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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 MAY 31, 1995

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 No. 0-7570

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

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

116 Buffalo Street, Canandaigua, New York 14424
(Address of Principal Executive Offices) (Zip Code)
Registrant's Telephone Number, Including Area Code (716)394-7900

None
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

The number of shares outstanding of each of the Registrant's classes of common stock as of DATE OF SHAREHOLDING AMOUNTS GOES HERE is set forth below.

Class	Number of Shares Outstanding
Class A Common Stock (Par Value $.01 Per Share)	16,178,802
Class B Common Stock (Par Value $.01 Per Share)	3,382,958

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Part 1 - Financial Information

Item 1. Financial Statements

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

<S>	<C>	<C>
	May 31, 1995	August 31, 1994
	----	----
	(Unaudited) (in thousands)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash investments	$ 8,826	$ 1,495
Accounts receivable, net	118,211	122,124
Inventories, net	289,226	301,053
Prepaid expenses and other current assets	25,645	29,377
Total current assets	441,908	454,049
PROPERTY, PLANT AND EQUIPMENT, NET	201,277	194,283
OTHER ASSETS	166,052	178,230
Total Assets	$ 809,237	$ 826,562
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		

Notes Payable	$ -	$ 19,000
Current maturities of long-term debt	37,768	31,001
Accounts payable	41,277	75,506
Accrued federal and state excise taxes	13,879	16,657
Other accrued expenses and liabilities	72,057	96,061
Total current liabilities	164,981	238,225
LONG - TERM DEBT, less current maturities	232,787	289,122
DEFERRED INCOME TAXES	43,826	43,774
OTHER LIABILITIES	28,140	51,248
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A Common Stock, $ .01 par value- Authorized, 60,000,000 shares; Issued, 17,365,457 shares at May 31, 1995 and 13,832,597 shares at August 31, 1994	174	138
Class B Convertible Common Stock, $.01 par value- Authorized, 20,000,000 shares; Issued, 4,008,683 shares at May 31, 1995 and 4,015,776 shares at August 31, 1994	40	40
Additional Paid-in Capital	217,578	113,348
Retained earnings	129,215	98,258
	347,007	211,784
Less-Treasury stock-		
Class A Common Stock, 1,186,655 shares at May 31, 1995 and August 31, 1994, at cost	(5,297)	(5,384)
Class B Convertible Common Stock, 625,725 shares at May 31, 1995 and August 31, 1994, at cost	(2,207)	(2,207)
	(7,504)	(7,591)
Total stockholders' equity	339,503	204,193
Total liabilities and stockholders' equity	$ 809,237	$ 826,562

The accompanying notes to consolidated financial statements are an integral part of these statements.
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CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
Consolidated Statements of Income and Retained Earnings

	Nine Months Ended		Three Months Ended	
	May 31, 1995 (unaudited)	May 31, 1994 (unaudited)	May 31, 1995 (unaudited)	May 31, 1994 (unaudited)
	(in thousands, except share and per share data)			
<S>	<C>	<C>	<C>	<C>
GROSS SALES	$ 887,719	$ 618,616	$ 295,414	$ 212,044
Less - Excise taxes	(210,464)	(169,877)	(72,644)	(57,821)
Net sales	677,255	448,739	222,770	154,223
COST OF PRODUCT SOLD	(487,202)	(319,640)	(159,508)	(111,448)
Gross profit	190,053	129,099	63,262	42,775
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(118,759)	(87,109)	(38,834)	(27,449)
NONRECURRING RESTRUCTURING EXPENSES	(1,653)	-	(968)	-
Operating income	69,641	41,990	23,460	15,326
INTEREST INCOME	396	238	61	164
INTEREST EXPENSE	(19,700)	(13,084)	(6,224)	(4,724)
Income before provision for federal and state income taxes	50,337	29,144	17,297	10,766
PROVISION FOR FEDERAL AND STATE INCOME TAXES	(19,380)	(11,094)	(6,660)	(4,111)
NET INCOME	30,957	18,050	10,637	6,655
RETAINED EARNINGS, BEGINNING	98,258	86,525	118,578	97,920
RETAINED EARNINGS, ENDING	$ 129,215	$ 104,575	$ 129,215	$ 104,575

PER SHARE DATA				
Net income per common and common equivalent share:				
Primary	$1.64	$1.16	$.53	$.41
Fully Diluted	$1.63	$1.13	$.53	$.41
Weighted average shares outstanding:				
Primary	18,872,144	15,590,328	19,974,882	16,361,827
Fully diluted	18,989,785	16,329,966	20,012,386	16,361,827
Dividend per share	None	None	None	None

The accompanying notes to consolidated financial statements are an integral part of these statements.
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CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

<S>	<C>	<C>	<C>	<C>
	Nine Months Ended		Three Months Ended	
	May 31, 1995 (unaudited)	May 31, 1994 (unaudited)	May 31, 1995 (unaudited)	May 31, 1994 (unaudited)
	(in thousands)		(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	$ 30,957	$ 18,050	$ 10,637	$ 6,655
Adjustments to reconcile net income to net cash (used in) provided by operating activities:				
Depreciation of property, plant and equipment	13,317	7,520	3,531	2,787
Amortization of intangible assets	4,350	2,823	1,485	1,174
Change in deferred taxes	53	861	(4)	1,109
Accrued interest on converted debentures	-	161	-	-
Change in assets and liabilities, net of effects from purchase of business:				
Accounts receivable	3,913	(2,161)	2,327	(6,762)
Inventories	11,826	16,060	30,609	11,322
Prepaid expenses	3,733	(1,885)	654	(1,207)
Accounts payable	(34,229)	(40,287)	(4,161)	1,152
Accrued federal and state excise taxes	(2,779)	(853)	(9,686)	(5,797)
Other accrued expenses and liabilities	(33,309)	(2,164)	(5,134)	2,701
Other	(5,975)	(8,803)	(2,158)	318
Total adjustments	(39,100)	(28,728)	17,463	6,797
Net cash (used in) provided by operating activities	(8,143)	(10,678)	28,100	13,452
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment, net of minor disposals	(20,310)	(5,262)	(8,968)	(2,462)
Acquisition costs for purchase of business-net of cash acquired	-	3	-	-
Net cash used in investing activities	(20,310)	(5,259)	(8,968)	(2,462)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net proceeds of Notes Payable	50,100	17,681	(7,000)	(13,000)
Repayment of Notes Payable from proceeds of Term Loan	(47,000)	-	-	-
Repayment of Notes Payable from equity offering proceeds	(22,100)	-	-	-
Principal payments of long-term debt	(14,568)	(4,474)	(7,094)	(2,034)
Proceeds of Term Loan, long-term debt	47,000	-	-	-
Repayment of Term Loan from equity offering proceeds, long-term debt	(82,000)	-	-	-
Proceeds from equity offering, net	103,313	-	-	-
Proceeds of employee stock purchase plan	633	545	633	-
Exercise of employee stock options	406	10	65	-

Fractional shares paid for debenture conversions	-	(3)	-	-
Net cash provided by (used in) financing activities	35,784	13,759	(13,396)	(15,034)
NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS	7,331	(2,178)	5,736	(4,044)
CASH AND CASH EQUIVALENTS, beginning of period	1,495	3,718	3,090	5,584
CASH AND CASH EQUIVALENTS, end of period	$ 8,826	$ 1,540	$ 8,826	$ 1,540
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid during the period for:				
Interest	$ 16,055	$ 8,729	$ 1,987	$ 2,007
Income taxes	$ 11,293	$ 11,324	$ 1,839	$ 3,316
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:				
Fair value of assets acquired	$ -	$ 237,783	$ -	$ -
Liabilities assumed	-	(90,951)	-	-
Consideration paid	$ -	$ 146,832	$ -	$ -
Less - amounts borrowed	-	(142,622)	-	-
Less - issuance of Class A Common Stock options	-	(4,210)	-	-
Net cash paid for acquisition	$ -	$ 0	$ -	$ -
Issuance of Class A Common Stock for conversion of debentures	$ -	$ 58,960	$ -	$ -
Write off unamortized deferred financing costs on debentures	-	(1,569)	-	-
Write off unpaid accrued interest on debentures through conversion date	-	1,371	-	-
Total addition to Stockholders' Equity from Conversion	$ -	$ 58,762	$ -	$ -

The accompanying notes to consolidated financial statements are an integral part of these statements.
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CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
May 31, 1995

1) MANAGEMENT REPRESENTATIONS:

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q and reflect, in the opinion of the Company, all adjustments necessary to present fairly the financial information for Canandaigua Wine Company, Inc. and its consolidated subsidiaries. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted as permitted by such rules and regulations. These consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K, for the fiscal year ended August 31, 1994.

2) INVENTORIES:

Inventories are valued at the lower of cost (computed in accordance with the last-in, first-out (LIFO) or first-in, first-out (FIFO) methods) or market. The percentage of inventories valued using the LIFO method is 94%, 95% and 93% at May 31, 1995, August 31, 1994, and May 31, 1994, respectively. Replacement cost of the inventories determined on a FIFO basis approximated $273,707,000, $289,209,000 and $215,199,000 at May 31, 1995, August 31, 1994, and May 31, 1994, respectively. At May 31, 1995, August 31, 1994, and May 31, 1994, the net realizable value of the Company's inventories was in excess of $289,226,000, $301,053,000 and $215,516,000, respectively.

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

	May 31, 1995	August 31, 1994	May 31, 1994
		(in thousands)	
Raw materials and supplies	$ 41,752	$ 36,477	$ 29,062
Wines and distilled spirits in process	186,416	199,183	137,091
Finished case goods	61,058	65,393	49,363

	$289,226	$ 301,053	$ 215,516

3) PROPERTY, PLANT AND EQUIPMENT:

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

	May 31, 1995	August 31, 1994
	(in thousands)	
Land	$ 13,814	$ 13,814
Buildings and improvements	62,836	62,440
Machinery and equipment	172,901	168,222
Motor vehicles	5,150	2,552
Construction in progress	20,744	8,989
	275,445	256,017
Less - Accumulated depreciation	(74,168)	(61,734)
	$ 201,277	$ 194,283

4) OTHER ASSETS:

The major components of other assets for the Company are as follows:

	May 31, 1995	August 31, 1994
	(in thousands)	
Goodwill	$ 79,511	$ 88,459
Distribution rights, agency license agreements and trademarks	72,970	72,970
Other	23,419	22,296
	175,900	183,725
Less - Accumulated amortization	(9,848)	(5,495)
	$166,052	$ 178,230

5) OTHER ACCRUED EXPENSES AND LIABILITIES:

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

	May 31, 1995	August 31, 1994
	(in thousands)	
Accrued Earn-out Amounts	$ -	$ 28,300
Accrued loss on noncancelable grape contracts	11,854	14,410
Other	60,203	53,351
	$ 72,057	$ 96,061

6) OTHER LIABILITIES:

The major components of other liabilities for the Company are as follows:

	May 31, 1995	August 31, 1994
	(in thousands)	
Accrued loss on noncancelable grape contracts	$ 24,980	$ 48,254
Other	3,160	2,994
	$ 28,140	$ 51,248

7) ACQUISITIONS:

The following table sets forth unaudited pro forma consolidated statements of income of the Company for the nine month periods ended May 31, 1995 and 1994. The nine month pro forma consolidated statements of income for the period ended May 31, 1994, gives effect to the Almaden/Inglenook Acquisition and the Vintners Acquisition as if they occurred on September 1, 1993. The unaudited pro forma consolidated statements of income 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 pro forma consolidated statements of income are based upon currently available information and upon certain assumptions that the Company believes reasonable under the circumstances. The pro forma consolidated statements of income do not purport to represent what the Company's results of operations would actually have been if the aforementioned transactions in fact had occurred on such date or at the beginning of the period indicated and do not purport to project the Company's financial position or results of operations at any future date or for any future period.

May 31, 1995	May 31, 1994
(in thousands, except share and per share data)	

Net sales	$ 677,255	$ 652,812
Income from continuing operations	71,294	54,421
Net income	$ 30,957	$ 20,753
Per share data:		
Net income per common share:		
Primary	$1.64	$1.33
Fully diluted	$1.63	$1.30
Weighted average shares outstanding:		
Primary	18,872,144	15,590,328
Fully diluted	18,989,785	16,329,966

In February 1995, the Company renegotiated the pricing on certain of its long-term grape contracts acquired in connection with the Almaden/Inglenook Acquisition. As a result, the estimated loss reserve at the date of acquisition was reduced by approximately $13 million with a corresponding reduction in goodwill.

8) BORROWINGS:

Borrowings consist of the following at May 31, 1995:

	Current	Long-Term	Total
Notes Payable:			
Senior Credit Facility: Revolving Credit Loans	-	-	-
Long-term Debt:			
Senior Credit Facility:			
Term loan, variable rate, original proceeds $177,000 due in installments through fiscal 2000	28,000	100,000	128,000
Senior Subordinated Notes: 8.75% redeemable after December 15, 1998, due 2003	-	130,000	130,000
Capitalized Lease Agreements: Capitalized facility and equipment leases at interest rates ranging from 8.9% to 18%, due in monthly installments through fiscal 1997	698	1,346	2,044
Industrial Development Agencies: 7.50% 1980 issue, original proceeds $2,370 due in annual installments of $118 through fiscal 1999	118	474	592
Other Long-term Debt:			
Loans payable - 5% secured by cash surrender value of officers' life insurance policies	-	967	967
Notes payable at 1% below prime rate ($3,000) to prime rate ($5,632), due in yearly installments through fiscal 1995	8,632	-	8,632
Promissory note at prime rate, due in equal yearly installments through fiscal 1996	320	-	320
	$ 37,768	$ 232,787	$ 270,555

9) STOCKHOLDERS' EQUITY:

Stock offering-

During November 1994, the Company completed a public offering and sold 3,000,000 shares of its Class A Common Stock resulting in net proceeds to the Company of approximately $95,428,000 after underwriters' discounts and commissions and estimated expenses. In connection with the offering, options to purchase 432,067 shares of Class A Common Stock, issued in connection with the Vintners Acquisition, were exercised and the Company received proceeds of $7,885,000. Under the terms of the amended Credit Agreement, approximately $82,000,000 was used to repay a portion of the Term Loan under the Company's Credit Agreement. The balance of net proceeds was used to repay Revolving Credit Loans under the Credit Facility.

10) THE RESTRUCTURING PLAN:

The Company provided for costs to restructure the operations of its California wineries (the Restructuring Plan) in the fourth quarter of fiscal 1994. Under the Restructuring Plan, all bottling operations at the Central Cellars Winery in Lodi, California, and the branded wine bottling operations at the Monterey Cellars Winery in Gonzales, California, will be moved to the Mission Bell Winery located in Madera, California, which was acquired by the Company in the Almaden/Inglenook Acquisition. The Company anticipates that implementation of the Restructuring Plan will result in approximately 260 jobs being eliminated. As of May 31, 1995, employment has been reduced by 153 persons and no facilities have been closed. The Company has a remaining accrual of approximately $6,632,000 and $9,106,000 at May 31, 1995 and August 31, 1994, respectively, relating to the Restructuring Plan. The Company expects to have the Restructuring Plan fully implemented by the end of fiscal 1995.

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

Results of Operations of the Company

The Company has realized significant growth in sales and profitability over recent years primarily as a result of acquisitions. The Company acquired the outstanding capital stock of Barton Incorporated ("Barton") on June 29, 1993 (the "Barton Acquisition"), the assets of Vintners International Company, Inc. ("Vintners") on October 15, 1993 (the "Vintners Acquisition"), and the Almaden, Inglenook and other brands, a grape juice concentrate product line and related assets from Heublein, Inc. (the "Almaden/Inglenook Product Lines") on August 5, 1994 (the "Almaden/Inglenook Acquisition"). The Company's results of operations for the nine months ended May 31, 1994 include the results of operations of Vintners from October 15, 1993, the date of the Vintners Acquisition, until the end of the period. The Company's results of operations for the quarter and nine months ended May 31, 1995 include the results of operations of the Almaden/Inglenook Product Lines for the complete periods.

On March 22, 1995, the Company announced that its spirits division, Barton Incorporated, and United Distillers Glenmore, Inc. ("UDG") had entered into a letter of intent under which the Company, through its spirits division, will purchase from UDG certain assets including rights to the Fleischmann, Skol, Mr. Boston, Canadian Ltd., Old Thompson, Kentucky Tavern, Chi-Chi's and di Amore spirits brands; the U.S. rights to the Inver House, Glenmore, Schenley and El Toro spirits brands; and two production facilities and related inventories and assets. In addition, the parties will enter into various multi-year agreements under which UDG will supply the Company with bulk spirits and the Company will provide various services to UDG, including the packaging of various UDG brands at the Owensboro, Kentucky facility, one of the facilities to be acquired from UDG, and at the Company's Carson, California facility, at which facility the Company currently packages various UDG brands (the "Proposed Acquisition"). The Proposed Acquisition is subject to, among other matters, negotiation of definitive agreements, receipt of regulatory approvals and approval of the parties' respective boards of directors. In addition, consummation of the Proposed Acquisition will require financing and the obtaining of appropriate consents from the banking syndicate under its Credit Facility (as defined below under "Financial Liquidity and Capital Resources"). The Company is in the process of finalizing the terms of an amendment to its Credit Facility to finance the Proposed Acquisition primarily through an increase to its Term Loan Credit Facility. The Company does not anticipate any difficulties in obtaining such financing. The Company believes that consummation of the Proposed Acquisition will be significant to the Company and will have a material impact on the Company's future results of operations. The Company further believes that consummation of the Proposed Acquisition will significantly strengthen the Company's position in the United States spirits industry by approximately doubling the Company's existing spirits market share and by adding to the Company's portfolio of product lines in the cordial and liqueur categories in which the Company does not currently have significant participation. The Company is completing the negotiation of definitive agreements and expects to close the Proposed Acquisition in late fiscal 1995 or early fiscal 1996.

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

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<S>	<C> Three Months Ended May 31, 1995	<C> 1994	<C> Nine Months Ended May 31, 1995	<C> 1994
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of product sold	71.6	72.3	71.9	71.2
Gross profit	28.4	27.7	28.1	28.8
Selling, general and administrative expenses	17.4	17.8	17.6	19.4
Nonrecurring restructuring expenses	.4	--	.2	--
Operating income	10.6	9.9	10.3	9.4
Interest expense, net	2.8	2.9	2.9	2.9
Income before provision for income taxes	7.8	7.0	7.4	6.5
Provision for federal and state income taxes	3.0	2.7	2.8	2.5
Net Income	4.8%	4.3%	4.6%	4.0%

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Three Months Ended May 31, 1995 ("Third Quarter 1995") Compared to Three Months Ended May 31, 1994 ("Third Quarter 1994")

Net Sales

Net sales for the Company's Third Quarter 1995 increased to $222.8

million from $154.2 million for Third Quarter 1994, an increase of $68.6 million, or approximately 44%. This increase resulted primarily from the inclusion of $57.8 million of net sales of products acquired in the Almaden/Inglenook Acquisition. Net sales also benefited from increased net sales of the Company's imported beers (primarily Mexican brands), varietal table wine brands and non-branded products. Excluding the impact of the net sales resulting from the Almaden/Inglenook Acquisition during Third Quarter 1995, the Company's net sales increased $10.7 million, or approximately 6.9%, as compared to Third Quarter 1994, primarily due to increased sales of imported beer brands and varietal table wine brands.

For purposes of computing the net sales and unit volume comparative data below, sales of products acquired in the Almaden/Inglenook Acquisition have been included in the entire period for Third Quarter 1995 and included for the same period during Third Quarter 1994, which was prior to the Almaden/Inglenook Acquisition.

Net sales and unit volume of the Company's branded beverage alcohol products for Third Quarter 1995 increased 8.6% and 9.0%, respectively, as compared to Third Quarter 1994. This increase was principally due to increased net sales and unit volume of the Company's imported beer brands and varietal table wine brands.

Net sales and unit volume of the Company's branded wine products for Third Quarter 1995 increased 2.3% and decreased 0.5%, respectively, as compared to Third Quarter 1994. Branded wine products net sales increased primarily due to higher sales of varietal table wine brands, which have higher selling prices than the average for the Company's branded wine products. The volume decline resulted primarily from a decrease in non-varietal and dessert wines, offsetting the varietal table wine improvement.

Net sales and unit volume of the Company's varietal table wine brands for Third Quarter 1995 increased 34.6% and 37.6%, respectively, as compared to Third Quarter 1994, reflecting increases in many of the Company's varietal table wine brands due to, among other things, line extensions and new product introductions. Net sales and unit volume of the Company's non-varietal table wine brands for the same periods were down 5.7% and 7.4%, respectively. Net sales and unit volume of sparkling wine brands decreased 5.8% and 7.6%, respectively, in Third Quarter 1995 as compared to Third Quarter 1994. Net sales and unit volume of the Company's dessert wine brands were down 12.2% and 12.4%, respectively, in Third Quarter 1995 as compared to Third Quarter 1994.

Net sales and unit volume of the Company's beer brands for Third Quarter 1995 increased by 30.4% and 29.3%, respectively, as compared to Third Quarter 1994. These increases resulted primarily from increased sales of the Company's Corona brand and its other Mexican beer brands.

Net sales and unit volume of the Company's spirits case goods for Third Quarter 1995 decreased 9.2% and 0.7% respectively, as compared to Third Quarter 1994. This decrease in net sales and unit volume was primarily due to lower sales of the Company's aged whiskeys (i.e., bourbon, Scotch, blended and Canadian whiskeys) and gin brands, partially offset by higher sales of tequila and mezcal.

Gross Profit

Gross profit increased to $63.3 million in Third Quarter 1995 from $42.8 million in Third Quarter 1994, an increase of $20.5 million, or approximately 48%. This increase in gross profit resulted from the inclusion of the operations of the Almaden/Inglenook Product Lines with those of the Company, as well as strong growth in imported beer brands. Gross profit as a percentage of net sales increased to 28.4% for Third Quarter 1995 from 27.7% for Third Quarter 1994.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to $38.8 million in Third Quarter 1995 from $27.4 million in Third Quarter 1994, an increase of $11.4 million, or 42%. This increase resulted from the additional selling, general and administrative expenses associated with the sales and marketing of the products acquired in the Almaden/Inglenook Acquisition and increased advertising and promotion expenditures for Vintners' products. As a percentage of net sales, selling, general and administrative expenses decreased to 17.4% in Third Quarter 1995 as compared to 17.8% in Third Quarter 1994.

Nonrecurring Restructuring Expenses

The Company previously announced a plan to restructure the operations of its California wineries (the "Restructuring Plan"). The Restructuring Plan will enable the Company to realize significant cost savings from the consolidation of existing facilities and the facilities acquired in the Almaden/Inglenook Acquisition. Under the Restructuring Plan, all bottling operations at the Central Cellars Winery in Lodi, California, and the branded wine bottling operations at the Monterey Cellars Winery in Gonzales, California, are being moved to the Mission Bell Winery located in Madera, California, which was acquired by the Company in the Almaden/Inglenook Acquisition. The Monterey Cellars Winery will continue to be used as a crushing, winemaking and contract bottling facility. The Central Cellars Winery and the Company's winery in Soledad, California are being closed and offered for sale to reduce surplus capacity. The Company anticipates that implementation of the Restructuring Plan will result in approximately 260 jobs being eliminated. As a result of the Restructuring Plan, in addition to a restructuring charge taken in the fourth quarter of fiscal 1994 and in first and second quarters of fiscal 1995, the Company incurred additional expenses related to the restructuring in Third Quarter 1995 of $968,400, which reduced after-tax income for Third Quarter 1995 by $595,600, or $0.03 per share on a fully diluted basis. During Third Quarter 1995, employment was reduced by 132 persons. This brings the total reduction of employment to 153 persons. As of May 31, 1995, production has ceased at the Central Cellars Winery; however, no facilities have been closed. The Company expects to have the Restructuring Plan fully implemented by the end of fiscal 1995. The Company anticipates that the Restructuring Plan will result in net cost savings of approximately $1.7 million in fiscal 1995 and approximately $13.3 million of annual net cost savings beginning in fiscal 1996. (See "Financial Liquidity and Capital Resources.")

Interest Expense, Net

Net interest expense increased $1.6 million to $6.2 million in Third Quarter 1995, as compared to $4.6 million in Third Quarter 1994. This increase resulted primarily from borrowings related to the Almaden/Inglenook Acquisition.

Net Income

Net income increased to $10.6 million in Third Quarter 1995 from $6.6 million in Third Quarter 1994, an increase of $4.0 million, or 61%. Fully diluted earnings per share increased to $0.53 in Third Quarter 1995 from $0.41 in Third Quarter 1994, a 29% improvement. The increase in net income is primarily due to the contributions of the Almaden and Inglenook brands and other products acquired in the Almaden/Inglenook Acquisition and growth in imported beer brands. These contributions to net income more than offset the $1.6 million of additional pretax net interest expense in Third Quarter 1995 arising from borrowings related to the Almaden/Inglenook Acquisition. Excluding the impact of a nonrecurring restructuring charge of $968,400 before taxes, net income increased to $11.2 million or $0.56 of fully-diluted earnings per common share for Third Quarter 1995.

Nine Months Ended May 31, 1995 ("Nine Months of Fiscal 1995") Compared to Nine Months Ended May 31, 1994 ("Nine Months of Fiscal 1994")

Net Sales

Net sales for the Nine Months of Fiscal 1995 increased to $677.3 million from $448.7 million for the Nine Months of Fiscal 1994, an increase of $228.6 million, or approximately 51%. This increase resulted from the inclusion of (i) $185.6 million of net sales of products acquired in the Almaden/Inglenook Acquisition; (ii) an overall increase in net sales of Company products, excluding the impact of the net sales of products that were acquired during fiscal 1994 and fiscal 1995; and (iii) an additional $16.4 million of net sales of Vintners' products resulting from inclusion of these products in the Company's portfolio for the entire first quarter of fiscal 1995 versus only six weeks in the first quarter of fiscal 1994. Excluding the impact of the additional six weeks of net sales of Vintners' products during the first quarter of fiscal 1995 and all of the net sales resulting from the Almaden/Inglenook Acquisition during the Nine Months of Fiscal 1995, the Company's net sales increased $26.5 million, or 5.9%, as compared to the Nine Months of Fiscal 1994. This was principally due to increased net sales of imported beer brands and varietal table wines.

For purposes of computing the net sales and unit volume comparative data below, sales of products acquired in the Vintners and Almaden/Inglenook Acquisitions have been included in the entire period for the Nine Months of Fiscal 1995 and included for the same period during the Nine Months of Fiscal 1994, part of which was prior to the Vintners Acquisition, and all of which was prior to the Almaden/Inglenook Acquisition.

Net sales and unit volume of the Company's branded beverage alcohol products for the Nine Months of Fiscal 1995 each increased 6.0% as compared to the Nine Months of Fiscal 1994. This increase was principally due to increased net sales and unit volume of the Company's imported beer brands and varietal table wine brands.

Net sales and unit volume of the Company's branded wine products for the Nine Months of Fiscal 1995 increased slightly and declined 2.2%, respectively, as compared to the Nine Months of Fiscal 1994. These changes resulted from increased sales of the Company's varietal table wine brands, which have higher selling prices than the average for the Company's branded wine products.

Net sales and unit volume of the Company's varietal table wine brands for the Nine Months of Fiscal 1995 increased 22.3% and 22.5%, respectively, as compared to the Nine Months of Fiscal 1994, reflecting increases in most of the Company's varietal table wine brands due to, among other things, line extensions and new product introductions. Net sales and unit volume of the Company's non-varietal table wine brands for the Nine Months of Fiscal 1995 decreased 3.9% and 5.6%, respectively, as compared to the Nine Months of Fiscal 1994. Net sales and unit volume of the Company's sparkling wine brands for the Nine Months of Fiscal 1995 decreased 10.4% and 12.1%, respectively, as compared to the Nine Months of Fiscal 1994. Net sales and unit volume of the Company's dessert wine brands for the Nine Months of Fiscal 1995 decreased 7.2% and 10.1%, respectively, as compared to the Nine Months of Fiscal 1994.

Net sales and unit volume of the Company's beer brands for the Nine Months of Fiscal 1995 increased 26.9% and 26.4%, respectively, as compared to the Nine Months of Fiscal 1994. These increases resulted primarily from increased sales of the Company's Corona brand and its other Mexican beer brands.

Net sales and unit volume of the Company's spirits brands for the Nine Months of Fiscal 1995 decreased 3.3%, and increased 0.1%, respectively, as compared to the Nine Months of Fiscal 1994. The Company's spirits net sales decreased for aged whiskeys (i.e., bourbon, Scotch, Canadian and blended whiskeys). Tequila, vodka and mezcal net sales and unit volume increased for the Nine Months of Fiscal 1995.

Gross Profit

Gross profit for the Nine Months of Fiscal 1995 increased to $190.1 million from $129.1 million for the Nine Months of Fiscal 1994, an increase of $61.0 million, or approximately 47%. This increase resulted from the inclusion of the Almaden/Inglenook Product Lines with those of the Company, and to a lesser extent from increased sales of imported beer brands and the inclusion of Vintners' product lines with those of the Company. The Company's gross profit as a percentage of net sales decreased to 28.1% for the Nine Months of Fiscal 1995 from 28.8% for the Nine Months of Fiscal 1994. The Company's gross profit percentage decreased as a result of (i) the inclusion of operations acquired in the Almaden/Inglenook Acquisition, which had a lower gross profit percentage than the Company's operations prior to that Acquisition; (ii) reduced gross profit percentages on the Company's table wine brands due to lower selling prices and higher cost of goods sold associated with some of these brands; and (iii) the impact of the increase in sales of imported beer brands, which generally have a lower gross profit percentage than the Company's other branded products.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the Nine Months of Fiscal 1995 increased to $118.8 million from $87.1 million for the Nine Months of Fiscal 1994, an increase of $31.7 million, or approximately 36%. This increase resulted from the additional expenses associated with the sales and marketing of the products acquired in the Almaden/Inglenook and Vintners Acquisitions, partially offset by increased efficiencies and economies of scale. As a percentage of net sales, selling, general and administrative expenses decreased to 17.5% for the Nine Months of Fiscal 1995 as compared to 19.4% for the Nine Months of Fiscal 1994.

Nonrecurring Restructuring Expenses

As a result of the Restructuring Plan, in addition to a restructuring charge taken in the fourth quarter of fiscal 1994, the Company incurred additional expenses related to the restructuring in the first, second and third quarters of fiscal 1995, which have amounted to $1,653,000 and which have reduced after-tax income for the Nine Months of Fiscal 1995 by $1,017,000, or $0.05 per share on a fully diluted basis. (See "Nonrecurring Restructuring Expenses" under Third Quarter 1995 Compared to Third Quarter 1994 and "Financial Liquidity and Capital Resources.")

Interest Expense, Net

Net interest expense increased $6.5 million to $19.3 million in the Nine Months of Fiscal 1995, as compared to the Nine Months of Fiscal 1994. The increase is primarily due to borrowings related to the Vintners and Almaden/Inglenook Acquisitions.

Net Income

Net income for the Nine Months of Fiscal 1995 increased to $30.9 million from $18.0 million for the Nine Months of Fiscal 1994, an increase of $12.9 million, or approximately 72%. Fully diluted earnings per share increased to $1.63 in the Nine Months of Fiscal 1995 from $1.13 in the Nine Months of Fiscal 1994, a 44% improvement. The increase in net income is due to the contributions of the Almaden and Inglenook brands and other products acquired in the Almaden/Inglenook Acquisition and to increased sales of imported beer brands. These factors more than offset the $6.5 million of additional pretax net interest expense in the Nine Months of Fiscal 1995 arising from borrowings related to the Vintners and Almaden/Inglenook Acquisitions.

Financial Liquidity and Capital Resources

General

The Company's principal use of cash in its operating activities is for purchasing and carrying inventories of raw materials and finished goods. The Company's primary source of liquidity has historically been cash flow from operations, except during the annual fall grape harvest when the Company has relied on short-term borrowings. The annual grape crush normally begins in August and continues through November. 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 operations to repay its short-term borrowings.

Cash Flows - Third Quarter 1995 Compared to Third Quarter 1994

Cash Flows from Operating Activities

Net cash provided by operating activities in Third Quarter 1995 was $28.1 million, an increase of 109% as compared to Third Quarter 1994. This increase was principally the result of higher net income, higher net reductions in inventory as a result of newly-acquired volume and a decrease in accounts receivable, when compared to Third Quarter 1994.

Cash Flows from Investing Activities

Capital expenditures for the Company increased in Third Quarter 1995 to $9.0 million as compared to $2.5 million in Third Quarter 1994, principally due capital expenditures associated with the Restructuring Plan coupled with expenditures related to newly acquired facilities.

Cash Flows from Financing Activities

Notes Payable (which represent borrowings under the Company's Revolving Loans) were reduced $7.0 million in Third Quarter 1995 through the application of cash provided by operating activities. There were no outstanding Notes Payable on May 31, 1995. Principal payments of long-term debt increased to $7.1 million in Third Quarter 1995 from $2.0 million in Third Quarter 1994 due to the higher quarterly loan repayments required under the Credit Facility (as defined below).

Cash Flows - Nine Months of Fiscal 1995 Compared to Nine Months of Fiscal 1994

Cash Flows from Operating Activities

Net cash used by operating activities in the Nine Months of Fiscal 1995 was $8.1 million, compared to $10.7 million in the Nine Months of Fiscal 1994 which included a $4.0 million "Earn-Out" (as defined below) payment to the former Barton stockholders. The net expenditure during the Nine Months of Fiscal 1995 results principally from a $28.3 million Earn-Out payment made to the former Barton stockholders in December, 1994 (the "Barton Payment") and inventory purchases associated with the annual fall grape harvest. Exclusive of the Barton Payment, in the Nine Months of Fiscal 1995, the Company would have generated cash from operating activities due to significantly higher net income after adjustment for non-cash items.

Cash Flows from Investing Activities

Capital expenditures for the Nine Months of Fiscal 1995 increased to $20.3 million from $5.3 million for the Nine Months of Fiscal 1994, principally due to capital expenditures associated with the Restructuring Plan coupled with expenditures related to newly acquired facilities.

Cash Flows from Financing Activities

Notes Payable were reduced by $19.0 million in the Nine Months of Fiscal 1995 through the application of $22.1 million from the Offerings (as defined below) and $47.0 million from the proceeds of additional long-term borrowings offset by net borrowings of $50.1 million during this period for seasonal working capital needs, capital expenditures and the Barton Payment.

Debt, other than Notes Payable, decreased $49.6 million in the Nine Months of Fiscal 1995, due to scheduled debt repayments of $14.6 million and the use of $82.0 million of proceeds from the Offerings to prepay debt, offset by additional Term Loan borrowings of $47.0 million under the Credit Facility. The additional long-term borrowings were used to finance capital expenditures and the incremental buildup of working capital associated with the Almaden/Inglenook Acquisition.

As of May 31, 1995, under its Credit Facility, the Company had outstanding Term Loans of $128.0 million, no outstanding Revolving Loans, $2.8 million of Revolving Letters of Credit and $25.0 million under the Barton Letter of Credit (as defined below). As of May 31, 1995, under the Credit Facility, $182.2 million of Revolving Loans were available to be drawn by the Company.

Stock Offering

On November 18, 1994, the Company completed a public sale of 3,937,744 shares of its Class A Common Stock at a price to the public of $33.50 per share in simultaneous United States and international offerings (the "Offerings"). Of the total number of shares sold in the Offerings, three million shares were sold by the Company (the "Shares") and 937,744 shares were sold by certain selling stockholders. The Company did not receive any of the proceeds from the sale of Class A Stock owned individually by those selling stockholders. The Company used the proceeds, net of underwriters' discounts and commissions, from the sale of the Shares, which amounted to $96.3 million, together with $7.8 million of proceeds it received from certain of the selling stockholders in connection with their exercise of options to purchase 432,067 shares of the Company's Class A Common Stock, which options were issued to them in connection with the Vintners Acquisition, to repay indebtedness under the Credit Facility. On November 21, 1994, Term Loans in the amount of $82.0 million and Revolving Loans in the amount of $22.1 million were prepaid with the proceeds from the Offerings.

The Company's Credit Facility

The Company and a syndicate of 21 banks for which The Chase Manhattan Bank, N.A. acts as agent, entered into a Second Amendment and Restatement (as amended) dated as of August 5, 1994 of Amendment and Restatement of Credit Agreement dated June 29, 1993 (the "Credit Facility"). As of June 30, 1995, the Company's Credit Facility provides for (i) a $121.0 million Term Loan facility due in December 1999; (ii) a $185 million Revolving Loan credit facility, which expires in June 2000; and (iii) and an existing $25.0 million letter of credit related to the Barton Acquisition (the "Barton Letter of Credit"). Quarterly principal payments of $7.0 million are required under the Credit Facility, with a final quarterly principal payment of $2.0 million due in December 1999. As of June 30, 1995, the Company had $121.0 million of Term Loans and no Revolving Loans outstanding under the Credit Facility. The Term Loans borrowed under the Credit Facility may be either base rate loans or eurodollar base rate loans. Base rate loans have an interest rate equal to the higher of either the Federal Funds rate plus 0.5% or the prime rate. Eurodollar rate loans currently have an interest rate equal to LIBOR plus 1.0%. As of June 30, 1995, the interest rates for base rate and eurodollar rate loans were 9.0% and 7.0%, respectively.

Payments to Former Barton Stockholders

Pursuant to the Barton Acquisition, the Company is obligated to make payments of up to an aggregate amount of $57.3 million to the former Barton stockholders (the "Barton Stockholders"), which payments are payable over a three-year period ending November 29, 1996 (the "Earn-Out"). The first payment to the Barton Stockholders of $4.0 million was made on December 31, 1993 and the second payment of $28.3 million was made on December 30, 1994, as a result of satisfaction of certain performance goals and the achievement of targets for earnings before interest and taxes. An accrual for the December 30, 1994 payment was recorded in the financial statements as of August 31, 1994. The Company funded this payment through Revolving Loans under its Credit Facility. The remaining payments are contingent upon Barton achieving and exceeding certain targets for earnings before interest and taxes and are to be made as follows: up to $10.0 million is to be made on November 30, 1995; and up to $15.0 million is to be made on November 29, 1996. Such payment obligations are fully secured by the Company's standby irrevocable letter of credit under the Credit Facility (i.e., the Barton Letter of Credit) and are subject to acceleration in certain events. All Earn-Out payments will be accounted for as additional purchase price for the Barton Acquisition when the contingencies have been satisfied and will be allocated based upon the fair market value of the underlying assets. As a result, as the Earn-Out payments are made, depreciation and amortization expense will increase in the future over the remaining useful lives of these assets.

Restructuring Plan

As a result of the Restructuring Plan, the Company incurred an after-tax restructuring charge in the fourth quarter of fiscal 1994 of $14.9 million, or $0.91 per share on a fully diluted basis. Approximately 60% of the restructuring charge relates to the revaluation of affected assets which will not involve cash expenditures. Implementation of the Restructuring Plan will require net cash expenditures of approximately $27.1 million, including $20.0 million for capital expenditures. The capital expenditures will be funded through the Credit Facility. Upon relocation of the bottling facilities and other equipment from the Central Cellars and Soledad wineries, these wineries will be closed and offered for sale. Net proceeds in excess of $10.0 million received from the dispositions of discontinued operations and other assets must be used to pay down Term Loans if the proceeds are not reinvested within one year in similar assets. The Company anticipates that the Restructuring Plan will result in net cost savings of approximately $1.7 million in fiscal 1995 and approximately $13.3 million of annual net cost savings beginning in fiscal 1996.

Other

The Company engages in operations at its facilities for the purpose of disposing of waste and by-products generated in its production process. These operations include the treatment of waste water to comply with regulatory requirements prior to disposal in public facilities or upon property owned by the Company or others and do not constitute a material part of the Company's overall cost of product sold. Expenditures for the purpose of maintaining or improving the Company's waste water treatment facilities have not constituted a material part of the Company's maintenance or capital expenditures over the last three fiscal years and the Company does not expect to incur any such material expenditures during its 1995 fiscal year. During the last three fiscal years, the Company has not incurred, nor does it expect to incur in its 1995 fiscal year, any material expenditures related to remediation of previously contaminated sites or other non-recurring environmental matters.

In February 1995, the Company entered into an agreement cancelling certain of its long-term grape contracts acquired in connection with the Almaden/Inglenook Acquisition. As a result, the estimated loss reserve at the date of the Almaden/Inglenook Acquisition was reduced by approximately $13 million with a corresponding reduction in goodwill. Subsequent to the Third Quarter 1995, the Company entered into additional agreements cancelling certain of its long-term grape contracts. The financial impact of the cancellation of those contracts, which will not be material to the Company, will be reflected in the Company's financial statements in the fourth quarter of fiscal 1995 as an adjustment to the estimated loss reserve and a corresponding reduction in goodwill at the date of the Almaden/Inglenook Acquisition.

The Company believes that cash flow from operations will provide sufficient funds to meet all of its anticipated short and long-term debt service. The Company is not aware of any potential impairment to its liquidity and believes that the Revolving Loans available under the Credit Facility and cash flow from operations will provide adequate resources to satisfy its working capital, liquidity and anticipated capital expenditure requirements for at least the next four fiscal quarters.

As noted above under "Results of Operations of the Company," consummation of the Proposed Acquisition will require financing and the obtaining of appropriate consents from the banking syndicate under its Credit Facility. The Company is in the process of finalizing the terms of an amendment to its Credit Facility to finance the Proposed Acquistion primarily through an increase to its Term Loan Credit Facility. The Company does not anticipate any difficulties in obtaining such financing.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

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

(b) There were no Reports on Form 8-K filed with the Securities and Exchange Commission during the quarter ended May 31, 1995.

<TABLE>
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SIGNATURES

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

CANANDAIGUA WINE COMPANY, INC.

Dated: July 10, 1995 By: /s/ Richard Sands

Richard Sands, President and
Chief Executive Officer

Dated: July 10, 1995 By: /s/ Lynn K. Fetterman

Lynn K. Fetterman, Senior Vice President
and Chief Financial Officer
(Principal Financial Officer and Principal
Accounting Officer)

</TABLE>

INDEX TO EXHIBITS

(2) Plan of acquisition, reorganization, arrangement, liquidation or succession.

2.1 Asset Purchase Agreement dated August 2, 1991 between the Registrant and Guild Wineries and Distilleries, as assigned to an acquiring subsidiary (filed as Exhibit 2(a) to the Registrant's Report on Form 8-K dated October 1, 1991 and incorporated herein by reference).

2.2 Stock Purchase Agreement dated April 27, 1993 among the Registrant, Barton Incorporated and the stockholders of Barton Incorporated, Amendment No. 1 to Stock Purchase Agreement dated May 3, 1993, and Amendment No. 2 to Stock Purchase Agreement dated June 29, 1993 (filed as Exhibit 2(a) to the Registrant's Current Report on Form 8-K dated June 29, 1993 and incorporated herein by reference).

2.3 Asset Sale Agreement dated September 14, 1993 between the Registrant and Vintners International Company, Inc. (filed as Exhibit 2(a) to the Registrant's Current Report on Form 8-K dated October 15, 1993 and incorporated herein by reference).

2.4 Amendment dated as of October 14, 1993 to Asset Sale Agreement dated as of September 14, 1993 between Vintners International Company, Inc. and the Registrant (filed as Exhibit 2(b) to the Registrant's Current Report on Form 8-K dated October 15, 1993 and incorporated herein by reference).

2.5 Amendment No. 2 dated as of January 18, 1994 to Asset Sale Agreement dated as of September 14, 1993 between Vintners International Company, Inc. and the Registrant (filed as Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 1994 and incorporated herein by reference).

2.6 Asset Purchase Agreement dated August 3, 1994 between the Registrant and Heublein, Inc. (filed as Exhibit 2(a) to the Registrant's Current Report on Form 8-K dated August 5, 1994 and incorporated herein by reference).

2.7 Avendment dated November 8, 1994 to Asset Purchase Agreement between Heublein, Inc. and the Registrant (filed as Exhibit 2.2 to the Registrant's Registration Statement on Form S-3 (Amendment No. 2) (Registration No. 33-55997) filed with the Securities and Exchange Commission on November 8, 1994 and incorporated herein by reference).

2.8 Amendment dated November 18, 1994 to Asset Purchase Agreement between Heublein, Inc. and the Registrant (filed as Exhibit 2.8 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1994 and incorporated herein by reference).

2.9 Amendment dated November 30, 1994 to Asset Purchase Agreement between Heublein, Inc. and the Registrant (filed as Exhibit 2.9 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1994 and incorporated herein by reference).

(3) Articles of Incorporation and By-Laws.

3.1 Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).

3.2 Amended and Restated By-laws of the Registrant (filed as Exhibit 4.2 to the Registrant's Registration Statement on Form S-8 (Registration No. 33-56557) and incorporated herein by reference).

(4) Instruments defining the rights of security holders, including indentures.

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

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

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

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

(10) Material Contracts.

Not Applicable.

(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.

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<TABLE>

EXHIBIT 11

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
COMPUTATION OF NET INCOME PER COMMON SHARE

(in thousands, except share and per share data)

Nine Months Ended	May 31, 1995		May 31, 1994	
Net Income per common and common equivalent share:	Primary	Fully Diluted	Primary	Fully Diluted
Net income available to common shares	$ 30,957	$ 30,957	$ 18,050	$ 18,050
Adjustments:				
Assumed exercise of convertible debt	-	-	-	420
Net income available to common and common equivalent shares	$ 30,957	$ 30,957	$ 18,050	$ 18,470
Shares:				
Weighted average common shares outstanding	18,505,238	18,505,238	15,234,372	15,234,372
Adjustments:				
(1) Assumed exercise of convertible debt	-	-	-	725,909
(2) Assumed exercise of incentive stock options	262,139	307,707	226,715	234,315
(3) Assumed exercise of options	104,767	176,840	129,241	135,370
Weighted average common and common equivalent shares outstanding	18,872,144	18,989,785	15,590,328	16,329,966
Net income per common and common equivalent share	$ 1.64	$ 1.63	$ 1.16	$ 1.13

Three Months Ended	May 31, 1995		May 31, 1994	
Net Income per common and common equivalent share:	Primary	Fully Diluted	Primary	Fully Diluted
Net income available to common shares	$ 10,637	$ 10,637	$ 6,655	$ 6,655
Adjustments:				
Assumed exercise of convertible debt	-	-	-	-
Net income available to common and common equivalent shares	$ 0	$ 0	$ 0	$ 0
Shares:				
Weighted average common shares outstanding	19,532,146	19,532,146	15,983,282	15,983,282
Adjustments:				
(1) Assumed exercise of convertible debt	-	-	-	-
(2) Assumed exercise of incentive stock options	289,746	303,400	226,107	226,107
(3) Assumed exercise of options	152,990	176,840	152,438	152,438
Weighted average common and common equivalent shares outstanding	19,974,882	20,012,386	16,361,827	16,361,827
Net income per common and common equivalent share	$ 0.53	$ 0.53	$ 0.41	$ 0.41

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This schedule contains summary financial information extracted from the financial statements included within the Company's May 31, 1995 Form 10-Q and is qualified in its entirety by reference to such financial statements.
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