
Net (loss) income	$ (238)	$ 17,266	$ (297)	$ -	$ 16,731

</TABLE>

10) BUSINESS SEGMENT INFORMATION:

The Company reports its operating results in five segments: Canandaigua Wine (branded popularly-priced wine and brandy, and other, primarily grape juice concentrate); Barton (primarily beer and spirits); Matthew Clark (branded wine, cider and bottled water, and wholesale wine, cider, spirits, beer and soft drinks); Franciscan (primarily branded super-premium and ultra-premium wine) and Corporate Operations and Other (primarily corporate related items). Segment selection was based upon internal organizational structure, the way in which these operations are managed and their performance evaluated by management and the Company's Board of Directors, the availability of separate financial results, and materiality considerations. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on operating profits of the respective business units.

Segment information is as follows:

<TABLE>
<CAPTION>

	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
(in thousands)				
Canandaigua Wine:				

Net sales:				
Branded:				
External customers	$ 292,182	$ 267,343	$ 149,540	$ 140,545
Intersegment	2,989	-	1,239	-
Total Branded	295,171	267,343	150,779	140,545
Other:				
External customers	38,579	39,350	19,449	20,211
Intersegment	37	-	-	-
Total Other	38,616	39,350	19,449	20,211
Net sales	$ 333,787	$ 306,693	$ 170,228	$ 160,756
Operating profit	$ 16,019	$ 17,661	$ 10,412	$ 10,221
Long-lived assets	$ 194,114	$ 187,329	$ 194,114	$ 187,329
Total assets	$ 597,832	$ 562,397	$ 597,832	$ 562,397
Capital expenditures	$ 12,708	$ 11,418	$ 7,070	$ 6,582
Depreciation and amortization	$ 11,649	$ 10,716	$ 6,113	$ 5,125

<CAPTION>

	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
(in thousands)				
Barton:				
Net sales:				
Beer	$ 323,806	$ 259,929	$ 177,195	$ 141,133
Spirits	127,149	94,599	73,010	47,227
Net sales	$ 450,955	$ 354,528	$ 250,205	$ 188,360
Operating profit	$ 73,459	$ 54,620	$ 41,962	$ 28,832
Long-lived assets	$ 76,849	$ 51,008	$ 76,849	$ 51,008
Total assets	$ 714,677	$ 484,607	$ 714,677	$ 484,607
Capital expenditures	$ 2,668	$ 1,688	$ 1,752	$ 928
Depreciation and amortization	$ 6,398	$ 5,392	$ 3,237	$ 2,700
Matthew Clark:				
Net sales:				
Branded	$ 155,254	$ -	$ 80,879	$ -
Wholesale	194,753	-	102,331	-
Net sales	$ 350,007	$ -	$ 183,210	$ -
Operating profit	$ 19,310	$ -	$ 11,980	$ -
Long-lived assets	$ 170,703	$ -	$ 170,703	$ -
Total assets	$ 678,498	$ -	$ 678,498	$ -
Capital expenditures	$ 11,115	$ -	$ 6,459	$ -
Depreciation and amortization	$ 12,816	$ -	$ 8,390	$ -
Franciscan:				
Net sales	$ 17,137	$ -	$ 17,137	$ -
Operating profit	$ 1,571	$ -	$ 1,571	$ -
Long-lived assets	$ 94,716	$ -	$ 94,716	$ -
Total assets	$ 352,790	$ -	$ 352,790	$ -
Capital expenditures	$ 3,720	$ -	$ 3,720	$ -
Depreciation and amortization	$ 1,809	$ -	$ 1,809	$ -
Corporate Operations and Other:				
Net sales	$ 2,889	$ 1,093	$ 2,004	$ 270
Operating loss	$ (6,440)	$ (5,770)	$ (2,117)	$ (3,271)
Long-lived assets	$ 17,060	$ 7,820	$ 17,060	$ 7,820
Total assets	$ 36,491	$ 18,847	$ 36,491	$ 18,847
Capital expenditures	$ 548	$ 992	$ 437	$ 960
Depreciation and amortization	$ 1,471	$ 859	$ 831	$ 634

<CAPTION>

	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
(in thousands)				
Intersegment eliminations:				

Net sales	$ (3,026)	$ -	$ (1,204)	$ -

Consolidated:
- -------------

Net sales	$ 1,151,749	$ 662,314	$ 621,580	$ 349,386
Operating profit	$ 103,919	$ 66,511	$ 63,808	$ 35,782
Long-lived assets	$ 553,442	$ 246,157	$ 553,442	$ 246,157
Total assets	$ 2,380,288	$ 1,065,851	$ 2,380,288	$ 1,065,851
Capital expenditures	$ 30,759	$ 14,098	$ 19,438	$ 8,470
Depreciation and amortization	$ 34,143	$ 16,967	$ 20,380	$ 8,459

</TABLE>

11) COMPREHENSIVE INCOME:

Comprehensive income consists of net income and foreign currency translation adjustments for the six month and three month periods ended August 31, 1999. For the six month and three month periods ended August 31, 1998, comprehensive income consisted of net income, exclusively. The reconciliation of net income to comprehensive net income is as follows:

<TABLE>
<CAPTION>

	For the Six Months Ended August 31,		For the Three Months Ended August 31,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
(in thousands)				
Net income	$ 31,947	$ 29,830	$ 21,101	$ 16,731
Other comprehensive income:				
Cumulative translation adjustment	(734)	-	(1,584)	-
Total comprehensive income	$ 31,213	$ 29,830	$ 19,517	$ 16,731

</TABLE>

12) ACCOUNTING PRONOUNCEMENTS:

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 and measured at its fair value. SFAS No. 133 also 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.

In June 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137 ("SFAS No. 137"), "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 137 delays the

effective date of SFAS No. 133 for one year. With the issuance of SFAS No. 137, the Company is required to adopt SFAS No. 133 on a prospective basis for interim periods and fiscal years beginning March 1, 2001. The Company believes the effect of the adoption on its financial statements will not be material based on the Company's current risk management strategies.

13) SUBSEQUENT EVENT:

2000 CREDIT AGREEMENT -

On October 6, 1999, the Company, certain of its principal operating subsidiaries and a syndicate of banks (the "Syndicate Banks"), for which The Chase Manhattan Bank acts as administrative agent, entered into a new senior credit agreement (the "2000 Credit Agreement"). The 2000 Credit Agreement includes both U.S. dollar and British pound sterling commitments of the Syndicate Banks of up to, in the aggregate, the equivalent of $1.0 billion (subject to increase as therein provided to $1.2 billion). Proceeds of the 2000 Credit Agreement were used to repay all outstanding principal and accrued interest on all loans under the Company's prior bank credit agreement, and are available to fund permitted acquisitions and ongoing working capital needs of the Company and its subsidiaries.

The 2000 Credit Agreement provides for a $380.0 million Tranche I Term Loan facility due in December 2004, a $320.0 million Tranche II Term Loan facility available for borrowing in British pound sterling due in December 2004, and a

$300.0 million Revolving Credit facility (including letters of credit up to a maximum of $20.0 million) which expires in December 2004. The Tranche I Term Loan facility requires quarterly repayments, starting at $12.0 million in March 2000 and increasing thereafter annually with final payments of $23.0 million in each quarter in 2004. The Tranche II Term Loan facility requires quarterly repayments of $1.6 million for each quarter in 2000, $3.2 million for each quarter in 2001 and 2002, $4.0 million for each quarter in 2003 and $68.0 million in each quarter in 2004 (all such repayments shall be in British pound sterling and the foregoing amounts reflect the U.S. dollar equivalents at closing on October 6, 1999). There are certain mandatory term loan prepayments, including those based on sale of assets and issuance of debt and equity, in each case subject to baskets, exceptions and thresholds which are generally more favorable to the Company than those contained in its prior bank credit agreement.

The rate of interest payable, at the Company's option, is a function of the London interbank offering rate (LIBOR) plus a margin, federal funds rate plus a margin, or the prime rate plus a margin. The margin is adjustable based upon the Company's Debt Ratio (as defined in the 2000 Credit Agreement) and, with respect to LIBOR borrowings, ranges between 0.75% and 1.25% for Revolving Credit loans and 1.00% and 1.75% for Term Loans. The initial margin for all loans was set at the highest level at closing and is subject to reduction after November 30, 1999, depending on the Company's Debt Ratio. In addition to interest, the Company pays a facility fee on the Revolving Credit commitments, initially at 0.50% per annum and subject to reduction after November 30, 1999, to 0.25%, depending on the Company's Debt Ratio.

Certain of the Company's principal operating subsidiaries have guaranteed the Company's obligations under the 2000 Credit Agreement. In addition, subject to certain limitations applicable to inactive subsidiaries and to some of the Company's foreign subsidiaries, all of the capital stock of each operating wholly-owned subsidiary (other than the subsidiaries of Matthew Clark) has been pledged to the Syndicate Banks as security for the obligations under the 2000 Credit Agreement.

The Company and its subsidiaries are subject to customary secured lending covenants including those restricting additional liens, incurring additional indebtedness, the sale of assets, the payment of dividends, transactions with affiliates and the making of certain investments, in each case subject to

baskets, exceptions and thresholds which are generally more favorable to the Company than those contained in its prior bank credit agreement. The primary financial covenants require the maintenance of a debt coverage ratio, a senior debt coverage ratio, a fixed charges ratio and an interest coverage ratio. Among the most restrictive covenants contained in the 2000 Credit Agreement is the requirement to maintain a fixed charges ratio of not less than 1.0 at the last day of each fiscal quarter for the most recent four quarters.

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

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, 1999 ("Second Quarter 2000"), compared to the three months ended August 31, 1998 ("Second Quarter 1999"), and for the six months ended August 31, 1999 ("Six Months 2000"), compared to the six months ended August 31, 1998 ("Six Months 1999"), and (ii) financial liquidity and capital resources for Six Months 2000. 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, 1999.

The Company operates primarily in the beverage alcohol industry in the United States and the United Kingdom. The Company reports its operating results in five segments: Canandaigua Wine (branded popularly-priced wine and brandy, and other, primarily grape juice concentrate); Barton (primarily beer and spirits); Matthew Clark (branded wine, cider and bottled water, and wholesale wine, cider, spirits, beer and soft drinks); Franciscan (primarily branded super-premium and ultra-premium wine); and Corporate Operations and Other (primarily corporate related items).

RECENT ACQUISITIONS

On December 1, 1998, the Company acquired control of Matthew Clark plc ("Matthew Clark") and has since acquired all of Matthew Clark's outstanding shares (the "Matthew Clark Acquisition"). Prior to the Matthew Clark

Acquisition, the Company was principally a producer and supplier of wine and an importer and producer of beer and distilled spirits in the United States. The Matthew Clark Acquisition established the Company as a leading British producer of cider, wine and bottled water and as a leading beverage alcohol wholesaler in the United Kingdom. The results of operations of Matthew Clark have been included in the consolidated results of operations of the Company since the date of acquisition, December 1, 1998.

On April 9, 1999, in an asset acquisition, the Company acquired several well-known Canadian whisky brands, including Black Velvet, production facilities located in Alberta and Quebec, Canada, case goods and bulk whisky inventories and other related assets from affiliates of Diageo plc (collectively, the "Black Velvet Acquisition"). In connection with the transaction, the Company also entered into multi-year agreements with Diageo to provide packaging and distilling services for various brands retained by Diageo. The results of operations from the Black Velvet Acquisition are reported in the Barton segment and have been included in the consolidated results of operations of the Company since the date of acquisition.

On June 4, 1999, the Company purchased all of the outstanding capital stock of Franciscan Vineyards, Inc. and in related transactions purchased vineyards, a winery, equipment and other vineyard related assets located in Northern California (collectively, the "Franciscan Acquisition"). Also on June 4, 1999, the Company purchased all of the outstanding capital stock of Simi Winery, Inc. ("Simi"). (The acquisition of the capital stock of Simi is hereafter referred to as the "Simi Acquisition".) The Simi Acquisition includes the Simi winery, equipment, vineyards and inventory. The results of operations from the Franciscan and Simi Acquisitions (collectively, "Franciscan") are reported together in the Franciscan segment and have been included in the consolidated results of operations of the Company since the date of acquisition.

The Matthew Clark, Black Velvet and Franciscan Acquisitions are significant and the Company expects them to have a material impact on the Company's future results of operations.

RESULTS OF OPERATIONS

SECOND QUARTER 2000 COMPARED TO SECOND QUARTER 1999

NET SALES

The following table sets forth the net sales (in thousands of dollars) by operating segment of the Company for Second Quarter 2000 and Second Quarter 1999.

	Second Quarter 2000 Compared to Second Quarter 1999		
	Net Sales		
	2000	1999	%Increase/ (Decrease)
Canandaigua Wine:			
Branded:			
External customers	$ 149,540	$ 140,545	6.4 %
Intersegment	1,239	--	N/A
Total Branded	150,779	140,545	7.3 %
Other:			
External customers	19,449	20,211	(3.8)%
Intersegment	--	--	N/A
Total Other	19,449	20,211	(3.8)%
Canandaigua Wine net sales	$ 170,228	$ 160,756	5.9 %
Barton:			
Beer	$ 177,195	$ 141,133	25.6 %
Spirits	73,010	47,227	54.6 %
Barton net sales	$ 250,205	$ 188,360	32.8 %
Matthew Clark:			
Branded	$ 80,879	$ --	N/A
Wholesale	102,331	--	N/A
Matthew Clark net sales	$ 183,210	$ --	N/A
Franciscan	$ 17,137	$ --	N/A
Corporate Operations and Other	$ 2,004	$ 270	642.2 %

Intersegment eliminations	$ (1,204)	$ --	N/A
Consolidated Net Sales	$ 621,580	$ 349,386	77.9 %

Net sales for Second Quarter 2000 increased to $621.6 million from $349.4 million for Second Quarter 1999, an increase of $272.2 million, or 77.9%.

CANANDAIGUA WINE

Net sales for Canandaigua Wine for Second Quarter 2000 increased to $170.2 million from $160.8 million for Second Quarter 1999, an increase of $9.5 million, or 5.9%. This increase resulted primarily from (i) an increase in sales of Arbor Mist and Almaden box wine, (ii) an increase in the

Company's bulk wine sales and (iii) growth in the Company's international business. These increases were partially offset by declines in certain other brands and in the Company's grape juice concentrate business.

BARTON

Net sales for Barton for Second Quarter 2000 increased to $250.2 million from $188.4 million for Second Quarter 1999, an increase of $61.8 million, or 32.8%. This increase resulted primarily from an increase in sales of imported beer brands led by Barton's Mexican portfolio as well as from $24.7 million of sales of products and services acquired in the Black Velvet Acquisition, which was completed in April 1999.

MATTHEW CLARK

Net sales for Matthew Clark for Second Quarter 2000 were $183.2 million.

FRANCISCAN

Net sales for Franciscan for Second Quarter 2000 since the date of acquisition, June 4, 1999, were $17.1 million.

GROSS PROFIT

The Company's gross profit increased to $189.1 million for Second Quarter 2000 from $103.2 million for Second Quarter 1999, an increase of $85.9 million, or 83.2%. The dollar increase in gross profit was primarily related to sales from the Matthew Clark, Black Velvet, Franciscan and Simi Acquisitions, all completed after Second Quarter 1999, as well as increased Barton beer sales. As a percent of net sales, gross profit increased to 30.4% for Second Quarter 2000 from 29.5% in Second Quarter 1999, resulting primarily from sales of higher-margin spirits and super-premium and ultra-premium wine acquired in the Black Velvet and Franciscan and Simi Acquisitions, respectively.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to $125.3 million for Second Quarter 2000 from $67.5 million for Second Quarter 1999, an increase of $57.9 million, or 85.8%. The dollar increase in selling, general and administrative expenses resulted primarily from the addition of the Matthew Clark and Franciscan businesses and expenses related to the brands acquired in the Black Velvet Acquisition. The Company also increased its marketing and promotional costs to generate additional sales volume, particularly of Barton beer brands. Selling, general and administrative expenses as a percent of net sales increased to 20.2% for First Quarter 2000 as compared to 19.3% for First Quarter 1999. The increase in percent of net sales resulted primarily from the Matthew Clark, Franciscan and Simi Acquisitions, as Matthew Clark and Franciscan's selling, general and administrative expenses as a percent of net sales is typically at the high end of the range of the Company's operating segments' percentages.

OPERATING INCOME

The following table sets forth the operating profit/(loss) (in thousands of dollars) by operating segment of the Company for Second Quarter 2000 and Second Quarter 1999.

	Second Quarter 2000 Compared to Second Quarter 1999		
	Operating Profit/(Loss)		
	2000	1999	%Increase/ (Decrease)
Canandaigua Wine	$ 10,412	$ 10,221	1.9 %

Barton	41,962	28,832	45.5 %
Matthew Clark	11,980	--	N/A
Franciscan	1,571	--	N/A
Corporate Operations and Other	(2,117)	(3,271)	(35.3)%
Consolidated Operating Profit	$ 63,808	$ 35,782	78.3 %

As a result of the above factors, consolidated operating income increased to $63.8 million for Second Quarter 2000 from $35.8 million for Second Quarter 1999, an increase of $28.0 million, or 78.3%.

INTEREST EXPENSE, NET

Net interest expense increased to $28.6 million for Second Quarter 2000 from $7.4 million for Second Quarter 1999, an increase of $21.2 million or 285.7%. The increase resulted primarily from additional interest expense associated with the borrowings related to the Matthew Clark, Black Velvet, Franciscan and Simi Acquisitions.

NET INCOME

As a result of the above factors, net income increased to $21.1 million for Second Quarter 2000 from $16.7 million for Second Quarter 1999, an increase of $4.4 million, or 26.1%.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Second Quarter 2000 were $84.2 million, an increase of $39.9 million over EBITDA of $44.2 million for Second Quarter 1999. 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 2000 COMPARED TO SIX MONTHS 1999

NET SALES

The following table sets forth the net sales (in thousands of dollars) by operating segment of the Company for Six Months 2000 and Six Months 1999.

	Six Months 2000 Compared to Six Months 1999		
	Net Sales		
	2000	1999	%Increase/ (Decrease)
Canandaigua Wine:			
Branded:			
External customers	$ 292,182	$ 267,343	9.3 %
Intersegment	2,989	--	N/A
Total Branded	295,171	267,343	10.4 %
Other:			
External customers	38,579	39,350	(2.0)%
Intersegment	37	--	N/A
Total Other	38,616	39,350	(1.9)%
Canandaigua Wine net sales	$ 333,787	$ 306,693	8.8 %
Barton:			
Beer	$ 323,806	$ 259,929	24.6 %
Spirits	127,149	94,599	34.4 %
Barton net sales	$ 450,955	$ 354,528	27.2 %
Matthew Clark:			
Branded	$ 155,254	$ --	N/A
Wholesale	194,753	--	N/A
Matthew Clark net sales	$ 350,007	$ --	N/A
Franciscan	$ 17,137	$ --	N/A
Corporate Operations and Other	$ 2,889	$ 1,093	164.3 %
Intersegment eliminations	$ (3,026)	$ --	N/A
Consolidated Net Sales	$ 1,151,749	$ 662,314	73.9 %

Net sales for Six Months 2000 increased to $1,151.7 million from $662.3 million for Six Months 1999, an increase of $489.4 million, or 73.9%.

CANANDAIGUA WINE

Net sales for Canandaigua Wine for Six Months 2000 increased to $333.8 million from $306.7 million for Six Months 1999, an increase of $27.1 million, or 8.8%. This increase resulted primarily from (i) an increase in sales of Arbor Mist, which was introduced in Second Quarter 1999, (ii) an increase in Almaden box wine sales, (iii) an increase in the Company's bulk wine sales, and (iv) growth in the Company's international business. These increases were partially offset by declines in certain other brands and in the Company's grape juice concentrate business.

BARTON

Net sales for Barton for Six Months 2000 increased to $451.0 million from $354.5 million for Six Months 1999, an increase of $96.4 million, or 27.2%. This increase resulted primarily from an increase in sales of imported beer brands led by Barton's Mexican portfolio as well as from $31.9 million of sales of products and services acquired in the Black Velvet Acquisition, which was completed in April 1999.

MATTHEW CLARK

Net sales for Matthew Clark for Six Months 2000 were $350.0 million.

FRANCISCAN

Net sales for Franciscan for Six Months 2000 since the date of acquisition, June 4, 1999, were $17.1 million.

GROSS PROFIT

The Company's gross profit increased to $345.3 million for Six Months 2000 from $195.3 million for Six Months 1999, an increase of $150.0 million, or 76.8%. The dollar increase in gross profit was primarily related to sales from the Matthew Clark, Black Velvet, Franciscan and Simi Acquisitions, all completed after Six Months 1999, as well as increased Barton beer and Canandaigua Wine wine sales. As a percent of net sales, gross profit increased to 30.0% for Six Months 2000 from 29.5% for Six Months 1999, resulting primarily from sales of higher-margin spirits and super-premium and ultra-premium wine acquired in the Black Velvet and Franciscan and Simi Acquisitions, respectively.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to $235.8 million for Six Months 2000 from $128.8 million for Six Months 1999, an increase of $107.0 million, or 83.1%. The dollar increase in selling, general and administrative expenses resulted primarily from the addition of the Matthew Clark and Franciscan businesses and expenses related to the brands acquired in the Black Velvet Acquisition. The Company also increased its marketing and promotional costs to generate additional sales volume, particularly of certain Canandaigua Wine brands and Barton beer brands. Selling, general and administrative expenses as a percent of net sales increased to 20.5% for Six Months 2000 as compared to 19.4% for Six Months 1999. The increase in percent of net sales resulted primarily from (i) Canandaigua Wine's investment in brand building and efforts to increase market share and (ii) the Matthew Clark, Franciscan and Simi Acquisitions, as Matthew Clark and Franciscan's selling, general and administrative expenses as a percent of net sales is typically at the high end of the range of the Company's operating segments' percentages.

NONRECURRING CHARGES

The Company incurred nonrecurring charges of $5.5 million in Six Months 2000 related to the closure of a production facility within the Matthew Clark operating segment in the United Kingdom and to a management reorganization within the Canandaigua Wine operating segment. No such charges were incurred in Six Months 1999.

OPERATING INCOME

The following table sets forth the operating profit/(loss) (in thousands of dollars) by operating segment of the Company for Six Months 2000 and Six Months 1999.

	Six Months 2000 Compared to Six Months 1999
	Operating Profit/(Loss)

	2000	1999	%Increase/ (Decrease)
Canandaigua Wine	$ 16,019	$ 17,661	(9.3)%
Barton	73,459	54,620	34.5 %
Matthew Clark	19,310	--	N/A
Franciscan	1,571	--	N/A
Corporate Operations and Other	(6,440)	(5,770)	11.6 %
Consolidated Operating Profit	$ 103,919	$ 66,511	56.2 %

As a result of the above factors, consolidated operating income increased to $103.9 million for Six Months 2000 from $66.5 million for Six Months 1999, an increase of $37.4 million, or 56.2%. Operating income for the Canandaigua Wine operating segment was down $1.6 million, or 9.3%, due to the nonrecurring charge of $2.6 million related to the segment's management reorganization, as well as additional marketing expenses associated with new product introductions. Exclusive of the nonrecurring charge, operating income increased by 5.2% to $18.6 million in Six Months 2000. Operating income for the Matthew Clark operating segment, excluding nonrecurring charges of $2.9 million, was $22.3 million.

INTEREST EXPENSE, NET

Net interest expense increased to $50.7 million for Six Months 2000 from $16.0 million for Six Months 1999, an increase of $34.7 million or 217.7%. The increase resulted primarily from additional interest expense associated with the borrowings related to the Matthew Clark, Black Velvet, Franciscan and Simi Acquisitions.

NET INCOME

As a result of the above factors, net income increased to $31.9 million for Six Months 2000 from $29.8 million for Six Months 1999, an increase of $2.1 million, or 7.1%.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Six Months 2000 were $138.1 million, an increase of $54.6 million over EBITDA of $83.5 million for Six Months 1999. EBITDA should not be construed as an alternative to operating income or net cash flow from operating activities and should not be construed as an indication of operating performance or as a measure of liquidity.

FINANCIAL LIQUIDITY AND CAPITAL RESOURCES

GENERAL

The Company's principal use of cash in its operating activities is for purchasing and carrying inventories. The Company's primary source of liquidity has historically been cash flow from operations, except during the annual fall grape harvests when the Company has relied on short-term borrowings. The annual grape crush normally begins in August and runs through October. The Company generally begins purchasing grapes in August with payments for such grapes beginning to come due in September. The Company's short-term borrowings to support such purchases generally reach their highest levels in November or December. Historically, the Company has used cash flow from operating activities to repay its short-term borrowings. 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 2000 CASH FLOWS

OPERATING ACTIVITIES

Net cash provided by operating activities for Six Months 2000 was $59.1 million, which resulted from $63.9 million in net income adjusted for noncash items, less $4.8 million representing the net change in the Company's operating assets and liabilities. The net change in operating assets and liabilities resulted primarily from a seasonal increase in accounts receivable, partially offset by increases in accrued income taxes, accrued advertising and promotion expenses and accrued grape purchases.

INVESTING ACTIVITIES AND FINANCING ACTIVITIES

Net cash used in investing activities for Six Months 2000 was $482.2 million, which resulted primarily from net cash paid of $452.5 million for the Black Velvet, Franciscan and Simi Acquisitions and $30.8 million of capital expenditures, including $4.1 million for vineyards.

Net cash provided by financing activities for Six Months 2000 was $399.9 million, which resulted primarily from proceeds of $664.1 million from issuance of long-term debt, including $400.0 million incurred in connection with the Black Velvet and Franciscan Acquisitions and $200.0 million incurred to repay amounts outstanding under the bank credit agreement. This amount was partially offset by principal payments of $242.5 million of long-term debt, repayment of $12.7 million of net revolving loan borrowings, and payment of $10.8 million of long-term debt issuance costs.

DEBT

Total debt outstanding as of August 31, 1999, amounted to $1,367.2 million, an increase of $441.8 million from February 28, 1999. The ratio of total debt to total capitalization increased to 74.5% as of August 31, 1999, from 68.0% as of February 28, 1999.

THE COMPANY'S CREDIT AGREEMENT

During June 1999, the Company financed the purchase price for the Franciscan Acquisition through additional term loan borrowings under the bank credit agreement. The Company financed the purchase price for the Simi Acquisition with revolving loan borrowings under the bank credit agreement.

During August 1999 as discussed below, a portion of the Company's borrowings under its bank credit agreement were repaid with the net proceeds of its senior notes offering.

As of August 31, 1999, under its bank credit agreement, the Company had outstanding term loans of $690.7 million bearing interest at 7.8%, $75.0 million of revolving loans bearing interest at 7.9%, undrawn revolving letters of credit of $10.4 million, and $214.6 million in revolving loans available to be drawn.

On October 6, 1999, the Company, certain of its principal operating subsidiaries, and a syndicate of banks (the "Syndicate Banks"), for which The Chase Manhattan Bank acts as administrative agent, entered into a new senior credit agreement (the "2000 Credit Agreement"). The 2000 Credit Agreement includes both U.S. dollar and British pound sterling commitments of the Syndicate Banks of up to, in the aggregate, the equivalent of $1.0 billion (subject to increase as therein provided to $1.2 billion). Proceeds of the 2000 Credit Agreement were used to repay all outstanding principal and accrued interest on all loans under the Company's prior bank credit agreement, and are available to fund permitted acquisitions and ongoing working capital needs of the Company and its subsidiaries.

The 2000 Credit Agreement provides for a $380.0 million Tranche I Term Loan facility due in December 2004, a $320.0 million Tranche II Term Loan facility available for borrowing in British pound sterling due in December 2004, and a $300.0 million Revolving Credit facility (including letters of credit up to a maximum of $20.0 million) which expires in December 2004. The Tranche I Term Loan facility requires quarterly repayments, starting at $12.0 million in March 2000 and increasing thereafter annually with final payments of $23.0 million in each quarter in 2004. The Tranche II Term Loan facility requires quarterly repayments of $1.6 million for each quarter in 2000, $3.2 million for each quarter in 2001 and 2002, $4.0 million for each quarter in 2003 and $68.0 million in each quarter in 2004 (all such repayments shall be in British pound sterling and the foregoing amounts reflect the U.S. dollar equivalents at closing on October 6, 1999). There are certain mandatory term loan prepayments, including those based on sale of assets and issuance of debt and equity, in each case subject to baskets, exceptions and thresholds which are generally more favorable to the Company than those contained in its prior bank credit agreement.

The rate of interest payable, at the Company's option, is a function of the London interbank offering rate (LIBOR) plus a margin, federal funds rate plus a margin, or the prime rate plus a margin. The margin is adjustable based upon the Company's Debt Ratio (as defined in the 2000 Credit Agreement) and, with respect to LIBOR borrowings, ranges between 0.75% and 1.25% for Revolving Credit loans and 1.00% and 1.75% for Term Loans. The initial margin for all loans was set at the highest level at closing and is subject to reduction after November 30, 1999, depending on the Company's Debt Ratio. In addition to interest, the Company pays a facility fee on the Revolving Credit commitments, initially at 0.50% per annum and subject to reduction after November 30, 1999, to 0.25%, depending on the Company's Debt Ratio.

Certain of the Company's principal operating subsidiaries have guaranteed the Company's obligations under the 2000 Credit Agreement. In addition, subject to certain limitations applicable to

inactive subsidiaries and to some of the Company's foreign subsidiaries, all of the capital stock of each operating wholly-owned subsidiary (other than the subsidiaries of Matthew Clark) has been pledged to the Syndicate Banks as security for the obligations under the 2000 Credit Agreement.

The Company and its subsidiaries are subject to customary secured lending covenants including those restricting additional liens, incurring additional indebtedness, the sale of assets, the payment of dividends, transactions with affiliates and the making of certain investments, in each case subject to baskets, exceptions and thresholds which are generally more favorable to the Company than those contained in its prior bank credit agreement. The primary financial covenants require the maintenance of a debt coverage ratio, a senior debt coverage ratio, a fixed charges ratio and an interest coverage ratio. Among the most restrictive covenants contained in the 2000 Credit Agreement is the requirement to maintain a fixed charges ratio of not less than 1.0 at the last day of each fiscal quarter for the most recent four quarters.

As of October 14, 1999, under the 2000 Credit Agreement, the Company had outstanding term loans of $700.0 million bearing interest at 7.9%, $69.0 million of revolving loans bearing interest at 7.4%, undrawn revolving letters of credit of $10.4 million, and $220.6 million in revolving loans available to be drawn.

SENIOR NOTES

On August 4, 1999, the Company issued $200.0 million aggregate principal amount of 8 5/8% Senior Notes due August 2006 (the "Senior Notes"). The net proceeds of the offering (approximately $196.0 million) was used to repay a portion of the Company's borrowings under its bank credit agreement. Interest on the Senior Notes is payable semiannually on February 1 and August 1 of each year, beginning February 1, 2000. The Senior Notes are redeemable at the option of the Company, in whole or in part, at any time. The Senior Notes are unsecured senior obligations and rank equally in right of payment to all existing and future unsecured senior indebtedness of the Company. The Senior Notes are guaranteed, on a senior basis, by certain of the Company's significant operating subsidiaries.

SENIOR SUBORDINATED NOTES

As of August 31, 1999, the Company had outstanding $195.0 million aggregate principal amount of 8 3/4% Senior Subordinated Notes due December 2003 (the "Notes"). The Notes are currently redeemable, in whole or in part, at the option of the Company.

On March 4, 1999, the Company issued $200.0 million aggregate principal amount of 8 1/2% Senior Subordinated Notes due March 2009 (the "Senior Subordinated Notes"). The net proceeds of the offering (approximately $195.0 million) were used to fund the Black Velvet Acquisition and to pay the fees and expenses related thereto with the remainder of the net proceeds used for general corporate purposes. Interest on the Senior Subordinated Notes is payable semiannually on March 1 and September 1 of each year, beginning September 1, 1999. The Senior Subordinated Notes are redeemable at the option of the Company, in whole or in part, at any time on or after March 1, 2004. The Company may also redeem up to $70.0 million of the Senior Subordinated Notes using the proceeds of certain equity offerings completed before March 1, 2002. The Senior Subordinated 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 Senior Subordinated Notes are guaranteed, on a senior subordinated basis, by certain of the Company's significant operating subsidiaries.

ACCOUNTING PRONOUNCEMENTS

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 and measured at its fair value. SFAS No. 133 also 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.

In June 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137 ("SFAS No. 137"), "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 137 delays the effective date of SFAS No. 133 for one year. With the issuance of SFAS No. 137, the Company is required to adopt SFAS No. 133 on a prospective basis for interim periods and fiscal years beginning March 1, 2001. The Company believes the effect of adoption on its financial statements will not be material based on the Company's current risk management strategies.

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, have been inventoried and assessed. In addition, plans have been developed for the required systems modifications or replacements. With respect to its information technology systems, the Company has completed both the assessment and remediation phases. With respect to its non-information technology systems, the Company has completed the entire assessment phase and approximately 97% of the remediation phase. Final testing in selected areas, both internal and external, has confirmed the integrity of the Company's remediation programs. The Company's internal mission-critical information technology and non-information technology systems are Year 2000 compliant.

The Company has communicated 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. 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 have been virtually completed. The Company's key financial institutions have been surveyed and it is the Company's understanding that they are Year 2000 compliant.

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 financial condition, results of operations or cash flows.

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 are expected to be completed by October 31, 1999, and, by way of examples, will include back-up procedures, identification of alternate suppliers, where possible, and increases in 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, results of operations or cash flows. For example, the Company would experience a material adverse impact on its business if significant suppliers of beer, glass or other raw materials, or utility 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 forward-looking statements will be achieved, and actual results could differ significantly from those contemplated.

EURO CONVERSION ISSUES

Effective January 1, 1999, eleven of the fifteen member countries of the European Union (the "Participating Countries") established fixed conversion rates between their existing sovereign currencies and the euro. For three years after the introduction of the euro, the Participating Countries can perform financial transactions in either the euro or their original local currencies. This will result in a fixed exchange rate among the Participating Countries, whereas the euro (and the Participating Countries' currency in tandem) will continue to float freely against the U.S. dollar and other currencies of the non-participating countries. The Company does not believe that the effects of the conversion will have a material adverse effect on the Company's business and operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information about market risks for the six months ended August 31, 1999, does not differ materially from that discussed under Item 7A in the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1999.

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 20, 1999 (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 approve Amendment Number 6 to the Company's 1989 Employee Stock Purchase Plan. (This Amendment grants the committee administering the plan the authority to designate the subsidiaries of the Company whose employees are eligible to participate in the plan.)

(ii) Proposal to approve Amendment Number Two to the Company's Long-Term Stock Incentive Plan. (This Amendment increases the aggregate number of shares of the Class A Common Stock available for awards under the plan from 4,000,000 shares to 7,000,000 shares.)

(iii) Proposal to ratify the selection of Arthur Andersen LLP, Certified Public Accountants, as the Company's independent auditors for the fiscal year ending February 29, 2000.

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	12,616,998	91,925
Paul L. Smith	12,617,056	91,867

Directors Elected By the Holders of Class B Stock:

Nominee	For	Withheld
George Bresler	30,958,690	60,000
James A. Locke, III	30,960,190	58,500
Marvin Sands	30,960,190	58,500
Richard Sands	30,955,090	63,600
Robert Sands	30,955,090	63,600

II. The proposal to approve Amendment Number 6 to the Company's 1989 Employee Stock Purchase Plan was approved with the following votes:

For:	42,506,828
Against:	1,115,603
Abstain:	49,272
Broker Nonvotes:	55,910

III. The proposal to approve Amendment Number Two to the Company's Long-Term Stock Incentive Plan was approved with the following votes:

For:	33,170,879
Against:	7,609,424
Abstain:	53,944
Broker Nonvotes:	2,893,366

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

For:	43,662,767
Against:	6,487
Abstain:	58,359
Broker Nonvotes:	0

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) See Index to Exhibits located on Page 34 of this Report.

(b) The following Reports on Form 8-K were filed with the Securities and Exchange Commission during the quarter ended August 31, 1999:

(i) Form 8-K/A dated April 9, 1999. This Form 8-K reported information under Item 7 (Financial Statements and Exhibits). The following financial statements were filed with this Form 8-K/A:

The Diageo Inc. Statement of Assets and Liabilities Related to the Product Lines Sold to Canandaigua Brands, Inc. as of April 9, 1999, and the Statement of Identified Income and Expenses Related to the Product Lines Sold to Canandaigua Brands, Inc. for the year ended December 31, 1998, and the report of KPMG LLP, independent auditors, thereon, together with the notes thereto.

The pro forma condensed combined balance sheet (unaudited) as of February 28, 1999, and the pro forma condensed combined statement of income (unaudited) for the year ended February 28, 1999, and the notes thereto.

(ii) Form 8-K dated June 4, 1999. This Form 8-K reported information under Item 2 (Acquisition or Disposition of Assets) and Item 7 (Financial Statements and Exhibits).

(iii) Form 8-K dated June 8, 1999. This Form 8-K reported information under Item 5 (Other Events).

(iv) Form 8-K dated June 23, 1999. This Form 8-K reported information under Item 5 (Other Events) and included (i) the Company's Condensed Consolidated Balance Sheets as of May 31, 1999 and February 28, 1999; and (ii) the Company's Condensed Consolidated Statements of Income for the three months ended May 31, 1999 (unaudited) and May 31, 1998 (unaudited).

(v) Form 8-K dated July 28, 1999. This Form 8-K reported information under Item 7 (Financial Statements and Exhibits).

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: October 15, 1999

By: /s/ Thomas F. Howe

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

Dated: October 15, 1999 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: October 15, 1999 By: /s/ Thomas F. Howe

Thomas F. Howe, Controller

Dated: October 15, 1999 By: /s/ Thomas S. Summer

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

CANANDAIGUA WINE COMPANY, INC.

Dated: October 15, 1999 By: /s/ Thomas F. Howe

Thomas F. Howe, Controller

Dated: October 15, 1999 By: /s/ Thomas S. Summer

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

CANANDAIGUA EUROPE LIMITED

Dated: October 15, 1999 By: /s/ Thomas F. Howe

Thomas F. Howe, Controller

Dated: October 15, 1999 By: /s/ Thomas S. Summer

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

CANANDAIGUA LIMITED

Dated: October 15, 1999 By: /s/ Thomas F. Howe

Thomas F. Howe, Authorized Officer

Dated: October 15, 1999 By: /s/ Thomas S. Summer

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

POLYPHENOLICS, INC.

Dated: October 15, 1999 By: /s/ Thomas F. Howe

Thomas F. Howe, Vice President and Controller

Dated: October 15, 1999 By: /s/ Thomas S. Summer

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

ROBERTS TRADING CORP.

Dated: October 15, 1999 By: /s/ Thomas F. Howe

Thomas F. Howe, Controller

Dated: October 15, 1999 By: /s/ Thomas S. Summer

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

BARTON INCORPORATED

Dated: October 15, 1999 By: /s/ Alexander L. Berk

Alexander L. Berk, President and Chief Executive Officer

Dated: October 15, 1999 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: October 15, 1999 By: /s/ Alexander L. Berk

Alexander L. Berk, Executive Vice President

Dated: October 15, 1999 By: /s/ Raymond E. Powers

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

BARTON BEERS, LTD.

Dated: October 15, 1999 By: /s/ Alexander L. Berk

Alexander L. Berk, Executive Vice President

Dated: October 15, 1999 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: October 15, 1999 By: /s/ Alexander L. Berk

Alexander L. Berk, President

Dated: October 15, 1999 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: October 15, 1999 By: /s/ Alexander L. Berk

Alexander L. Berk, President

Dated: October 15, 1999 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: October 15, 1999 By: /s/ Alexander L. Berk

Alexander L. Berk, President

Dated: October 15, 1999 By: /s/ Raymond E. Powers

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

BARTON FINANCIAL CORPORATION

Dated: October 15, 1999 By: /s/ Raymond E. Powers

Raymond E. Powers, President and
Secretary

Dated: October 15, 1999 By: /s/ Charles T. Schlau

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

STEVENS POINT BEVERAGE CO.

Dated: October 15, 1999 By: /s/ Alexander L. Berk

Alexander L. Berk, Executive Vice
President

Dated: October 15, 1999 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: October 15, 1999 By: /s/ Alexander L. Berk

Alexander L. Berk, President

Dated: October 15, 1999 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: October 15, 1999 By: /s/ Alexander L. Berk

Alexander L. Berk, President

Dated: October 15, 1999 By: /s/ Raymond E. Powers

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

INDEX TO EXHIBITS

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

SUCCESSION.

2.1 Asset Purchase Agreement dated as of February 21, 1999 by and among Diageo Inc., UDV Canada Inc., United Distillers Canada Inc. and the Company (filed as Exhibit 2 to the Company's Current Report on Form 8-K dated April 9, 1999 and incorporated herein by reference).

2.2 Stock Purchase Agreement, dated April 21, 1999, between Franciscan Vineyards, Inc., Agustin Huneeus, Agustin Francisco Huneeus, Jean-Michel Valette, Heidrun Eckes-Chantre Und Kinder Beteiligungsverwaltung II, GbR, Peter Eugen Eckes Und Kinder Beteiligungsverwaltung II, GbR, Harald Eckes-Chantre, Christina Eckes-Chantre, Petra Eckes-Chantre and Canandaigua Brands, Inc. (filed as Exhibit 2.1 on the Company's Current Report on Form 8-K dated June 4, 1999 and incorporated herein by reference).

2.3 Stock Purchase Agreement by and between Canandaigua Wine Company, Inc. (a wholly-owned subsidiary of the Company) and Moet Hennessy, Inc. dated April 1, 1999 (including a list briefly identifying the contents of all omitted schedules thereto) (filed as exhibit 2.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 1999 and incorporated herein by reference).

(3) ARTICLES OF INCORPORATION AND BY-LAWS.

3.1 Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1998 and incorporated herein by reference).

3.2 Amended and Restated By-Laws of the Company (filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1998 and incorporated herein by reference).

(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), as Trustee (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. (a subsidiary of the Company now known as Canandaigua Wine Company, Inc.) and The Chase Manhattan Bank (as successor to Chemical Bank), as Trustee (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), as Trustee (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, as Trustee (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 Fourth Supplemental Indenture, dated as of October 2, 1998, among the Company, Polyphenolics, Inc. and The Chase Manhattan Bank, as Trustee (filed as Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1998 and incorporated herein by reference).

4.6 Fifth Supplemental Indenture, dated as of December 11, 1998, among the Company, Canandaigua B.V., Canandaigua Limited and The Chase Manhattan Bank, as Trustee (filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1999 and incorporated herein by reference).

4.7 Sixth Supplemental Indenture, dated as of July 28, 1999, among the Company, Barton Canada, Ltd., Simi Winery, Inc., Franciscan Vineyards, Inc., Allberry, Inc., M.J. Lewis Corp., Cloud Peak Corporation, Mt. Veeder Corporation, SCV-EPI Vineyards, Inc., and The Chase Manhattan Bank, as Trustee (filed herewith).

4.8 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, as Trustee (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-4

(Registration No. 333-17673) and incorporated herein by reference).

4.9 First Supplemental Indenture, dated as of December 19, 1997, among the Company, Canandaigua Europe Limited, Roberts Trading Corp. and Harris Trust and Savings Bank, as Trustee (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).

4.10 Second Supplemental Indenture, dated as of October 2, 1998, among the Company, Polyphenolics, Inc. and Harris Trust and Savings Bank, as Trustee (filed as Exhibit 4.8 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1998 and incorporated herein by reference).

4.11 Third Supplemental Indenture, dated as of December 11, 1998, among the Company, Canandaigua B.V., Canandaigua Limited and Harris Trust and Savings Bank, as Trustee (filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1999 and incorporated herein by reference).

4.12 Fourth Supplemental Indenture, dated as of July 28, 1999, among the Company, Barton Canada, Ltd., Simi Winery, Inc., Franciscan Vineyards, Inc., Allberry, Inc., M.J. Lewis Corp., Cloud Peak Corporation, Mt. Veeder Corporation, SCV-EPI Vineyards, Inc., and Harris Trust and Savings Bank, as Trustee (filed herewith).

4.13 First Amended and Restated Credit Agreement, dated as of November 2, 1998, between the Company, certain principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 1, 1998 and incorporated herein by reference).

4.14 Second Amended and Restated Credit Agreement, dated as of May 12, 1999, between the Company, certain principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated June 4, 1999 and incorporated herein by reference).

4.15 Incremental Facility Loan Agreement, dated as of May 27, 1999, between the Company, certain principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (filed as Exhibit 4.3 to the Company's Current Report on Form 8-K dated June 4, 1999 and incorporated herein by reference).

4.16 Amendment No. 1 to the Second Amended and Restated Credit Agreement, dated as of August 4, 1999, between the Company, certain principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (filed herewith).

4.17 Indenture with respect to 8 1/2% Senior Subordinated Notes due 2009, dated as of February 25, 1999, among the Company, as issuer, certain principal operating subsidiaries, as Guarantors, and Harris Trust and Savings Bank, as Trustee (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K dated February 25, 1999 and incorporated herein by reference).

4.18 Supplemental Indenture No. 1, dated as of February 25, 1999, by and among the Company, as Issuer, its principal operating subsidiaries, as Guarantors, and Harris Trust and Savings Bank, as Trustee (filed as Exhibit 99.2 to the Company's Current Report on Form 8-K dated February 25, 1999 and incorporated herein by reference).

4.19 Supplemental Indenture No. 2, dated as of August 4, 1999, by and among the Company, as Issuer, its principal operating subsidiaries, as Guarantors, and Harris Trust and Savings Bank, as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 28, 1999 and incorporated herein by reference).

4.20 Supplemental Indenture No. 3, dated as of August 6, 1999, by and among the Company, Canandaigua B.V., Barton Canada, Ltd., Simi Winery, Inc., Franciscan Vineyards, Inc., Allberry, Inc., M.J. Lewis Corp., Cloud Peak Corporation, Mt. Veeder Corporation, SCV-EPI Vineyards, Inc., and Harris Trust and Savings Bank, as Trustee (filed herewith).

(10) MATERIAL CONTRACTS.

Amendment Number Two to the Company's Long-Term Stock Incentive Plan (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.

(27) FINANCIAL DATA SCHEDULE.

Financial Data Schedule (filed herewith).

(99) ADDITIONAL EXHIBITS.

Not applicable.

EXHIBIT 4.20

SUPPLEMENTAL INDENTURE NO. 3 (the "Supplement"), dated as of August 6, 1999, is entered into by and among CANANDAIGUA BRANDS, INC. (formerly known as Canandaigua Wine Company, Inc.), a Delaware corporation (the "Company"), and Canandaigua B.V., a private company with limited liability incorporated under the laws of the Netherlands, Barton Canada, Ltd., an Illinois corporation, Simi Winery, Inc., a California corporation, Franciscan Vineyards, Inc., a Delaware corporation, Allberry, Inc., a California corporation, M.J. Lewis Corp., a California corporation, Cloud Peak Corporation, a California corporation, Mt. Veeder Corporation, a California corporation and SCV-EPI Vineyards, Inc., a New York corporation, each being, directly or indirectly, a wholly-owned subsidiary of the Company (individually a "New Guarantor" and collectively the "New Guarantors"), and HARRIS TRUST AND SAVINGS BANK , as Trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE NEW GUARANTORS

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of February 25, 1999 (the "Base Indenture"), a Supplemental Indenture No. 1, dated as of February 25, 1999 with respect to the issuance by the Company of $200,000,000 aggregate principal amount of the Company's 8 1/2% Senior Subordinated Notes due 2009 (the "First Supplemental Indenture"), and a Supplemental Indenture No. 2 dated as of August 4, 1999 with respect to the issuance by the Company of up to $400,000,000 aggregate principal amount of the Company's 8 5/8% Senior Notes due 2006 (the "Second Supplemental Indenture" and collectively with the Base Indenture and the First Supplemental Indenture, the "Indentures") pursuant to which the Guarantors have agreed to guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations; and

WHEREAS, the New Guarantors have become Subsidiaries and pursuant to the Indentures are obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations; and

WHEREAS, pursuant to the Indentures, the Company, the New Guarantors and the Trustee may enter into this Supplement without the consent of any Holder; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and the New Guarantors, and enforceable against the Company and the New Guarantors in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

ARTICLE ONE
THE NEW GUARANTEE

Section 101. For value received, the New Guarantors hereby absolutely, unconditionally and irrevocably guarantee (the "New Guarantee"), jointly and severally among themselves and

the Guarantors, to the Trustee and the Holders, as if each New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by the New Guarantors shall constitute and shall be deemed to constitute a Guarantee under the Indentures and for all purposes of the Indentures as if each of the New Guarantors was originally named therein as the Guarantor.

Section 102. The New Guarantee shall be released upon the occurrence of the events as provided in the Indentures.

Section 103. The New Guarantors hereby waive, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by such Subsidiary under its Guarantee under the Indentures.

ARTICLE TWO
MISCELLANEOUS

Section 201. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indentures

shall have the meanings assigned to them in the Indentures. Except as supplemented hereby, the Indentures (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 202. The recitals contained herein shall be taken as the statements of the Company and the New Guarantors, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 203. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Indentures and their construction.

Section 2.04. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and their respective seals to be affixed hereunto and duly attested all as of the day and year first above written.

CANANDAIGUA BRANDS, INC.

[Corporate Seal]

By: /s/Thomas S. Summer
Name: Thomas S. Summer
Title: Senior Vice President and Chief Financial Officer

Attest: /s/David S. Sorce
Title: Secretary

CANANDAIGUA B.V.

By: /s/Thomas S. Summer
Name: Thomas S. Summer
Title: Authorized Representative

BARTON CANADA, LTD.

By: /s/Thomas S. Summer
Name: Thomas S. Summer
Title: Vice President

SIMI WINERY, INC.

By: /s/Thomas S. Summer
Name: Thomas S. Summer
Title: President and Treasurer

FRANCISCAN VINEYARDS, INC.

By: /s/Thomas S. Summer
Name: Thomas S. Summer
Title: Vice President and Treasurer

ALLBERRY, INC.

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Name: Thomas S. Summer
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M.J. LEWIS CORP.

By: /s/Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President and Treasurer

CLOUD PEAK CORPORATION

By: /s/Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President and Treasurer

MT. VEEDER CORPORATION

By: /s/Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President and Treasurer

SCV-EPI VINEYARDS, INC.

By: /s/Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President and Treasurer

HARRIS TRUST AND SAVINGS BANK

[Corporate Seal]

By: /s/J. Bartolini

Name: J. Bartolini
Title: Vice President

Attest: /s/Ray Nowakowski

Title: Asst. Secretary

EXHIBIT 4.20

SUPPLEMENTAL INDENTURE NO. 3 (the "Supplement"), dated as of August 6, 1999, is entered into by and among CANANDAIGUA BRANDS, INC. (formerly known as Canandaigua Wine Company, Inc.), a Delaware corporation (the "Company"), and Canandaigua B.V., a private company with limited liability incorporated under the laws of the Netherlands, Barton Canada, Ltd., an Illinois corporation, Simi Winery, Inc., a California corporation, Franciscan Vineyards, Inc., a Delaware corporation, Allberry, Inc., a California corporation, M.J. Lewis Corp., a California corporation, Cloud Peak Corporation, a California corporation, Mt. Veeder Corporation, a California corporation and SCV-EPI Vineyards, Inc., a New York corporation, each being, directly or indirectly, a wholly-owned subsidiary of the Company (individually a "New Guarantor" and collectively the "New Guarantors"), and HARRIS TRUST AND SAVINGS BANK , as Trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE NEW GUARANTORS

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of February 25, 1999 (the "Base Indenture"), a Supplemental Indenture No. 1, dated as of February 25, 1999 with respect to the issuance by the Company of $200,000,000 aggregate principal amount of the Company's 8 1/2% Senior Subordinated Notes due 2009 (the "First Supplemental Indenture"), and a Supplemental Indenture No. 2 dated as of August 4, 1999 with respect to the issuance by the Company of up to $400,000,000 aggregate principal amount of the Company's 8 5/8% Senior Notes due 2006 (the "Second Supplemental Indenture" and collectively with the Base Indenture and the First Supplemental Indenture, the "Indentures") pursuant to which the Guarantors have agreed to guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations; and

WHEREAS, the New Guarantors have become Subsidiaries and pursuant to the Indentures are obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations; and

WHEREAS, pursuant to the Indentures, the Company, the New Guarantors and the Trustee may enter into this Supplement without the consent of any Holder; and

WHEREAS, all conditions and requirements necessary to make the Supplement valid and binding upon the Company and the New Guarantors, and enforceable against the Company and the New Guarantors in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Securities, as follows:

ARTICLE ONE
THE NEW GUARANTEE

Section 101. For value received, the New Guarantors hereby absolutely, unconditionally and irrevocably guarantee (the "New Guarantee"), jointly and severally among themselves and

the Guarantors, to the Trustee and the Holders, as if each New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The agreements made and obligations assumed hereunder by the New Guarantors shall constitute and shall be deemed to constitute a Guarantee under the Indentures and for all purposes of the Indentures as if each of the New Guarantors was originally named therein as the Guarantor.

Section 102. The New Guarantee shall be released upon the occurrence of the events as provided in the Indentures.

Section 103. The New Guarantors hereby waive, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by such Subsidiary under its Guarantee under the Indentures.

ARTICLE TWO
MISCELLANEOUS

Section 201. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indentures

shall have the meanings assigned to them in the Indentures. Except as supplemented hereby, the Indentures (including the Guarantees incorporated therein) and the notes issued pursuant thereto are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

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[Corporate Seal]

By: /s/Thomas S. Summer
Name: Thomas S. Summer
Title: Senior Vice President and Chief Financial Officer

Attest: /s/David S. Sorce
Title: Secretary

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By: /s/J. Bartolini

Name: J. Bartolini
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Attest: /s/Ray Nowakowski

Title: Asst. Secretary

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WHEREAS, the New Guarantors have become Subsidiaries and pursuant to the Indentures are obligated to enter into this Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations; and

WHEREAS, pursuant to the Indentures, the Company, the New Guarantors and the Trustee may enter into this Supplement without the consent of any Holder; and

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Section 102. The New Guarantee shall be released upon the occurrence of the events as provided in the Indentures.

Section 103. The New Guarantors hereby waive, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Subsidiary as a result of any payment by such Subsidiary under its Guarantee under the Indentures.

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[Corporate Seal]

By: /s/Thomas S. Summer

Name: Thomas S. Summer
Title: Senior Vice President and Chief Financial Officer

Attest: /s/David S. Sorce

Title: Secretary

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Attest: /s/Ray Nowakowski

Title: Asst. Secretary

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CANANDAIGUA BRANDS, INC.

[Corporate Seal]

By: /s/Thomas S. Summer
Name: Thomas S. Summer
Title: Senior Vice President and Chief Financial Officer

Attest: /s/David S. Sorce
Title: Secretary

CANANDAIGUA B.V.

By: /s/Thomas S. Summer
Name: Thomas S. Summer
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By: /s/Thomas S. Summer
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Name: Thomas S. Summer
Title: Vice President and Treasurer

HARRIS TRUST AND SAVINGS BANK

[Corporate Seal]

By: /s/J. Bartolini

Name: J. Bartolini
Title: Vice President

Attest: /s/Ray Nowakowski

Title: Asst. Secretary

EXHIBIT 10

AMENDMENT NUMBER TWO TO THE
CANANDAIGUA BRANDS, INC.
LONG-TERM STOCK INCENTIVE PLAN

This Amendment Number Two to the Canandaigua Brands, Inc. Long-Term Stock Incentive Plan, as amended (the "Plan"), was approved pursuant to Section 19 of the Plan by the Board of Directors of Canandaigua Brands, Inc. (the "Company"), acting in its capacity as the Committee under the Plan, and by the stockholders of the Company. Capitalized terms used herein which are not otherwise defined shall have the meanings ascribed to them in the Plan and Annex A thereto.

The Plan is hereby amended to increase the number of shares of the Company's Common Stock with respect to which Awards may be made under the Plan from four million shares to seven million shares by amending the first sentence of the first paragraph of Section 4 of the Plan to read in its entirety as follows:

> The total number of shares of the Company's Common Stock available for Awards under the Plan in the aggregate shall not exceed seven million shares.

In witness whereof, Canandaigua Brands, Inc. has caused this instrument to be executed as of July 20, 1999.

CANANDAIGUA BRANDS, INC.

By: /s/ Richard Sands
Richard Sands, President

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,			
	1999		1998	
	Basic	Diluted	Basic	Diluted
Income applicable to common shares	$31,947	$31,947	$29,830	$29,830
Adjustments	-	-	-	-
Income applicable to common shares	$31,947	$31,947	$29,830	$29,830
Shares:				
Weighted average common shares outstanding	17,994	17,994	18,669	18,669
Adjustments:				
Stock options	-	465	-	499
Adjusted weighted average common shares outstanding	17,994	18,459	18,669	19,168
Earnings per common share	$ 1.78	$ 1.73	$ 1.60	$ 1.56

	For the Three Months Ended August 31,			
	1999		1998	
	Basic	Diluted	Basic	Diluted
Income applicable to common shares	$21,101	$21,101	$16,731	$16,731
Adjustments	-	-	-	-
Income applicable to common shares	$21,101	$21,101	$16,731	$16,731
Shares:				
Weighted average common shares outstanding	18,010	18,010	18,589	18,589
Adjustments:				
Stock options	-	489	-	462
Adjusted weighted average common shares outstanding	18,010	18,499	18,589	19,051
Earnings per common share	$ 1.17	$ 1.14	$ 0.90	$ 0.88

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This schedule contains summary financial information extracted from the Company's August 31, 1999 Form 10-Q and is qualified in its entirety by reference to such financial statements.
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