AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 11, 1996

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

<TABLE>

<C>	<S>	<C>	<C>
DELAWARE	CANANDAIGUA WINE COMPANY, INC. AND ITS SUBSIDIARY GUARANTORS	16-0716709	2084
NEW YORK	BATAVIA WINE CELLARS, INC.	16-1222994	2084
DELAWARE	BISCEGLIA BROTHERS WINE CO.	94-2248544	2087
CALIFORNIA	CALIFORNIA PRODUCTS COMPANY	94-0360780	2084
NEW YORK	GUILD WINERIES & DISTILLERIES, INC.	16-1401046	2084
SOUTH CAROLINA	TENNER BROTHERS, INC.	57-0474561	2084
NEW YORK	WIDMER'S WINE CELLARS, INC.	16-1184188	2084
DELAWARE	BARTON INCORPORATED	36-3500366	2085
DELAWARE	BARTON BRANDS, LTD.	36-3185921	2085
MARYLAND	BARTON BEERS, LTD.	36-2855879	5181
CONNECTICUT	BARTON BRANDS OF CALIFORNIA, INC.	06-1048198	5181
GEORGIA	BARTON BRANDS OF GEORGIA, INC.	58-1215938	5181
NEW YORK	BARTON DISTILLERS IMPORT CORP.	13-1794441	5182
DELAWARE	BARTON FINANCIAL CORPORATION	51-0311795	6153
WISCONSIN	STEVENS POINT BEVERAGE CO.	39-0638900	2082
NEW YORK	MONARCH WINE COMPANY, LIMITED PARTNERSHIP	36-3547524	5181
ILLINOIS	BARTON MANAGEMENT, INC.	36-3539106	5181
NEW YORK	VINTNERS INTERNATIONAL COMPANY, INC.	16-1443663	2084
NEW YORK	CANANDAIGUA WEST, INC.	16-1462887	2084
GEORGIA	THE VIKING DISTILLERY, INC.	58-2183528	5181
(State or other jurisdiction of incorporation or organization)	(Exact name of registrant as specified in its charter)	(I.R.S. Employer Identification No.)	(Primary Standard Industrial Classification Code Number)

</TABLE>

116 BUFFALO STREET
CANANDAIGUA, NEW YORK 14424
(716) 394-7900
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OR REGISTRANTS' PRINCIPAL EXECUTIVE OFFICES)

ROBERT SANDS
VICE PRESIDENT AND GENERAL COUNSEL
CANANDAIGUA WINE COMPANY, INC.
116 BUFFALO STREET
CANANDAIGUA, NEW YORK 14424
(716) 394-7900
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

Copies to:
BERNARD S. KRAMER
MCDERMOTT, WILL & EMERY
227 WEST MONROE STREET
CHICAGO, ILLINOIS 60606-5096

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [_]

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER NOTE	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
<S>	<C>	<C>	<C>	<C>
8 3/4% Series C Senior Subordinate Notes.....	$65,000,000	$948.75	$61,668,750	$18,688
Guarantees of the 8 3/4% Series C Senior Subordinated Notes.....	(2)	(2)	(2)	None

</TABLE>

(1) Estimated solely for purposes of calculating the amount of the registration fee.
(2) No separate consideration will be received for the Guarantees. Pursuant to Rule 457(n) under the Securities Act of 1933, no separate fee is payable for the Guarantees.

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL HAVE FILED A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

++
+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY SUCH STATE. +
++

PROSPECTUS

SUBJECT TO COMPLETION
DECEMBER 11, 1996

CANANDAIGUA WINE COMPANY, INC.

OFFER TO EXCHANGE UP TO $65,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS 8 3/4% SERIES C SENIOR SUBORDINATED NOTES DUE 2003 FOR ANY AND ALL OF ITS OUTSTANDING 8 3/4% SERIES B SENIOR SUBORDINATED NOTES DUE 2003.

[LOGO]

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 1996, UNLESS EXTENDED.

Canandaigua Wine Company, Inc. (the "Company") hereby offers, upon the terms and conditions set forth in this Prospectus and the accompanying Letter of Transmittal (which together constitute the "Exchange Offer"), to exchange up to $65,000,000 aggregate principal amount of 8 3/4% Series C Senior Subordinated Notes due 2003 of the Company (the "Exchange Notes") for any and all of the issued and outstanding 8 3/4% Series B Senior Subordinated Notes due 2003 of the Company (the "Old Notes," and together with the Exchange Notes, the "Notes") from the holders thereof. As of the date of this Prospectus, there is $65,000,000 aggregate principal amount of the Old Notes outstanding. The terms of the Exchange Notes are identical in all material respects to the Old Notes, except that the Exchange Notes have been registered under the Securities Act of 1933, as amended (the "Securities Act"), and therefore will not bear legends restricting their transfer and will not contain provisions providing for

payment of liquidated damages under certain circumstances relating to the Registration Rights Agreement (as defined herein), which provisions will terminate as to all of the Notes upon the consummation of the Exchange Offer.

Interest on the Exchange Notes will be payable semi-annually on June 15 and December 15 of each year, commencing on June 15, 1997. The Exchange Notes will mature on December 15, 2003. Except as described below, the Company may not redeem the Exchange Notes prior to December 15, 1998. On or after such date, the Company may redeem the Exchange Notes, in whole or in part, at the redemption prices set forth herein, together with accrued and unpaid interest, if any, to the date of redemption. In addition, upon the occurrence of a Change of Control (as defined), each holder of Exchange Notes will have the right to require the Company to make an offer to repurchase all or a portion of such holder's Notes at a price equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase. See "Description of Notes." The terms of the Notes are substantially identical to those of the Company's 8 3/4% Senior Subordinated Notes due 2003, which were issued in a registered offering on December 27, 1993 and of which $130.0 million aggregate principal amount is outstanding (the "Original Notes").

The Exchange Notes will be unsecured obligations of the Company and will be subordinated to all existing and future Senior Indebtedness (as defined) of the Company. The Exchange Notes are guaranteed, jointly and severally, on a senior subordinated basis (the "Guarantees") by substantially all of the Company's subsidiaries (the "Guarantors"). The Guarantees will be unsecured obligations of the Guarantors and will be subordinated to all existing and future Senior Guarantor Indebtedness (as defined). The Exchange Notes will rank pari passu with any existing or future senior subordinated indebtedness of the Company and senior to all other subordinated indebtedness of the Company. The Indenture (as defined) permits the Company to incur additional indebtedness, including Senior Indebtedness under the Credit Facility (as defined), subject to certain limitations. As of August 31, 1996, on a pro forma basis, after giving effect to the sale of the Old Notes to the Initial Purchasers (as defined) on October 29, 1996 (the "Old Notes Offering") and the application of the net proceeds therefrom, the aggregate amount of the Company's outstanding Senior Indebtedness would have been $220.4 million, the aggregate amount of the Company's outstanding Pari Passu Indebtedness (as defined) would have been $130.0 million, and the aggregate amount of outstanding Senior Guarantor Indebtedness would have been $219.4 million (including $218.8 million of outstanding indebtedness representing guarantees of Senior Indebtedness.) Revolving Loans (as defined) repaid from the net proceeds of the Old Notes Offering may be re-borrowed from time to time. See "Use of Proceeds" and "Description of Notes--Ranking."

The Old Notes were not registered under the Securities Act in reliance upon an exemption from the registration requirements thereof. In general, the Old Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act. The Exchange Notes are being offered hereby in order to satisfy certain obligations of the Company contained in the Registration Rights Agreement (as defined). Based on interpretations by the staff of the Securities and Exchange Commission (the "SEC") set forth in no-action letters issued to third parties, the Company believes that the Exchange Notes issued pursuant to the Exchange Offer in exchange for the Old Notes may be offered for resale, resold or otherwise transferred by any holder thereof (other than a holder that is an "affiliate" of the Company with the meaning of Rule 405 promulgated under the Securities Act) without compliance with the registration and prospectus delivery requirements of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holder's business, such holder has no arrangement with any person to participate in the distribution of such Exchange Notes, and neither such holder nor any such person is engaging in or intends to engage in a distribution of such Exchange Notes. Notwithstanding the foregoing, each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with any resales of Exchange Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company and the Guarantors have agreed that, for a period of 180 days after the Expiration Date, they will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

The Old Notes are currently eligible for trading in the Private Offerings, Resales and Trading through Automated Linkages ("PORTAL") market. There is no established trading market for the Exchange Notes. The Company does not currently intend to list the Exchange Notes on any securities exchange or to seek approval for quotation through any automated quotation system. Accordingly, there can be no assurance as to the development or liquidity of any market for the Exchange Notes.

The Company will not receive any proceeds from the Exchange Offer. The Company

will pay all of the expenses incident to the Exchange Offer. Tenders of Old Notes pursuant to the Exchange Offer may be withdrawn as provided herein at any time prior to the Expiration Date (as defined). The Exchange Offer is subject to certain customary conditions.

SEE "RISK FACTORS" BEGINNING ON PAGE 13 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY HOLDERS PRIOR TO TENDERING OLD NOTES IN THE EXCHANGE OFFER.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is ,1996

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information, consolidated financial statements and notes thereto included elsewhere in this Prospectus or incorporated herein by reference. Unless the context indicates otherwise, the term "Company" refers to Canandaigua Wine Company, Inc. and its subsidiaries, all references to "net sales" refer to gross revenues less excise taxes and returns and allowances to conform with the Company's method of classification; all references to the Company's fiscal year shall refer to August 31 of the indicated year except that references to fiscal 1997 shall refer to the Company's fiscal year ending February 28, 1997; and all references to the "Transition Period" shall refer to the six month transition period ended February 29, 1996. Market share and industry data disclosed in this Prospectus have been obtained from the following industry publications: Wines & Vines; The Gomberg-Fredrikson Report; Jobson's Liquor Handbook; Jobson's Wine Handbook; Nielsen Wine Scan; Jobson's Beer Handbook; Adams/Jobson's Handbook Advance; The U.S. Wine Market: Impact Databank Review and Forecast; The U.S. Beer Market: Impact Databank Review and Forecast; Beer Marketer's Insights; Beer Industry Update; U.S. Department of the Treasury Statistical Releases; and the Maxwell Consumer Report. The Company has not independently verified this data. References to market share data are based on unit volume. Certain statements contained in this Prospectus 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. See "Risk Factors--Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Cautionary Statements Related to Projected Results."

THE COMPANY

The Company is a leading producer and marketer of branded beverage alcohol products, with over 125 national and regional brands which are distributed by over 1,200 wholesalers throughout the United States and in selected international markets. The Company is the second largest supplier of wines, the third largest importer of beers and the fourth largest supplier of distilled spirits in the United States. The Company's beverage alcohol brands are marketed in five general categories: table wines, sparkling wines, dessert wines, imported beer and distilled spirits, and include the following principal brands:

- Table Wines: Almaden, Inglenook, Paul Masson, Taylor California Cellars, Cribari, Manischewitz, Taylor, Marcus James, Deer Valley and Dunnewood
- Sparkling Wines: Cook's, J. Roget, Great Western and Taylor
- Dessert Wines: Richards Wild Irish Rose, Cisco and Taylor
- Imported Beer: Corona, Modelo Especial, St. Pauli Girl and Tsingtao
- Distilled Spirits: Barton, Fleischmann's, Mr. Boston, Montezuma, Canadian LTD, Ten High, Inver House and Monte Alban

Based on available industry data, the Company believes that, during calendar year 1995, it had a 22% share of the market for domestic wines, a 12% share of the imported beer market and its distilled spirits brands had an 8% share of the distilled spirits market in the United States. Within the market for domestic wines, the Company believes it had a 28% share of the non-varietal table wine market, a 12% share of the varietal table wine market, a 42% share of the dessert wine market and a 29% share of the sparkling wine market. Many of the Company's brands are leaders in their respective categories in the United States, including Corona, the second largest selling imported beer

brand; Inglenook and Almaden, the fifth and sixth largest selling wine brands, respectively; Richards Wild Irish Rose, the largest selling dessert wine brand; Cook's champagne, the second largest selling sparkling wine brand; Fleischmann's, the fourth largest blended whiskey and fourth largest domestically bottled gin; Montezuma, the second largest selling tequila brand; and Monte Alban, the largest selling mezcal brand.

The Company has diversified its product portfolio through a series of strategic acquisitions that have resulted in an increase in the Company's net sales from $176.6 million in fiscal 1991 to $1.1 billion for the twelve months ended August 31, 1996, representing a compound annual growth rate of 43.9%. During this same period, EBITDA (earnings before interest, taxes, depreciation and amortization) has increased at a compound annual growth rate of 35.6% from $20.7 million in fiscal 1991 to an aggregate of $95.1 million for the two six month periods constituting the twelve months ended August 31, 1996. EBITDA for the six month transition period ended February 29, 1996 (the "Transition Period") and the six months ended August 31, 1996 (the "Six Months 1997") includes approximately $14.3 million of items which the Company believes are nonrecurring in nature, in part due to the Company's change in fiscal year. Through its acquisitions, the Company has developed strong market positions in the growing beverage alcohol product categories of varietal table wine and imported beer. The Company ranks second and third in the varietal table wine and imported beer categories, respectively. From 1992 through 1995, industry shipments of varietal table wine and imported beer have each grown 35%. During this period, the Company has strengthened its relationship with wholesalers, expanded its distribution and enhanced its production capabilities as well as acquired additional management, operational, marketing and research and development expertise.

In October 1991, the Company acquired Cook's, Cribari, Dunnewood and other brands and related facilities and assets (the "Guild Acquisition") from Guild Wineries and Distillers ("Guild"). The Company acquired Barton Incorporated ("Barton") in June 1993 (the "Barton Acquisition"), further diversifying into the imported beer and distilled spirits categories. In October 1993, the Company acquired the Paul Masson, Taylor California Cellars and other brands, and related facilities and assets of Vintners International Company, Inc. ("Vintners") (the "Vintners Acquisition"). In August 1994, the Company acquired the Almaden, Inglenook and other brands, a grape juice concentrate business and related facilities and assets (the "Almaden/Inglenook Product Lines") from Heublein, Inc. ("Heublein") (the "Almaden/Inglenook Acquisition"). In September 1995, the Company acquired the Skol, Mr. Boston, Canadian LTD, Glenmore, Old Thompson, Kentucky Tavern, and di Amore distilled spirits brands; the rights to the Fleischmann's and Chi-Chi's distilled spirits brands under long term license agreements; the U.S. rights to the Inver House, Schenley and El Toro distilled spirits brands; and related facilities and assets from United Distillers Glenmore, Inc. and certain of its North American affiliates (collectively, "UDG") (collectively, the "UDG Acquisition," and together with the Barton Acquisition, the Vintners Acquisition and the Almaden/Inglenook Acquisition, the "Acquisitions"). See "Business--Recent Acquisitions."

CURRENT OPERATING ENVIRONMENT

The Company's growth through acquisitions over the past five years has substantially expanded its portfolio of brands and has enabled it to become a major participant in additional product categories of the beverage alcohol business. This expansion has positioned the Company to benefit from faster growing categories with over one-third of the Company's sales generated from the growth categories of imported beer and varietal wines. However, recent operating results have been negatively impacted by two factors: increases in grape prices and certain costs and operating inefficiencies relating to the consolidation of certain West Coast winery operations in connection with the acquisitions.

While the consolidation of certain wine operations has produced significant overall synergies, some of the planned efficiencies have not materialized and unanticipated costs have occurred. The Company believes that the unanticipated production costs resulted from its rapid growth over the last three years, combined with the lack of integrated production control systems and the complexity of production at its newly consolidated Mission Bell Winery.

Additionally, as the Company has increased its wine and grape juice concentrate business, it believes that it has become the second largest purchaser of grapes for wine and concentrate in California. The Company's profits are significantly influenced by grape price changes. Costs for grapes have escalated dramatically over the last two grape harvests (fall 1995 and fall 1996). Based on constant tonnage purchased, the Company's overall cost of grapes increased 18.9% in the 1996 harvest.

In order to address these matters, the Company is taking a number of specific

steps to improve sales and margins, minimize unexpected costs related to inefficiencies and realize opportunities for efficiencies afforded by the Company's consolidation of its West Coast wine operations and its economies of scale as a $1.1 billion participant in the beverage alcohol industry. Such steps include the following:

- The Company has launched a comprehensive reengineering effort in its wine division (the "Reengineering Effort"). The Reengineering Effort is intended to increase the efficiency of all of the Company's operating processes, create smaller, more manageable business units and create greater management accountability for its wine business.

- In connection with the Reengineering Effort, the Company is implementing a new accounting and management information system to upgrade the type and level of information the Company can generate, and to enable it to manage its business more precisely.

- The Company has created a number of special task forces specifically to address various issues related to inefficiencies at its West Coast wine operations, and has relocated, in some cases temporarily and in others permanently, personnel with particular expertise necessary to address these matters. All aspects of the Company's wine and grape juice concentrate production, material requirements planning functions, warehousing logistics and bottling operations at the Company's Mission Bell Winery in California are being reviewed and changed as necessary to create greater efficiencies.

- The Company has instituted several price increases on its varietal and non-varietal table wines in response to increased grape costs from the 1995 grape harvest. In general, it is both industry and Company practice to make selling price adjustments around the time the wine produced with the higher cost grapes is actually sold, which generally occurs in the calendar year following the grape harvest. Over the last year the industry and the Company have increased their selling prices. In the case of the Company, these selling price increases, on an annualized basis, have more than offset the increased costs associated with the fall 1995 harvest.

- The Company is in the process of recruiting new management in several key positions and has previously hired a new President of its wine division with extensive experience in the U.S. beverage industry, a new Vice President and Controller of the wine division and an experienced manager for its Mission Bell Winery. It is expected that the filling of these positions has given, and will continue to give, the Company significantly increased management depth and experience.

BUSINESS STRATEGY

The Company's business strategy is to manage its existing portfolio of brands and businesses in order to maximize profit and return on investment, and reposition its portfolio of brands to benefit from growth trends in the beverage alcohol industry. To achieve the foregoing, the Company intends to: (i) adjust the price/volume relationships of certain brands; (ii) develop new brands and introduce line extensions; (iii) expand geographic distribution; and (iv) acquire businesses that meet its strategic and financial objectives.

THE PRIOR OFFERING

On December 27, 1993, the Company issued $130.0 million in aggregate principal amount of Original Notes pursuant to an indenture (the "Original Indenture"), among the Company, substantially all of its Subsidiaries and The Chase Manhattan Bank (successor by merger to Chemical Bank), as trustee. The Original Notes are fully and unconditionally guaranteed on a joint and several basis by substantially all of the Company's subsidiaries.

The Company is a Delaware corporation organized in 1972 as the successor to a business founded in 1945 by Marvin Sands, Chairman of the Board of the Company. The Company's executive offices are located at 116 Buffalo Street, Canandaigua, New York 14424, and its telephone number is (716) 394-7900.

THE EXCHANGE OFFER

Registration Rights Agreement	The Old Notes were sold by the Company on October 29, 1996 to Chase Securities Inc. and CS First Boston Corporation (the "Initial Purchasers"), who placed the Old

	Notes with institutional investors. In connection therewith, the Company and the Initial Purchasers executed and delivered for the benefit of the holders of the Old Notes an exchange and registration rights agreement (the "Registration Rights Agreement") providing, among other things, for the Exchange Offer.
The Exchange Offer.....	Exchange Notes are being offered in exchange for a like principal amount of Old Notes. As of the date hereof, $65,000,000 aggregate principal amount of Old Notes are outstanding. The Company will issue the Exchange Notes promptly following the Expiration Date. See "Risk Factors--Consequences of Failure to Exchange."
Expiration Date.....	5:00 p.m., New York City time, on , 1996, unless the Exchange Offer is extended as provided herein, in which case the term "Expiration Date" means the latest date and time to which the Exchange Offer is extended.
Interest.....	Interest on the Exchange Notes will be payable semi-annually on June 15 and December 15 of each year, commencing on June 15, 1997. The Exchange Notes will mature on December 15, 2003.
Conditions to the Exchange Offer..	The Exchange Offer is subject to certain customary conditions, which may be waived by the Company. The Company reserves the right to amend, terminate or extend the Exchange Offer at any time prior to the Expiration Date upon the occurrence of any such condition. See "The Exchange Offer--Conditions."
Procedures for Tendering Old Notes.....	Each holder of Old Notes wishing to accept the Exchange Offer must complete, sign and date the Letter of Transmittal, or a facsimile thereof, in accordance with the instructions contained herein and therein, and mail or otherwise deliver such Letter of Transmittal, or such facsimile, together with the Old Notes and any other required documentation to the exchange agent (the "Exchange Agent") at the address set forth herein. By executing the Letter of Transmittal, each holder of Old Notes will represent to the Company, among other things, that (i) the Exchange Notes acquired pursuant to the Exchange

	Offer by the holder and any beneficial owners of Old Notes are being obtained in the ordinary course of business of the person receiving such Exchange Notes, (ii) neither the holder nor such beneficial owner has an arrangement with any person to participate in the distribution of such Exchange Notes, (iii) neither the holder nor such beneficial owner nor any such other person is engaging in or intends to engage in a distribution of such Exchange Notes and (iv) neither the holder nor such beneficial owner is an "affiliate," as defined under Rule 405 promulgated under the Securities Act, of the Company. Each broker-dealer that receives Exchange Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities (other than Old Notes acquired directly from the Company), may participate in the Exchange Offer but may be deemed an "underwriter" under the Securities Act and, therefore, must acknowledge in the Letter of Transmittal that it will deliver a prospectus in connection with any resale of

	such Exchange Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See '"The Exchange Offer--Procedures for Tendering" and '"Plan of Distribution."
Special Procedures for Beneficial Owners.....	Any beneficial owner whose Old Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact such registered holder promptly and instruct such registered holder to tender on such beneficial owner's behalf. If such beneficial owner wishes to tender on such beneficial owner's own behalf, such beneficial owner must, prior to completing and executing the Letter of Transmittal and delivering his Old Notes, either make appropriate arrangements to register ownership of the Old Notes in such beneficial owner's name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time. See "The Exchange Offer--Procedures for Tendering."
Guaranteed Delivery Procedures....	Holders of Old Notes who wish to tender their Old Notes and whose Old Notes are not immediately available or who cannot deliver their Old Notes, the Letter of Transmittal or any other documents required

	by the Letter of Transmittal to the Exchange Agent prior to the Expiration Date must tender their Old Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures."
Withdrawal Rights.....	Tenders may be withdrawn as provided herein at any time prior to 5:00 p.m., New York City time, on the Expiration Date. See "The Exchange Offer--Withdrawal of Tenders."
Acceptance of Old Notes and Delivery of New Notes.....	The Company will accept for exchange any and all Old Notes which are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date. The Exchange Notes issued pursuant to the Exchange Offer will be delivered promptly following the Expiration Date. See "The Exchange Offer--Terms of the Exchange Offer."
Exchange Agent.....	Harris Trust and Savings Bank is serving as Exchange Agent in connection with the Exchange Offer. See "The Exchange Offer--Exchange Agent."
Use of Proceeds.....	There will be no cash proceeds to the Company from the exchange pursuant to the Exchange Offer.
Federal Income Tax Consequences...	The exchange of Old Notes for Exchange Notes will not be a taxable exchange for Federal income tax purposes. See "Certain Federal Income Tax Considerations."
Consequences of Failure to Exchange.....	Holders of Old Notes who do not exchange their Old Notes for Exchange Notes pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Old Notes as set forth in the legend thereon as a consequence of the issuance of the Old Notes pursuant to exemptions from,

or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, Old Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

SUMMARY DESCRIPTION OF THE NOTES

The Exchange Offer applies to $65,000,000 aggregate principal amount of Old Notes. The terms of the Exchange Notes are identical in all material respects to the Old Notes, except that the Exchange Notes have been registered under the Securities Act and, therefore, will not bear legends restricting their transfer and will not contain certain provisions providing for payment of liquidated damages under certain circumstances relating to the Registration Rights Agreement, which provisions will terminate as to all of the Notes upon the consummation of the Exchange Offer. The Exchange Notes will evidence the same debt as the Old Notes and, except as set forth in the immediately preceding sentence, will be entitled to the benefits of the Indenture, under which both the Old Notes were, and the Exchange Notes will be, issued. See "Description of Notes."

Issuer.....	Canandaigua Wine Company, Inc.
Securities Offered for Exchange...	$65,000,000 aggregate principal amount of 8 3/4% Series C Senior Subordinated Notes due 2003.
Maturity.....	December 15, 2003.
Interest Payment Dates.....	June 15 and December 15 of each year, commencing on June 15, 1997.
Optional Redemption.....	Except as described below, the Company may not redeem the Exchange Notes prior to December 15, 1998. On or after such date, the Company may redeem the Exchange Notes, in whole or in part, at the redemption prices set forth herein, together with accrued and unpaid interest, if any, to the date of redemption.
Change of Control.....	Upon the occurrence of a Change of Control, each holder of Notes will have the right to require the Company to purchase all or a portion of such holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of purchase. In the event of a Change of Control, the Company is prohibited under the Credit Facility from purchasing the Exchange Notes and all amounts outstanding under the Credit Facility become due and payable. In addition, the repurchase of the Exchange Notes upon the occurrence of a Change of Control (or otherwise) will be prohibited by the Original Indenture unless the Company has sufficient ability at such time to make "Restricted Payments" thereunder. See "Description of Notes--Certain Covenants--Purchase of Notes Upon a Change of Control." There can be no assurance that in the event of a Change of Control the Company will be able to obtain the necessary consents from the lenders under its Credit Facility or,

if necessary, the holders of the Original Notes, to make any purchases requested by the holders of the Exchange Notes or that the Company will have available funds sufficient to make any purchases requested by the holders of the Exchange Notes. Neither the Company's Board of Directors nor the trustee under the Indenture is permitted to waive the right of the holders

	of the Exchange Notes to require the Company to purchase the holders' Exchange Notes upon a Change of Control.
Subsidiary Guarantees.....	The Exchange Notes will be guaranteed, jointly and severally, on a senior subordinated basis by substantially all existing direct and indirect subsidiaries of the Company. As of August 31, 1996, on a pro forma basis, after giving effect to the sale of the Old Notes and the application of the net proceeds therefrom, the aggregate amount of outstanding Senior Guarantor Indebtedness would have been $219.4 million (including $218.8 million of outstanding indebtedness representing guarantees of Senior Indebtedness).
Ranking.....	The Exchange Notes will be unsecured subordinated obligations of the Company and, as such, will be subordinated to all existing and future Senior Indebtedness of the Company. The Notes will rank pari passu with all existing and future senior subordinated indebtedness of the Company, including the Original Notes. As of August 31, 1996, on a pro forma basis, after giving effect to the sale of the Old Notes and the application of the net proceeds therefrom, the aggregate amount of outstanding Senior Indebtedness of the Company would have been $220.4 million and the aggregate amount of outstanding Pari Passu Indebtedness would have been $130.0 million. Revolving Loans repaid from the net proceeds of the Old Notes Offering may be re-borrowed from time to time. See "Use of Proceeds" and "Description of Notes--Ranking."
Restrictive Covenants.....	The Indenture relating to the Exchange Notes contains certain covenants, including, but not limited to, covenants with respect to the following matters: (i) limitation on indebtedness; (ii) limitation on restricted payments; (iii) limitation on transactions with affiliates; (iv) limitation on senior subordinated indebtedness; (v) limitation on liens; (vi) limitation on sale of assets; (vii) limitation on issuances of guarantees of and

	pledges for indebtedness; (viii) restriction on transfer of assets; (ix) limitation on subsidiary capital stock; (x) limitation on dividends and other payment restrictions affecting subsidiaries; and (xi) restrictions on consolidations, mergers and the sale of assets. See "Description of Notes--Certain Covenants."
Absence of a Public Market for the Notes.....	The Exchange Notes generally will be freely transferable (subject to the restrictions discussed elsewhere herein) but will be new securities for which initially there will not be a market. Accordingly, there can be no assurance as to the development or liquidity of any market for the Exchange Notes. The Company does not intend to apply for listing of the Exchange Notes on any national securities exchange or for quotation through the National Association of Securities Dealers Automated Quotation System. See "Risk Factors--Lack of Public Market; Restrictions on Transferability."
Certain Tax Consequences.....	Because the Old Notes were issued with original issue discount ("OID"), the Exchange Notes will also be deemed to have been issued with OID. As a result, for

	Federal income tax purposes, holders may be required to include amounts in income prior to the receipt of cash attributable thereto. See "Certain Federal Income Tax Consequences."
Risk Factors.....	Prior to tendering Old Notes in the Exchange Offer, holders of Old Notes should carefully consider all of the information set forth in this Prospectus and, in particular, should evaluate the specific factors set forth under "Risk Factors" beginning on page 13 for risks involved with an investment in the Notes. Certain statements contained in this Prospectus 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. See "Risk Factors--Forward Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Cautionary Statements Related to Projected Results."
	For additional information concerning the Exchange Notes, see "Description of Notes."

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

<TABLE>
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	YEAR ENDED AUGUST 31,					SIX MONTHS ENDED		SIX MONTHS ENDED AUGUST 31,	
	1991	1992(A)	1993(B)	1994(C)(D)	1995(E)	FEB. 28, 1995	FEB. 29, 1996	1995	1996
				(DOLLARS IN THOUSANDS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:									
Net sales.....	$176,559	$245,243	$306,308	$629,584	$906,544	$454,485	$535,024	$452,059	$555,711
Gross profit.....	45,495	70,557	91,377	182,373	252,733	126,791	138,816	125,942	142,742
Selling, general and administrative expenses.....	(30,184)	(46,491)	(59,983)	(121,388)	(159,196)	(79,925)	(112,411)	(79,271)	(102,870)
Nonrecurring restructuring expenses.	--	--	--	(24,005)	(2,238)	(685)	(2,404)	(1,553)	--
Operating income.....	15,311	24,066	31,394	36,980	91,299	46,181	24,001	45,118	39,872
Interest expense, net...	(3,631)	(6,182)	(6,126)	(18,056)	(24,601)	(13,141)	(17,298)	(11,460)	(16,803)
Income before provision for income taxes.....	11,680	17,884	25,268	18,924	66,698	33,040	6,703	33,658	23,069
Net income.....	$ 7,710	$ 11,356	$ 15,604	$ 11,733	$ 41,020	$ 20,320	$ 3,322	$ 20,700	$ 13,442
OTHER DATA:									
Gross profit margin(f)..	25.8%	28.8%	29.8%	29.0%	27.9%	27.9%	25.9%	27.9%	25.7%
EBITDA(g).....	$ 20,737	$ 31,141	$ 40,069	$ 50,795	$112,011	$ 58,832	$ 37,959(h)(i)	$ 53,179	$ 57,166(i)
EBITDA margin(j).....	11.7%	12.7%	13.1%	8.1%	12.4%	12.9%	7.1%	11.8%	10.3%
Depreciation and amortization.....	$ 5,426	$ 7,075	$ 8,675	$ 13,815	$ 20,712	$ 12,651	$ 13,958	$ 8,061	$ 17,294
Capital expenditures....	$ 2,844	$ 4,713	$ 6,949	$ 7,853	$ 37,121	$ 11,342	$ 16,077	$ 25,779	$ 21,795
PRO FORMA DATA(K):									
Cash interest expense, net.....							$ 18,157		$ 17,672
Ratio of EBITDA to cash									

interest expense, net.. 2.1x
3.2x
</TABLE>

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	AS OF AUGUST 31,					AS OF FEBRUARY 29,	AS OF AUGUST 31, 1996	
	1991	1992(a)	1993(b)	1994(c)(d)	1995(e)	1996	ACTUAL	AS ADJUSTED(k)
				(DOLLARS IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:								
Total assets.....	$147,207	$217,835	$355,182	$826,562	$785,921	$1,054,580	$1,038,191	$1,040,291
Indebtedness (including current maturities)....	63,134	62,174	129,131	339,123	227,992	479,713	409,970	412,070
Stockholders' equity....	51,975	95,549	126,104	204,193	351,882	356,506	365,171	365,171

</TABLE>
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(a) The Company acquired Guild on October 1, 1991, and accounted for this acquisition utilizing the purchase method of accounting. Guild's results of operations have been included in the Company's results of operations since October 1, 1991.
(b) The Company acquired Barton on June 29, 1993, and accounted for the acquisition utilizing the purchase method of accounting. Barton's results of operations have been included in the Company's results of operations since June 29, 1993.
(c) The Company acquired substantially all of the assets and businesses of Vintners on October 15, 1993, and accounted for the acquisition utilizing the purchase method of accounting. Vintners' results of operations have been included in the Company's results of operations since October 15, 1993.
(d) The Company acquired substantially all of the assets and business associated with the Almaden/Inglenook Product Lines from Heublein on August 5, 1994, utilizing the purchase method of accounting. The Almaden/Inglenook Product Lines have been included in the Company's results of operations since August 5, 1994.
(e) The Company acquired certain assets of UDG on September 1, 1995, and accounted for the acquisition utilizing the purchase method of accounting. UDG's results of operations have been included in the Company's results of operations since September 1, 1995.
(f) Represents gross profit as a percentage of net sales.
(g) EBITDA for the six months ended February 29, 1996 represents operating income plus depreciation of property, plant and equipment and amortization of intangible assets. EBITDA is presented here as a measure of the Company's debt service ability. 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.
(h) EBITDA for the six months ended February 29, 1996 includes approximately $14,300 of charges that the Company believes are nonrecurring in nature due in part to the Company's change in fiscal year, including $3,000 of LIFO expense also included in footnote (i) below.
(i) The LIFO adjustments for the six months ended February 29, 1996 and the six months ended August 31, 1996 were $6,927 and $13,750, respectively.
(j) Represents EBITDA as a percentage of net sales.
(k) The pro forma and as adjusted data assume that the Old Notes Offering and the application of the net proceeds therefrom occurred at the beginning of the indicated periods or as of the specified date. The pro forma and as adjusted data assume that Revolving Loan amounts repaid are not re-borrowed. Such amounts may be re-borrowed from time to time. See "Use of Proceeds." The pro forma data do not purport to represent what the Company's financial position or results of operations actually would have been if the Old Notes Offering in fact had occurred at the beginning of the indicated periods or as of the specified date, or purport to project the Company's results of operations or financial position for any future period or at any future date.

RISK FACTORS

The Exchange Notes offered hereby involve a high degree of risk. In addition to the other information in this Prospectus, the following factors should be considered carefully by holders of Old Notes prior to making a decision to tender their Old Notes in the Exchange Offer.

CONSEQUENCES OF FAILURE TO EXCHANGE

Holders of Old Notes who do not exchange their Old Notes for Exchange Notes pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Old Notes as set forth in the legend thereon as a consequence of the issuance of the Old Notes pursuant to exemptions from, or

in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the Old Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. The Company does not currently anticipate that it will register the Old Notes under the Securities Act. Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, the Company believes that the Exchange Notes issued pursuant to the Exchange Offer in exchange for Old Notes may be offered for resale, resold or otherwise transferred by any holder thereof (other than any such holder that is an "affiliate" of the Company within the meaning of Rule 405 promulgated under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holder's business, such holder has no arrangement with any person to participate in the distribution of such Exchange Notes and neither such holder nor any such other person is engaging in or intends to engage in a distribution of such Exchange Notes. Notwithstanding the foregoing, each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with any resale of Exchange Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities (other than Old Notes acquired directly from the Company.) The Company has agreed that, for a period of 180 days from the date of this Prospectus, it will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

NECESSITY TO COMPLY WITH EXCHANGE OFFER PROCEDURES

To participate in the Exchange Offer, and to avoid the restrictions on transfer of the Old Notes, holders of Old Notes must transmit a properly completed Letter of Transmittal, including all other documents required by such Letter of Transmittal, to the Exchange Agent at the address set forth below under "The Exchange Offer--Exchange Agent" on or prior to the Expiration Date. In addition, either (i) certificates for such Old Notes must be received by the Exchange Agent along with a Letter of Transmittal or (ii) a timely confirmation of a book-entry transfer of such Old Notes, if such procedure is available, into the Exchange Agent's account at The Depository Trust Company pursuant to the procedure for book-entry transfer described herein, must be received by the Exchange Agent prior to the Expiration Date or (iii) the holder must comply with the guaranteed delivery procedures described herein. See "The Exchange Offer."

INDEBTEDNESS; RESTRICTIVE COVENANTS

The Company has incurred substantial indebtedness to finance the Acquisitions. As of August 31, 1996, on a pro forma basis, after giving effect to the sale of the Old Notes and the application of the net proceeds therefrom, the Company would have had $412.1 million of indebtedness outstanding,

which amount does not include $164.9 million of Revolving Loans available to be drawn under the Credit Facility. Revolving Loans repaid from the net proceeds of the Old Notes Offering may be re-borrowed from time to time. See "Use of Proceeds." The Company's ability to satisfy its financial obligations under the Exchange Notes and under its other indebtedness outstanding from time to time will depend upon its future operating performance, which is subject to prevailing economic conditions, levels of interest rates and financial, business and other factors, many of which are beyond the Company's control. Although the Company believes that cash flow from operations and cash provided by its financing activities will provide adequate resources to satisfy its working capital, liquidity and anticipated capital expenditure requirements for at least the next four fiscal quarters and to complete the Stock Repurchase Program, there is no assurance that this will be the case.

The Company's current and future debt service obligations could have important consequences to holders of the Exchange Notes, including the following: (i) the Company's ability to obtain financing for future working capital needs or acquisitions, or other purposes, may be limited; (ii) a significant portion of the Company's cash flow from operations will be dedicated to the payment of principal and interest on its indebtedness, thereby reducing funds available for operations; and (iii) the Company may be more vulnerable to adverse economic conditions than less leveraged competitors and, thus, may be limited in its ability to withstand competitive pressures.

The Credit Facility, the Original Indenture and the Indenture contain restrictive covenants including, among others, those restricting additional

liens, incurrence of additional indebtedness, the sale of assets, the payment of dividends, transactions with affiliates, the making of investments and certain other fundamental changes. The Credit Facility also contains restrictions on capital expenditures and certain financial ratio tests including current assets to current liabilities, maximum indebtedness to tangible net worth, minimum interest and fixed charges coverages and minimum levels of tangible net worth. These restrictions could limit the Company's ability to conduct its business. A failure to comply with the obligations contained in the Credit Facility, the Original Indenture or the Indenture could result in an event of default under such agreements, which could permit acceleration of the related debt and acceleration of debt under other agreements that may contain cross-acceleration or cross-default provisions.

SUBORDINATION OF THE NOTES AND THE GUARANTEES; ASSET ENCUMBRANCES

The payment of principal of, premium, if any, and interest on the Exchange Notes will be subordinated, to the extent set forth in the Indenture, to the prior payment in full of existing and future Senior Indebtedness of the Company, which includes the indebtedness under the Credit Facility. Therefore, in the event of the liquidation, dissolution, reorganization, or any similar proceeding regarding the Company, the assets of the Company will be available to pay obligations on the Exchange Notes only after the Senior Indebtedness has been paid in full, and there may not be sufficient assets to pay amounts due on all or any of the Exchange Notes. In addition, the Company may not pay principal of, premium, if any, interest on or any other amounts owing in respect of the Exchange Notes, make any deposit pursuant to defeasance provisions or purchase, redeem or otherwise retire the Exchange Notes, if any Designated Senior Indebtedness (as defined) is not paid when due or any other default on Designated Senior Indebtedness occurs and the maturity of such indebtedness is accelerated in accordance with its terms unless, in either case, such default has been cured or waived, any such acceleration has been rescinded or such indebtedness has been repaid in full. Moreover, under certain circumstances, if any nonpayment default exists with respect to Designated Senior Indebtedness, the Company may not make any payments on the Exchange Notes for a specified period of time, unless such default is cured or waived or such indebtedness has been repaid in full. As of August 31, 1996, on a pro forma basis, after giving effect to the sale of the Old Notes and the application of the net proceeds therefrom, the aggregate amount of outstanding Senior Indebtedness that ranked senior in right of payment to the Exchange Notes would have been $220.4 million, and the aggregate amount of outstanding Pari Passu Indebtedness would have been $130.0

million. See "Description of Notes--Subordination." Revolving Loans repaid from the net proceeds of the Old Notes Offering may be re-borrowed from time to time. See "Use of Proceeds."

The Guarantees will be subordinated in right of payment to the guarantees by the Guarantors of the Company's obligations under the Credit Facility and will be subordinated in the future to all future guarantees by the Guarantors of Senior Indebtedness of the Company and any other Senior Guarantor Indebtedness. As of August 31, 1996, on a pro forma basis, after giving effect to the sale of the Old Notes and the application of the net proceeds therefrom, the aggregate amount of outstanding Senior Guarantor Indebtedness that ranked senior in right of payment to the Guarantees would have been $219.4 million (including $218.8 million of outstanding indebtedness representing guarantees of Senior Indebtedness).

The Exchange Notes will not be secured by any of the Company's assets. The obligations of the Company under the Credit Facility, however, are secured by a first priority security interest in a majority of the Company's assets. If the Company becomes insolvent or is liquidated, or if payment under the Credit Facility is accelerated, the lenders under the Credit Facility would be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to instruments governing such indebtedness. Accordingly, such lenders will have a prior claim on such of the Company's assets. In any such event, because the Exchange Notes will not be secured by any of the Company's assets, it is possible that there would be no assets remaining from which claims of the holders of the Exchange Notes could be satisfied or, if any such assets remained, such assets might be insufficient to satisfy such claims fully. See "Capitalization," "Management's Discussions and Analysis of Financial Condition and Results of Operations--Financial Liquidity and Capital Resources," "Description of Notes" and Notes to the Consolidated Financial Statements.

HOLDING COMPANY STRUCTURE; SUBSIDIARY GUARANTEES

The Exchange Notes are obligations of the Company. As of August 31, 1996, 81.8% of the tangible assets of the Company were held by its subsidiaries. Therefore, the Company's ability to make interest and principal payments when due to holders of the Exchange Notes is dependent, in part, upon the operations of its subsidiaries.

The Company's obligations under the Exchange Notes will be guaranteed,

jointly and severally, on a senior subordinated basis by the Guarantors. To the extent any Guarantee were to be avoided as a fraudulent conveyance or held unenforceable for any other reason, holders of the Exchange Notes would cease to have any claim in respect of such Guarantor and would be creditors solely of the Company and any Guarantor whose Guarantee was not avoided or held unenforceable. In such event, the claims of the holders of the Exchange Notes against the issuer of an invalid Guarantee would be subject to the prior payment of all liabilities of such Guarantor. There can be no assurance that, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Exchange Notes relating to any voided Guarantee.

Based upon financial and other information currently available to it, the Company believes that the Exchange Notes and the Guarantees are being incurred for proper purposes and in good faith and that, after giving effect to the issuance of the Notes or its Guarantee, as the case may be, the Company and each Guarantor is solvent, has sufficient capital for carrying on its business and will be able to pay its debts as they mature. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Financial Liquidity and Capital Resources," "Description of Credit Facility" and "Description of Notes."

CHANGE OF CONTROL OFFER

If a Change of Control shall occur at any time, then each holder of the Exchange Notes shall have the right to require that the Company purchase such holder's Notes for cash in an amount equal to

101% of the principal amount of such Exchange Notes plus accrued and unpaid interest, if any, to the date of purchase pursuant to procedures set forth in the Indenture. In the event of a Change of Control, the Company is prohibited under the Credit Facility from purchasing the Exchange Notes until either all amounts outstanding under the Credit Facility are paid in full or the Company obtains the necessary consents from the lenders under the Credit Facility to make any purchases requested by the holders of the Exchange Notes. In addition, the repurchase of the Exchange Notes upon the occurrence of a Change of Control (or otherwise) will be prohibited by the Original Indenture unless the Company has sufficient ability at such time to make "Restricted Payments" thereunder. There can be no assurance that, in the event of a Change of Control, the Company will be able to obtain the necessary consents from the lenders under the Credit Facility or, if necessary, the holders of the Original Notes to make any purchases requested by the holders of the Exchange Notes or that the Company will have available funds sufficient to make any such purchases. The failure of the Company upon a Change of Control to offer to purchase the Notes or to consummate the purchases requested by the holders of the Exchange Notes will constitute an Event of Default under the Indenture. Such Event of Default would permit acceleration of indebtedness under the Credit Facility and would also permit acceleration of indebtedness under other debt agreements that contain cross-acceleration or cross-default provisions. Moreover, all amounts outstanding under the Credit Facility become due and payable upon a Change of Control and it is an event of default under the Credit Facility upon the occurrence of certain change of control events. See "Description of Credit Facility," "Description of Notes--Events of Default, and--Certain Covenants--Purchase of Notes Upon a Change of Control."

COMPETITION

The Company is in a highly competitive environment and its dollar sales and unit volume could be negatively affected by its inability to maintain or increase prices, changes in geographic or product mix, a general decline in beverage alcohol consumption or the decision of its wholesale customers, retailers or consumers to purchase competitive products instead of the Company's products. Wholesaler, retailer and consumer purchasing decisions are influenced by, among other things, the perceived absolute or relative overall value of the Company's products, including their quality or pricing, compared to competitive products. Unit volume and dollar sales could also be affected by pricing, purchasing, financing, operational, advertising or promotional decisions made by wholesalers and retailers which could affect their supply, or consumer demand for, the Company's products.

GENERAL DECLINE IN CONSUMPTION OF BEVERAGE ALCOHOL PRODUCTS

The beverage alcohol industry in the United States consists of the production, importation, marketing and distribution of beer, wine and distilled spirits products. From 1978 through 1995 the overall per capita consumption of beverage alcohol products by adults (ages 21 and over) has declined, with annual beer consumption declining 14%, from 36.3 to 31.3 gallons per capita, annual wine consumption declining 40%, from 3.0 to 1.8 gallons per capita, and annual distilled spirits consumption declining 58%, from 3.1 to 1.3 gallons per capita. These declines have been caused by a variety of factors including: increased concerns about the health consequences of consuming beverage alcohol products and about drinking and driving; a trend toward a healthier diet including lighter, lower calorie beverages such as

diet soft drinks, juices and sparkling water products; the increased activity of anti-alcohol consumer groups; an increase in the minimum drinking age from 18 to 21 in all states; and increased Federal and state excise taxes.

EXCISE TAXES AND GOVERNMENT REGULATIONS

The Federal government and individual states impose excise taxes on beverage alcohol products in varying amounts which have been subject to change. Increases in excise taxes on beverage alcohol products, if enacted, could materially and adversely affect the Company's financial condition or results of operations. In addition, the beverage alcohol products industry is subject to extensive regulation by

state and Federal agencies. The Federal Bureau of Alcohol, Tobacco and Firearms and the various state liquor authorities regulate such matters as licensing requirements, trade and pricing practices, permitted and required labelling, advertising and relations with wholesalers and retailers. In recent years, Federal and state regulators have required warning labels and signage. There can be no assurance that new or revised regulations or increased licensing fees and requirements will not have a material adverse effect on the Company's financial condition or results of operations. See "Business--Government Regulation."

DIFFICULTY IN INTEGRATING ACQUISITIONS

To successfully implement its acquisition strategy, the Company must not only negotiate, finance and consummate such acquisitions, but also integrate the acquired businesses into its operations. The Company has experienced difficulties in the past year in achieving operating efficiencies from the consolidation of certain of its West Coast wine operations. There can be no assurance that the Company will be able to integrate any existing or future acquisitions successfully into its operations and achieve cost savings from such integration.

DEPENDENCE ON DISTRIBUTION CHANNELS

The Company sells its products principally to wholesalers for resale to retail outlets including grocery stores, package liquor stores, club and discount stores and restaurants. The replacement or poor performance of the Company's major wholesalers or the Company's inability to collect accounts receivable from its major wholesalers could materially and adversely affect the Company's results of operations and financial condition. Distribution channels for beverage alcohol products have been characterized in recent years by rapid change, including consolidations of certain wholesalers. Wholesalers and retailers of the Company's products offer products which compete directly with the Company's products for retail shelf space and consumer purchases. Accordingly, there is a risk that these wholesalers or retailers may give higher priority to products of the Company's competitors. There can be no assurance that the Company's wholesalers and retailers will continue to purchase the Company's products or provide the Company's products with adequate levels of promotional support. See "Business--Marketing and Distribution."

RENEWAL OF IMPORTED BEER DISTRIBUTION AGREEMENTS

All of the Company's imported beer products are marketed and sold pursuant to exclusive distribution agreements with the suppliers of these products which are subject to renewal from time to time. The Company's agreement to distribute Corona and its other Mexican beer brands expires in December 2006 and, subject to compliance with certain performance criteria and other terms of the agreement, will be automatically renewed for additional terms of five years. The Company's agreement for the importation of St. Pauli Girl expires in 1998 and, subject to compliance with certain performance criteria, may be extended by the Company until 2003. The Company's Tsingtao agreement expires in December 1999 and, subject to compliance with certain performance criteria and other terms of the agreement, will be automatically renewed until December 2002. Prior to their expiration, these agreements may be terminated if the Company fails to meet certain performance criteria or, in the case of the Mexican beer brands, the supplier does not consent to certain key management changes, which consent may not be unreasonably withheld. The Company believes it is currently in compliance with its imported beer distribution agreements to import Mexican beer. Although there can be no assurance that its beer distribution agreements will be renewed, given the Company's long-term relationships with its suppliers, the Company expects that such agreements will be renewed prior to their expiration and does not believe that any of these agreements will be terminated.

DEPENDENCE ON RAW MATERIALS

The Company's business is heavily dependent upon raw materials, such as grapes, grape juice concentrate and packaging materials. The Company could experience raw material supply, production or shipment difficulties which could adversely affect its ability to supply goods to its customers. The

Company is also directly affected by increases in the cost of such raw materials. Grape prices increased significantly during the 1995 harvest and the Company has experienced higher than anticipated costs related to the purchase of grapes from the 1996 fall harvest. By August 31, 1996, the Company was able to increase prices, on an annualized basis, to offset the increased costs associated with the 1995 harvest. If the Company is unable to recover the increased costs associated with the 1996 harvest in the form of selling price increases or operational efficiencies, the Company's results of operations in its fiscal year ended February 28, 1998 associated with the 1996 harvest could be negatively affected.

REENGINEERING EFFORT

The Company's wine division is currently undergoing a Reengineering Effort. In connection with the Reengineering Effort, the Company is in the process of recruiting new management in several key positions. There can be no assurance that the Reengineering Effort will generate positive results or offset the costs related thereto. See "Summary--Current Operating Environment."

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus which are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. Any estimated results for the Company's fiscal year ended February 28, 1997 ("Fiscal 1997") should not be construed in any manner as a guarantee that such results will in fact occur. These forward-looking statements are based on assumptions which the Company believes are reasonable. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Projected 1997 Results." However, there can be no assurance that any forward-looking statement will be realized or that actual results will not be significantly higher or lower than set forth in such forward-looking statement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Cautionary Statements Related to Projected Results."

DEPENDENCE UPON MANAGEMENT

The Company's success depends in part on a few key management employees. These key management employees are Marvin Sands, the Chairman of the Board, Richard Sands, the President and Chief Executive Officer, Robert Sands, Executive Vice President and General Counsel, and Ellis Goodman, Executive Vice President of the Company and the Chief Executive Officer of Barton. If, for any reason, such key personnel do not continue to be active in the Company's management, operations could be adversely affected.

CONTROL BY SANDS FAMILY

The Company's capital stock consists of Class A Common Stock and Class B Common Stock. Holders of Class A Common Stock are entitled to one vote per share and are entitled, as a class, to elect one-fourth of the members of the Board of Directors. Holders of Class B Common Stock are entitled to 10 votes per share and are entitled, as a class, to elect the remaining directors. As of December 6, 1996, the family of Marvin Sands, the founder and Chairman of the Board of the Company, beneficially owned approximately 12% of the outstanding shares of Class A Common Stock (exclusive of shares of Class A Common Stock issuable pursuant to the conversion feature of the Class B Common Stock owned by the Sands family) and approximately 85% of the outstanding shares of Class B Common Stock. On all matters other than the election of directors, the Sands family has the ability to vote approximately 62% of the votes entitled to be cast by holders of the Company's capital stock, voting as a single class. Consequently, the Sands family effectively has control of the Company and would generally have sufficient voting power to determine the outcome of any corporate transaction or other matter submitted to the stockholders for approval.

LACK OF PUBLIC MARKET; RESTRICTIONS ON TRANSFERABILITY

The Exchange Notes will constitute a new issue of securities with no established trading market. Although the Initial Purchasers have informed the Company that they currently intend to make a market in the Exchange Notes, they are not obligated to do so and any such market making may be discontinued at any time without notice. The Company does not intend to apply for listing of the Exchange Notes on any securities exchange or for quotation through the National Association of Securities Dealers Automated Quotation System. Accordingly, no assurance can be given as to the continued development or liquidity of the trading market for the Exchange Notes, or, in the case of non-tendering holders of Old Notes, the trading market for the Old Notes following the Exchange Offer.

The liquidity of, and trading market for, the Old Notes or the Exchange Notes also may be adversely affected by general declines in the market for similar securities. Such a decline may adversely affect such liquidity and trading markets independent of the financial performance of, and prospects for, the Company.

ORIGINAL ISSUE DISCOUNT

The Old Notes were issued with OID (i.e., the difference between the "stated redemption price at maturity" of the Notes and the issue price of the Notes). For Federal income tax purposes, the issue price of the Exchange Notes will equal the issue price of the Old Notes. Thus, OID will accrue from the issue date of the Exchange Notes (which is deemed to be October 29, 1996) and will be includable as interest income periodically in a holder's gross income for United States federal income tax purposes in advance of receipt of the cash payments to which the income is attributable. See "Certain Federal Income Tax Considerations--Taxation of the Notes--Original Issue Discount." Similar results may apply under state tax laws. If a bankruptcy case were commenced by or against the Company under the United States Bankruptcy Code after the issuance of the Exchange Notes, the claim of a holder of the Exchange Notes with respect to the principal amount thereof may be limited to an amount equal to the sum of (i) the initial offering price and (ii) that portion of the original issue discount that is not deemed to constitute "unmatured interest" for purposes of the United States Bankruptcy Code. Any original issue discount that was not amortized as of any such bankruptcy filing would constitute "unmatured interest."

THE EXCHANGE OFFER

PURPOSE AND EFFECT OF THE EXCHANGE OFFER

The Old Notes were sold by the Company on October 29, 1996 to the Initial Purchasers, who placed the Old Notes with institutional investors. In connection therewith, the Company and the Initial Purchasers entered into the Registration Rights Agreement, pursuant to which the Company agreed, for the benefit of the Holders of the Old Notes, that the Company would, at its sole cost, (i) within 45 days following the original issuance of the Old Notes, file with the SEC the Registration Statement (of which this Prospectus is a part) under the Securities Act with respect to an issue of a series of new notes of the Company identical in all material respects to the series of Old Notes (except that such new notes would not contain terms with respect to transfer restrictions) and (ii) cause such Registration Statement to be declared effective under the Securities Act within 105 days following the original issuance of the Old Notes. Upon the effectiveness of the Registration Statement, the Company will offer, pursuant to this Prospectus, to the Holders of the Old Notes the opportunity to exchange their Old Notes for a like principal amount of Exchange Notes, to be issued without a restrictive legend and which may, generally, be reoffered and resold by the holder without restrictions or limitations under the Securities Act. The term "Holder" with respect to the Exchange Offer means any person in whose name Old Notes are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered holder.

The Company has not requested, and does not intend to request, an interpretation by the staff of the SEC with respect to whether the Exchange Notes issued pursuant to the Exchange Offer in exchange for the Old Notes may be offered for sale, resold or otherwise transferred by any holder without compliance with the registration and prospectus delivery provisions of the Securities Act. Instead, based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, the Company believes that Exchange Notes issued pursuant to the Exchange Offer in exchange for Old Notes may be offered for resale, resold and otherwise transferred by any holder of such Exchange Notes (other than any such holder that is an "affiliate" of the Company within the meaning of Rule 405 promulgated under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holder's business, such holder has no arrangement or understanding with any person to participate in the distribution of such Exchange Notes and neither such holder nor any other such person is engaging in or intends to engage in a distribution of such Exchange Notes. Since the SEC has not considered the Exchange Offer in the context of a no-action letter, there can be no assurance that the staff of the SEC would make a similar determination with respect to the Exchange Offer. Any Holder who is an affiliate of the Company or who tenders in the Exchange Offer for the purpose of participating in a distribution of the Exchange Notes cannot rely on such interpretations by the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale transaction.

Each broker-dealer that receives Exchange Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus in connection with any

resale of such Exchange Notes. See "Plan of Distribution." The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities (other than Old Notes acquired directly from the Company). The Company and the Guarantors have agreed that, for a period of 180 days after the Expiration Date, they will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

In the event that any change in law or applicable interpretations of the staff of the SEC do not permit the Company to effect the Exchange Offer or do not permit any holder of Old Notes (including the Initial Purchasers), to participate in the Exchange Offer, the Company will file with the SEC a shelf registration statement (the "Shelf Registration Statement") to cover resales of Transfer Restricted Securities by such holders who satisfy certain conditions relating to the provision of information in connection with the Shelf Registration Statement. As used herein, the term "Transfer Restricted Securities" means each Old Note until (i) the date on which such Old Note has been exchanged for a freely transferable Exchange Note in the Exchange Offer, (ii) the date on which such Note has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (iii) the date on which such Note is distributed to the public pursuant to Rule 144 under the Securities Act or is salable pursuant to Rule 144(k) under the Securities Act.

Pursuant to the Registration Rights Agreement, the Company agreed to commence the Exchange Offer (unless such Exchange Offer would not be permitted by SEC policy) and to use its best efforts to consummate the Exchange Offer as promptly as practicable, but in any event prior to 135 days after the Issue Date. If applicable, the Company agreed to use its best efforts to keep the Shelf Registration Statement effective for a period of three years after the Issue Date (as defined herein). If (i) the Exchange Offer Registration Statement or, as the case may be, the Shelf Registration Statement, is not declared effective within 105 days after the Issue Date, (ii) the Exchange Offer is not consummated on or prior to 135 days after the Issue Date, or (iii) the Shelf Registration Statement is filed and declared effective within 105 days after the Issue Date but shall thereafter cease to be effective (at any time that the Company is obligated to maintain the effectiveness thereof) without being succeeded within 30 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i) through (iii), a "Registration Default"), the Company will pay liquidated damages to each holder of Transfer Restricted Securities, during the period of such Registration Default, in an amount equal to $0.192 per week per $1,000 principal amount of the Old Notes constituting Transfer Restricted Securities held by such holder until the applicable Registration Statement is filed or declared effective, the Exchange Offer is consummated or the Shelf Registration Statement again becomes effective, as the case may be. All accrued liquidated damages shall be paid to holders in the same manner as interest payments on the Old Notes on semiannual payment dates which correspond to interest payment dates for the Old Notes. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease.

Holders of the Old Notes will be required to make certain representations to the Company (as described above) in order to participate in the Exchange Offer and will be required to deliver information to be used in connection with the Shelf Registration Statement in order to have their Old Notes included in the Shelf Registration Statement and benefit from the provisions regarding liquidated damages set forth in the preceding paragraphs. A holder who sells Old Notes pursuant to the Shelf Registration Statement generally will be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the Registration Rights Agreement which are applicable to such a holder (including certain indemnification obligations).

The Old Notes are designated for trading in the PORTAL market. To the extent Old Notes are tendered and accepted in the Exchange Offer, the principal amount of outstanding Old Notes will decrease with a resulting decrease in the liquidity in the market therefor. Following the consummation of the Exchange Offer, Holders of Old Notes who were eligible to participate in the Exchange Offer but who did not tender their Old Notes will not be entitled to certain rights under the Registration Rights Agreement and such Old Notes will continue to be subject to certain restrictions on transfer. Accordingly, the liquidity of the market for the Old Notes could be adversely affected.

TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth in this Prospectus and in the Letter of Transmittal, the Company will accept any and all Old Notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date. The Company will issue $1,000 principal amount of Exchange Notes in exchange for each $1,000 principal amount of outstanding Old Notes accepted in the Exchange Offer. Holders may tender some or all of their Old Notes pursuant to the Exchange Offer. However, Old Notes may be tendered only in integral multiples of $1,000.

The form and terms of the Exchange Notes will be identical in all material respects to the form and terms of the Old Notes, except that the Exchange Notes have been registered under the Securities Act and therefore will not bear legends restricting their transfer and will not contain certain provisions providing for payment of liquidated damages under certain circumstances relating to the Registration Rights Agreement, which provisions will terminate upon the consummation of the Exchange Offer. The Exchange Notes will evidence the same debt as the Old Notes and will be entitled to the benefits of the Indenture under which the Old Notes were, and the Exchange Notes will be, issued.

As of the date of this Prospectus, $65,000,000 aggregate principal amount of the Old Notes are outstanding. The Company has fixed the close of business on , 199 as the record date for the Exchange Offer for purposes of determining the persons to whom this Prospectus, together with the Letter of Transmittal, will be sent. As of such date, there were registered Holders of the Old Notes.

Holders of the Old Notes do not have any appraisal or dissenters' righters under the Delaware General Corporation Law (the "DGCL") or the Indenture in connection with the Exchange Offer. The Company intends to conduct the Exchange Offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder.

The Company shall be deemed to have accepted validly tendered Old Notes when, as and if the Company has given oral notice (confirmed in writing) or written notice thereof to the Exchange Agent. The Exchange Agent will act as agent for the tendering Holders for the purpose of the exchange of Old Notes.

If any tendered Old Notes are not accepted for exchange because of an invalid tender, the occurrence of certain other events set forth herein or otherwise, any such unaccepted Old Notes will be returned, without expense, to the tendering Holder thereof as promptly as practicable after the Expiration Date.

Holders who tender Old Notes in the Exchange Offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the Letter of Transmittal, transfer taxes with respect to the exchange of Old Notes pursuant to the Exchange Offer. The Company will pay all charges and expenses, other than certain applicable taxes, in connection with the Exchange Offer. See "--Fees and Expenses."

EXPIRATION DATE; EXTENSIONS; AMENDMENTS

The term "Expiration Date" shall mean 5:00 p.m., New York City time, on , 199 , unless the Company, in its sole discretion, extends the Exchange Offer, in which case the term "Expiration Date" shall mean the latest date and time to which the Exchange Offer is extended.

In order to extend the Exchange Offer, the Company will notify the Exchange Agent of any extension by oral notice (confirmed in writing) or written notice and will make a public announcement thereof prior to 9:00 a.m., New York City time, on the next business day after each previously scheduled expiration date.

The Company reserves the right, in its sole discretion, (i) to delay accepting any Old Notes, to extend the Exchange Offer or, if any of the conditions set forth below under "--Conditions" shall not have been satisfied, to terminate the Exchange Offer, by giving oral notice (confirmed in writing) or written notice of such delay, extension or termination to the Exchange Agent or (ii) to amend the terms of the Exchange Offer in any manner. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by a public announcement thereof. If the Exchange Offer is amended in a manner determined by the Company to constitute a material change, the Company will promptly disclose such amendment by means of a prospectus supplement that will be distributed to the registered Holders, and the Company will extend the Exchange Offer for a period of five to ten business days, depending upon the significance of the amendment and the manner of disclosure to the registered Holders, if the Exchange Offer would otherwise expire during such five- to ten-business-day period.

Without limiting the manner in which the Company may choose to make public

announcement of any delay, extension, termination or amendment of the Exchange Offer, the Company shall have no obligation to publish, advertise or otherwise communicate any such public announcements, other than by making a timely release to the Dow Jones News Service.

PROCEDURES FOR TENDERING

The tender of Old Notes by a Holder thereof pursuant to one of the procedures set forth below and the acceptance thereof by the Company will constitute a binding agreement between such Holder and the Company in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal. This Prospectus, together with the Letter of Transmittal, will first be sent on or about , 1996, to all Holders of Old Notes known to the Company and the Exchange Agent.

Only a Holder of Old Notes may tender such Old Notes in the Exchange Offer. A Holder who wishes to tender any Old Notes for exchange pursuant to the Exchange Offer must transmit a properly completed and duly executed Letter of Transmittal, or a facsimile thereof, including any other required documents, to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. In addition, either (i) certificates for such Old Notes must be received by the Exchange Agent along with the Letter of Transmittal or (ii) a timely confirmation of a book-entry transfer (a "Book-Entry Confirmation") of such Old Notes, if such procedure is available, into the Exchange Agent's account at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedure for book-entry transfer described below, must be received by the Exchange Agent prior to the Expiration Date or (iii) the Holder must comply with the guaranteed delivery procedures described below. To be tendered effectively, the Old Notes, Letter of Transmittal and other required documents must be received by the Exchange Agent at the address set forth below under "--Exchange Agent" prior to 5:00 p.m., New York City time, on the Expiration Date.

The method of delivery of Old Notes and the Letter of Transmittal and all other required documents to the Exchange Agent is at the election and risk of the Holder and delivery will be deemed made only when actually received by the Exchange Agent. Instead of delivery by mail, it is recommended that Holders use an overnight or hand delivery service. If such delivery is by mail, it is recommended that registered mail, return receipt requested, be used and proper insurance be obtained. In all cases, sufficient time should be allowed to assure delivery to the Exchange Agent before the Expiration Date. No Letter of Transmittal or Old Notes should be sent to the Company.

Any beneficial owner whose Old Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered Holder promptly and instruct such registered Holder to tender on such beneficial owner's behalf. If such

beneficial owner wishes to tender on such beneficial owner's own behalf, such beneficial owner must, prior to completing and executing the Letter of Transmittal and delivering such beneficial owner's Old Notes, either make appropriate arrangements to register ownership of the Old Notes in such beneficial owner's name or obtain a properly completed bond power form the registered Holder. The transfer of registered ownership may take considerable time.

Signatures on a Letter of Transmittal or notice of withdrawal, as the case may be, must be guaranteed by an Eligible Institution (as defined herein) unless the Old Notes tendered pursuant thereto are tendered (i) by a registered Holder who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution. In the event that signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, such guarantee must be by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 promulgated under the Exchange Act (an "Eligible Institution").

If the Letter of Transmittal is signed by a person other than the registered Holder of any Old Notes listed therein, such Old Notes must be endorsed or accompanied by a properly completed bond power, signed by such registered Holder as such registered Holder's name appears on such Old Notes.

If the Letter of Transmittal or any Old Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and unless waived by the Company, evidence satisfactory to the Company of their authority to so act must be submitted with the Letter of Transmittal.

All questions as to the validity, form, eligibility (including time of

receipt), acceptance and withdrawal of tendered Old Notes will be determined by the Company in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all Old Notes not properly tendered or any Old Notes the Company's acceptance of which would, in the opinion of counsel for the Company, be unlawful. The Company also reserves the right to waive any defects, irregularities or conditions of tender as to particular Old Notes. The Company's interpretation of the terms and conditions of the Exchange Offer (including the instructions in the Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Notes must be cured within such time as the Company shall determine. Although the Company intends to notify Holders of defects or irregularities with respect to tenders of Old Notes, neither the Company, the Exchange Agent nor any other person shall incur any liability for failure to give such notification. Tenders of Old Notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any Old Notes received by the Exchange Agent that the Company determines are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering Holders, unless otherwise provided in the Letter of Transmittal, as soon as practicable following the Expiration Date.

By tendering, each Holder will represent to the Company, among other things, that (i) the Exchange Notes acquired by the Holder and any beneficial owners of Old Notes pursuant to the Exchange Offer are being obtained in the ordinary course of business of the person receiving such Exchange Notes, (ii) neither the Holder nor such beneficial owner has an arrangement with any person to participate in the distribution of such Exchange Notes, (iii) neither the Holder nor such beneficial owner nor any such other person is engaging in or intends to engage in a distribution of such Exchange Notes and (iv) neither the Holder nor any such other person is an "affiliate," as defined

under Rule 405 promulgated under the Securities Act, of the Company. Each broker-dealer that receives Exchange Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities (other than Old Notes acquired directly from the Company), may participate in the Exchange Offer but may be deemed an "underwriter" under the Securities Act and, therefore, must acknowledge in the Letter of Transmittal that it will deliver a prospectus in connection with any resale of such Exchange Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See "Plan of Distribution."

BOOK-ENTRY TRANSFER

The Exchange Agent will make a request to establish an account with respect to the Old Notes at the Book-Entry Transfer Facility for purposes of the Exchange Offer within two business days after the date of this Prospectus, and any financial institution that is a participant in the Book-Entry Transfer Facility's system may make book-entry delivery of Old Notes by causing the Book-Entry Transfer Facility to transfer such Old Notes into the Exchange Agent's account at the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, although delivery of Old Notes may be effected through book-entry transfer at the Book-Entry Transfer Facility, the Letter of Transmittal or facsimile thereof, with any required signature guarantees and any other required documents, must, in any case, be transmitted to and received by the Exchange Agent at one of the addresses set forth below under "--Exchange Agent" on or prior to the Expiration Date or the guaranteed delivery procedures described below must be complied with.

GUARANTEED DELIVERY PROCEDURES

Holders who wish to tender their Old Notes and (i) whose Old Notes are not immediately available or (ii) who cannot deliver their Old Notes, the Letter of Transmittal or any other required documents to the Exchange Agent prior to the Expiration Date may effect a tender if:

a) the tender is made through an Eligible Institution;

b) prior to the Expiration Date, the Exchange Agent receives from such Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail or hand delivery) setting forth the name and address of the Holder, the certificate number(s) of such Old Notes and the principal amount of Old Notes tendered, stating that the tender is being made thereby and guaranteeing that, within three New York Stock Exchange trading days after the Expiration Date, the Letter of Transmittal (or facsimile thereof) together with the certificate(s) representing the Old Notes, or a Book-Entry Confirmation, and any other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and

c) such properly completed and executed Letter of Transmittal (or facsimile thereof), as well as the certificate(s) representing all tendered Old Notes in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and all other documents required by the Letter of Transmittal are received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date.

Upon request to the Exchange Agent, a Notice of Guaranteed Delivery will be sent to Holders who wish to tender their Old Notes according to the guaranteed delivery procedures set forth above.

WITHDRAWAL OF TENDERS

To withdraw a tender of Old Notes in the Exchange Offer, a written or facsimile transmission notice of withdrawal must be received by the Exchange Agent at its address set forth herein prior to 5:00 p.m., New York City time, on the Expiration Date. Any such notice of withdrawal must (i) specify the name of the person having deposited the Old Notes to be withdrawn (the "Depositor"), (ii) identify the Old Notes to be withdrawn (including the certificate number or numbers and principal amount of such Old Notes), (iii) be signed by the Holder in the same manner as the original signature on the Letter of Transmittal by which such Old Notes were tendered (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the Trustee with respect to the Old Notes register the transfer of such Old Notes into the name of the persons withdrawing the tender and (iv) specify the name in which any such Old Notes are to be registered, if different from that of the Depositor. If certificates for Old Notes have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of such certificates, the withdrawing Holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution unless such Holder is an Eligible Institution. If Old Notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Old Notes and otherwise comply with the procedures of such facility. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company in its sole discretion, which determination shall be final and binding on all parties. Any Old Notes so withdrawn will be deemed not to have been validly tendered for purposes of the Exchange Offer and no Exchange Notes will be issued with respect thereto unless the Old Notes so withdrawn are validly retendered. Properly withdrawn Old Notes may be retendered by following one of the procedures described above under "-- Procedures for Tendering" at any time prior to the Expiration Date.

Any Old Notes which have been tendered but which are not accepted for payment due to withdrawal, rejection of tender or termination of the Exchange Offer will be returned as soon as practicable to the Holder thereof without cost to such Holder (or, in the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures described above, such Old Notes will be credited to an account maintained with such Book-Entry Transfer Facility for the Old Notes).

CONDITIONS

Notwithstanding any other term of the Exchange Offer, the Company shall not be required to accept for exchange, or exchange Exchange Notes for, any Old Notes, and may terminate the Exchange Offer as provided herein before the acceptance of such Old Notes, if:

a) the Exchange Offer shall violate applicable law or any applicable interpretation of the staff of the SEC; or

b) any action or proceeding is instituted or threatened in any court or by any governmental agency that might materially impair the ability of the Company to proceed with the Exchange Offer or any material adverse development has occurred in any existing action or proceeding with respect to the Company; or

c) any governmental approval has not been obtained, which approval the Company shall deem necessary for the consummation of the Exchange Offer.

If the Company determines in its sole discretion that any of the conditions are not satisfied, the Company may (i) refuse to accept any Old Notes and return all tendered Old Notes to the tendering Holders (or, in the case of Old Notes tendered by book-entry transfer into the Exchange Agent's

account at the Book-Entry Transfer Facility pursuant to the book-entry

transfer provisions described above, such Old Notes will be credited to an account maintained with such Book-Entry Transfer Facility), (ii) extend the Exchange Offer and retain all Old Notes tendered prior to the expiration of the Exchange Offer, subject, however, to the rights of Holders to withdraw such Old Notes (see "--Withdrawal of Tenders"), or (iii) waive such unsatisfied conditions with respect to the Exchange Offer and accept all properly tendered Old Notes which have not been withdrawn. If such waiver constitutes a material change to the Exchange Offer, the Company will promptly disclose such waiver by means of a prospectus supplement that will be distributed to the registered Holders, and the Company will extend the Exchange Offer for a period of five to ten business days, depending upon the significance of the waiver and the manner of disclosure to the registered Holders, if the Exchange Offer would otherwise expire during such five- to ten-business-day period.

EXCHANGE AGENT

Harris Trust & Savings Bank has been appointed as Exchange Agent for the Exchange Offer. Questions and requests for assistance, request for additional copies of this Prospectus or of the Letter of Transmittal and requests for Notice of Guaranteed Delivery should be directed to the Exchange Agent addressed as follows:

By Mail or Hand/Overnight Delivery: Harris Trust & Savings Bank	By Facsimile: (212) 701-7636
c/o Harris Trust Company of New York 77 Water Street, 4th Floor New York, NY 10005 Attn: Reorganization Department	Confirm by Telephone: (212) 701-7624

FEES AND EXPENSES

The expenses of soliciting tenders will be borne by the Company. The principal solicitation is being made by mail; however, additional solicitation may be made by telegraph, facsimile, telephone or in person by officers and regular employees of the Company and its affiliates.

The Company has not retained any dealer-manager in connection with the Exchange Offer and will not make any payments to brokers, dealers or others soliciting acceptances of the Exchange Offer. The Company, however, will pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection therewith.

The cash expenses to be incurred in connection with the Exchange Offer will be paid by the Company. Such expenses include fees and expenses of the Exchange Agent and Trustee, accounting fees and legal fees, among others.

The Company will pay all transfer taxes, if any, applicable to the exchange of Old Notes pursuant to the Exchange Offer. If, however, certificates representing Exchange Notes or Old Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered Holder of the Old Notes tendered, or if tendered Old Notes are registered in the name of any person other than the person signing the Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Old Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered Holder or any other persons) will be payable by the tendering Holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering Holder.

ACCOUNTING TREATMENT

The Exchange Notes will be recorded at the same carrying value as the Old Notes, which is face value less accrued original issue discount, as reflected in the Company's accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be recognized as a result of consummation of the Exchange Offer. The expenses of the Exchange Offer and the unamortized expenses related to the issuance of the Old Notes will be amortized over the term of the Exchange Notes.

USE OF PROCEEDS

The Company will not receive any proceeds from the Exchange Offer. The net proceeds from the Old Notes Offering were approximately $59.6 million (after deduction of discounts to the Initial Purchasers and other expenses). Such net proceeds were used to repay amounts outstanding under the Credit Facility,

including $50.0 million under the Revolving Loans and $9.6 million to repay and permanently reduce the Term Loans. Revolving Loans repaid from the net proceeds of the Old Notes Offering may be re-borrowed from time to time. The Company will continue to use the Revolving Loans to support its working capital requirements including purchases related to the 1996 grape harvest. In addition, the Company intends to use the Revolving Loans to complete the Stock Repurchase Program (as defined). As of November 22, 1996, the Company had repurchased 785,200 shares of Class A Common Stock at an aggregate cost of $20.7 million under the Stock Repurchase Program. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The interest rate for the Term Loans and the Revolving Loans currently is the sum of LIBOR plus 1.0% and/or the prime rate. The weighted average interest rate on borrowings under the Credit Facility as of August 31, 1996 was 6.6%. Both the Term Loans and the Revolving Loans expire in 2001. The portion of the Term Loans and Revolving Loans repaid from the net proceeds of the Old Notes Offering were incurred to finance working capital requirements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Financial Liquidity and Capital Resources," "Description of Credit Facility" and "Plan of Distribution."

CAPITALIZATION

The following table sets forth the historical short-term debt and capitalization of the Company as of August 31, 1996 and the capitalization of the Company as adjusted to give effect to the sale of the Old Notes and the application of the net proceeds therefrom, as if it occurred on August 31, 1996. This table should be read in conjunction with the historical consolidated financial statements and the related Notes appearing elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	AS OF AUGUST 31, 1996	
	HISTORICAL	AS ADJUSTED
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Short-term debt:		
Current maturities of Term Loans	$ 40,000	$ 40,000
Revolving Loans(a)	62,000	12,000
Current maturities of other long-term debt and other short-term debt	766	766
Total short-term debt	$102,766	$ 52,766
Long-term debt:		
Term Loans	$176,000	$166,431
Other	1,204	1,204
8 3/4% Senior Subordinated Notes due 2003	130,000	130,000
8 3/4% Series B Senior Subordinated Notes due 2003	--	61,669
Total long-term debt (excluding current maturities)	307,204	359,304
Stockholders' equity:		
Class A Common Stock, $.01 par value-- 60,000,000 authorized shares; 17,458,582 shares issued	174	174
Class B Common Stock, $.01 par value-- 20,000,000 authorized shares; 3,956,183 shares issued	40	40
Additional paid-in capital	221,728	221,728
Retained earnings	156,042	156,042
Less--Treasury stock		
Class A Common Stock, 1,320,446 shares, at cost	(10,606)	(10,606)
Class B Common Stock, 625,725 shares, at cost	(2,207)	(2,207)
Total stockholders' equity	365,171	365,171
Total capitalization	$672,375	$724,475

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(a) Net proceeds from the Old Notes Offering were used to repay amounts outstanding under the Credit Facility, including $50,000 under the Revolving Loans. Revolving Loans repaid from the net proceeds of the Old Notes Offering may be re-borrowed from time to time. See "Use of Proceeds." Under the terms of the Company's Credit Facility, for 30 consecutive days at any time during the fiscal quarters ending on May 31 and August 31 of each fiscal year, the aggregate outstanding principal amount of the Revolving Loans combined with all drawn and undrawn Revolving Letters of Credit (as defined) cannot exceed $60,000, plus the

amount expended by the Company related to certain capital expenditures at any time during Fiscal 1997 up to $17,500. The Credit Facility expires in June 2001. As of August 31, 1996, there were outstanding Revolving Loans of $62,000 and $114,900 available to be drawn in Revolving Loans. See "Description of Credit Facility."

SELECTED HISTORICAL FINANCIAL DATA

The following selected historical consolidated financial and other data should be read in conjunction with the consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein. The summary selected financial information for each of the five fiscal years ended August 31, 1995 and the six month period ended February 29, 1996 is derived from the Company's consolidated financial statements for such fiscal years, which financial statements have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports thereon. The summary financial information for the six month periods ended February 28, 1995 and August 31, 1995 and 1996 and as of August 31, 1996 has been derived from the unaudited financial statements, which, in the opinion of management, include all adjustments necessary for a fair presentation of the results of operations for such periods. The financial information for the six months ended February 29, 1996 and August 31, 1995 and 1996 is not necessarily indicative of the results of operation for a full fiscal year. The pro forma and as adjusted data do not purport to represent what the Company's financial position or results of operations actually would have been if the Old Notes Offering in fact had occurred at the beginning of the indicated periods or as of the specified date, or purport to project the Company's results of operations or financial position for any future period or at any future date.

<TABLE>
<CAPTION>

	YEAR ENDED AUGUST 31,					SIX MONTHS ENDED		SIX MONTHS ENDED AUGUST 31,
	1991	1992(a)	1993(b)	1994(c)(d)	1995(e)	FEB. 28, 1995	FEB. 29, 1996	1995	1996
				(DOLLARS IN THOUSANDS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:									
Net sales	$176,559	$245,243	$306,308	$629,584	$906,544	$454,485	$535,024	$452,059	$555,711
Cost of product sold	(131,064)	(174,686)	(214,931)	(447,211)	(653,811)	(327,694)	(396,208)	(326,117)	(412,969)
Gross profit	45,495	70,557	91,377	182,373	252,733	126,791	138,816	125,942	142,742
Selling, general and administrative expenses	(30,184)	(46,491)	(59,983)	(121,388)	(159,196)	(79,925)	(112,411)	(79,271)	(102,870)
Nonrecurring restructuring expenses	--	--	--	(24,005)	(2,238)	(685)	(2,404)	(1,553)	--
Operating income	15,311	24,066	31,394	36,980	91,299	46,181	24,001	45,118	39,872
Interest expense, net	(3,631)	(6,182)	(6,126)	(18,056)	(24,601)	(13,141)	(17,298)	(11,460)	(16,803)
Income before provision for income taxes	11,680	17,884	25,268	18,924	66,698	33,040	6,703	33,658	23,069
Provision for federal and state income taxes	(3,970)	(6,528)	(9,664)	(7,191)	(25,678)	(12,720)	(3,381)	(12,958)	(9,627)

Net income.....	$ 7,710	$ 11,356	$ 15,604	$ 11,733	$ 41,020	$ 20,320	$ 3,322	$ 20,700 $ 13,442
OTHER DATA:								
Gross profit margin(f).....	25.8%	28.8%	29.8%	29.0%	27.9%	27.9%	25.9%	27.9% 25.7%
EBITDA(g).....	$ 20,737	$ 31,141	$ 40,069	$ 50,795	$112,011	$ 58,832	$ 37,959(h)(i)	$ 53,179 $ 57,166(i)
EBITDA margin(j)....	11.7%	12.7%	13.1%	8.1%	12.4%	12.9%	7.1%	11.8% 10.3%
Depreciation and amortization.....	$ 5,426	$ 7,075	$ 8,675	$ 13,815	$ 20,712	$ 12,651	$ 13,958	$ 8,061 $ 17,294
Capital expenditures.....	$ 2,844	$ 4,713	$ 6,949	$ 7,853	$ 37,121	$ 11,342	$ 16,077	$ 25,779 $ 21,795
Ratio of earnings to fixed charges(k)...	3.3x	3.4x	4.4x	2.0x	3.5x	3.3x	1.4x	3.7x 2.3x
PRO FORMA DATA(L):								
Cash interest expense, net.....							$ 18,157	$ 17,672
Ratio of EBITDA to cash interest expense, net.....							2.1x	3.2x

	AS OF AUGUST 31,					AS OF FEBRUARY 29,	AS OF AUGUST 31, 1996	
	1991	1992(a)	1993(b)	1994(c)(d)	1995(e)	1996	ACTUAL	AS ADJUSTED(l)
	(DOLLARS IN THOUSANDS)							
BALANCE SHEET DATA:								
Total assets.....	$147,207	$217,835	$355,182	$826,562	$785,921	$1,054,580	$1,038,191	$1,040,291
Indebtedness (including current maturities)....	63,134	62,174	129,131	339,123	227,992	479,713	409,970	412,070
Stockholders' equity....	51,975	95,549	126,104	204,193	351,882	356,506	365,171	365,171

See accompanying Notes to Selected Historical Financial Data

NOTES TO SELECTED HISTORICAL FINANCIAL DATA
(DOLLARS IN THOUSANDS)

(a) The Company acquired Guild on October 1, 1991, and accounted for this acquisition utilizing the purchase method of accounting. Guild's results of operations have been included in the Company's results of operations since October 1, 1991.

(b) The Company acquired Barton on June 29, 1993, and accounted for the acquisition utilizing the purchase method of accounting. Barton's results of operations have been included in the Company's results of operations since June 29, 1993.

(c) The Company acquired substantially all of the assets and businesses of Vintners on October 15, 1993, and accounted for the acquisition utilizing the purchase method of accounting. Vintners' results of operations have been included in the Company's results of operations since October 15, 1993.

(d) The Company acquired substantially all of the assets and business associated with the Almaden/Inglenook Product Lines from Heublein on August 5, 1994, utilizing the purchase method of accounting. The Almaden/Inglenook Product Lines have been included in the Company's results of operations since August 5, 1994.

(e) The Company acquired certain assets of UDG on September 1, 1995, and accounted for the acquisition utilizing the purchase method of accounting. UDG's results of operations have been included in the Company's results of operations since September 1, 1995.

(f) Represents gross profit as a percentage of net sales.

(g) EBITDA represents operating income plus depreciation of property, plant and equipment and amortization of intangible assets. EBITDA is presented here as a measure of the Company's debt service ability. 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.

(h) EBITDA for the six months ended February 29, 1996 includes approximately $14,300 of charges that the Company believes are nonrecurring in nature due in part to the Company's change in fiscal year, including $3,000 of LIFO expense also included in footnote (i) below.

(i) The LIFO adjustment for the six months ended February 28, 1996 and the six months ended August 31, 1996 were $6,927 and $13,750, respectively.

(j) Represents EBITDA as a percentage of net sales.

(k) For the purpose of calculating the ratio of earnings to fixed charges, "earnings" represents income before provision for income taxes plus fixed charges. "Fixed charges" consist of interest expense, including amortization of debt issuance costs, and the portion of rental expense which management believes is representative of the interest component of lease expense.

(l) The pro forma and as adjusted data assume that the Old Notes Offering and the application of the net proceeds therefrom occurred at the beginning of the indicated periods. The pro forma and as adjusted data assume that Revolving Loan amounts repaid are not re-borrowed. Such amounts may be re-borrowed from time to time. See "Use of Proceeds."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained herein includes certain forward-looking statements. The Company desires to take advantage of the "safe harbor" which is afforded such statements under the Private Securities Litigation Reform Act of 1995 when they are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements. See "Cautionary Statements Related to Projected Results."

GENERAL

On January 11, 1996, the Company changed its fiscal year end from the twelve month period ending August 31 to the twelve month period ending the last day of February. The Company believes that this change creates a better planning and financial reporting cycle by allowing the Company to take into account new costs from the fall grape harvest, other inventory costs, summer sales of imported beer products and holiday shipments of wines and spirits products in its fiscal planning and reporting process. The accompanying financial statements for the Transition Period are based on the newly adopted fiscal year. Accordingly, the reported results for the Transition Period reflect the effect of, among other matters, seasonal factors related primarily to the timing of advertising and promotion expenditures and inventory levels during the six months ended February 29, 1996.

The Company's results of operations over recent years have been significantly impacted by acquisitions. The Company acquired the outstanding capital stock of Barton on June 29, 1993, the assets of Vintners on October 15, 1993, the Almaden/Inglenook Product Lines on August 5, 1994 and certain assets from UDG on September 1, 1995. See "Business--Recent Acquisitions." The Company financed the UDG Acquisition through an amendment to its then-existing bank credit facility, primarily through an increase in the term loan facility under that credit facility. See "--Financial Liquidity and Capital Resources."

The cost of grapes, a major component of the Company's raw materials for its winemaking, increased significantly for the 1995 and 1996 harvests.The Company uses the last-in, first-out ("LIFO") method of valuing its inventories. The increased grape costs associated with the fall 1996 grape harvest therefore increased the Company's costs of goods sold for Fiscal 1997. As a result, gross profit margins for the Company's wine business were adversely affected during Fiscal 1997.

PROJECTED FISCAL 1997 RESULTS

On September 5, 1996, the Company reduced its estimated net income per share for Fiscal 1997 to a new range of $1.10 to $1.40. For financial analysis purposes only, the Company estimates that EBITDA for Fiscal 1997 will be in the range of $102.5 million to $117.5 million. EBITDA should not be construed as an alternative to operating income or net cash flow from operating activities and should not be construed as an indication of operating performance or as a measure of liquidity. The Company revised its estimated net income per share for Fiscal 1997 as a result of below expectation

performance of the Company's wine division, offset in part by better than expected performance of the Company's beer and spirits division. The Company believes its wine division performance will be negatively impacted by (i) increased cost of product sold relating to increased grape costs from the 1996 harvest which the Company does not expect to offset through selling price increases in Fiscal 1997; (ii) inefficiencies in its wine division operations; and (iii) decreased unit volume of its branded wine products. These projected results are based on certain assumptions, including the following: (i) the Company's unit volume sales of branded wine products will continue to decrease at approximately the same rate as they decreased during the Six Months 1997; (ii) increases in the Company's costs will not result in a LIFO adjustment materially in excess of the current estimate of $27.5 million for Fiscal 1997; (iii) the Company will continue to experience wine production operating inefficiencies,

although at lower levels as compared to the Six Months 1997; (iv) the Company's beer and spirits division will continue to experience strong growth; (v) the Company will not materially change its selling prices, on an overall basis, as compared to current levels at the end of the Six Months 1997; and (vi) the Company's promotional levels will continue at comparable rates to the Six Months 1997. See "--Cautionary Statements Related to Projected Results."

The projected results set forth above have not been examined by Arthur Andersen LLP, the Company's independent public accountants, and such accountants assume no responsibility for such projected results.

RESULTS OF OPERATIONS

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

<TABLE>
<CAPTION>

	YEAR ENDED AUGUST 31,		SIX MONTHS ENDED		SIX MONTHS ENDED AUGUST 31,	
			FEBRUARY 28,	FEBRUARY 29,		
	1994	1995	1995	1996	1995	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of product sold	71.0	72.1	72.1	74.1	72.1	74.3
Gross profit	29.0	27.9	27.9	25.9	27.9	25.7
Selling, general and administrative expenses	19.3	17.6	17.6	21.0	17.6	18.6
Nonrecurring restructuring expenses	3.8	0.2	0.1	0.4	0.3	0.0
Operating income	5.9	10.1	10.2	4.5	10.0	7.1
Interest expense, net	2.9	2.7	2.9	3.2	2.5	3.0
Income before provision for income taxes	3.0	7.4	7.3	1.3	7.5	4.1
Provision for federal and state income taxes	1.1	2.9	2.8	0.7	2.9	1.7
Net income	1.9%	4.5%	4.5%	0.6%	4.6%	2.4%

</TABLE>

SIX MONTHS ENDED AUGUST 31, 1996, COMPARED TO SIX MONTHS ENDED AUGUST 31, 1995

Net Sales

Net sales for the Six Months 1997 increased to $555.7 million from $452.1 million for the six months ended August 31, 1995 ("August 1995 Six Months"), an increase of $103.6 million, or approximately 22.9%. This increase resulted primarily from (i) the inclusion of $49.0 million of net sales of products and services from the UDG Acquisition; (ii) $39.3 million of additional imported beer sales, primarily Mexican beers; (iii) $9.2 million of increased net sales of branded wine products resulting from selling price increases implemented between October 1995 and May 1996; and (iv) $6.1 million of higher sales of grape juice concentrate and other nonbranded products.

For purposes of computing the net sales and unit volume comparative data for the table below and for the remainder of the discussion of net sales, sales of products acquired in the UDG Acquisition have been included in the entire period for the August 1995 Six Months, which was prior to the UDG Acquisition.

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

SIX MONTHS ENDED AUGUST 31, 1996, COMPARED TO SIX MONTHS ENDED AUGUST 31, 1995

<TABLE>
<CAPTION>

	NET SALES			UNIT VOLUME		
	SIX MONTHS 1997	AUGUST 1995 SIX MONTHS	% INC/(DEC)	SIX MONTHS 1997	AUGUST 1995 SIX MONTHS	% INC/(DEC)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Branded Beverage Alcohol Products(1).....	$493,939	$443,435	11.4%	30,697	28,075	9.3%
Branded Wine Products...	240,404	231,180	4.0	12,867	13,450	(4.3)
Non-varietal Table Wines.....	104,549	105,394	(0.8)	6,463	6,878	(6.0)
Varietal Table Wines..	77,025	64,630	19.2	3,195	3,029	5.5
Dessert Wines.....	32,744	34,984	(6.4)	2,055	2,338	(12.1)
Sparkling Wines.....	26,086	26,172	(0.3)	1,154	1,205	(4.2)
Beer.....	163,314	124,028	31.7	13,072	10,028	30.4
Spirits.....	90,222	87,583	3.0	4,759	4,575	4.0

</TABLE>

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

Net sales and unit volume of the Company's branded beverage alcohol products for the Six Months 1997 increased 11.4% and 9.3%, respectively, as compared to the August 1995 Six Months. The net sales increases resulted from higher imported beer sales, price increases on most of the Company's branded wine products, particularly varietal table wine brands, and increased sales of the Company's spirits brands. Unit volume increases were led by substantial growth in the Company's imported beer brands and increases in its varietal table wine and spirits brands, partially offset by declines in unit volume of non-varietal table wines, dessert wines and sparkling wines.

Net sales of the Company's branded wine products increased $9.2 million, or 4.0%, for the Six Months 1997 as compared to the August 1995 Six Months due to the Company's selling price increases, despite unit volume declines of 4.3%. The Company believes that the unit volume decrease resulted from the Company's selling price increases, as well as industry trends related to certain categories and the timing of shipments of some sparkling and dessert wine products in the August 1995 Six Months.

Net sales and unit volume of the Company's non-varietal table wine products declined by 0.8% and 6.0%, respectively, for the Six Months 1997 as compared to the August 1995 Six Months. The Company believes that the decline in unit volume reflects the impact of the Company's selling price increases and other competitive pressures.

Net sales and unit volume of the Company's varietal table wine brands increased by 19.2% and 5.5%, respectively. Net sales increased at a greater rate than unit volume due to price increases instituted during the Transition Period and the three months ended May 31, 1996. Net sales and unit volume of the Company's varietal wine products such as chardonnay, cabernet sauvignon and merlot, which represent more than half of the Company's varietal wine volume, increased substantially in the Six Months 1997. While white zinfandel unit volume declined in the Six Months 1997, net sales for white zinfandel increased modestly.

Net sales and unit volume of the Company's dessert wine products decreased by 6.4% and 12.1%, respectively, during the Six Months 1997. The Company believes that, although the decline in

unit volume was somewhat mitigated by selling price increases, these results reflect the continuing trend of consumer preferences away from the dessert wine category, as well as the timing of shipments in the August 1995 Six Months relative to the subsequent periods.

Net sales and unit volume of the Company's sparkling wine brands declined 0.3% and 4.2%, respectively, during the Six Months 1997 as compared to the August 1995 Six Months. The Company believes that the decline in unit volume is consistent with industry trends and is also partially related to the timing of sparkling wine shipments in the August 1995 Six Months relative to subsequent periods.

Net sales and unit volume of the Company's beer brands increased 31.7% and 30.4%, respectively, during the Six Months 1997. Net sales and volume increases were largely due to the Company's Mexican beer brands, particularly Corona, Modelo Especial and Pacifico, which continued strong growth trends. The Company believes that the growth in its Mexican beers is related to the growth of the Hispanic population in the Company's distribution areas, the continued popularity of imported beers in general and the narrowing price gap between imported beers and domestic beers. The Company does not believe that the high growth rate in its imported beer business will be sustainable.

Net sales and unit volume of the Company's distilled spirits brands increased by 3.0% and 4.0%, respectively, in the Six Months 1997 as compared to the August 1995 Six Months. Excluding the impact of the UDG Acquisition, spirits net sales and unit volume increased by 7.2% and 2.2%, respectively, during the Six Months 1997, reflecting strong brandy sales and increases in tequila and liqueurs and the introduction of a number of new products. Net sales and unit volume of the brands acquired in the UDG Acquisition decreased by 1.7% and increased by 6.4%, respectively, in the Six Months 1997, reflecting the impact of downward selling price adjustments for these brands to be more in line with the pricing strategy of the rest of the Company's spirits portfolio.

Gross Profit

The Company's gross profit increased to $142.7 million in the Six Months 1997 from $125.9 million in the August 1995 Six Months, an increase of $16.8 million, or 13.3%. This change in gross profit resulted primarily from (i) approximately $20.5 million of gross profit from sales generated from the business acquired from UDG; (ii) approximately $12.4 million of additional gross profit from increases in beer sales; (iii) approximately $10.0 million of lower gross profit primarily due to increased costs of products sold, particularly higher grape costs in the fall 1996 harvest, and additional costs resulting from inefficiencies in the production of wine and grape juice concentrate, particularly at the Company's newly consolidated West Coast operations, partially offset by additional net sales resulting primarily from selling price increases of the Company's branded wine and grape juice concentrate products and a partial reduction of certain grape contract loss reserves established in connection with the Vintners' Acquisition (which reduction corresponds to the increase in grape costs relative to the contract pricing and the termination of certain unfavorable contracts); and (iv) approximately $6.1 million of lower gross profits due to lower volume of branded wine products and decreased sales of other nonbranded products. The Company's increased production costs stemmed from low bulk conversion rates and bottling inefficiencies. The Company also experienced high imported concentrate and bulk freight costs. The Company has instituted a series of steps to address these matters, including the Reengineering Effort. See "Summary--Current Operating Environment."

Gross profit as a percentage of net sales was 25.7% for the Six Months 1997 as compared to 27.9% in the August 1995 Six Months. The decline in the gross profit margin was largely due to higher costs, particularly grape costs, of wine and grape juice concentrate products, partially offset by increased selling prices on most of the Company's branded wine and grape juice concentrate products. The Company has experienced significant increases in its cost of grapes in both the 1995 and the 1996 harvests. The Company believes that these increases in grape costs were due to an imbalance in supply and demand in the varieties which the Company purchases. However, selling price increases in effect during the Six Months 1997, on an annualized basis, more than offset higher costs from the fall 1995 harvest.

For comparison purposes to companies using the first-in, first-out method of accounting for inventory valuation ("FIFO") only, the Company's Six Months 1997 results reflect a reduction in gross profit of approximately $13.8 million due to the Company's LIFO method of accounting for inventory valuation, based on the Company's current estimate of a $27.5 million LIFO adjustment for Fiscal 1997. The Company previously estimated that gross profit for Fiscal 1997 would be negatively impacted as a result of LIFO by $23.5 million. The LIFO estimate for Fiscal 1997 will be revised, as appropriate, through the end of the fiscal year. The Company's August 1995 Six Months gross profit reflected an addition of approximately $3.1 million due to LIFO.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the Six Months 1997 were $102.9 million, an increase of $23.6 million as compared to the August 1995 Six Months. Of this amount, $10.5 million related to the UDG Acquisition; $7.5 million was due to increased personnel and other related expenses to expand the Company's management capabilities; and $5.6 million was due to additional selling, advertising and promotion expenses associated with increased unit volume exclusive of sales related to the UDG Acquisition.

Interest Expense, Net

Net interest expense totalled $16.8 million in the Six Months 1997, an increase of $5.3 million as compared to the August 1995 Six Months, primarily due to additional interest expense from the UDG Acquisition financing.

Provision for Federal and State Income Taxes

The Company's effective tax rate for the Six Months 1997 increased to 41.7% from 38.5% for the August 1995 Six Months due to a higher effective tax rate in California caused by statutory limitations on the Company's ability to utilize certain deductions.

Net Income

As a result of the foregoing, net income for the Six Months 1997 was $13.4 million, a decrease of $7.3 million as compared to the August 1995 Six Months. For financial analysis purposes only, the Company's EBITDA for the Six Months 1997 was $70.9 million using the FIFO method and $57.2 million using the LIFO method. 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 MONTH TRANSITION PERIOD ENDED FEBRUARY 29, 1996, COMPARED TO SIX MONTHS ENDED FEBRUARY 28, 1995

Net Sales

Net sales for the Transition Period increased to $535.0 million from $454.5 million for the six months ended February 28, 1995 (the "February 1995 Six Months"), an increase of $80.5 million, or 17.7%. In addition to the sales of products and services from the UDG Acquisition, the Company had additional net sales of $23.6 million from its imported beer brands and $14.1 million from its varietal wine products, partially offset by lower sales of bulk wine, non-varietal wine, contract bottling services, grape juice concentrate and dessert wine.

For purposes of computing the net sales and unit volume comparative data below, sales of products acquired in the UDG Acquisition have been included in the Company's results for the entire Transition Period and the entire February 1995 Six Months, which was prior to the UDG Acquisition.

The following table sets forth the net sales (in thousands of dollars) and unit volumes (in thousands of cases) for the branded beverage alcohol products, branded wine products, each category of branded wine product, beer and spirits brands sold by the Company for the Transition Period and the February 1995 Six Months:

SIX MONTHS ENDED FEBRUARY 29, 1996, COMPARED TO SIX MONTHS ENDED FEBRUARY 28, 1995

<TABLE>
<CAPTION>

	NET SALES			UNIT VOLUME		
	TRANSITION PERIOD	FEBRUARY 1995 SIX MONTHS	% INCREASE (DECREASE)	TRANSITION PERIOD	FEBRUARY 1995 SIX MONTHS	% INCREASE (DECREASE)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Branded Beverage Alcohol Products (1)	$474,450	$443,204	7.1%	28,748	26,786	7.3%
Branded Wine Products	268,782	255,881	5.0	14,783	14,537	1.7
Non-varietal wines	116,128	117,805	(1.4)	7,325	7,699	(4.9)
Varietal wines	78,182	64,049	22.1	3,637	2,971	22.4
Dessert wines	32,640	33,435	(2.4)	2,033	2,137	(4.9)
Sparkling wines	41,831	40,592	3.1	1,788	1,731	3.3
Beer	115,757	92,131	25.6	9,316	7,444	25.1
Spirits	91,219	96,547	(5.5)	4,648	4,793	(3.0)

</TABLE>

(1) The sum of the net sales and unit volume amounts from the individual categories do not equal total Branded Beverage Alcohol Products because miscellaneous items reducing net sales and adding to unit volume are included in total Branded Beverage Alcohol Products but are not reflected in the category information.

Net sales and unit volume of the Company's branded beverage alcohol products for the Transition Period increased 7.1% and 7.3%, respectively, as compared to the February 1995 Six Months. These increases were principally due to increased net sales and unit volume of the Company's imported beer brands and varietal table wine brands.

Net sales of the Company's branded wine products increased by $12.9 million, or 5.0%, for the Transition Period as compared to the February 1995 Six

Months. Unit volume of the Company's branded wine products increased by approximately 246,000 cases, or 1.7%. Of the $12.9 million increase in net sales, (i) $8.6 million was due to higher average selling prices per case due to a combination of price increases implemented by the Company between October 1995 and January 1996 and a change in the product mix in favor of higher-priced categories; and (ii) $4.3 million was due to increased shipments of the Company's varietal table wines and sparkling wines, partially offset by lower shipments of non-varietal table wines and dessert wines. The Company believes that the increase in unit volume was partially due to the fulfillment of a backlog of orders at the end of fiscal 1995 caused by production and shipping delays associated with the consolidation of certain of its California wineries (the "Restructuring Plan"). The backlog of unfilled orders from August 1995 was substantially eliminated in the first three months of the Transition Period.

Net sales and unit volume of the Company's non-varietal table wine brands for the Transition Period decreased by 1.4% and 4.9%, respectively, as compared to the February 1995 Six Months. The decline in net sales was less than the decline in unit volume as a result of the selling price increases implemented by the Company. The Company believes that the volume decline is consistent with a general change in consumer preferences from non-varietal table wines to varietal table wines and may also reflect the impact of the Company's price increases.

Net sales and unit volume of the Company's varietal table wine brands for the Transition Period increased 22.1% and 22.4%, respectively, as compared to the February 1995 Six Months. With the price increases implemented in the Transition Period, the phasing out of introductory pricing on varietal

wine line extensions, and changes in mix, the average price per case of varietal wine has virtually returned to the level the Company experienced in the February 1995 Six Months. In addition, the Company initiated a second round of price increases on most of its varietal wine brands which were implemented over the first three months of Fiscal 1997.

Net sales and unit volume of the Company's sparkling wine brands increased by 3.1% and 3.3%, respectively, in the Transition Period as compared to the February 1995 Six Months. While these results were better than the industry growth rate in the category during this period, they reflect comparisons to lower sales for the Company in the February 1995 Six Months relative to the industry.

Net sales and unit volume of the Company's dessert wine brands decreased by 2.4% and 4.9%, respectively, in the Transition Period as compared to the February 1995 Six Months, reflecting the continuing decline in the consumption of beverage dessert wines, partially offset by increases in the sale of traditional dessert wines such as ports and sherries.

Net sales and unit volume of the Company's beer brands for the Transition Period increased by 25.6% and 25.1%, respectively, as compared to the February 1995 Six Months. These increases were principally driven by growth in the Company's Mexican beer brands.

Net sales and unit volume of the Company's distilled spirits brands declined by 5.5% and 3.0%, respectively, in the Transition Period as compared to the February 1995 Six Months. Excluding the impact of the UDG Acquisition, net sales and unit volume of the Company's distilled spirits brands grew by 6.2% and 5.0%, respectively, in the Transition Period, led by higher brandy, tequila, liqueur and rum sales, partially offset by lower whiskey, gin and vodka sales. Unit sales of the brands acquired in the UDG Acquisition were 11.5% lower than in the February 1995 Six Months, accounting for lower overall spirits sales. During the period from 1993 to 1995, the brands acquired in the UDG Acquisition declined in excess of industry rates. The Company believes that these declines resulted from noncompetitive retail pricing and promotional activities.

Gross Profit

Gross profit for the Transition Period was $138.8 million, an increase of $12.0 million, as compared to gross profit of $126.8 million for the February 1995 Six Months. This increase in gross profit resulted from $18.5 million of additional gross profit from sales generated from the business acquired from UDG and $1.0 million from ongoing operations, which was offset in part by $7.5 million of (i) overtime, freight and other expenses and restructuring charges related to production and shipping delays associated with the relocation of West Coast bottling operations to the Company's Mission Bell winery, employee bonuses and certain nonrecurring expenses; and (ii) as a result of the change in the Company's fiscal year end, increased cost of product sold due to the different amount and composition of inventory levels at the end of February versus the end of August, the Company's former fiscal year end. The $1.0 million increase in gross profit from ongoing operations resulted from a $7.3 million increase in gross profit, primarily due to increased sales and gross margins from the Company's imported beer business, partially offset by $6.3

million of lower gross profits in the Company's wine and grape juice concentrate businesses, which was due primarily to higher grape costs which were only partially recovered by selling price increases in the Transition Period.

Gross profit as a percentage of net sales declined from 27.9% to 25.9% in the Transition Period. This decline was due primarily to the impact of higher grape and other costs in the Transition Period, partially offset by the higher gross profit sales of brands acquired from UDG and improved gross profit as a percentage of net sales in the Company's imported beer business. The gross profit percentage was positively impacted by the UDG Acquisition, as gross profit as a percentage of net sales on the business acquired from UDG was 34.7%.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totalled $112.4 million for the Transition Period, an increase of $32.5 million as compared to the February 1995 Six Months. Exclusive of $11.1 million of nonrecurring costs including, as a result of the change in the Company's fiscal year end, the recognition of higher than normal advertising and promotion expenses in the Transition Period due to the seasonality of these expenses and employee bonuses and other nonrecurring costs and $8.3 million related to the UDG Acquisition, selling, general and administrative expenses increased by $13.1 million, or 16.3%, as compared to the February 1995 Six Months. Advertising and promotion increases of $6.7 million were related primarily to the Almaden/Inglenook Product Lines which were acquired in August 1994 and which the Company did not advertise or promote at a full level in the first several months after their acquisition. The Company also incurred increased advertising and promotion expenses related to the increased sales of its imported beers. Selling expenses increased by $5.4 million primarily as a result of the Almaden/Inglenook Product Line acquisitions, with the Transition Period including a full complement of sales and marketing personnel to service the brands that were not in place for the entire period in the February 1995 Six Months. The Transition Period also included additional sales personnel in the Company's spirits and imported beer divisions. Other general and administrative expenses increased by $1.0 million.

Excluding the nonrecurring costs referred to above and the UDG Acquisition, selling, general and administrative expenses as a percent of net sales increased to 19.3% from 17.6% in the February 1995 Six Months due to the inclusion of a full complement of advertising, promotion and selling expense related to the Almaden/Inglenook Product Lines.

Nonrecurring Restructuring Expenses

The Company incurred net restructuring charges of $2.4 million in the Transition Period, as compared to restructuring charges of $0.7 million in the February 1995 Six Months. The restructuring expenses in the Transition Period represent $3.1 million of incremental, nonrecurring expenses such as overtime and freight expense related to production and shipment delays associated with the Restructuring Plan, offset by a net reduction of $0.7 million in accrued liabilities associated with the Restructuring Plan to take into account lower than expected expenses for severance and facility holding and closure costs. See the Notes to the Company's Consolidated Financial Statements included herein.

Interest Expense, Net

Net interest expense increased $4.2 million to $17.3 million in the Transition Period as compared to the February 1995 Six Months. The increase resulted from additional interest expense associated with the borrowings related to the UDG Acquisition, amounting to $5.1 million, and increased working capital requirements due primarily to higher grape costs and the UDG Acquisition, partially offset by net reductions in the Company's Term Loans and Revolving Loans using proceeds of the Company's November 18, 1994 public equity offering.

Provision for Federal and State Income Taxes

The Company's effective tax rate for the Transition Period increased to 50.4% from 38.5% for the February 1995 Six Months due to a higher effective tax rate in California caused by statutory limitations on the Company's ability to utilize certain deductions.

Net Income

As a result of the foregoing, net income for the Transition Period was $3.3 million, a decrease of $17.0 million as compared to the February 1995 Six Months.

FISCAL YEAR ENDED AUGUST 31, 1995, COMPARED TO FISCAL YEAR ENDED AUGUST 31, 1994

Net Sales

Net sales for the 1995 fiscal year increased to $906.5 million from $629.6 million for the fiscal year ended August 31, 1994, an increase of $276.9 million, or approximately 44.0%. This increase resulted from the inclusion of (i) $234.7 million of net sales of products acquired in the Almaden/Inglenook Acquisition; (ii) an overall increase of $25.8 million in net sales of Company products, excluding the impact of the net sales of products that were acquired during fiscal 1994; 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 1995 fiscal year, the Company's net sales increased 4.1% as compared to the fiscal year ended August 31, 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 fiscal year ended August 31, 1995 and the entire fiscal year ended August 31, 1994, part of which was prior to the Vintners Acquisition and the Almaden/Inglenook Acquisition.

The following table sets forth the net sales (in thousands of dollars) and unit volumes (in thousands of cases) for the branded beverage alcohol products, branded wine products, each category of branded wine products, beer and spirits brands sold by the Company for the 1995 and 1994 fiscal years:

FISCAL YEAR 1995 COMPARED TO FISCAL YEAR 1994

<TABLE>
<CAPTION>

	NET SALES			UNIT VOLUME		
	1995	1994	% INCREASE (DECREASE)	1995	1994	% INCREASE (DECREASE)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Branded Beverage Alcohol Products (1)	$795,290	$750,180	6.0%	50,547	47,688	6.0%
Branded Wine Products	487,101	486,838	0.1	28,019	28,657	(2.2)
Non-varietal wines	223,391	234,541	(4.8)	14,577	15,594	(6.5)
Varietal wines	128,679	106,559	20.8	6,032	4,943	22.0
Dessert wines	68,094	71,320	(4.5)	4,474	4,794	(6.7)
Sparkling wines	66,937	74,418	(10.1)	2,936	3,326	(11.7)
Beer	216,159	173,883	24.3	17,471	14,100	23.9
Spirits (2)	92,400	88,549	4.3	5,041	4,847	4.0

</TABLE>

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

(2) The Spirits category includes for both years presented case goods sales of a number of brandy products under brands acquired in the Vintners and Almaden/Inglenook Acquisitions.

Net sales and unit volume of the Company's branded beverage alcohol products for the fiscal year ended August 31, 1995, each increased 6% as compared to the fiscal year ended August 31, 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 fiscal 1995 increased 0.1% and decreased 2.2%, respectively, as compared to fiscal 1994. These results were primarily due to lower non-varietal table wine, sparkling wine and dessert wine sales offset by improved varietal wine sales. The Company's results were also negatively affected by a backlog in fulfilling orders at the end of fiscal 1995 due to production and shipment delays associated with the relocation of West Coast bottling operations to the Company's Mission Bell winery under the Restructuring Plan. The backlog was substantially eliminated in the first three months of the Transition Period. The Company also increased prices on selected branded wine products during the Transition Period in response to increased grape costs associated with the

1995 harvest and to phase out introductory pricing on recently introduced line extensions of varietal wine products.

Net sales and unit volume of the Company's non-varietal table wine brands for fiscal 1995 declined 4.8% and 6.5%, respectively, as compared to fiscal 1994. The Company believes these declines are consistent with a general decline in the consumption of non-varietal table wine products reflecting changing consumer preferences toward varietal table wines.

Net sales and unit volume of the Company's varietal table wine brands for fiscal 1995 increased 20.8% and 22.0%, respectively, as compared to fiscal 1994. These increases reflect the continuation of the Company's strategy to expand distribution into new markets and increase penetration of existing markets primarily through line extensions and promotional activities. As part of this strategy, the Company also offered certain new and existing products at highly competitive prices.

Net sales and unit volume of the Company's dessert wine brands for fiscal 1995 decreased 4.5% and 6.7%, respectively, as compared to fiscal 1994. The Company believes those declines are consistent with a general decline in consumption of dessert wines. Declines in the Company's beverage dessert wines were partially offset by growth in higher priced traditional dessert wines such as port and sherry.

Net sales and unit volume of the Company's sparkling wine brands for fiscal 1995 declined 10.1% and 11.7%, respectively, as compared to fiscal 1994. These declines were primarily the result of strong competition and weak consumer demand for sparkling wine.

Net sales and unit volume of the Company's beer brands for fiscal 1995 increased 24.3% and 23.9%, respectively, as compared to 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 fiscal 1995 increased 4.3% and 4.0%, respectively, as compared to fiscal 1994. The growth is due to increased shipments of brandy, vodka, and tequila.

Gross Profit

Gross profit for the fiscal year ended August 31, 1995, increased to $252.7 million from $182.4 million for the fiscal year ended August 31, 1994, an increase of $70.3 million, or approximately 38.6%. 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 27.9% for the fiscal year ended August 31, 1995, from 29.0% for the fiscal year ended August 31, 1994. The Company's gross profit percentages decreased as a result of the inclusion of operations acquired in the Almaden/Inglenook Acquisition, which had a lower gross profit percentage than the remainder of the Company's operations, and reduced gross profit percentages on sales of certain of the Company's table wine brands in fiscal 1995 as compared to fiscal 1994. The cost of grapes, a major component of the Company's raw materials for its winemaking, increased significantly for the 1995 harvest compared with the 1994 harvest.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the fiscal year ended August 31, 1995 increased to $159.2 million from $121.4 million for the fiscal year ended August 31, 1994, an increase of $37.8 million, or approximately 31.1%. This increase primarily resulted from the additional expenses associated with the sales and marketing of the products acquired in the Almaden/Inglenook Acquisition, and to a lesser extent, higher advertising and promotion expenses associated with certain wine brands. As a percentage of net sales, selling, general and administrative expenses decreased to 17.6% for fiscal 1995 as compared to 19.3% for fiscal 1994 as a result of increased economies of scale.

Nonrecurring Restructuring Expenses

In fiscal 1995, the Company incurred a nonrecurring restructuring charge of $2.2 million related to its Restructuring Plan which reduced net income per share by $0.07 on a fully diluted basis as compared to a nonrecurring restructuring charge of $24.0 million in fiscal 1994, also related to the Restructuring Plan, which reduced net income per share by $0.91 on a fully diluted basis. See the Notes to the Company's Consolidated Financial Statements included herein.

Interest Expense, Net

Net interest expense increased $6.5 million to $24.6 million in the fiscal

year ended August 31, 1995, as compared to the fiscal year ended August 31, 1994. The increase is primarily due to borrowings related to the Vintners and Almaden/Inglenook Acquisitions.

Net Income

Net income for the fiscal year ended August 31, 1995, increased to $41.0 million from $11.7 million for the fiscal year ended August 31, 1994, an increase of $29.3 million, or approximately 249.6%. Fully diluted earnings per share increased to $2.13 in the fiscal year ended August 31, 1995, from $0.74 in the fiscal year ended August 31, 1994, a 187.8% improvement.

Excluding the impact of the nonrecurring restructuring expenses, net income was $42.4 million in fiscal 1995 as compared to $26.6 million in fiscal 1994. This represents an improvement in net income of $15.8 million or 59.4%. Excluding the impact of the nonrecurring restructuring expenses, fully diluted earnings per common share increased to $2.20 from $1.65, an increase of 33.3%. These increases were due to the contribution of the Almaden/Inglenook Product Lines and other products acquired in the Almaden/Inglenook Acquisition and increased sales of imported beer brands.

FINANCIAL LIQUIDITY AND CAPITAL RESOURCES

General

The Company's principal use of cash in its operating activities is for purchasing and carrying inventory of raw materials, inventories in process and finished goods. 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.

During January 1996, the Company's Board of Directors authorized the repurchase of up to $30.0 million of the Company's Class A Common Stock and Class B Common Stock (the "Stock Repurchase

Program"). The repurchase of shares of common stock will be accomplished, from time to time, depending upon market conditions, through open market or privately negotiated transactions. The Company may finance such repurchases through cash generated from operations or through the Credit Facility. The repurchased shares will become treasury shares and may be used for general corporate purposes. As of November 22, 1996, the Company had repurchased 785,200 shares of Class A Common Stock at an aggregate cost of $20.7 million.

The Company's cash requirements have increased during the past twelve months due to increased grape costs, operating inefficiencies at its West Coast wine operations, and increased working capital needs from the Company's expanded business. See "Risk Factors--Difficulty in Integrating Acquisitions," and "--Dependence on Raw Materials." The Company used the net proceeds of the Old Notes Offering to repay amounts outstanding under the Credit Facility, including $50.0 million under the Revolving Loans and approximately $9.6 million to repay and permanently reduce the Term Loans. The Company will continue to use the Revolving Loans to support its working capital requirements. In addition, the Company intends to use the Revolving Loans to complete the Stock Repurchase Program. Revolving Loans repaid from the net proceeds of the Offering may be re-borrowed from time to time. The Company believes that the Revolving Loans, its financing activities, including the issuance of the Notes, and cash provided by operating activities will provide adequate resources to satisfy its working capital, liquidity and anticipated capital expenditure requirements for at least the next four fiscal quarters and to complete the Stock Repurchase Program.

Cash Flows for Six Months Ended August 31, 1996

Operating Activities

Net cash provided by operating activities in the Six Months 1997 was $89.8 million. The net cash provided by operating activities for the Six Months 1997 resulted principally from a net increase in current liabilities (primarily a $43.6 million increase in accounts payable as a result of purchases associated with the 1996 grape harvest), net income adjusted for noncash items plus a net decrease in current assets (primarily a $13.3 million net decrease in inventories).

Investing Activities and Financing Activities

Net cash used in investing activities in the Six Months 1997 was $16.6 million, resulting primarily from $21.8 million of capital expenditures,

offset in part by proceeds from the sale of property, plant and equipment of $5.2 million, resulting principally from the May 1996 sale of the Company's Central Cellars winery, located in Lodi, California.

Net cash used in financing activities in the Six Months 1997 was $74.5 million, resulting principally from net repayments of $49.3 million of Revolving Loan borrowings under the Credit Facility, principal payments of $20.4 million of long-term debt and repurchases of $5.4 million of the Company's Class A Common Stock.

As of November 22, 1996, under its Credit Facility, the Company had outstanding Term Loans of $197.0 million bearing interest at 6.5%, $110.0 million of Revolving Loans bearing interest at 6.2%, $11.1 million of Revolving Letters of Credit and $13.7 million under the Barton Letter of Credit. As of November 22, 1996, under the Credit Facility, $63.9 million of Revolving Loans were available to be drawn by the Company.

As of November 22, 1996, the Company had outstanding $130.0 million of Original Notes. The terms of the Original Notes are substantially identical to the terms of the Notes offered hereby.

Capital Expenditures

During the Transition Period and the Six Months 1997, the Company expended approximately $16.1 million and $21.8 million, respectively, for capital expenditures. Capital expenditures for the remainder of Fiscal 1997 and Fiscal 1998 are expected to be approximately $17.6 million and $24.5 million, respectively.

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 wastewater 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 wastewater 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 Fiscal 1997. During the last three fiscal years, the Company has not incurred, nor does it expect to incur in Fiscal 1997, any material expenditures related to remediation of previously contaminated sites or other nonrecurring environmental matters.

CAUTIONARY STATEMENTS RELATED TO PROJECTED RESULTS

The Company makes forward-looking statements from time to time and desires to take advantage of the "safe harbor" which is afforded such statements under the Private Securities Litigation Reform Act of 1995 when they are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements.

The statements contained in the foregoing "Management's Discussion and Analysis of Financial Condition and Results of Operations," including under "Projected Fiscal 1997 Results," and elsewhere in this Prospectus which are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. Any projections of future results of operations, and in particular, (i) the Company's estimated net income per share for Fiscal 1997, and (ii) the Company's estimated cash flows as measured by EBITDA for Fiscal 1997, should not be construed in any manner as a guarantee that such results will in fact occur. There can be no assurance that any forward-looking statement will be realized or that actual results will not be significantly higher or lower than set forth in such forward-looking statement. In addition to the risks and uncertainties of ordinary business operations, the forward-looking statements of the Company contained in this Prospectus are also subject to the following risks and uncertainties:

- The Company believes that its future results of operations are inherently difficult to predict due to the Company's use of the LIFO method of accounting for inventory valuation, particularly as it relates to the Company's purchase of grapes from the 1996 fall harvest. In particular, the Company found it necessary to revise its estimate of the impact of LIFO in the first quarter and second quarter of the current fiscal year versus its previous estimates. There are no assurances that the Company may not have to revise this estimate further.

- The Company could experience worse than expected production inefficiencies or other raw material supply, production or shipment difficulties which could adversely affect (i) its ability to supply goods to its customers and (ii) the willingness of its wholesale or retail

customers to purchase the Company's products. The Company could also experience higher than expected increases in its cost of product sold as a result of inefficiencies or if raw materials such as grapes, concentrate or packaging materials are in short supply or if the Company experiences increased overhead costs. The Company believes that further production inefficiencies and higher than expected other costs related to such matters as loss rates, imported concentrate costs, freight costs and yields will negatively impact its results.

- Manufacturing economies related to such matters as bottling line speeds and warehousing capabilities could fail to develop when planned. The Company believes that worse than expected bottling line and warehouse efficiencies will negatively impact its results.

- The Company is in a highly competitive environment and its dollar sales and unit volume could be negatively affected by its inability to maintain or increase prices, changes in geographic or product mix, a general decline in beverage alcohol consumption or the decision of its wholesale customers, retailers or consumers to purchase competitive products instead of the Company's products. The Company believes its branded wine unit volume has been negatively impacted by the effect price increases have had on its competitive positioning. This could limit the Company's ability to increase the selling prices of its branded wine products further to offset anticipated higher costs in Fiscal 1997, and could require selling price decreases of its branded wine products in the future to maintain volume. Wholesaler, retailer and consumer purchasing decisions are influenced by, among other things, the perceived absolute or relative overall value of the Company's products, including their quality or pricing, compared to competitive products. Unit volume and dollar sales could also be affected by pricing, purchasing, financing, operational, advertising or promotional decisions made by wholesalers and retailers which could affect their supply of, or consumer demand for, the Company's products. The Company has also experienced a substantial increase in its sales of its imported beer products, particularly its Mexican brands. The Company does not believe that the high growth rate in its imported beer business will be sustainable over an extended period of time.

- The Company could experience higher than expected selling, general and administrative expenses if it finds it necessary to increase its number of personnel or its advertising or promotional expenditures to maintain its competitive position or for other reasons.

- The Company is currently undergoing a Reengineering Effort involving the evaluation of its business processes and organizational structure and could make changes in its business in response to this effort which are not currently contemplated.

- The Company could experience difficulties or delays in the development, production, testing and marketing of new products.

- The Company could experience changes in its ability to obtain or hedge against foreign currency, foreign exchange rates and fluctuations in those rates. The Company could also be affected by nationalizations or unstable governments or legal systems or intergovernmental disputes. These currency, economic and political uncertainties may affect the Company's results, especially to the extent these matters, or the decisions, policies or economic strength of the Company's suppliers, affect the Company's Mexican, German, Chinese and other imported beer products.

- The forward-looking statements contained herein are based on estimates which the Company believes are reasonable. This means that the Company's actual results could differ materially from such estimates as a result of being negatively affected as described above, or otherwise, or positively affected.

INDUSTRY

The beverage alcohol industry in the United States consists of the production, importation, marketing and distribution of beer, wine and distilled spirits products. Over the past five years there has been increasing consolidation at the supplier, wholesaler and, in certain markets, retailer tiers of the beverage alcohol industry. As a result, it has become advantageous for certain suppliers to expand their portfolio of brands through acquisitions and internal development in order to take advantage of economies of scale and to increase their importance to a more limited number of wholesalers and, in certain markets, retailers. From 1978 through 1995, the overall per capita consumption of beverage alcohol products in the United States has generally declined. However, consumption of table wine, and in particular varietal table wine, and imported beer, has increased during the

period.

The following table sets forth the industry unit volumes for shipments of beverage alcohol products in the Company's five principal beverage alcohol product categories in the United States for the five calendar years ended December 31, 1995:

<TABLE>
<CAPTION>

INDUSTRY DATA	1991	1992	1993	1994	1995
<S>	<C>	<C>	<C>	<C>	<C>
Domestic Table Wines (a)(b)	285,282	308,169	300,953	307,481	318,546
Domestic Dessert Wines (a)(c)	35,181	32,449	29,698	27,634	25,439
Domestic Sparkling Wines (a)	24,386	23,794	23,600	22,855	22,298
Imported Beer (d)	109,212	114,590	127,418	144,527	155,177
Distilled Spirits (e)	147,025	148,017	144,162	139,497	137,810

</TABLE>

(a) Units are in thousands of gallons. Data exclude sales of wine coolers.
(b) Includes other special natural (flavored) wines under 14% alcohol.
(c) Includes dessert wines, other special natural (flavored) wines over 14% alcohol and vermouth.
(d) Units are in thousands of cases (2.25 gallons per case).
(e) Units are in thousands of 9-liter cases (2.378 gallons per case).

Table Wines. Wines containing 14% or less alcohol by volume are generally referred to as table wines. Within this category, table wines are further characterized as either "non-varietal" or "varietal." Non-varietal wines include wines named after the European regions where similar types of wines were originally produced (e.g., burgundy), niche products and proprietary brands. Varietal wines are those named for the grape that comprises the principal component of the wine. Table wines that retail at less than $5.75 per 750 ml. bottle are generally considered to be popularly priced while those that retail at $5.75 or more per 750 ml. bottle are considered premium wines.

During the period from 1991 to 1995, shipments of domestic table wines increased at an average compound annual rate of 3%. Shipments of varietal table wines have grown at an average compound annual rate of 13% since 1991, while shipments of non-varietal table wines have generally declined over the same period. The Company believes that the growth in wine shipments was partly the result of the November 1991 television broadcast of The French Paradox on CBS' 60 Minutes program, which discussed the healthful benefits of moderate red wine consumption. These findings have been supported by other studies, including a 60 Minutes update on The French Paradox in 1995. More recently, in January 1996 the Dietary Guidelines for Americans, released jointly by the U.S. Agriculture Department and the Department of Health and Human Services, acknowledged that moderate drinking may lower the risk of heart attacks.

Based on shipments of California table wines, which constituted approximately 88% of the total domestically produced table wine market in 1995, shipments of all table wines increased 6% for the first eight months of calendar 1996 over the same period in 1995. Shipments of varietal table wines in the first eight months of calendar 1996 increased by 10% over the same period in the prior year.

Shipments of imported table wines, which constituted 16% of the United States table wine market in 1995, grew by a compound annual rate of 6% between 1991 and 1995.

Dessert Wines. Wines containing more than 14% alcohol by volume are generally referred to as dessert wines. Dessert wines generally fall into the same price categories as table wines. In 1995, shipments of domestic dessert wines decreased 8% as compared to 1994. During the period from 1991 to 1995, shipments of domestic dessert wines declined at an average compound annual rate of 8%. Dessert wine consumption in the United States has been declining for many years, reflecting the impact of an increase in federal excise taxes in 1991 and a general shift in consumer preferences to table wines.

Sparkling Wines. Sparkling wines include effervescent wines like champagne and spumante. Sparkling wines generally fall into the same price categories as table wines. Shipments of sparkling wines declined at an average compound annual rate of 2% from 1991 to 1995. The Company believes that the decline in sparkling wine consumption between 1991 and 1995 reflects concerns about drinking and driving, as a large part of sparkling wine consumption occurs outside the home at social gatherings and restaurants. Based on shipments of California sparkling wines, which constituted 88% of the domestically produced sparkling wine market in 1995, shipments of all sparkling wines increased 4% in the first eight months of 1996, as compared to the same period a year ago.

Imported Beer. Imported beers, along with microbrews and super-premium priced domestic beers, are generally priced above the leading domestic premium brands. Shipments of imported beers have increased at an average compound rate

of 9% from 1991 to 1995. Imported beer shipments have increased 12% for the first six months of calendar 1996, and shipments of Mexican beers have increased 29% during the first six months as compared to the same period in 1995. Shipments of imported beers as a percentage of the United States beer market, increased to 6.0% in 1995 from 5.5% in 1994.

Distilled Spirits. Shipments of distilled spirits in the United States declined at an average compound annual rate of 2% from 1991 to 1995. Shipments of distilled spirits have been affected by many of the same trends evident in the rest of the beverage alcohol industry. Over the past five years, sales of most types of spirits have declined. The Company believes that distilled spirits can be divided into two general price segments, with distilled spirits selling for less than $7.00 per 750 ml. bottle being referred to as price value products and those selling for over $7.00 per 750 ml. bottle being referred to as premium products.

BUSINESS

The Company is a leading producer and marketer of branded beverage alcohol products, with over 125 national and regional brands which are distributed by over 1,200 wholesalers throughout the United States and in selected international markets. The Company is the second largest supplier of wines, the third largest importer of beers and the fourth largest supplier of distilled spirits in the United States. The Company's beverage alcohol brands are marketed in five general categories: table wines, sparkling wines, dessert wines, imported beer and distilled spirits, and include the following principal brands:

- Table Wines: Inglenook, Almaden, Paul Masson, Taylor California Cellars, Cribari, Manischewitz, Taylor, Marcus James, Deer Valley and Dunnewood
- Sparkling Wines: Cook's, J. Roget, Great Western and Taylor
- Dessert Wines: Richards Wild Irish Rose, Cisco and Taylor
- Imported Beer: Corona, Modelo Especial, St. Pauli Girl and Tsingtao
- Distilled Spirits: Barton, Fleischmann's, Mr. Boston, Montezuma, Canadian LTD, Ten High, Inver House and Monte Alban

Based on available industry data, the Company believes that during calendar year 1995 it had a 22% share of the market for domestic wines, a 12% share of the imported beer market and its distilled spirits brands had an 8% share of the distilled spirits market in the United States. Within the market for domestic wines, the Company believes it had a 28% share of the non-varietal table wine market, a 12% share of the varietal table wine market, a 42% share of the dessert wine market and a 29% share of the sparkling wine market. Many of the Company's brands are leaders in their respective categories in the United States, including Corona, the second largest selling imported beer brand; Inglenook and Almaden, the fifth and sixth largest selling wine brands, respectively; Richards Wild Irish Rose, the largest selling dessert wine brand; Cook's champagne, the second largest selling sparkling wine brand; Fleischmann's, the fourth largest blended whiskey and fourth largest domestically bottled gin; Montezuma, the second largest selling tequila brand; and Monte Alban, the largest selling mezcal brand.

The Company has diversified its product portfolio through a series of strategic acquisitions that have resulted in an increase in the Company's net sales from $176.6 million in fiscal 1991 to $1.1 billion for the twelve months ended August 31, 1996. Through these acquisitions, the Company developed strong market positions in the growing beverage alcohol product categories of varietal table wine and imported beer. The Company ranks second and third in the varietal table wine and imported beer categories, respectively. From 1992 through 1995, industry shipments of varietal table wine and imported beer have each grown 35%. During this period, the Company has also strengthened its relationship with wholesalers, expanded its distribution and enhanced its production capabilities as well as acquired additional management, operational, marketing and research and development expertise.

THE ACQUISITIONS

The Barton Acquisition. On June 29, 1993, the Company acquired all of the outstanding shares of capital stock of Barton. Barton was the eighth largest supplier of distilled spirits and fourth largest importer of beer in the United States. With this acquisition, the Company acquired the right to distribute Corona and Modelo Especial beer in 25 primarily western states, national distribution rights for St. Pauli Girl and Tsingtao and a diversified line of distilled spirits including Barton Gin and Vodka, Ten High Bourbon Whiskey and Montezuma Tequila.

The Vintners Acquisition. On October 15, 1993, the Company acquired

substantially all of the assets of Vintners, and assumed certain liabilities. Vintners was the United States' fifth largest supplier of wine with two of the country's most highly recognized brands, Paul Masson and Taylor California Cellars. With this acquisition, the Company acquired the Paul Masson, Taylor California Cellars, Taylor, Deer Valley, St. Regis (nonalcoholic) and Great Western brands and related facilities.

The Almaden/Inglenook Acquisition. On August 5, 1994, the Company acquired the Inglenook and Almaden brands, currently the fifth and sixth largest selling table wines in the United States, a grape juice concentrate business, and wineries in Madera and Escalon, California, from Heublein. The Company also acquired Belaire Creek Cellars, Chateau La Salle and Charles Le Franc table wines, Le Domaine champagne and Almaden, Hartley and Jacques Bonet brandy. The accounts receivable and the accounts payable related to the acquired assets were not acquired by the Company.

Following the Almaden/Inglenook Acquisition, the Company entered into the Restructuring Plan to consolidate certain of its California winery operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Notes to the Company's consolidated financial statements included herein.

The UDG Acquisition. On September 1, 1995, the Company acquired from UDG, the Skol, Mr. Boston, Canadian LTD, Glenmore, Old Thompson, Kentucky Tavern, and di Amore distilled spirits brands; the rights to the Fleischmann's and Chi-Chi's distilled spirits brands under long term license agreements; the U.S. rights to Inver House, Schenley and El Toro distilled spirits brands; and inventories and other related assets. The UDG Acquisition also included two of UDG's production facilities, one located in Owensboro, Kentucky, and the other located in Albany, Georgia. In addition, the transaction included multiyear agreements under which UDG will supply the Company with bulk whisky and the Company will supply UDG with services including continued packaging of various UDG brands not acquired by the Company. The aggregate consideration for the brands and other assets acquired from UDG consisted of $141.8 million in cash, plus transaction costs of $2.3 million, and assumption of certain current liabilities. The source of the cash payment made at closing, together with payment of other costs and expenses required by the UDG Acquisition, was financing provided by the Company pursuant to a Term Loan under the Credit Facility.

CURRENT OPERATING ENVIRONMENT

The Company's growth through acquisitions over the past five years has substantially expanded its portfolio of brands and has enabled it to become a major participant in additional product categories of the beverage alcohol business. This expansion has positioned the Company to benefit from faster growing categories with over one-third of the Company's sales generated from the growth categories of imported beer and varietal wines. However, recent operating results have been negatively impacted by two factors: increases in grape prices and certain costs and operating inefficiencies relating to the consolidation of certain West Coast winery operations in connection with the acquisitions.

While the consolidation of certain wine operations has produced significant overall synergies, some of the planned efficiencies have not materialized and unanticipated costs have occurred. The Company believes that the unanticipated production costs resulted from its rapid growth over the last three years, combined with the lack of integrated production control systems and the complexity of production at its newly consolidated Mission Bell Winery.

Additionally, as the Company has increased its wine and grape juice concentrate business, it has become the second largest purchaser of grapes for wine and concentrate in California. The Company's profits are significantly influenced by grape price changes. Costs for grapes have escalated dramatically over the last two grape harvests (fall 1995 and fall 1996). Based on constant tonnage purchased, the Company's overall cost of grapes increased 18.9% in the 1996 harvest.

In order to address these matters, the Company is taking a number of specific steps to improve sales and margins, minimize unexpected costs related to inefficiencies and realize opportunities for efficiencies afforded by the Company's consolidation of its West Coast wine operations and its economies of scale as a $1.1 billion participant in the beverage alcohol industry. Such steps include the following:

- The Company has launched a comprehensive Reengineering Effort in its wine division. The Reengineering Effort is intended to increase the efficiency of all of the Company's operating processes, create smaller, more manageable business units and create greater management accountability for its wine business. Organizational changes include the creation of Accountable Business Units organized by product categories which will be accountable for production and marketing, and Customer Business Centers, organized by region, which are responsible for sales, customer service

and product delivery. The Company intends, through the creation of remote distribution centers, to store inventory closer to its customers, thereby reducing delivery times. The Company believes these efforts will reduce the overall amount of inventory it and its customers carry, thus reducing capital employed and offering benefits to its customers that cannot currently be obtained from competitors. The Company will be implementing the distribution center concept on a measured basis to determine its efficacy.

- In connection with the Reengineering Effort, the Company is implementing a new accounting and management information system to upgrade the type and level of information the Company can generate, and to enable it to manage its business more precisely.

- The Company has created a number of special task forces specifically to address various issues related to inefficiencies at its West Coast wine operations, and has relocated, in some cases temporarily and in others permanently, personnel with particular expertise necessary to address these matters. All aspects of the Company's wine and grape juice concentrate production, material requirements planning functions, warehousing logistics and bottling operations at the Company's Mission Bell Winery in California, are being reviewed and changed as necessary to create greater efficiencies.

- The Company has instituted several price increases on its varietal and non-varietal table wines in response to increased grape costs from the 1995 grape harvest. In general, it is both industry and Company practice to make selling price adjustments around the time the wine produced with the higher cost grapes is actually sold, which generally occurs in the calendar year following the grape harvest. Over the last year the industry and the Company have increased their selling prices. In the case of the Company, these selling price increases, on an annualized basis, have more than offset the increased costs associated with the fall 1995 harvest.

- The Company is in the process of recruiting new management in several key positions and has previously hired a new President of its wine division with extensive experience in the U.S. beverage industry, a new Vice President and Controller of the wine division and an experienced manager for its Mission Bell Winery. It is expected that the filling of these positions has given, and will continue to give, the Company significantly increased management depth and experience.

BUSINESS STRATEGY

The Company's business strategy is to manage its existing portfolio of brands and businesses in order to maximize profit and return on investment, and reposition its portfolio of brands to benefit from growth trends in the beverage alcohol industry. To achieve the foregoing, the Company intends to: (i) adjust the price/volume relationships of certain brands; (ii) develop new brands and introduce line extensions; (iii) expand geographic distribution; and (iv) acquire businesses that meet its strategic and financial objectives.

PRODUCT CATEGORIES

The Company produces, imports and markets beverage alcohol products in five principal product categories: table wines, dessert wines, sparkling wines, imported beer and distilled spirits. The table below sets forth the net sales (in thousands of dollars) and unit volumes (in thousands of gallons) for all of the table, dessert and sparkling wines, grape juice concentrate and other wine-related products and services sold by the Company and under brands and products acquired in the Vintners Acquisition and the Almaden/Inglenook Acquisition for the 1994 and 1995 fiscal years and the twelve months ended August 31, 1996.

<TABLE>
<CAPTION>

	1994		1995		TWELVE MONTHS ENDED AUGUST 31, 1996	
TOTAL WINES	NET SALES	VOLUME	NET SALES	VOLUME	NET SALES	VOLUME
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Company	$245,083	36,613	$209,957	35,481	$220,308	34,399
Vintners	125,923	20,461	141,790	20,949	148,558	20,425
Almaden/ Inglenook	237,853	46,269	251,779	45,000	256,555	44,540
Total	$608,859	103,343	$603,526	101,430	$625,421	99,364

</TABLE>

Table Wines. The Company sells over 40 different brands of non-varietal table wines, substantially all of which are marketed in the popularly priced segment, which constituted approximately 42% of the domestic table wine market in the United States for the 1995 calendar year, the latest year for which data is available. The Company also sells over 15 different brands of varietal table wines in both the popularly priced and premium categories. The table below sets forth the unit volumes (in thousands of gallons) for the domestic table wines sold by the Company and under domestic table wine brands acquired in the Vintners Acquisition and the Almaden/Inglenook Acquisition for the 1994 and 1995 fiscal years, and the twelve months ended August 31, 1996:

<TABLE>
<CAPTION>

TABLE WINES	1994 VOLUME	1995 VOLUME	TWELVE MONTHS ENDED AUGUST 31, 1996
<S>	<C>	<C>	<C>
Non-varietal	52,610	47,774	44,682
Varietal	12,794	16,344	17,971
Total (a)	65,404	64,118	62,653

</TABLE>

(a) Excludes sales of wine coolers but includes sales of wine in bulk.

The Company's table wine brands include:

Inglenook: The fifth largest selling table wine brand and the seventh largest varietal wine in the United States with a significant restaurant and bar presence.

Almaden: The sixth largest selling table wine brand and the eleventh largest varietal wine brand in the United States. Almaden is one of the oldest and best known table wines in the United States.

Paul Masson: The tenth largest selling table wine brand in the United States. Paul Masson is offered in all major varietal and non-varietal product categories in a full range of sizes.

Taylor California Cellars: The thirteenth largest domestic selling table wine brand in the United States. This brand is also offered in all major varietal and non-varietal product categories in a full range of sizes.

Cribari: A well-known brand of both varietal and non-varietal table wines, marketed in the popularly priced segment.

Manischewitz: The largest selling brand of kosher wine in the United States.

Taylor: One of the United States' oldest brands of non-varietal wine, marketed primarily in the eastern half of the United States.

Deer Valley: This line of California varietal and non-varietal table wines introduced in 1989 has had significant success in California. The Company has been expanding its distribution of this brand in other regions of the country.

Dunnewood: Unit volumes of this varietal wine from California's North Coast region have also increased significantly. This brand is marketed at the lower end of the premium price category.

The Company also markets a selection of popularly priced imported table wines. These brands include:

Marcus James: One of the largest selling imported varietal wines in the United States. Marcus James is a line of varietal table wines which includes White Zinfandel, Chardonnay, Cabernet Sauvignon and Merlot. The Company owns the Marcus James brand and contracts for its production in Brazil.

Santa Carolina: The fourth largest table wine brand imported from Chile. Santa Carolina is a line of varietal wines which include Chardonnay, Cabernet and Merlot. The Company began to distribute this brand on May 20, 1996, under an exclusive distribution agreement.

Mateus: The second largest selling Portuguese table wine and a highly recognized brand name. This brand is imported by the Company under a distribution agreement.

Partager: A popularly priced table wine with both varietal and non-varietal products. The Company owns the Partager brand and contracts for its production in Chile.

The Company's unit volume sales of imported wine increased steadily from 1.9

million gallons in fiscal 1994 to 2.4 million gallons for the twelve months ended August 31, 1996. The improvement in unit volume of imported wine is attributable primarily to increased sales of the Marcus James varietal wine brand.

Dessert Wines. With the exception of the premium dessert wine brands acquired in the Vintners Acquisition, the Company markets its dessert wines in the lower end of the popularly priced category. The popularly priced category represented approximately 89% of the dessert wine market in calendar 1995, the latest year for which data is available. The table below sets forth the unit volumes (in thousands of gallons) for the domestic dessert wines sold by the Company and under domestic dessert wine brands acquired in the Vintners Acquisition for the 1994 and 1995 fiscal years, and the twelve months ended August 31, 1996.

<TABLE>
<CAPTION>

	1994 VOLUME	1995 VOLUME	TWELVE MONTHS ENDED AUGUST 31, 1996
<S>	<C>	<C>	<C>
Dessert Wines.....	12,037	10,962	10,098

</TABLE>

The Company's dessert wines include:

Richards Wild Irish Rose: The largest selling dessert wine brand in the United States and the Company's leading dessert wine brand.

Taylor: Premium traditional dessert wines, including port and sherry.

Cisco: One of the leading dessert wine brands in the United States. Cisco is a flavored dessert wine positioned higher in price than Richards Wild Irish Rose.

The Company's unit volumes of dessert wines have declined over the last three years. The decline can be attributed to a general decline in dessert wine consumption in the United States. The Company's unit volume sales of its dessert wine brands (including the brands acquired from Vintners) have decreased 16% from fiscal 1994 through the twelve months ended August 31, 1996.

Sparkling Wines. The Company markets substantially all of its sparkling wines in the popularly priced segment, which constituted approximately 46% of the domestic sparkling wine market in calendar 1995, the latest year for which data is available. The table below sets forth the unit volumes (in thousands of gallons) for the domestic sparkling wines sold by the Company and under domestic sparkling wine brands acquired in the Vintners Acquisition and the Almaden/Inglenook Acquisition for the 1994 and 1995 fiscal years, and the twelve months ended August 31, 1996:

<TABLE>
<CAPTION>

	1994 VOLUME	1995 VOLUME	TWELVE MONTHS ENDED AUGUST 31, 1996
<S>	<C>	<C>	<C>
Sparkling Wines.....	7,353	6,500	6,565

</TABLE>

The Company's sparkling wine brands include:

Cook's: The second largest selling domestic sparkling wine in the United States. This brand of champagne is marketed in a bell shaped bottle and is cork-finished, packaging generally associated with higher priced products.

J. Roget: The fourth largest selling domestic sparkling wine in the United States, priced slightly below Cook's.

Great Western: A premium priced champagne.

Taylor: A premium priced champagne.

Codorniu: The second largest Spanish sparkling wine imported in the United States, sold in the premium price category. The Company sells this brand under an exclusive distribution agreement.

Grape Juice Concentrate. As a related part of its wine business, the Company produces grape juice concentrate. Grape juice concentrate is sold to the food and wine industries as a raw material for the production of juice-based products, no-sugar-added foods and beverages. Grape juice concentrate competes

with other domestically produced and imported fruit-based concentrates. The Company believes that it is the leading grape juice concentrate producer in the United States. The table below sets forth the unit volumes (in thousands of gallons) for the grape juice concentrate sold by the Company and the grape juice concentrate business acquired in the Almaden/Inglenook Acquisition for the 1994 and 1995 fiscal years, and the twelve months ended August 31, 1996:

<TABLE>
<CAPTION>

	1994 VOLUME	1995 VOLUME	TWELVE MONTHS ENDED AUGUST 31, 1996
<S>	<C>	<C>	<C>
Grape Juice Concentrate	11,826	11,017	11,863

</TABLE>

Other Wine Products and Related Services. The Company's other wine related products and services include: grape juice; St. Regis, the leading nonalcoholic line of wines in the United States; wine coolers sold primarily under the Sun Country brand name; cooking wine; and wine for the production of vinegar. The Company also provides various bottling and distillation production services for third parties.

Beer. The Company is the third largest marketer of imported beers in the United States. The Company distributes three of the top 20 imported beers in the United States: Corona, Modelo Especial and St. Pauli Girl. The table below sets forth the net sales (in thousands of dollars) and unit volumes

(in thousands of cases) for the beer sold by Barton and the Company for the 1994 and 1995 fiscal years and the twelve months ended August 31, 1996:

<TABLE>
<CAPTION>

1994		1995		TWELVE MONTHS ENDED AUGUST 31, 1996	
NET SALES	VOLUME	NET SALES	VOLUME	NET SALES	VOLUME
<S>	<C>	<C>	<C>	<C>	<C>
$173,883	14,100	$216,159	17,471	$279,070	22,388

</TABLE>

The Company's principal imported beer brands include:

Corona: The second largest selling imported beer in the United States and the number one selling beer in Mexico. The Company believes that Corona is the largest selling import in the territory in which it is distributed by the Company. The Company has represented the supplier of Corona since 1978 and currently sells Corona and its related Mexican beer brands in 25 primarily western states.

Modelo Especial: One of the family of products imported from the supplier of Corona, Modelo Especial has grown to be the fifteenth largest selling imported beer in the United States.

St. Pauli Girl: The sixteenth largest selling imported beer in the United States, and the second largest selling German import.

Tsingtao: The largest selling Chinese beer in the United States.

The Company's other imported beer brands include Pacifico and Negra Modelo from Mexico, Peroni from Italy and Double Diamond from the United Kingdom. The Company owns and operates the Stevens Point Brewery, a regional brewer located in Wisconsin, which produces Point Special, among other brands.

Net sales and unit volumes of the Company's beer brands have grown during the previous three fiscal years primarily as a result of the increased sales of Corona and the Company's other Mexican beer brands. During the two years ended August 31, 1996, net sales and unit volume of the Company's beer brands increased at an annual rate of 27% and 26%, respectively.

Distilled Spirits. The Company is the fourth largest supplier of distilled spirits in the United States. The Company produces, bottles, imports and markets a diversified line of quality distilled spirits, and also exports distilled spirits to more than 15 foreign countries. The table below sets forth the net sales (in thousands of dollars) and unit volumes (in thousands of 9-liter cases) for the distilled products case goods sold by Barton and under brands acquired in the Vintners Acquisition and the Almaden/ Inglenook Acquisition for the 1994 and 1995 fiscal years and the twelve months ended August 31, 1996, and for the brands and products acquired in the UDG Acquisition for the twelve months ended August 31, 1994, 1995, and 1996:

<TABLE>
<CAPTION>

	1994		1995		TWELVE MONTHS ENDED AUGUST 31, 1996	
SPIRITS	NET SALES	VOLUME	NET SALES	VOLUME	NET SALES	VOLUME
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Barton/Vintners/Almaden/Inglenook.	$ 88,549	5,678	$ 92,400	5,917	$ 98,166	6,021
UDG	101,916	4,941	92,136	5,013	83,274	4,867
Total	$190,465	10,619	$184,536	10,930	$181,440	10,888

</TABLE>

The Company's leading distilled spirits brands include:

Barton Gin and Vodka: The fifth largest domestically bottled gin and the fifth largest domestically bottled vodka.

Fleischmann's Vodka, Gin and Preferred: The fourth largest blended whiskey and the fourth largest domestically bottled gin.

Mr. Boston: A highly recognized name with a full line of spirits, including cordials, cocktails, flavored brandies, gin and vodka.

Montezuma: The second largest selling tequila in the United States.

Canadian LTD: The fifth largest domestically bottled Canadian whisky.

Ten High Bourbon: The seventh largest bourbon brand in the United States.

Inver House: The fifth largest domestically bottled Scotch whisky.

Monte Alban: A premium priced product which the Company believes is the largest selling mezcal in the United States.

Paul Masson Grande Amber: The fourth largest selling aged brandy in the United States, and one of the fastest-growing domestic brandies.

Other products include Skol Vodka, Gin and Rum; Crystal Palace Gin and Vodka; Glenmore spirits; Chi-Chi's cocktails; Lauder's, House of Stuart and Highland Mist Scotch whiskies; Old Thompson; Kentucky Gentleman, Kentucky Tavern, Very Old Barton and Tom Moore bourbon whiskies; di Amore liqueurs; Schenley spirits; Sabroso coffee liqueur; Northern Light, Canadian Host and Canadian Supreme Canadian whiskies and Imperial, Barton Reserve and Barton Premium blended whiskies. Substantially all of the Company's spirits unit volume consists of products marketed in the price value segment, which the Company believes constituted approximately 48% of the distilled spirits market in calendar 1994, the latest year for which data is available.

During the two years ended August 31, 1996, net sales and unit volumes of distilled spirits brands sold by Barton and under brands acquired in the Vintners and Almaden/Inglenook Acquisitions increased at an annual rate of 5% and 3%, respectively. Unit volumes of vodka, tequila and brandy have increased, while Scotch and bourbon have experienced decreases in unit volume.

During the two years ended August 31, 1996, the net sales of brands acquired in the UDG Acquisition declined in excess of industry rates. The Company believes that these declines resulted from noncompetitive retail pricing and promotional activities of the brands' previous owner. The Company has implemented pricing and promotional activities which have reduced the rate of decline during Fiscal 1997.

In addition to the branded products described above, the Company also sells distilled spirits in bulk and provides contract production and bottling services. These activities accounted for net sales during the 1994 and 1995 fiscal years and for the twelve months ended August 31, 1996 of $7.0 million, $5.8 million, and $21.3 million, respectively. The significant increase in contract production services is a result of the UDG Acquisition.

MARKETING AND DISTRIBUTION

The Company's products are distributed and sold throughout the United States through over 1,200 wholesalers, as well as through state alcoholic beverage control agencies. The Company employs a full-time, in-house marketing and sales organization of approximately 400 people to develop and service its sales to wholesalers and state agencies. The Company's sales force is organized in separate sales divisions: a beer division, a spirits division and a wine division. The Company believes that the organization of its sales force

into separate divisions positions it to maintain a high degree of

focus on each of its principal product categories. For the 1994 and 1995 fiscal years and the twelve months ended August 31, 1996, gross sales to the Company's largest wholesaler, Southern Wine and Spirits, represented 12.3%, 10.6% and 8.0% of the Company's gross sales, respectively.

The Company's marketing strategy places primary emphasis upon promotional programs directed at its broad national distribution network (and to the retailers served by that network). The Company has extensive marketing programs for its brands including promotional programs on both a national basis and regional basis in accordance with the strength of the brands, point-of-sale materials, consumer media advertising, event sponsorship, market research, trade advertising and public relations.

TRADEMARKS AND DISTRIBUTION AGREEMENTS

The Company's wine and distilled spirits products are sold under a number of trademarks. Most of these trademarks are owned by the Company.

The Company also produces and sells wines and distilled spirits products under exclusive license or distribution agreements. Significant agreements include: a long term license agreement with Nabisco Brands Company for a term which expires in 2008 and which automatically renews for successive additional 20 year terms unless cancelled by the Company for the Fleischmann's spirits brands; a long term license agreement with Hiram Walker & Sons, Inc. for a term which expires in 2116 for the Ten High, Crystal Palace, Northern Light and Imperial Spirits brands; and a long term license agreement with the B. Manischewitz Company for a term which expires in 2042 for the Manischewitz brand of kosher wines.

The Company also has other less significant license and distribution agreements related to the sale of wine and distilled spirits with terms of various durations.

All of the Company's imported beer products are marketed and sold pursuant to exclusive distribution agreements with the suppliers of these products. These agreements have terms that vary
and prohibit the Company from importing other beers from the same country. The Company's agreement to distribute Corona and its other Mexican beer brands exclusively throughout 25 states expires in December 2006 and, subject to compliance with certain performance criteria and other terms under the agreement, will be automatically renewed for additional terms of five years. Under this agreement, the Mexican supplier has the right to consent to Mr. Goodman's successor as Chairman and Chief Executive Officer of Barton's beer subsidiary, which consent may not be unreasonably withheld, and, if such consent is properly withheld, to terminate the agreement. The Company's agreement for the importation of St. Pauli Girl expires in 1998 and, subject to compliance with certain performance criteria, may be extended by the Company until 2003. The Company's agreement for the exclusive importation of Tsingtao throughout the entire United States expires in December 1999 and, subject to compliance with certain performance criteria and other terms under the agreement, will be automatically renewed until December 2002. Prior to their expiration, these agreements may be terminated if the Company fails to meet certain performance criteria. The Company believes it is currently in compliance with its imported beer distribution agreements. From time to time, the Company has failed, and may in the future fail, to satisfy certain performance criteria in its distribution agreements. Although there can be no assurance that its beer distribution agreements will be renewed, given the Company's long term relationships with its suppliers, the Company expects that such agreements will be renewed prior to their expiration and does not believe that these agreements will be terminated.

COMPETITION

The beverage alcohol industry is highly competitive. The Company competes on the basis of quality, price, brand recognition and distribution. The Company's beverage alcohol products compete with other alcoholic and nonalcoholic beverages for consumer purchases, as well as shelf space in

retail stores and marketing focus by the Company's wholesalers. The Company competes with numerous multinational producers and distributors of beverage alcohol products, many of which have significantly greater resources than the Company. The Company's principal competitors include E & J Gallo Winery and The Wine Group in the wine category, Heineken USA, Molson Breweries USA, Labatt's USA and Guinness Import Company in the imported beer category, and Jim Beam Brands in the distilled spirits category.

PRODUCTION

The Company's wines are produced from several varieties of wine grapes grown

principally in California and New York. The grapes are crushed at the Company's wineries and stored as wine, grape juice or concentrate. Such grape products may be made into wine for sale under the Company's brand names, sold to other companies for resale under their own labels, or shipped to customers in the form of juice, juice concentrate, unfinished wines, high-proof grape spirits or brandy. Most of the Company's wines are bottled and sold within 18 months after the grape crush. The Company's inventories of wines, grape juice and concentrate are usually at their highest levels in November and December, immediately after the crush of each year's grape harvest, and are substantially reduced prior to the subsequent year's crush.

The bourbon whiskeys, domestic blended whiskeys and light whiskeys marketed by the Company are primarily produced and aged by the Company at its distillery in Bardstown, Kentucky, though it may from time to time supplement its inventories through purchases from other distillers. At its Atlanta and Albany, Georgia, facilities, the Company produces all of the neutral grain spirits and whiskeys used by it in the production of vodka, gin and blended whiskey sold by it to customers in the state of Georgia. The Company's requirements of Canadian and Scotch whiskies, and tequila, mezcal, and the neutral grain spirits used by it in the production of gin and vodka for sale outside of Georgia, and other spirits products, are purchased from various suppliers.

SOURCES AND AVAILABILITY OF RAW MATERIALS

The principal components in the production of the Company's branded beverage alcohol products are: packaging materials, primarily glass; grapes; and other agricultural products, such as grain.

The Company utilizes glass and PET bottles and other materials, such as caps, corks, capsules, labels and cardboard cartons, in the bottling and packaging of its products. Glass bottle costs are one of the largest components of the Company's cost of product sold. The glass bottle industry is highly concentrated with only a small number of producers. The Company has traditionally obtained, and continues to obtain, its glass requirements from a limited number of producers. The Company has not experienced difficulty in satisfying its requirements with respect to any of the foregoing and considers its sources of supply to be adequate. However, the inability of any of the Company's glass bottle suppliers to satisfy the Company's requirements could adversely affect the Company's operations.

Most of the Company's annual grape requirements are satisfied by purchases from each year's harvest, which normally begins in August and runs through October. Costs for grapes have escalated dramatically over the last two grape harvests (fall 1995 and fall 1996). The Company believes that it has adequate sources of grape supplies to meet its sales expectations for Fiscal 1997. However, in the event demand for certain wine products exceeds expectations for Fiscal 1997, the Company could experience shortages.

The Company purchases grapes from over 700 independent growers principally in the San Joaquin Valley and Monterey regions of California and in New York State. The Company enters into written purchase agreements with a majority of these growers on a year-to-year basis. However, in connection with the Vintners Acquisition and the Almaden/Inglenook Acquisition, the Company

acquired certain long-term grape purchase contracts. In addition, the Company's negligible purchases of grapes from the Napa Valley and related regions minimize its exposure to phylloxera and other agricultural risks. However, phylloxera in these regions has caused certain wineries to increase their purchases of grapes from the San Joaquin and Monterey regions. The Company has recently purchased approximately 1,000 acres of vineyards in California and leases a small number of additional acres in California for vineyard plantings. The Company continues to consider the purchase or lease of additional vineyards, and additional land for vineyard plantings, to supplement its grape supply. The Company is also planting vineyards on land in California currently owned by the Company.

The distilled spirits manufactured by the Company require various agricultural products, neutral grain spirits and bulk spirits. The Company fulfills its requirements through purchases from various sources, through contractual arrangements and through purchases on the open market. The Company believes that adequate supplies of the aforementioned products are available at the present time.

GOVERNMENT REGULATION

The Company's operations are subject to extensive federal and state regulation. These regulations cover, among other matters, sales promotion, advertising and public relations, labeling and packaging, changes in officers or directors, ownership or control, distribution methods and relationships, and requirements regarding brand registration and the posting of prices and price changes. All of the Company's facilities are also subject to federal, state and local environmental laws and regulations and the Company is required

to obtain permits and licenses to operate its facilities. The Company believes that it is in compliance in all material respects with all presently applicable governmental laws and regulations and that the cost of administration of compliance with such laws and regulations does not have, and is not expected to have, a material adverse impact on the Company's financial condition or results of operations.

EMPLOYEES

The Company had approximately 2,800 full-time employees as of August 31, 1996, as compared to 2,150 employees at the end of fiscal 1995. The net increase of 650 employees was due primarily to increases in production, marketing and sales staff levels and the UDG Acquisition. As of August 31, 1996, approximately 1,200 employees were covered by collective bargaining agreements. Additional workers may be employed by the Company during the grape crushing season. The Company considers its employee relations to be good.

PROPERTIES

The Company currently operates 13 wineries, three distilling and bottling plants, two bottling plants and a brewery, all of which include warehousing and distribution facilities on the premises. The Company considers its principal facilities to be the Mission Bell winery in Madera, California; the Canandaigua, New York winery; the Monterey Cellars winery in Gonzales, California; the distilling and bottling facility located in Bardstown, Kentucky; and the bottling facility located in Owensboro, Kentucky.

In New York, the Company operates three wineries located in Canandaigua, Naples and Batavia. The Company currently operates 10 winery facilities in California. The Mission Bell winery is a crushing, wine production, bottling and distribution facility and a grape juice concentrate production facility. The Monterey Cellars winery is a crushing, wine production and bottling facility. The other wineries operated in California are located in Escalon, Lodi, McFarland, Madera, Fresno, Soledad and Ukiah. The Escalon facility is operated under a long term lease with an option to buy. The Company has entered into an agreement to sell the Soledad facility, which sale is expected to close by the end

of Fiscal 1997. The Company recently purchased approximately 1,000 acres of vineyards in California and leases a small number of additional acres in California for vineyard plantings.

The Company operates five facilities that produce, bottle and store distilled spirits. It owns production, bottling and storage facilities in Bardstown, Kentucky, and Atlanta and Albany, Georgia, and operates bottling plants in Owensboro, Kentucky, and Carson, California. The Carson plant is operated under a management contract, which is scheduled to expire on December 31, 1997, subject to a one year extension at the option of the plant lessor. The Carson plant receives distilled spirits in bulk from Bardstown and outside vendors, which it bottles and distributes. The Company also performs contract bottling at the Carson plant. The Bardstown facility distills, bottles and warehouses whiskey for the Company's account and on a contractual basis for other participants in the industry. The Owensboro facility bottles and warehouses whiskey for the Company's account and performs contract bottling. The Company also owns production plants in Atlanta and Albany, Georgia, which produce vodka, gin and blended whiskeys.

The Company owns a brewery in Stevens Point, Wisconsin, where it produces and bottles Point beer and brews and packages on a contract basis for a variety of brewing and other food and beverage industry members. In addition, the Company owns and maintains its corporate headquarters in Canandaigua, New York, where it also leases additional office space, and leases office space in Chicago, Illinois, for its Barton headquarters.

The Company believes that all of its facilities are in good condition and working order and have adequate capacity to meet its needs for the foreseeable future.

Most of the Company's real property has been pledged under the terms of collateral security mortgages as security for the payment of outstanding loans under the Credit Facility. See "Description of Credit Facility".

LEGAL PROCEEDINGS

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

In connection with an investigation in the State of New Jersey into regulatory trade practices in the beverage alcohol industry, one employee of the Company was arrested in March 1994 and another employee subsequently came

under investigation in connection with providing "free goods" to retailers in violation of New Jersey beverage alcohol laws. A proposed consent order has been received from the appropriate regulatory agency by the Company which would, when finalized, fully resolve the matter without any material effect on the Company.

On November 13, 1995, a purported stockholder of the Company filed a class action in the United States District Court for the Southern District of New York, Ventry, et al. v. Canandaigua Wine Company, Inc., et al. (the "Ventry Class Action"). On November 16, 1995, another purported stockholder of the Company filed a class action in the United States District Court for the Southern District of New York, Brickell Partners, et al. v. Canandaigua Wine Company, Inc., et al. (the "Brickell Class Action"). On December 6, 1995, a third purported stockholder of the Company filed a class action in the United States District Court for the Southern District of New York, Babich, et al. v. Canandaigua Wine Company, Inc., et al. (and this class action together with the Brickell Class Action and the Ventry Class Action, the "Class Actions"). The defendants in the Class Actions are the Company, Richard Sands and Lynn K. Fetterman. The Class Actions have been consolidated and a

consolidated complaint was filed on January 16, 1996. The Class Actions assert violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder and seek to recover damages in an unspecified amount which the class members allegedly sustained by purchasing the Company's common stock at artificially inflated prices. The complaints in the Class Actions allege that the Company's public documents and statements were materially incomplete and, as a result, misleading.

The Class Actions were filed after the Company announced its results of operations for the year ended August 31, 1995, on November 9, 1995. These results were below the expectations of analysts and on November 10, 1995, the price of the Company's Class A common stock fell approximately 38% and the price of the Company's Class B common stock fell approximately 30%.

On November 8, 1996 the District Court entered summary judgment in favor of the Company and the other defendants. The Court's judgment resolves all claims against all of the defendants in this litigation.

Plaintiffs may file a notice of appeal to the United States Court of Appeals for the Second Circuit on or before December 12, 1996. The Company believes that the District Court's decision is correct and intends to defend vigorously any appeal by plaintiff.

MANAGEMENT

The following table sets forth information with respect to the current directors and executive officers of the Company:

<TABLE>
<CAPTION>

NAME	AGE	POSITION/OFFICE HELD
<S>	<C>	<C>
Marvin Sands.....	72	Chairman of the Board
Richard Sands.....	45	President, Chief Executive Officer and Director
Robert Sands.....	38	Executive Vice President, General Counsel, Secretary and Director
Ellis M. Goodman.....	59	Chief Executive Officer of Barton Incorporated
Lynn K. Fetterman.....	49	Senior Vice President and Chief Financial Officer
Daniel C. Barnett.....	47	Senior Vice President and President of Wine Division
Bertram E. Silk.....	64	Senior Vice President and Director
George Bresler.....	72	Director
James A. Locke, III.....	54	Director

</TABLE>

Marvin Sands is the founder of the Company, which is the successor to a business he started in 1945. He has been a director of the Company and its predecessor since 1946 and was Chief Executive Officer until October 1993. Marvin Sands is the father of Richard Sands and Robert Sands.

Richard Sands, Ph.D., has been employed by the Company in various capacities since 1979. He was elected Executive Vice President and a director in 1982, became President and Chief Operating Officer in May 1986 and was elected Chief Executive Officer in October 1993. He is a son of Marvin Sands and the brother of Robert Sands.

Robert Sands was appointed Executive Vice President, General Counsel in October 1993. In January 1995, he was appointed Secretary of the Company. He was elected a director of the Company in January 1990 and served as Vice President, General Counsel since June 1990. From June 1986, until his appointment as Vice President, General Counsel, Mr. Sands was employed by the

Company as General Counsel. He is a son of Marvin Sands and the brother of Richard Sands.

Ellis M. Goodman is the Chief Executive Officer of Barton and serves in that capacity under the terms of an employment agreement with Barton. By virtue of his position and responsibilities with Barton, Mr. Goodman is deemed an executive officer of the Company. From July 1993 to January 1996, Mr. Goodman served as a director of the Company. Also, from July 1993 to October 1993, he served as a Vice President of the Company and from October 1993 to January 1996, Mr. Goodman served as an Executive Vice President of the Company. Mr. Goodman has been Chief Executive Officer of Barton since 1987 and Chief Executive Officer of Barton Brands, Ltd. (predecessor to Barton) since 1982.

Lynn K. Fetterman joined the Company during April 1990 as its Vice President, Finance and Administration, Secretary and Treasurer and was elected Senior Vice President, Chief Financial Officer and Secretary in October 1993. For more than ten years prior to that, he was employed by Reckitt and Colman in various executive capacities, including Vice President, Finance of its Airwick Industries Division and Vice President, Finance of its Durkee-French Foods Division. Mr. Fetterman's most recent position with Reckitt and Colman was as its Vice President-Controller. Reckitt and Colman's principal business relates to consumer food and household products.

Daniel C. Barnett joined the Company during November 1995 as a Senior Vice President and President of the Company's wine division. From July 1994 to October 1995, Mr. Barnett served as President and Chief Executive Officer of Koala Springs International, a juice beverage company. Prior to that, from April 1991 to June 1994, Mr. Barnett was Vice President and General Manager of Nestle USA's beverage businesses. From October 1988 to April 1991, he was President of Weyerhauser's baby diaper division.

Bertram E. Silk has been a director and Vice President of the Company since 1973 and was elected Senior Vice President in October 1993. He has been employed by the Company since 1965. Currently, Mr. Silk is responsible for industry relations with respect to labor unions in California, as well as for various trade association and international alcohol beverage industry matters. Immediately prior to his current position, he was in charge of the Company's grape grower relations in California. Before moving from Canandaigua, New York to California in 1989, Mr. Silk was in charge of production for the Company. From 1989 to August 1994, Mr. Silk was in charge of the Company's grape juice concentrate business in California.

George Bresler has served as a director of the Company since 1992 and has been engaged in the practice of law since 1957. From August 1987 through July 1992, Mr. Bresler was a partner in the law firm of Bresler and Bab, New York, New York. Currently, Mr. Bresler is a partner in the law firm of Rosner, Bresler, Goodman & Bucholz in New York, New York.

James A. Locke, III has served as a director of the Company since 1983. Since January 1, 1996, Mr. Locke has been a partner in the law firm of Nixon, Hargrave, Devans and Doyle LLP, Rochester, New York, which firm is the Company's principal outside counsel. For twenty years prior to joining this firm, Mr. Locke was a partner in the law firm of Harter, Secrest and Emery, Rochester, New York.

Directors of the Company hold office until the next Annual Meeting of Stockholders of the Company and until their successors are elected and qualified. Executive officers of the Company hold office until the next Annual Meeting of the Board of Directors and until their successors are chosen and qualify.

EXECUTIVE COMPENSATION AND STOCK OWNERSHIP

The current annual base compensation for the Company's four most highly compensated officers is as follows: Marvin Sands--$434,700; Richard Sands--$426,800; Robert Sands--$414,569 and Ellis Goodman--$412,000. In addition, Ellis Goodman has an employment agreement with Barton which expires in December 1999, but will be automatically extended for additional one-year periods unless Mr. Goodman or Barton notifies the other, within a specified time period, of the desire not to extend such employment agreement.

As of December 6, 1996, the directors and principal officers of the Company listed above as a group beneficially owned approximately 14% of the outstanding shares of Class A Common Stock (exclusive of shares of Class A Common Stock issuable pursuant to the conversion feature of the Class B Common Stock beneficially owned by officers and directors) and approximately 85% of the outstanding shares of Class B Common Stock.

DESCRIPTION OF CREDIT FACILITY

On September 1, 1995, the Company, its principal operating subsidiaries, and a syndicate of 20 banks (the "Syndicate Banks"), for which The Chase Manhattan Bank ("Chase") acts as Administrative Agent, entered into the Third Amended

and Restated Credit Agreement. The Third Amended and Restated Credit Agreement, as amended, is referred to as the "Credit Facility." The following summary of the principal terms of the Credit Facility does not purport to be complete and is subject to the detailed provisions of the Credit Facility, a copy of which is available upon request.

As of August 31, 1996, the Credit Facility consisted of (i) a $216.0 million Term Loan facility due in August 2001 ("Term Loans"), (ii) a $185.0 million Revolving Loan facility, including all drawn or undrawn letters of credit ("Revolving Letters of Credit"), which expires in June 2001 ("Revolving Loans"), and (iii) a $13.7 million irrevocable standby Letter of Credit (the "Barton Letter of Credit") related to certain earn-out payments related to the Barton Acquisition. The Barton Letter of Credit will expire on December 31, 1996.

The Term Loans and the Revolving Loans, at the Company's option, can be either a base rate loan or a Eurodollar rate loan. In addition, the Revolving Loans can be a money market loan. A base rate loan bears interest at the rate per annum equal to the higher of (1) the Federal Funds rate for such day plus 1/2 of 1%, or (2) the Chase prime commercial lending rate. A Eurodollar rate loan bears interest at LIBOR plus a margin. The interest rate margin for Eurodollar rate loans may be decreased
by up to 0.50% or increased by up to 0.25% depending on the Company's debt coverage ratio (as defined in the Credit Facility). The interest rate on a money market loan is determined by a competitive bid process among the Syndicate Banks. As of August 31, 1996, the interest rate margin on a Eurodollar rate loan was 1%.

As of August 31, 1996, the Term Loans bore interest at a per annum rate of 6.6% with quarterly principal payments of $10.0 million and a final payment of $16.0 million in August 2001.

The $185.0 million Revolving Loan facility may be utilized by the Company either in the form of Revolving Loans or as Revolving Letters of Credit up to a maximum of $20.0 million. Additionally, availability of Revolving Loans is subject to a formula based on the amount of certain eligible receivables and certain eligible inventory and is reduced by the amount of Revolving Letters of Credit. As of August 31, 1996, there were outstanding Revolving Loans of $62.0 million bearing interest at 6.7%, undrawn Revolving Letters of Credit of $8.1 million and $114.9 million available to be drawn in Revolving Loans. The Revolving Loans are required to be prepaid in such amounts that, for a single period of at least thirty consecutive days at any time during the fiscal quarters ending on May 31 and August 31 of each fiscal year, the aggregate principal amount of Revolving Loans outstanding, together with drawn and undrawn Revolving Letters of Credit, will not exceed $60.0 million, plus the amount expended by the Company relating to certain capital expenditures at any time during Fiscal 1997 up to $17.5 million.

Each of the Company's operating subsidiaries has guaranteed, jointly and severally, the Company's obligations under the Credit Facility. The Syndicate Banks have been given security interests in substantially all of the assets of the Company and its subsidiaries. The Company and its subsidiaries are subject to customary secured lending covenants including those restricting additional liens, the incurrence of additional indebtedness, the sale of assets, the payment of dividends, transactions with affiliates, the making of certain investments and certain other fundamental changes. The Company and its subsidiaries are also required to maintain a minimum level of interest rate protection instruments and the following financial covenants above specified levels: debt coverage ratio; tangible net worth; fixed charges ratio; and operating cash flow to interest expense. Among the most restrictive covenants contained in the Credit Facility, the Company is required to maintain a fixed charge ratio not less than 1.0 to 1.0 at the last day of each fiscal quarter for the most recent four quarter periods. The Credit Facility permits the Company to repurchase up to $30.0 million of the Company's outstanding Common Stock.

The Company may prepay the principal of the Term Loans and the Revolving Loans at its discretion. The Revolving Loans and the Term Loan are required to be prepaid and the Revolving Loans commitment, the Term Loan commitment and the Barton Letter of Credit commitment will be automatically reduced in the following aggregate amounts: (i) the amount equal to 100% of the net proceeds from insurance, condemnation awards or other compensation arising out of certain casualty events; (ii) the amount equal to 50% of the net proceeds of certain capital contributions or the sale of certain equity interests; (iii) the amount equal to the excess of (A) the amount equal to 50% of excess cash flow for the period of four fiscal quarters ending on each August 31 over (B) the aggregate amount of prepayments of the Term Loan made during such period and, after payment in full of the Term Loan, the aggregate amount of voluntary reductions made during such period of Revolving Loan commitments; (iv) the amount equal to 100% of the net proceeds of any sales of assets, other than assets disposed of in the ordinary course of business, when such sales of assets in the aggregate exceed $15.0 million; (v) 100% of net proceeds in excess of $50 million from the issuance of certain

subordinated indebtedness (including the Notes); and (vi) in full upon certain changes of control (including a Change of Control under the Indenture) if such event requires the Company to redeem or offer to redeem certain subordinated indebtedness under the terms thereof.

Events of Default. Events of Default under the Credit Facility include, among other things, (a) failure of the Company or any subsidiary to pay when due principal of or interest on the loans, fees, other amounts owing under the Credit Facility and such default shall continue for two or more business days; (b) failure of the Company or any subsidiary to pay when due principal of or interest on any other Indebtedness or any amount under any interest rate protection agreement or the Barton acquisition agreement, provided that such payment due is in an aggregate amount greater than or equal to $100,000; or any event relating to Indebtedness in an aggregate principal amount greater than or equal to $100,000 or any event specified in any interest rate protection agreement occurs that permits acceleration of such Indebtedness or the payments due under such interest rate protection agreement; (c) default by the Company or any subsidiary in the due observance or performance of certain agreements and covenants contained in the Credit Facility or other documents related thereto; (d) material inaccuracy of any representation or warranty made by the Company or any subsidiary in connection with the Credit Facility or other documents related thereto; (e) a final judgment against the Company or any subsidiary in excess of $500,000 (exclusive of judgment amounts covered by insurance) or in excess of $5.0 million (regardless of insurance coverage) that remains undischarged (unless a stay of execution has been procured) for 45 days; (f) the occurrence of certain events respecting pension plans; (g) a reasonable basis shall exist for the assertion against the Company or any subsidiary of material claims or liabilities respecting hazardous materials; (h) Marvin Sands or members of his immediate family or a trust for their benefit shall cease to own in the aggregate and on a fully diluted basis common stock of the Company having by its terms voting power to elect at least 50% (in number of votes) of the board of directors of the Company or certain other change-of-control events shall occur; (i) the face amount of the Barton Letter of Credit shall not be reduced as scheduled; and (j) certain bankruptcy related events.

Change of Control Under the Notes. All amounts outstanding under the Credit Facility must be repaid in full before the Company can purchase any Original Notes or any Notes upon a Change of Control. See "Risk Factors--Change of Control Offer."

DESCRIPTION OF NOTES

The Old Notes were, and the Exchange Notes will be, issued under an Indenture (the "Indenture") dated as of October 29, 1996, between the Company, the Guarantors and Harris Trust and Savings Bank, as trustee (the "Trustee"), copies of which are available upon request. The terms of the Exchange Notes are identical in all material respects to the Old Notes, except that the Exchange Notes have been registered under the Securities Act and therefore will not bear legends restricting their transfer and will not contain certain provisions providing for the payment of liquidated damages under certain circumstances related to the Registration Rights Agreement, which provisions will terminate upon the consummation of the Exchange Offer.

The following summary of the material provisions of the Indenture does not purport to be complete, and where reference is made to particular provisions of the Indenture, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Indenture and those terms made a part of the Indenture by the Trust Indenture Act. For definitions of certain capitalized terms used in the following summary, see "--Certain Definitions."

GENERAL

The Exchange Notes will mature on December 15, 2003, will be limited to $65,000,000 aggregate principal amount and will be unsecured senior subordinated obligations of the Company. Each Exchange Note will bear interest at the rate set forth on the cover page hereof from October 29, 1996 or from the most recent interest payment date to which interest has been paid, payable semi-annually on June 15 and December 15 in each year, commencing June 15, 1997, to the Person in whose name the Exchange Note (or any predecessor Exchange Note) is registered at the close of business on the June 1 or December 1 next preceding such interest payment date.

Payment of the Notes is guaranteed by the Guarantors on a senior subordinated basis. The Guarantors are comprised of substantially all the direct and indirect Wholly Owned Subsidiaries of the Company.

Principal of, premium, if any, and interest on the Notes will be payable,

and the Notes will be exchangeable and transferable (subject to compliance with transfer restrictions imposed by applicable securities laws for so long as the Notes are not registered for resale under the Securities Act), at the office or agency of the Company in the City of New York maintained for such purposes (which initially will be the Trustee); provided, however, that payment of interest may be made at the option of the Company by check mailed to the Person entitled thereto as shown on the security register. The Notes will be issued only in fully registered form without coupons, in denominations of $1,000 and any integral multiple thereof. (Section 302) No service charge will be made for any registration of transfer, exchange or redemption of Notes, except in certain circumstances for any tax or other governmental charge that may be imposed in connection therewith. (Section 305)

The Company currently has outstanding $130.0 million aggregate principal amount of Original Notes pursuant to the Original Indenture, the terms of which are substantially similar to the Notes and Indenture, respectively.

OPTIONAL REDEMPTION

The Notes will be subject to redemption at any time on or after December 15, 1998, at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' prior notice in amounts of $1,000 or an integral multiple thereof at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning December 15 of the years indicated below:

<TABLE>
<CAPTION>

YEAR	REDEMPTION PRICE
<S>	<C>
1998	104.375%
1999	102.917%
2000	101.458%

</TABLE>

and thereafter at 100% of the principal amount, in each case, together with accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on regular record dates to receive interest due on an Interest Payment Date).

Notwithstanding the preceding paragraph, the Company will not be permitted to redeem the Original Notes unless, substantially concurrently with such redemption, the Company redeems an aggregate principal amount of Notes (rounded to the nearest integral multiple of $1,000) equal to the product of (1) a fraction, the numerator of which is the aggregate principal amount of Original Notes to be so redeemed and the denominator of which is the aggregate principal amount of Original Notes outstanding immediately prior to such proposed redemption, and (2) the aggregate principal amount of Notes outstanding immediately prior to such proposed redemption.

If less than all of the Notes are to be redeemed, the Trustee shall select the Notes or portions thereof to be redeemed pro rata, by lot or by any other method the Trustee shall deem fair and reasonable. (Sections 203, 1101 and 1108)

SINKING FUND

The Notes are not entitled to the benefit of any sinking fund.

RANKING

The payment of the principal of, premium, if any, and interest on, the Notes and all other Indenture Obligations are subordinated, as set forth in the Indenture, in right of payment to the prior payment in full of all Senior Indebtedness in cash or cash equivalents or in any other form acceptable to the holders of Senior Indebtedness. The Notes are senior subordinated indebtedness of the Company ranking pari passu with all other existing and future senior subordinated indebtedness of the Company and senior to all existing and future Subordinated Indebtedness of the Company.

During the continuance of any default in the payment of any Designated Senior Indebtedness, no payment (other than payments previously made pursuant to the provisions described under "--Defeasance or Covenant Defeasance of Indenture") or distribution of any assets of the Company of any kind or character (excluding certain permitted equity or certain debt securities) shall be made by the Company on account of principal of, premium, if any, or interest on, the Notes or any other Indenture Obligations or on account of the purchase, redemption, defeasance or other acquisition of or in respect of the Notes unless and until such default shall have been cured or waived or shall have ceased to exist or the Designated Senior Indebtedness with respect to

which such payment default shall have occurred shall have been discharged or paid in full in cash or cash equivalents or in any other form acceptable to the holders of such Senior Indebtedness, after which the Company shall resume making any and all required payments in respect of the Notes, including any missed payments.

During the continuance of any non-payment default with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may be accelerated (a "Non-payment Default") and after receipt by the Trustee and the Company from a representative of the holders of Designated Senior Indebtedness of written notice of such default, no payment (other than payments previously made pursuant to the provisions described under "--Defeasance or Covenant Defeasance of Indenture") or distribution of any assets of the Company of any kind or character (excluding certain permitted equity or certain debt securities) shall be made by the Company on account of any principal of, premium, if any, or interest on, the Notes or any other Indenture Obligations or on account of the purchase, redemption, defeasance or other acquisition of or in respect of the Notes for the period specified below (the "Payment Blockage Period").

The Payment Blockage Period shall commence upon the receipt of notice of the Nonpayment Default by the Trustee from a representative of the holder of any Designated Senior Indebtedness and shall end on the earliest of (i) the first date on which more than 179 days shall have elapsed since the receipt of such written notice (provided such Designated Senior Indebtedness as to which notice was given shall not theretofore have been accelerated), (ii) the date on which such Nonpayment Default is cured, waived or ceases to exist or on which such Designated Senior Indebtedness is discharged or paid in full in cash or cash equivalents or in any other manner acceptable to the holders of Designated Senior Indebtedness or (iii) the date on which such Payment Blockage Period shall have been terminated by written notice to the Company or the Trustee from the representatives of holders of Designated Senior Indebtedness initiating such Payment Blockage Period, after which, in the case of clauses (i), (ii) and (iii), the Company shall resume making any and all required payments in respect of the Notes, including any missed payments. In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Company or the Trustee of the notice initiating such Payment Blockage Period (such 179-day period referred to as the "Initial Period"). Any number of notices of Nonpayment Defaults may be given during the Initial Period; provided that during any 365 consecutive day period only one such period during which payment of principal of, or interest on, the Notes may not be made may commence and the duration of such period may not exceed 179 days. No Nonpayment Default with respect to Designated Senior Indebtedness which existed or was continuing on the date of the commencement of any Payment Blockage Period will be, or can be, made the basis for the commencement of a second Payment Blockage Period, whether or not within a period of 365 consecutive days, unless such default has been cured or waived for a period of not less than 90 consecutive days. (Section 1203)

If the Company fails to make any payment on the Notes when due or within any applicable grace period, whether or not on account of the payment blockage provisions referred to above, such failure would constitute an Event of Default under the Indenture and would enable the holders of the Notes to accelerate the maturity thereof. See "--Events of Default."

The Indenture provides that in the event of any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its creditors, as such, or to its assets, or any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary, or any assignment for the benefit of creditors or any other marshalling of assets or liabilities of the Company, all Senior Indebtedness must be paid in full in cash or cash equivalents or in any other form acceptable to the holders of Senior Indebtedness, before any payment or distribution (excluding distributions of certain permitted equity or certain debt securities) is made on account of the principal of, premium, if any, or interest on the Notes or any other Indenture Obligations.

By reason of such subordination, in the event of liquidation or insolvency, creditors of the Company who are holders of Senior Indebtedness may recover more, ratably, than the holders of the Notes, and, funds which would be otherwise payable to the holders of the Notes will be paid to the holders of the Senior Indebtedness to the extent necessary to pay the Senior Indebtedness in full in cash or cash equivalents or in any other form acceptable to the holders of Senior Indebtedness, and the Company may be unable to meet its obligations fully with respect to the Notes.

Each Guarantee of a Guarantor is an unsecured senior subordinated obligation of such Guarantor, ranking pari passu with, or senior in right of payment to, all other existing and future Indebtedness of such Guarantor that is expressly subordinated to Senior Guarantor Indebtedness. The Indebtedness evidenced by the Guarantees is subordinated to Senior Guarantor Indebtedness to the same

extent as the Notes are subordinated to Senior Indebtedness and during any period when payment on the Notes is blocked by Designated Senior Indebtedness, payment on the Guarantees is similarly blocked.

"Senior Indebtedness" means the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law whether or not allowable as a claim in such proceeding) on any Indebtedness of the Company (other than as otherwise provided in this definition), whether outstanding on the date of the Original Indenture or thereafter created, incurred or assumed, and whether at any time owing, actually or contingent, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Notes. Without limiting the generality of the foregoing, "Senior Indebtedness" shall include (i) the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable as a claim in such proceeding) and all other obligations of every nature of the Company from time to time owed to the lenders (or their agent) under the Credit Agreement; provided, however, that any Indebtedness under any refinancing, refunding or replacement of the Credit Agreement shall not constitute Senior Indebtedness to the extent that the Indebtedness thereunder is by its express terms subordinate to any other Indebtedness of the Company and (ii) Indebtedness under Interest Rate Agreements. Notwithstanding the foregoing, "Senior Indebtedness" shall not include (i) Indebtedness evidenced by the Notes, (ii) Indebtedness that is subordinate or junior in right of payment to any Indebtedness of the Company, (iii) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to the Company, (iv) Indebtedness which is represented by Redeemable Capital Stock, (v) any liability for foreign, federal, state, local or other taxes owed or owing by the Company to the extent such liability constitutes Indebtedness, (vi) Indebtedness of the Company to a Subsidiary or any other Affiliate of the Company or any of such Affiliate's subsidiaries, (vii) that portion of any Indebtedness which at the time of issuance is issued in violation of the Indenture and (viii) Indebtedness owed by the Company for compensation to employees or for services.

"Designated Senior Indebtedness" means (i) all Senior Indebtedness under the Credit Agreement and (ii) any other Senior Indebtedness which is incurred pursuant to an agreement (or series of related agreements) simultaneously entered into providing for Indebtedness, or commitments to lend, of at least $30,000,000 at the time of determination and is specifically designated in the instrument evidencing such Senior Indebtedness or the agreement under which such Senior Indebtedness arises as "Designated Senior Indebtedness" by the Company.

"Senior Guarantor Indebtedness" means the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable as a claim in such proceeding) on any Indebtedness of any Guarantor (other than as otherwise provided in this definition), whether outstanding on the date of the Original Indenture or thereafter created, incurred or assumed, and whether at any time owing, actually or contingent, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to any Guarantee. Without limiting the generality of the foregoing, "Senior Guarantor Indebtedness" shall include the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable as a claim in such proceeding) and all other obligations of every nature of any Guarantor from time to time owed to the lenders (or their agent) under the Credit Agreement; provided, however, that any Indebtedness under any refinancing, refunding or replacement of the Credit Agreement shall not constitute Senior Guarantor Indebtedness to the extent that the Indebtedness thereunder is by its express terms subordinate to any other Indebtedness of any Guarantor. Notwithstanding the foregoing, "Senior Guarantor Indebtedness" shall not include (i) Indebtedness evidenced by the Guarantees, (ii) Indebtedness that is subordinate or junior in right of payment to any Indebtedness of any Guarantor, (iii) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without

recourse to any Guarantor, (iv) Indebtedness which is represented by Redeemable Capital Stock, (v) any liability for foreign, federal, state, local or other taxes owed or owing by any Guarantor to the extent such liability constitutes Indebtedness, (vi) Indebtedness of any Guarantor to a Subsidiary or any other Affiliate of the Company or any of such Affiliate's subsidiaries,

(vii) that portion of any Indebtedness which at the time of issuance is issued in violation of the Indenture and (viii) Indebtedness owed by any Guarantor for compensation to employees or for services.

As of August 31, 1996, on a pro forma basis, after giving effect to the sale of the Old Notes and application of the net proceeds therefrom, the aggregate amount of outstanding Senior Indebtedness would have been approximately $220.4 million, the aggregate amount of outstanding Pari Passu Indebtedness would have been $130.0 million and the aggregate amount of outstanding Senior Guarantor Indebtedness would have been approximately $219.4 million (including $218.8 million of outstanding indebtedness representing guarantees of Senior Indebtedness). See "Risk Factors--Subordination of the Notes and the Guarantees; Asset Encumbrances" and "Capitalization."

CERTAIN COVENANTS

The Indenture contains, among others, the following covenants:

Limitation on Indebtedness.

(a) The Company will not, and will not permit any of its Subsidiaries to, create, issue, assume, guarantee, or otherwise in any manner become directly or indirectly liable for or with respect to or otherwise incur (collectively, "incur") any Indebtedness (including any Acquired Indebtedness), except that the Company and any Guarantor may incur Indebtedness (including any Acquired Indebtedness) and any Subsidiary that is not a Guarantor may incur Acquired Indebtedness if, in each case, the Consolidated Fixed Charge Coverage Ratio for the Company for the four full fiscal quarters immediately preceding the incurrence of such Indebtedness taken as one period (and after giving pro forma effect to (i) the incurrence of such Indebtedness and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, at the beginning of such four-quarter period; (ii) the incurrence, repayment or retirement of any other Indebtedness by the Company and its Subsidiaries since the first day of such four-quarter period as if such Indebtedness was incurred, repaid or retired at the beginning of such four-quarter period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during such four- quarter period); (iii) in the case of Acquired Indebtedness, the related acquisition as if such acquisition occurred at the beginning of such four quarter period; and (iv) any acquisition or disposition by the Company and its Subsidiaries of any company or any business or any assets out of the ordinary course of business, whether by merger, stock purchase or sale or asset purchase or sale, as if such acquisition or disposition occurred at the beginning of such four quarter period or any related repayment of Indebtedness, in each case since the first day of such four-quarter period, assuming such acquisition or disposition had been consummated on the first day of such four-quarter period) is at least equal to 2.25:1.00. (Section 1008)

(b) The foregoing limitation will not apply to the incurrence of any of the following (collectively "Permitted Indebtedness"):

(i) Indebtedness of the Company and any Subsidiary under the Credit Agreement in an aggregate principal amount at any one time outstanding not to exceed (x) $50,000,000 under any term loans made pursuant thereto, minus all principal payments made in respect of any term loans, (y) $100,000,000 under any revolving credit facility thereunder and (z) $28,200,000 of "Letter of Credit Liabilities" (as defined in the Credit Agreement as in effect on the date of the Original Indenture) in respect to the Barton Letter of Credit, less any reduction on such "Letter of

Credit Liabilities" (whether through payments or reductions of the face amount of the Barton Letter of Credit);

(ii) Indebtedness of the Company pursuant to the Notes and Indebtedness of any Guarantor pursuant to a Guarantee;

(iii) Indebtedness of the Company or any Subsidiary outstanding on the date of the Indenture and listed on Schedule I thereto;

(iv) Indebtedness of the Company owing to a Subsidiary; provided that any Indebtedness of the Company owing to a Subsidiary that is not a Guarantor is made pursuant to an intercompany note in the form attached to the Indenture and is subordinated in right of payment from and after such time as the Notes shall become due and payable (whether at Stated Maturity, acceleration or otherwise) to the payment and performance of the Company's obligations under the Notes; provided further that any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to a Subsidiary or a pledge to or for the benefit of the lenders under the Credit Agreement) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (iv);

(v) Indebtedness of a Wholly Owned Subsidiary owing to the Company or another Wholly Owned Subsidiary; provided that, with respect to Indebtedness owing to a Wholly Owned Subsidiary that is not a Guarantor, (x) any such Indebtedness is made pursuant to an intercompany note in the form attached to the Indenture and (y) any such Indebtedness shall be subordinated in right of payment from and after such time as the obligations under the Guarantee by such Wholly Owned Subsidiary shall become due and payable to the payment and performance of such Wholly Owned Subsidiary's obligations under its Guarantee; provided further that (a) any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to the Company or a Wholly Owned Subsidiary or a pledge to or for the benefit of the lenders under the Credit Agreement) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (v), and (b) any transaction pursuant to which any Wholly Owned Subsidiary, which has Indebtedness owing to the Company or any other Wholly Owned Subsidiary, ceases to be a Wholly Owned Subsidiary shall be deemed to be the incurrence of Indebtedness by such Wholly Owned Subsidiary that is not permitted by this clause (v);

(vi) guarantees of any Subsidiary made in accordance with the provisions of "--Limitation on Issuances of Guarantees of and Pledges for Indebtedness";

(vii) obligations of the Company entered into in the ordinary course of business pursuant to Interest Rate Agreements designed to protect the Company or any Subsidiary against fluctuations in interest rates in respect of Indebtedness of the Company or any of its Subsidiaries, as long as such obligations at the time incurred do not exceed the aggregate principal amount of such Indebtedness then outstanding or in good faith anticipated to be outstanding within 90 days of such incurrence;

(viii) any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a "refinancing") of any Indebtedness described in clauses (ii) and (iii) of this definition of "Permitted Indebtedness," including any successive refinancings so long as the aggregate principal amount of Indebtedness represented thereby is not increased by such refinancing plus the lesser of (1) the stated amount of any premium, interest or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (2) the amount of premium, interest or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in

connection with such refinancing and, in the case of Pari Passu Indebtedness or Subordinated Indebtedness, such refinancing does not reduce the Average Life to Stated Maturity or the Stated Maturity of such Indebtedness; and

(ix) Indebtedness, in addition to that described in clauses (i) through (viii) of this definition of "Permitted Indebtedness," and any renewals, extensions, substitutions, refinancings or replacements of such Indebtedness, not to exceed $25,000,000 outstanding at any one time in the aggregate.

Limitation on Restricted Payments. (a) The Company will not, and will not permit any Subsidiary to, directly or indirectly:

(i) declare or pay any dividend on, or make any distribution to holders of, any shares of the Company's Capital Stock (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire such Qualified Capital Stock);

(ii) purchase, redeem or otherwise acquire or retire for value, directly or indirectly, any shares of the Capital Stock of the Company or any Affiliate thereof (other than any Wholly Owned Subsidiary of the Company) or options, warrants or other rights to acquire such Capital Stock;

(iii) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund or maturity, any Pari Passu Indebtedness or Subordinated Indebtedness;

(iv) declare or pay any dividend or distribution on any Capital Stock of any Subsidiary to any Person (other than the Company or any of its Wholly Owned Subsidiaries) or purchase, redeem or otherwise acquire or retire for value any Capital Stock of any Subsidiary held by any Person (other than the Company or any of its Wholly Owned Subsidiaries);

(v) incur, create or assume any guarantee of Indebtedness of any Affiliate (other than a Wholly Owned Subsidiary of the Company); or

(vi) make any Investment in any Person (other than any Permitted Investments)

(any of the foregoing payments described in clauses (i) through (vi), other than any such action that is a Permitted Payment, collectively, "Restricted Payments") unless after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than cash, as determined by the Board of Directors of the Company, whose determination shall be conclusive and evidenced by a board resolution), (1) no Default or Event of Default shall have occurred and be continuing and such Restricted Payment shall not be an event which is, or after notice or lapse of time or both, would be, an "event of default" under the terms of any Indebtedness of the Company or its Subsidiaries; (2) immediately before and immediately after giving effect to such transaction on a pro forma basis, the Company could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) under the provisions described under "--Limitation on Indebtedness"; and (3) the aggregate amount of all such Restricted Payments declared or made after the date of the Original Indenture does not exceed the sum of:

(A) 50% of the aggregate cumulative Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning on the first day of the Company's fiscal quarter commencing prior to the date of the Original Indenture and ending on the last day of the Company's last fiscal quarter ending prior to the date of the Restricted Payment (or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss);

(B) the aggregate Net Cash Proceeds received after the date of the Original Indenture by the Company from the issuance or sale (other than to any of its Subsidiaries) of its shares of Qualified Capital Stock or any options, warrants or rights to purchase such shares of Qualified Capital Stock of the Company (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness as set forth below);

(C) the aggregate Net Cash Proceeds received after the date of the Original Indenture by the Company (other than from any of its Subsidiaries) upon the exercise of any options or warrants to purchase shares of Qualified Capital Stock of the Company; and

(D) the aggregate Net Cash Proceeds received after the date of the Original Indenture by the Company from debt securities or Redeemable Capital Stock that have been converted into or exchanged for Qualified Capital Stock of the Company to the extent such debt securities or Redeemable Capital Stock are originally sold for cash plus the aggregate Net Cash Proceeds received by the Company at the time of such conversion or exchange.

(b) Notwithstanding the foregoing, and in the case of clauses (ii), (iii) and (iv) below, so long as there is no Default or Event of Default continuing, the foregoing provisions shall not prohibit the following actions (clauses (i) through (iv) being referred to as a "Permitted Payment"):

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment would be permitted by the provisions of paragraph (a) of this Section and such payment shall be deemed to have been paid on such date of declaration for purposes of the calculation required by paragraph (a) of this Section;

(ii) the repurchase, redemption, or other acquisition or retirement of any shares of any class of Capital Stock of the Company in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection therewith cash is paid in lieu of the issuance of fractional shares or scrip), or out of the Net Cash Proceeds of, a substantially concurrent issue and sale for cash (other than to a Subsidiary) of other shares of Qualified Capital Stock of the Company; provided that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3)(B) of paragraph (a) of this Section;

(iii) any repurchase, redemption, defeasance, retirement, refinancing or acquisition for value or payment of principal of any Subordinated Indebtedness in exchange for, or out of the net proceeds of, a substantially concurrent issuance and sale for cash (other than to any Subsidiary of the Company) of any Qualified Capital Stock of the Company, provided that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3)(B) of paragraph (a) of this Section; and

(iv) the repurchase, redemption, defeasance, retirement, refinancing or acquisition for value or payment of principal of any Subordinated Indebtedness (other than Redeemable Capital Stock) (a "refinancing") through the issuance of new Subordinated Indebtedness of the Company, provided that any such new Subordinated Indebtedness (1) shall be in a

principal amount that does not exceed the principal amount so refinanced (or, if such Subordinated Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration or acceleration thereof, then such lesser amount as of the date of determination), plus the lesser of (I) the stated amount of any premium, interest or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium, interest or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing; (2) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of the Notes; (3) has a Stated Maturity for its final

scheduled principal payment later than the Stated Maturity for the final scheduled principal payment of the Notes; and (4) is expressly subordinated in right of payment to the Notes at least to the same extent as the Indebtedness to be refinanced. (Section 1009)

Limitation on Transactions with Affiliates. The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of the Company (other than the Company or a Wholly Owned Subsidiary) unless (i) such transaction or series of transactions is in writing on terms that are no less favorable to the Company or such Subsidiary, as the case may be, than would be available in a comparable transaction in arm's-length dealings with an unrelated third party, (ii) with respect to any transaction or series of transactions involving aggregate payments in excess of $5,000,000, the Company delivers an officers' certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (i) above and such transaction or series of related transactions has been approved by the Board of Directors of the Company, and (iii) with respect to a transaction or series of related transactions involving aggregate value in excess of $10,000,000, the Company delivers to the Trustee an opinion of an independent investment banking firm of national standing stating that the transaction or series of transactions is fair to the Company or such Subsidiary; provided, however, that this provision shall not apply to any transaction with an officer or director of the Company entered into in the ordinary course of business (including compensation or employee benefit arrangements with any officer or director of the Company). (Section 1010)

Limitation on Senior Subordinated Indebtedness. The Company will not, and will not permit any Guarantor to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise in any manner become directly or indirectly liable for or with respect to or otherwise permit to exist any Indebtedness that is subordinate in right of payment to any Indebtedness of the Company or such Guarantor, as the case may be, unless such Indebtedness is also pari passu with the Notes or the Guarantee of such Guarantor or subordinate in right of payment to the Notes or such Guarantee to at least the same extent as the Notes or such Guarantee are subordinate in right of payment to Senior Indebtedness or Senior Guarantor Indebtedness, as the case may be, as set forth in the Indenture. (Section 1011)

Limitation on Liens. The Company will not, and will not permit any Subsidiary to, directly or indirectly, create, incur, affirm or suffer to exist any Lien of any kind upon any of its property or assets (including any intercompany notes), owned at the date of the Indenture or acquired after the date of the Indenture, or any income or profits therefrom, except if the Notes (or a Guarantee, in the case of Liens of a Guarantor) are directly secured equally and ratably with (or prior to in the case of Liens with respect to Subordinated Indebtedness or Indebtedness of a Guarantor subordinated in right of payment to any Guarantee) the obligation or liability secured by such Lien, excluding, however, from the operation of the foregoing any of the following:

(a) any Lien existing as of the date of the Indenture;

(b) any Lien arising by reason of (1) any judgment, decree or order of any court, so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired; (2) taxes not yet delinquent or which are being contested in good faith; (3) security for payment of workers' compensation or other insurance; (4) good faith deposits in connection with tenders, leases, contracts (other than contracts for the payment of money); (5) zoning restrictions, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased property, with or without consent of the lessee), none of which materially impairs the use of any

parcel of property material to the operation of the business of the Company or any Subsidiary or the value of such property for the purpose of such business; (6) deposits to secure public or statutory obligations, or in lieu of surety or appeal bonds; (7) certain surveys, exceptions, title defects, encumbrances, easements, reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph or telephone lines and other similar purposes or zoning or other restrictions as to the use of real property not interfering with the ordinary conduct of the business of the Company or any of its Subsidiaries; or (8) operation of law in favor of mechanics, materialmen, laborers, employees or suppliers, incurred in the ordinary course of business for sums which are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof;

(c) any Lien now or hereafter existing on property of the Company or any Guarantor securing Senior Indebtedness or Senior Guarantor Indebtedness, in each case which Indebtedness is permitted under the provisions of "--Limitation on Indebtedness" and provided that the provisions described under "--Limitation on Issuances of Guarantees of and Pledges for Indebtedness" are complied with;

(d) any Lien securing Acquired Indebtedness created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by the Company or any Subsidiary, in each case which Indebtedness is permitted under the provisions of "Limitation on Indebtedness"; provided that any such Lien only extends to the assets that were subject to such lien securing such Acquired Indebtedness prior to the related transaction by the Company or its Subsidiaries; and

(e) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (d) so long as the amount of security is not increased thereby. (Section 1012)

Limitation on Sale of Assets. (a) The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, consummate an Asset Sale unless (i) at least 75% of the proceeds from such Asset Sale are received in cash and (ii) the Company or such Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the shares or assets sold (other than in the case of an involuntary Asset Sale, as determined by the Board of Directors of the Company and evidenced in a board resolution).

(b) If all or a portion of the Net Cash Proceeds of any Asset Sale are not required to be applied to repay permanently any Senior Indebtedness or Senior Guarantor Indebtedness then outstanding as required by the terms thereof, or the Company determines not to apply such Net Cash Proceeds to the permanent prepayment of such Senior Indebtedness or Senior Guarantor Indebtedness or if no such Senior Indebtedness or Senior Guarantor Indebtedness is then outstanding, then the Company may within 12 months of the Asset Sale, invest the Net Cash Proceeds in other properties and assets that (as determined by the Board of Directors of the Company) replace the properties and assets that were the subject of the Asset Sale or in properties and assets that will be used in the businesses of the Company or its Subsidiaries existing on the date of the Original Indenture or reasonably related thereto. The amount of such Net Cash Proceeds neither used to permanently repay or prepay Senior Indebtedness or Senior Guarantor Indebtedness nor used or invested as set forth in this paragraph constitutes "Excess Proceeds."

(c) When the aggregate amount of Excess Proceeds equals $10,000,000 or more, the Company shall apply the Excess Proceeds to the repayment of the Notes and any Pari Passu Indebtedness required to be repurchased under the instrument governing such Pari Passu Indebtedness as follows: (a) the Company shall make an offer to purchase (an "Offer") from all holders of the Notes in accordance with the procedures set forth in the Indenture in the maximum principal amount (expressed as a multiple of $1,000) of Notes that may be purchased out of an amount (the "Note Amount") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes, and the denominator of which is the sum of the outstanding

principal amount of the Notes and such Pari Passu Indebtedness (subject to proration in the event such amount is less than the aggregate Offered Price (as defined) of all Notes tendered) and (b) to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, the Company shall make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness (a "Pari Passu Offer") in an amount (the "Pari Passu Debt Amount") equal to the excess of the Excess Proceeds over the Note Amount; provided that in no event shall the Pari Passu Debt Amount exceed the principal amount of such Pari Passu Indebtedness plus the amount of any premium required to be paid to repurchase such Pari Passu

Indebtedness. The offer price shall be payable in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date (the "Offer Date") such Offer is consummated (the "Offered Price"), in accordance with the procedures set forth in the Indenture. To the extent that the aggregate Offered Price of the Notes tendered pursuant to the Offer is less than the Note Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased is less than the Pari Passu Debt Amount (the amount of such shortfall, if any, constituting a "Deficiency"), the Company shall use such Deficiency in the business of the Company and its Subsidiaries. Upon completion of the purchase of all the Notes tendered pursuant to an Offer and the purchase of the Pari Passu Indebtedness pursuant to a Pari Passu Offer, the amount Of Excess Proceeds, if any, shall be reset at zero.

(d) Whenever the Excess Proceeds received by the Company exceed $7,000,000, such Excess Proceeds shall be set aside by the Company in a separate account pending (i) deposit with the depositary or a paying agent of the amount required to purchase the Notes or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer, (ii) delivery by the Company of the Offered Price to the holders of the Notes or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer and (iii) application, as set forth above, of Excess Proceeds in the business of the Company and its Subsidiaries. Such Excess Proceeds may be invested in Temporary Cash Investments, provided that the maturity date of any such investment made after the amount of Excess Proceeds exceeds $7,000,000 shall not be later than the earlier of three months or the Offer Date, if known. The Company shall be entitled to any interest or dividends accrued, earned or paid on such Temporary Cash Investments, provided that the Company shall not withdraw such interest from the separate account if an Event of Default has occurred and is continuing.

(e) If the Company becomes obligated to make an Offer pursuant to clause (c) above, the Notes shall be purchased by the Company, at the option of the holder thereof, in whole or in part in integral multiples of $1,000, on a date that is not earlier than 45 days and not later than 60 days from the date the notice is given to holders, or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act, subject to proration in the event the Note Amount is less than the aggregate Offered Price of all Notes tendered.

(f) The Company shall comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with an Offer.

(g) The Company will not, and will not permit any Subsidiary to, create or permit to exist or become effective any restriction (other than restrictions existing under (i) Indebtedness as in effect on the date of the Indenture as such Indebtedness may be refinanced from time to time, provided that such restrictions are no less favorable to the Holders of Notes than those existing on the date of the Indenture or (ii) any Senior Indebtedness and any Senior Guarantor Indebtedness) that would materially impair the ability of the Company to make an Offer to purchase the Notes or, if such Offer is made, to pay for the Notes tendered for purchase. (Section 1013)

Limitation on Issuances of Guarantees of and Pledges for Indebtedness. (a) The Company will not permit any Subsidiary, other than the Guarantors, directly or indirectly, to secure the payment of any Senior Indebtedness of the Company and the Company will not, and will not permit a Subsidiary

to, pledge any intercompany notes representing obligations of any Subsidiary (other than a Guarantor) to secure the payment of any Senior Indebtedness unless (x) such Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for a guarantee of payment of the Notes by such Subsidiary, which guarantee shall be on the same terms as the guarantee of the Senior Indebtedness (if a guarantee of Senior Indebtedness is granted by any such Subsidiary) except that the guarantee of the Notes need not be secured and shall be subordinated to the claims against such Subsidiary in respect of Senior Indebtedness to the same extent as the Notes are subordinated to Senior Indebtedness of the Company under the Indenture and (y) such Subsidiary waives 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 the Company or any other Subsidiary has as a result of any payment by such Subsidiary under its guarantee.

(b) The Company will not permit any Subsidiary, other than the Guarantors, directly or indirectly to guarantee, assume or in any other manner become liable with respect to any Indebtedness of the Company unless (i) such Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for a guarantee of the Notes on the same terms as the guarantee of such Indebtedness except that (A) such guarantee need not be secured unless required pursuant to""--Limitation on Liens," (B) if the Notes are subordinated in right of payment to such Indebtedness, the guarantee under the supplemental indenture shall be subordinated to the guarantee of such Indebtedness to the same extent as the Notes are subordinated to such

Indebtedness under the Indenture and (C) if such Indebtedness is by its terms expressly subordinated to the Notes, any such assumption, guarantee or other liability of such Subsidiary with respect to such Indebtedness shall be subordinated to such Subsidiary's assumption, guarantee or other liability with respect to the Notes to the same extent as such Indebtedness is subordinated to the Notes and (ii) such Subsidiary waives 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.

(c) Each guarantee created pursuant to the provisions described in the foregoing paragraph is referred to as a "Guarantee" and the issuer of each such Guarantee is referred to as a "Guarantor." Notwithstanding the foregoing, any Guarantee by a Subsidiary of the Notes shall provide by its terms that it shall be automatically and unconditionally released and discharged upon (i) any sale, exchange or transfer, to any Person not an Affiliate of the Company, of all of the Company's Capital Stock in, or all or substantially all the assets of, such Subsidiary, which is in compliance with the terms of the Indenture or (ii) the release by the holders of the Indebtedness of the Company described in clauses (a) and (b) above of their security interest or their guarantee by such Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness), at a time when (A) no other Indebtedness of the Company has been secured or guaranteed by such Subsidiary, as the case may be, or (B) the holders of all such other Indebtedness which is secured or guaranteed by such Subsidiary also release their security interest in, or guarantee by, such Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness). (Section 1014)

Restriction on Transfer of Assets. The Company will not sell, convey, transfer or otherwise dispose of its assets or property to any of its Subsidiaries (other than to the Guarantors), except for sales, conveyances, transfers or other dispositions made in the ordinary course of business. For purposes of this provision, any sale, conveyance, transfer, lease or other disposition of property or assets, having a Fair Market Value in excess of (a) $2,000,000 for any sale, conveyance, transfer or disposition or series of related sales, conveyances, transfers, leases or dispositions and (b) $10,000,000 in the aggregate for all such sales, conveyances, transfers, leases or dispositions in any fiscal year of the Company shall not be considered "in the ordinary course of business." (Section 1015)

Purchase of Notes Upon a Change of Control. If a Change of Control shall occur at any time, then each holder of Notes shall have the right to require that the Company purchase such holder's Notes in whole or in part in integral multiples of $1,000, at a purchase price (the "Change of Control Purchase Price") in cash in an amount equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date"), pursuant to the offer described below (the "Change of Control Offer") and the other procedures set forth in the Indenture.

Within 15 days following any Change of Control, the Company shall notify the Trustee thereof and give written notice of such Change of Control to each holder of Notes by first-class mail, postage prepaid, at his address appearing in the security register, stating, among other things, the purchase price and that the purchase date shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act; that any Note not tendered will continue to accrue interest; that, unless the Company defaults in the payment of the purchase price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and certain other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance. (Section 1016)

If a Change of Control Offer is made, there can be no assurance that the Company will have available funds sufficient to pay the Change of Control Purchase Price for all of the Notes that might be delivered by holders of the Notes seeking to accept the Change of Control Offer. The Credit Facility prohibits the purchase of the Notes by the Company prior to full repayment of indebtedness under the Credit Facility and, upon a Change of Control, all amounts outstanding under the Credit Facility become due and payable. There can be no assurance that in the event of a Change in Control the Company will be able to obtain the necessary consents from the lenders under the Credit Facility to consummate a Change of Control Offer. The failure of the Company to make or consummate the Change of Control Offer or pay the Change of Control Purchase Price when due will result in an Event of Default and will give the Trustee and the holders of the Notes the rights described under "--Events of Default."

The definition of "Change of Control" in the Indenture is defined to mean the occurrence of any of the following events: (i) any "person" or "group" (as

such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have beneficial ownership of all shares that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 30% of the voting power of the total outstanding Voting Stock of the Company voting as one class, provided that the Permitted Holders "beneficially own" (as so defined) a percentage of Voting Stock having a lesser percentage of the voting power than such other Person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of the Company; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election to such Board or whose nomination for election by the shareholders of the Company, was approved by a vote of 66 2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of such Board of Directors then in office; (iii) the Company consolidates with or merges with or into any Person or conveys, transfers or leases all or substantially all of its assets to any Person, or any corporation consolidates with or merges into or with the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is changed into or exchanged for cash, securities or other property, other than any such transaction where the outstanding Voting Stock of the Company is not changed or

exchanged at all (except to the extent necessary to reflect a change in the jurisdiction of incorporation of the Company) or where (A) the outstanding Voting Stock of the Company is changed into or exchanged for (x) Voting Stock of the surviving corporation which is not Redeemable Capital Stock or (y) cash, securities and other property (other than Capital Stock of the surviving corporation) in an amount which could be paid by the Company as a Restricted Payment in accordance with "--Limitation on Restricted Payments" (and such amount shall be treated as a Restricted Payment subject to the provisions in the Indenture described under "--Limitation on Restricted Payments") and (B) no "person" or "group" other than Permitted Holders owns immediately after such transaction, directly or indirectly, more than the greater of (1) 30% of the voting power of the total outstanding Voting Stock of the surviving corporation voting as one class and (2) the percentage of such voting power of the surviving corporation held, directly or indirectly, by Permitted Holders immediately after such transaction; or (iv) the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under "--Consolidation, Merger, Sale of Assets."

"Permitted Holders" means as of the date of determination (i) Marvin Sands, Richard Sands and Robert Sands; (ii) family members or the relatives of the Persons described in clause (i); (iii) any trusts created for the benefit of the Persons described in clauses (i), (ii) or (iv) or any trust for the benefit of any such trust; or (iv) in the event of the incompetence or death of any of the persons described in clauses (i) and (ii), such Person's estate, executor, administrator, committee or other personal representative or beneficiaries, in each case who at any particular date shall beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company.

The term "all or substantially all" as used in the definition of "Change of Control" has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in the event the holders of the Notes elected to exercise their rights under the Indenture and the Company elected to contest such election, there could be no assurance as to how a court interpreting New York law would interpret the phrase.

The definition of "Change of Control" is limited in scope. As a result the provisions of the Indenture will not afford holders of Notes the right to require the Company to purchase the Notes in the event of a highly leveraged transaction or certain transactions with the Company's management or its affiliates, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the Company by management or its affiliates) involving the Company that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control. A transaction involving the Company's management or its affiliates, or a transaction involving a recapitalization of the Company, will result in a Change of Control if it is the type of transaction specified by such definition.

The existence of a holder's right to require the Company to purchase such holder's Notes upon a Change of Control may deter a third party from acquiring the Company in a transaction which constitutes a Change of Control.

The Company will comply with the applicable tender offer rules, including

Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer.

The Company will not, and will not permit any Subsidiary to, create or permit to exist or become effective any restriction (other than restrictions existing under Indebtedness as in effect on the date of the Indenture) that would materially impair the ability of the Company to make a Change of Control Offer to purchase the Notes or, if such Change of Control Offer is made, to pay for the Notes tendered for purchase. (Section 1016)

Limitation on Subsidiary Capital Stock. The Company will not permit any Subsidiary of the Company to issue any Capital Stock, except for (i) Capital Stock issued to and held by the Company or a Wholly Owned Subsidiary, and (ii) Capital Stock issued by a Person prior to the time (A) such Person becomes a Subsidiary, (B) such Person merges with or into a Subsidiary or (C) a Subsidiary merges with or into such Person, provided that such Capital Stock was not issued or incurred by such Person in anticipation of the type of transaction contemplated by subclauses (A), (B) or (C). (Section 1017)

Limitation on Dividends and Other Payment Restrictions Affecting Subsidiaries. The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary of the Company to (i) pay dividends or make any other distribution on its Capital Stock, (ii) pay any Indebtedness owed to the Company or a Subsidiary of the Company, (iii) make any Investment in the Company or a Subsidiary of the Company or (iv) transfer any of its properties or assets to the Company or any Subsidiary, except (a) any encumbrance or restriction pursuant to an agreement in effect on the date of the Indenture and listed as a schedule thereto; (b) any encumbrance or restriction, with respect to a Subsidiary that is not a Subsidiary of the Company on the date of the Indenture, in existence at the time such Person becomes a Subsidiary of the Company and, in the case of clauses (a) and (b), not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary; (c) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (a) and (b), or in this clause (c), provided that the terms and conditions of any such encumbrances or restrictions are not materially less favorable to the holders of the Notes than those under or pursuant to the agreement evidencing the Indebtedness so extended, renewed, refinanced or replaced (except that an encumbrance or restriction that is not more restrictive than those set forth in the Indenture shall in any event be permitted); and (d) any encumbrance or restriction created pursuant to an asset sale agreement, stock sale agreement or similar instrument pursuant to which an Asset Sale permitted under "--Limitation on Sale of Assets" is to be consummated, so long as such restriction or encumbrance shall be effective only for a period from the execution and delivery of such agreement or instrument through a termination date not later than 270 days after such execution and delivery. (Section 1018)

Provision of Financial Statements. Whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, the Company will, to the extent permitted under the Exchange Act, file with the Commission the annual reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to such Sections 13(a) or 15(d) if the Company were so subject, such documents to be filed with the Commission on or prior to the respective dates (the "Required Filing Dates") by which the Company would have been required so to file such documents if the Company were so subject. The Company will also in any event (x) within 15 days of each Required Filing Date (i) transmit by mail to all Holders, as their names and addresses appear in the security register, without cost to such Holders and (ii) file with the Trustee copies of the annual reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act if the Company were subject to such Sections and (y) if filing such documents by the Company with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective Holder at the Company's cost. (Section 1019)

Additional Covenants. The Indenture also contains covenants with respect to the following matters: (i) payment of principal, premium and interest; (ii) maintenance of an office or agency in the City of New York; (iii) arrangements regarding the handling of money held in trust; (iv) maintenance of corporate and partnership existence; (v) payment of taxes and other claims; (vi) maintenance of properties; and (vii) maintenance of insurance.

CONSOLIDATION, MERGER, SALE OF ASSETS

The Company shall not, in a single transaction or through a series of related transactions, consolidate with or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets as an entirety to any Person or group of affiliated Persons, or permit any of its Subsidiaries to enter into any such transaction or transactions if such transaction or transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposal of all or substantially all of the properties and assets of the Company and its Subsidiaries on a Consolidated basis to any other Person or group of affiliated Persons, unless at the time and after giving effect thereto: (i) either (a) the Company shall be the continuing corporation or (b) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company and its Subsidiaries on a Consolidated basis (the "Surviving Entity") shall be a corporation duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person assumes, by a supplemental indenture in a form reasonably satisfactory to the Trustee, all the obligations of the Company under the Notes and the Indenture, and the Indenture shall remain in full force and effect; (ii) immediately before and immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; (iii) immediately after giving effect to such transaction on a pro forma basis, the Consolidated Net Worth of the Company (or the Surviving Entity if the Company is not the continuing obligor under the Indenture) is equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction; (iv) immediately before and immediately after giving effect to such transaction on a pro forma basis (on the assumption that the transaction occurred on the first day of the four-quarter period immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction being included in such pro forma calculation), the Company (or the Surviving Entity if the Company is not the continuing obligor under the Indenture) could incur $1.00 of additional Indebtedness under the provisions of "--Certain Covenants--Limitation on Indebtedness" (other than Permitted Indebtedness); (v) each Guarantor, if any, unless it is the other party to the transactions described above, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under the Indenture and the Notes; (vi) if any of the property or assets of the Company or any of its Subsidiaries would thereupon become subject to any Lien, the provisions of "--Certain Covenants--Limitation on Liens" are complied with; and (vii) the Company or the Surviving Entity shall have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an officers' certificate and an opinion of counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, lease or other transaction and the supplemental indenture in respect thereto comply with the Indenture and that all conditions precedent herein provided for relating to such transaction have been complied with. (Section 801(a))

Each Guarantor shall not, and the Company will not permit a Guarantor to, in a single transaction or through a series of related transactions merge or consolidate with or into any other corporation (other than the Company or any other Guarantor) or other entity, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets on a Consolidated basis to any entity (other than the Company or any other Guarantor) unless at the time and after giving effect thereto: (i) either (1) such Guarantor shall be the continuing corporation or partnership or (2) the entity (if other than such Guarantor) formed by such consolidation or into which such Guarantor is merged or the entity which acquires by sale, assignment, conveyance, transfer, lease or disposition the properties and assets of such Guarantor shall be a corporation duly organized and validly existing under the laws of the United States, any state thereof or the District of Columbia and shall expressly assume by a supplemental indenture, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of such Guarantor under its Guarantee and the Indenture; (ii) immediately before and immediately after giving effect to such transaction, no Default or Event of

Default shall have occurred and be continuing; and (iii) such Guarantor shall have delivered to the Trustee an officers' certificate and an opinion of counsel in form and substance reasonably satisfactory to the Trustee, each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or disposition and such supplemental indenture comply with the Indenture, and thereafter all obligations of the predecessor shall terminate. The provisions of this paragraph shall not apply to any transaction (including any Asset Sale made in accordance with "--Certain Covenants--Limitation on Sale of Assets") with respect to any Guarantor if the Guarantee of such Guarantor is released in connection with such transaction in accordance with subparagraph (c) of "--Certain Covenants--Limitation on Issuances of Guarantees of and Pledges for Indebtedness" and Section 1414 of the Indenture. (Section 801(b))

In the event of any transaction (other than a lease) described in and complying with the conditions listed in the immediately preceding paragraphs in which the Company or any Guarantor is not the continuing corporation, the successor Person formed or remaining shall succeed to, and be substituted for, and may exercise every right and power of, the Company or such Guarantor, as the case may be, and the Company or such Guarantor, as the case may be, would be discharged from all obligations and covenants under the Indenture and the Notes. (Section 802)

EVENTS OF DEFAULT

An Event of Default will occur under the Indenture if:

(i) there shall be a default in the payment of any interest on any Note when it becomes due and payable, and such default shall continue for a period of 30 days;

(ii) there shall be a default in the payment of the principal of (or premium, if any, on) any Note at its Maturity (upon acceleration, optional or mandatory redemption, required repurchase or otherwise);

(iii) (a) there shall be a default in the performance, or breach, of any covenant or agreement of the Company or any Guarantor under the Indenture (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clauses (i) or (ii) or in clauses (b), (c) and (d) of this clause (iii)) and such default or breach shall continue for a period of 30 days after written notice has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Notes, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture; (b) there shall be a default in the performance or breach of the provisions described in "--Consolidation, Merger, Sale of Assets"; (c) the Company shall have failed to make or consummate an Offer in accordance with the provisions of "--Certain Covenants--Limitation on Sale of Assets," or (d) the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of "--Certain Covenants--Purchase of Notes Upon a Change of Control";

(iv) one or more defaults shall have occurred under any agreements, indentures or instruments under which the Company, any Guarantor or any Subsidiary then has outstanding Indebtedness in excess of $10,000,000 in the aggregate and, if not already matured at its final maturity in accordance with its terms, such Indebtedness shall have been accelerated;

(v) any Guarantee shall for any reason cease to be, or be asserted in writing by any Guarantor or the Company not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated by the Indenture and any such Guarantee;

(vi) one or more judgments, orders or decrees for the payment of money in excess of $5,000,000, either individually or in the aggregate (net of amounts covered by insurance, bond,

surety or similar instrument), shall be entered against the Company, any Guarantor, any Subsidiary or any of their respective properties and shall not be discharged and either (a) any creditor shall have commenced an enforcement proceeding upon such judgment, order or decree or (b) there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(vii) any holder or holders of at least $10,000,000 in aggregate principal amount of Indebtedness of the Company, any Guarantor or any Subsidiary after a default under such Indebtedness shall notify the Trustee of the intended sale or disposition of any assets of the Company, any Guarantor or any Subsidiary that have been pledged to or for the benefit of such holder or holders to secure such Indebtedness or shall commence proceedings, or take any action (including by way of set-off), to retain in satisfaction of such Indebtedness or to collect on, seize, dispose of or apply in satisfaction of Indebtedness, assets of the Company, any Guarantor or any Subsidiary (including funds on deposit or held pursuant to lock-box and other similar arrangements);

(viii) there shall have been the entry by a court of competent jurisdiction of (a) a decree or order for relief in respect of the Company, any Guarantor or any Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or (b) a decree or order adjudging the Company, any Guarantor or any Subsidiary bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, any Guarantor or any Subsidiary under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee,

trustee, sequestrator (or other similar official) of the Company, any Guarantor or any Subsidiary or of any substantial part of their respective properties, or ordering the winding up or liquidation of their affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 consecutive days; or

(ix) (a) the Company, any Guarantor or any Subsidiary commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent, (b) the Company, any Guarantor or any Subsidiary consents to the entry of a decree or order for relief in respect of the Company, any Guarantor or such Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it, (c) the Company, any Guarantor or any Subsidiary files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, (d) the Company, any Guarantor or any Subsidiary (x) consents to the filing of such petition or the appointment of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company, any Guarantor or such Subsidiary or of any substantial part of their respective properties, (y) makes an assignment for the benefit of creditors or (z) admits in writing its inability to pay its debts generally as they become due or (e) the Company, any Guarantor or any Subsidiary takes any corporate action in furtherance of any such actions in this paragraph (ix). (Section 501)

If an Event of Default (other than as specified in clauses (viii) and (ix) of the prior paragraph) shall occur and be continuing, the Trustee or the holders of not less than 25% in aggregate principal amount of the Notes then outstanding may, and the Trustee at the request of such holders shall, declare all unpaid principal of, premium, if any, and accrued interest on all the Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the holders of the Notes); provided that so long as the Credit Agreement is in effect, such declaration shall not become effective until the earlier of (a) five business days after receipt of such notice of acceleration from the holders or the Trustee by the agent under the Credit Agreement or (b) acceleration of the Indebtedness under the Credit Agreement. Thereupon such principal shall become immediately due and payable, and the Trustee may, at its discretion, proceed to protect and enforce the rights of the holders of Notes

by appropriate judicial proceeding. If an Event of Default specified in clause (viii) or (ix) of the prior paragraph occurs and is continuing, then all the Notes shall ipso facto become and be immediately due and payable, in an amount equal to the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date the Notes become due and payable, without any declaration or other act on the part of the Trustee or any Holder. The Trustee or, if notice of acceleration is given by the Holders, the Holders shall give notice to the agent under the Credit Agreement of any such acceleration.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of Notes outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if (a) the Company has paid or deposited with the Trustee a sum sufficient to pay (i) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, (ii) all overdue interest on all Notes, and (iii) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Notes; and (b) all Events of Default, other than the non-payment of principal of the Notes which have become due solely by such declaration of acceleration, have been cured or waived; and (c) the rescission will not conflict with any judgment or decree. (Section 502)

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may on behalf of the holders of all the Notes waive any past defaults under the Indenture and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Note, or in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holder of each Note outstanding. (Section 513)

The Company is also required to notify the Trustee within five business days of the occurrence of any Default. (Section 501)

The Trust Indenture Act of 1939 contains limitations on the rights of the Trustee, should it become a creditor of the Company or any Guarantor, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, provided that if it acquires any conflicting interest it must eliminate such conflict upon the

occurrence of an Event of Default or else resign.

DEFEASANCE OR COVENANT DEFEASANCE OF INDENTURE

The Company may, at its option and at any time, elect to have the obligations of the Company and any Guarantor and any other obligor upon the Notes, if any, discharged with respect to the outstanding Notes ("defeasance"). Such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes, except for (i) the rights of holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due, (ii) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes, and the maintenance of an office or agency for payment and money for security payments held in trust, (iii) the rights, powers, trusts, duties and immunities of the Trustee, and (iv) the defeasance provisions of the Indenture. In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and any Guarantor released with respect to certain covenants that are described in the Indenture ("covenant defeasance") and any omission to comply with such obligations shall not constitute a Default or an Event of Default with respect to the Notes. In the event covenant defeasance occurs, certain events (not including non-payment, enforceability of any Guarantee, bankruptcy and insolvency events) described under "--Events of Default" will no longer constitute an Event of Default with respect to the Notes. (Sections 401, 402 and 403)

In order to exercise either defeasance or covenant defeasance, (i) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in United States dollars, U.S. Government Obligations (as defined in the Indenture), or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay and discharge the principal of, premium, if any, and interest on the outstanding Notes on the Stated Maturity of such principal or installment of principal (or on any date after December 15, 1998 (such date being referred to as the "Defeasance Redemption Date"), if when exercising either defeasance or covenant defeasance, the Company has delivered to the Trustee an irrevocable notice to redeem all of the outstanding Notes on the Defeasance Redemption Date); (ii) in the case of defeasance, the Company shall have delivered to the Trustee an opinion of independent counsel in the United States stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel in the United States shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred; (iii) in the case of covenant defeasance, the Company shall have delivered to the Trustee an opinion of independent counsel in the United States to the effect that the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred; (iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as clause (vii) or (viii) under the first paragraph under "--Events of Default" are concerned, at any time during the period ending on the 91st day after the date of deposit; (v) such defeasance or covenant defeasance shall not cause the Trustee for the Notes to have a conflicting interest with respect to any securities of the Company or any Guarantor; (vi) such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company or any Guarantor is a party or by which it is bound; (vii) the Company shall have delivered to the Trustee an opinion of independent counsel to the effect that (A) the trust funds will not be subject to any rights of holders of Senior Indebtedness or Senior Guarantor Indebtedness, including, without limitation, those arising under the Indenture and (B) after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (viii) the Company shall have delivered to the Trustee an officers' certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Notes or any Guarantee over the other creditors of the Company or any Guarantor with the intent of defeating, hindering, delaying or defrauding creditors of the Company, any Guarantor or others; (ix) no event or condition shall exist that would prevent the Company from making payments of the principal of, premium, if any, and interest on the Notes on the date of such deposit or at any time ending on the 91st day after the date of such deposit; and (x) the Company shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to either the defeasance or the covenant

defeasance, as the case may be, have been complied with. (Section 404)

SATISFACTION AND DISCHARGE

The Indenture shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (a) either (i) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid) cancelled or have been delivered to the Trustee for cancellation or (ii) all Notes not theretofore delivered to the Trustee cancelled or for cancellation (x) have become due and payable, (y) will become due and payable at their Stated Maturity within one

year, or (z) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee cancelled or for cancellation, including principal of, premium, if any, and accrued interest at such Stated Maturity or redemption date; (b) the Company or any Guarantor has paid or caused to be paid all other sums payable under the Indenture by the Company or any Guarantor; and (c) the Company has delivered to the Trustee an officers' certificate and an opinion of counsel each stating that (i) all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with and (ii) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound. (Section 1301)

MODIFICATIONS AND AMENDMENTS

Modifications and amendments of the Indenture may be made by the Company, each Guarantor, if any, and the Trustee with the consent of the Holders of not less than a majority in aggregate outstanding principal amount of the Notes; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby: (i) change the Stated Maturity of the principal of, or any installment of interest on, any Note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof; (ii) amend, change or modify the obligation of the Company to make and consummate an Offer with respect to any Asset Sale or Asset Sales in accordance with "--Certain Covenants--Limitation on Sale of Assets" or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with "--Certain Covenants--Purchase of Notes Upon a Change of Control," including amending, changing or modifying any definitions with respect thereto; (iii) reduce the percentage in principal amount of outstanding Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver; (iv) modify any of the provisions relating to supplemental indentures requiring the consent of holders or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of outstanding Notes required for such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Note affected thereby; (v) except as otherwise permitted under "--Consolidation, Merger, Sale of Assets," consent to the assignment or transfer by the Company or any Guarantor of any of its rights and obligations under the Indenture; or (vi) amend or modify any of the provisions of the Indenture relating to the subordination of the Notes or any Guarantee in any manner adverse to the holders of the Notes or any Guarantee. (Section 902)

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may waive compliance with certain restrictive covenants and provisions of the Indenture. (Section 1021)

GOVERNING LAW

The Indenture, the Notes and the Guarantees are governed by, and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of law principles thereof.

SAME-DAY SETTLEMENT AND PAYMENT

Settlement for the Notes will be made in same day funds. All payments of principal and interest will be made by the Company in same day funds. The Notes will trade in the Same-Day Funds

Settlement System of The Depository Trust Company (the "Depositary" or "DTC") until maturity, and secondary market trading activity for the Notes will therefore settle in same day funds.

BOOK-ENTRY DELIVERY AND FORM

The Exchange Notes are to be issued in the form of one "Global Note". The Global Note will be deposited on the date of the closing of the sale of the Exchange Offer with the Trustee as custodian for the Depository Trust Company, New York, New York ("DTC") and registered in the name of Cede & Co. or such other nominee as DTC may designate. If any Holders elect to take physical delivery of their certificates instead of holding their interest through the Global Note (and thus are unable to trade through DTC), such certificates will be issued in registered form without interest coupons ("Certificated Notes").

The Global Certificates. The Company expects that pursuant to procedures established by DTC (i) upon deposit of the Global Note, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Note to the accounts of persons who have accounts with DTC and (ii) ownership of beneficial interests in the Global Note will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee (with respect to interest of participants) and the records of participants (with respect to interests of persons other than participants). Ownership of beneficial interests in the Global Note will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Holders of the Notes may hold their interests in the Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

So long as DTC, or its nominee, is the registered owner or holder of the Global Note, DTC or such nominee, as the case may be, will be considered the sole record owner or holder of the Notes represented by the Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in the Global Note will be able to transfer such interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture.

Payments of the principal of, premium (if any) and interest (including liquidated damages) on, the Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. None of the Company, the Trustee or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

The Company expects that DTC or its nominee, upon receipt of any payment of the principal of, premium (if any) and interest (including liquidated damages) on, the Global Note will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Company also expects that payments by participants to owners of beneficial interests in the Global Note held through such participants will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules. If a holder requires physical delivery of Certificated Notes for any reason, including to sell Notes to persons in states which require physical delivery of such Notes or to pledge such Notes, such holder must transfer its interest in the Global Note in accordance with the normal procedures of DTC and the procedures set forth in the Indenture.

DTC has advised the Company as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provision of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("indirect participants").

Neither the Company nor the Trustee will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Subject to certain conditions, any person having a beneficial interest in the Global Note may, upon request to the Trustee, exchange such beneficial interest for Notes in the form of Certificated Notes. Upon any such issuance, the Trustee is required to register such Certificated Notes in the name of, and cause the same to be delivered to, such person or persons (or the nominee of any thereof). In addition, if DTC is at any time unwilling or unable to continue as a depositary for the Global Note and a successor depositary is not appointed by the Company within 90 days, the Company will issue Certificated Notes in exchange for the Global Note.

CERTAIN DEFINITIONS

"Acquired Indebtedness" means Indebtedness of a Person (i) existing at the time such Person becomes a Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

"Affiliate" means, with respect to any specified Person, (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (ii) any other Person that owns, directly or indirectly, 5% or more of such Person's Capital Stock or any officer or director of any such Person or other Person or, with respect to any natural Person, any person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin or (iii) any other Person 10% or more of the voting Capital Stock of which are beneficially owned or held directly or indirectly by such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, consolidation or Sale and Leaseback Transaction) (collectively, a "transfer"), directly or indirectly, in one or a series of related transactions, of (i) any Capital Stock of any Subsidiary; (ii) all or substantially all of the properties and assets of any division or line of business of the Company or its Subsidiaries; or (iii) any other properties or assets of the Company or any Subsidiary, other than in the ordinary course of business. For the purposes of this definition, the term "Asset Sale" shall not include (x) any transfer of properties and assets (A) that is governed by the first paragraph under "--Consolidation, Merger, Sale of Assets" or (B) that is of the

Company to any Wholly Owned Subsidiary, or of any Subsidiary to the Company or any Wholly Owned Subsidiary in accordance with the terms of the Indenture or (y) transfers of properties and assets in any given fiscal year with an aggregate Fair Market Value of less than $1,000,000.

"Average Life to Stated Maturity" means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing (i) the sum of the products of (a) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness multiplied by (b) the amount of each such principal payment by (ii) the sum of all such principal payments.

"Bankruptcy Law" means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States Federal or State law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

"Barton Letter of Credit" means the "Barton Letter of Credit" issued to American National Bank and Trust Company of Chicago, as escrowee, under the Credit Agreement.

"Capital Lease Obligation" means any obligations of the Company and its Subsidiaries on a Consolidated basis under any capital lease of real or personal property which, in accordance with GAAP, has been recorded as a capitalized lease obligation.

"Capital Stock" of any Person means any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock.

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

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of the Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means Canandaigua Wine Company, Inc., a corporation incorporated under the laws of Delaware, until a successor Person shall have become such pursuant to the applicable provisions of the Indenture, and thereafter "Company" shall mean such successor Person.

"Consolidated Fixed Charge Coverage Ratio" of the Company means, for any period, the ratio of (a) the sum of Consolidated Net Income (Loss), Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-cash Charges deducted in computing Consolidated Net Income (Loss) in each case, for such period, of the Company and its Subsidiaries on a Consolidated basis, all determined in accordance with GAAP to (b) the sum of Consolidated Interest Expense for such period and cash and non-cash dividends paid on any Preferred Stock of the Company during such period; provided that (i) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a pro forma basis and (A) bearing a floating interest rate, shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (B) which was not outstanding during the period for which the computation is being made but which bears, at the option of the Company, a fixed or floating rate of interest, shall be computed by applying at the option of the Company, either the fixed or floating rate and (ii) in making such computation, the Consolidated Interest Expense of the Company attributable to interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

"Consolidated Income Tax Expense" means for any period, as applied to the Company, the provision for federal, state, local and foreign income taxes of the Company and its Consolidated Subsidiaries for such period as determined in accordance with GAAP on a Consolidated basis.

"Consolidated Interest Expense" of the Company means, without duplication, for any period, the sum of (a) the interest expense of the Company and its Consolidated Subsidiaries for such period, on a Consolidated basis, including, without limitation, (i) amortization of debt discount, (ii) the net cost under interest rate contracts (including amortization of discounts), (iii) the interest portion of any deferred payment obligation and (iv) accrued interest, plus (b) (i) the interest component of the Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by the Company during such period and (ii) all capitalized interest of the Company and its Consolidated Subsidiaries, in each case as determined in accordance with GAAP on a Consolidated basis.

"Consolidated Net Income (Loss)" of the Company means, for any period, the Consolidated net income (or loss) of the Company and its Consolidated Subsidiaries for such period as determined in accordance with GAAP on a Consolidated basis, adjusted, to the extent included in calculating such net income (loss), by excluding, without duplication, (i) all extraordinary gains or losses (less all fees and expenses relating thereto), (ii) the portion of net income (or loss) of the Company and its Consolidated Subsidiaries allocable to minority interests in unconsolidated Persons to the extent that cash dividends or distributions have not actually been received by the Company or one of its Consolidated Subsidiaries, (iii) net income (or loss) of any Person combined with the Company or any of its Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination, (iv) any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan, (v) net gains (but not losses) (less all fees and expenses relating thereto) in respect of dispositions of assets other than in the ordinary course of business, or (vi) the net income of any Subsidiary to the extent that the declaration of dividends or similar distributions by that Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulations applicable to that Subsidiary or its stockholders.

"Consolidated Net Worth" of any Person means the Consolidated stockholders' equity (excluding Redeemable Capital Stock) of such Person and its subsidiaries, as determined in accordance with GAAP on a Consolidated basis.

"Consolidated Non-cash Charges" of the Company means, for any period, the aggregate depreciation, amortization and other non-cash charges of the Company and its Consolidated subsidiaries for such period, as determined in accordance with GAAP (excluding any non-cash charge which requires an accrual or reserve

for cash charges for any future period).

"Consolidation" means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries if and to the extent the accounts of such Person and each of its subsidiaries would normally be consolidated with those of such Person, all in accordance with GAAP. The term "Consolidated" shall have a similar meaning.

"Credit Agreement" means the Credit Agreement, dated as of June 29, 1993, between the Company, the Subsidiaries of the Company identified on the signature pages thereof under the caption "Subsidiary Guarantors," the lenders named therein and The Chase Manhattan Bank, as agent, including any ancillary documents executed in connection therewith, as such agreement has and may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time (including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing). For all purposes under the Indenture, "Credit Agreement" shall include any amendments, renewals, extensions, substitutions, refinancings, restructurings, replacements,

supplements or any other modifications that increase the principal amount of the Indebtedness or the commitments to lend thereunder and have been made in compliance with the provisions of "--Certain Covenants--Limitation on Indebtedness"; provided that, for purposes of the definition of "Permitted Indebtedness," no such increase may result in the principal amount of Indebtedness of the Company under the Credit Agreement exceeding the amount permitted by subparagraph (b)(i) of "--Certain Covenants--Limitation on Indebtedness."

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, with respect to any asset or property, the sale value that would be obtained in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy.

"GAAP" or "Generally Accepted Accounting Principles" means generally accepted accounting principles in the United States, consistently applied, which are in effect on the date of the Indenture.

"Guarantee" means the guarantee by any Guarantor of the Company's Indenture Obligations pursuant to a guarantee given in accordance with the Indenture, including the Guarantees by the Guarantors and any Guarantee delivered pursuant to provisions of "--Certain Covenants--Limitation on Issuances of Guarantees of and Pledges for Indebtedness."

"Guaranteed Debt" of any Person means, without duplication, all Indebtedness of any other Person referred to in the definition of Indebtedness contained in this Section guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered), (iv) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or (v) otherwise to assure a creditor against loss; provided that the term "guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Guarantor" means the Subsidiaries listed on the signature pages of the Indenture as guarantors or any other guarantor of the Indenture Obligations.

"Indebtedness" means, with respect to any Person, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities arising in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities and in connection with any agreement to purchase, redeem, exchange, convert or otherwise acquire for value any Capital Stock of such Person, or any warrants, rights or options to acquire such Capital Stock, now or hereafter outstanding, (ii) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments, (iii) all indebtedness created or arising under any

conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of

business, (iv) all obligations under Interest Rate Agreements of such Person, (v) all Capital Lease Obligations of such Person, (vi) all Indebtedness referred to in clauses (i) through (v) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, (vii) all Guaranteed Debt of such Person, (viii) all Redeemable Capital Stock valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends, and (ix) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any liability of the types referred to in clauses (i) through (viii) above. For purposes hereof, the "maximum fixed repurchase price" of any Redeemable Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Redeemable Capital Stock, such Fair Market Value to be determined in good faith by the board of directors of the issuer of such Redeemable Capital Stock.

"Indenture Obligations" means the obligations of the Company and any other obligor under the Indenture or under the Notes, including any Guarantor, to pay principal of, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with the Indenture, the Notes and the performance of all other obligations to the Trustee and the Holders under the Indenture and the Notes, according to the terms thereof.

"Interest Rate Agreements" means one or more of the following agreements which shall be entered into by one or more financial institutions: interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and/or other types of interest rate hedging agreements from time to time.

"Investments" means, with respect to any Person, directly or indirectly, any advance, loan (including guarantees), or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities issued or owned by, any other Person and all other items that would be classified as investments on a balance sheet prepared in accordance with GAAP.

"Lien" means any mortgage, charge, pledge, lien (statutory or otherwise), privilege, security interest, hypothecation or other encumbrance upon or with respect to any property of any kind, real or personal, movable or immovable, now owned or hereafter acquired.

"Maturity" when used with respect to any Note means the date on which the principal of such Note becomes due and payable as therein provided or as provided in the Indenture, whether at Stated Maturity, the Offer Date or the redemption date and whether by declaration of acceleration, Offer in respect of Excess Proceeds, Change of Control, call for redemption or otherwise.

"Net Cash Proceeds" means (a) with respect to any Asset Sale by any Person, the proceeds thereof in the form of cash or Temporary Cash Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Subsidiary) net of (i) brokerage commissions and other actual fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes payable as a result of such Asset Sale, (iii) payments made to retire Indebtedness where payment of such Indebtedness is secured by the assets or properties the subject of such Asset Sale, (iv) amounts required to be paid to any Person (other than the Company or any

Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale and (v) appropriate amounts to be provided by the Company or any Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities

related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an officers' certificate delivered to the Trustee and (b) with respect to any issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock, as referred to under "--Certain Covenants--Limitation on Restricted Payments," the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Subsidiary), net of attorneys' fees, accountants' fees and brokerage, consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Original Notes" means the Company's outstanding 8 3/4% Senior Subordinated Notes due 2003.

"Pari Passu Indebtedness" means any Indebtedness of the Company or a Guarantor that is pari passu in right of payment to the Notes or a Guarantee, as the case may be.

"Permitted Investment" means (i) Investments in any Wholly Owned Subsidiary or any Person which, as a result of such Investment, becomes a Wholly Owned Subsidiary; (ii) Indebtedness of the Company or a Subsidiary described under clauses (iv) and (v) of the definition of "Permitted Indebtedness"; (iii) Temporary Cash Investments; (iv) Investments acquired by the Company or any Subsidiary in connection with an Asset Sale permitted under "--Certain Covenants--Limitation on Sale of Assets" to the extent such Investments are non-cash proceeds as permitted under such covenant; (v) guarantees of Indebtedness otherwise permitted by the Indenture; and (vi) Investments in existence on the date of the Original Indenture.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivisions thereof.

"Preferred Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's preferred stock whether now outstanding, or issued after the date of the Original Indenture, and including, without limitation, all classes and series of preferred or preference stock.

"Qualified Capital Stock" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"Redeemable Capital Stock" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed prior to any Stated Maturity of the principal of the Notes or is redeemable at the option of the holder thereof at any time prior to any such Stated Maturity, or is convertible into or exchangeable for debt securities at any time prior to any such Stated Maturity at the option of the holder thereof.

"Sale and Leaseback Transaction" means any transaction or series of related transactions pursuant to which the Company or a Subsidiary sells or transfers any property or asset in connection

with the leasing, or the resale against installment payments, of such property or asset to the seller or transferor.

"Securities Act" means the Securities Act of 1933, as amended.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the dates specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest is due and payable.

"Subordinated Indebtedness" means Indebtedness of the Company or a Guarantor subordinated in right of payment to the Notes or a Guarantee, as the case may be.

"Subsidiary" means any Person a majority of the equity ownership or the Voting Stock of which is at the time owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries.

"Temporary Cash Investments" means (i) any evidence of Indebtedness of a Person, other than the Company or its Subsidiaries, maturing not more than one year after the date of acquisition, issued by the United States of America, or

an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (ii) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than $500,000,000, whose debt has a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's Investors Service, Inc. ("Moody's") or any successor rating agency or "A-1" (or higher) according to Standard and Poor's Corporation ("S&P") or any successor rating agency, (iii) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P and (iv) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of $500,000,000.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

"Voting Stock" means stock of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"Wholly Owned Subsidiary" means (i) a Subsidiary all the Capital Stock of which is owned by the Company or another Wholly Owned Subsidiary and (ii) Monarch Wine Company, Limited Partnership, so long as the Company owns directly or indirectly at least 99% of the outstanding interests in such partnership and is the general partner thereof.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

GENERAL

Set forth below is a summary of the material United States Federal tax considerations applicable to the exchange of Old Notes for Exchange Notes pursuant to the Exchange Offer. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations thereunder (including regulations concerning the treatment of debt instruments issued with OID (the "OID Regulations"), published rulings and court decisions all as in effect and existing on the date hereof and all of which are subject to change at any time, which change may be applied retroactively in a manner that could adversely affect holders of the Notes.

The Company has not sought and will not seek any rulings from the IRS with respect to the tax consequences of the Exchange Offer. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the Exchange Offer or of the purchase, ownership or disposition of the Exchange Notes or that any such different position would not be sustained.

This summary applies only to those persons who are the initial holders of the Old Notes and who held the Old Notes, and who will hold the Exchange Notes, as capital assets. The summary does not address the tax consequences to taxpayers who purchase the Notes from such initial holders or taxpayers who are subject to special rules (such as dealers in securities or currencies, financial institutions, tax-exempt organizations and insurance companies), or aspects of Federal income taxation that may be relevant to a prospective investor based upon such investor's particular tax situation.

Although the matter is not entirely free from doubt, the exchange of an Old Note for an Exchange Note pursuant to the Exchange Offer should not be treated as an exchange or otherwise as a taxable event for Federal income tax purposes. Accordingly, the Exchange Notes should have the same issue price as the Old Notes and each holder should have the same adjusted basis and holding period in the Exchange Notes as it had in the Old Notes immediately before the Exchange Offer.

Notwithstanding the foregoing, the IRS might attempt to treat the Exchange Offer as an "exchange" for Federal income tax purposes. In such event, the Exchange Offer could be treated as a taxable transaction in which case a holder could be required to recognize gain or loss equal to the difference between such holder's tax basis in the Old Notes and the issue price of the Exchange Notes, and the amount of OID on such Exchange Notes, if any, could be different from the amount of OID on the Old Notes. In addition, if the issue price of the Exchange Notes is deemed to be less than the adjusted issue price of the Old Notes, the Company could recognize cancellation of indebtedness income in an amount equal to such difference.

HOLDERS OF OLD NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE EXCHANGE OF OLD NOTES FOR EXCHANGE NOTES PURSUANT TO THE EXCHANGE OFFER, INCLUDING THE APPLICABILITY OF ANY STATE, LOCAL OR FOREIGN TAX LAWS TO WHICH THEY MAY BE SUBJECT AS WELL AS WITH RESPECT TO THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL AND OTHER TAX LAWS.

CONSEQUENCES FOR U.S. HOLDERS

As used herein, a "U.S. Holder" means a holder of a Note that is a citizen or individual resident of the United States, a corporation or partnership created or organized in or under the laws of the United States, or of any political subdivision thereof, an estate the income of which is includible in its gross income for U.S. Federal income tax purposes without regard to its source or a "U.S. Trust". A U.S.

Trust is (a) for taxable years beginning after December 31, 1996, or if the trustee of a trust elects to apply the following definition to an earlier taxable year, any trust if, and only if, (i) a court within the United States is able to exercise primary supervision over the administration of the trust and (ii) one or more U.S. trustees have the authority to control all substantial decisions of the trust and (b) for all other taxable years, any trust the income of which is subject to United States Federal income taxation regardless of its source. A non-U.S. citizen is considered a resident alien, and hence a U.S. Holder, if that person is present in the United States at least 183 days in the calendar year and for an aggregate of at least 183 days during a three-year period, counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year.

ISSUE PRICE

The issue price of the Exchange Notes will equal the issue price of the Old Notes.

TAXATION OF THE NOTES

Payments of Interest

Interest paid on a Note, to the extent considered "qualified stated interest" (as defined below), will generally be taxable to a U.S. Holder as ordinary income at the time it accrues or is received in accordance with the holder's method of accounting for Federal income tax purposes.

Original Issue Discount

Because the Old Notes were issued with OID, the Exchange Notes will also be deemed to have been issued with OID. For Federal income tax purposes, a Note will be issued with OID if its "stated redemption price at maturity" exceeds its "issue price" by more than a de minimis amount. The stated redemption price at maturity of a Note will be the sum of all cash payments (including principal and interest) required to be made thereunder until maturity, other than "qualified stated interest" payments. Qualified stated interest is stated interest that is unconditionally payable at least annually at a single fixed rate that appropriately takes into account the length of the interval between payments. Since the interest payable on the Notes constitutes qualified stated interest, a Note will bear OID only to the extent of the excess of the Note's face amount over its issue price.

A U.S. Holder of a Note will be required to include OID in income periodically over the term of a Note without regard to when the cash or other payments attributable to such income are received. In general, a U.S. Holder must include in gross income for Federal income tax purposes the sum of the daily portions of OID with respect to the Note for each day during the taxable year on which such holder holds the Note ("Accrued OID"). The daily portion is determined by allocating to each day of any accrual period within a taxable year a pro rata portion of the OID allocable to such accrual period. The amount of such OID is equal to the adjusted issue price of the Note at the beginning of the accrual period multiplied by the yield to maturity of the Note. For purposes of computing OID, the Company will use six-month accrual periods that end on the days in the calendar year corresponding to the maturity date of the Notes and the date six months prior to such maturity date, with the exception of an initial short accrual period. The adjusted issue price of a Note at the beginning of any accrual period is the issue price of the Note increased by the Accrued OID for all prior accrual periods and decreased by any cash payments on the Notes (other than qualified stated interest). Under these rules, U.S. Holders will have to include in gross income increasingly greater amounts of OID in each successive accrual period. Each payment made under a Note (except for payments of qualified stated interest and certain early redemption payments discussed below) will be treated first as a payment of OID (which was previously includable in income) to the extent of OID that has accrued as of the date of payment

and has not been allocated to prior payments and second as a payment of principal (which is not includable in income).

Optional Redemption

Under the OID Regulations, for purposes of determining the amount of OID, the Company will be presumed to exercise its option to redeem the Notes at any time on or after December 15, 1998, if, by utilizing the date of exercise of the call option as the maturity date and the Redemption Price (as defined in the Indenture) as the stated redemption price at maturity, the yield on the Notes would be lower than such yield would be if the option were not exercised. See "Description of Notes--Optional Redemption."

If the Company's option to redeem the Notes were presumed exercised on a given date (the "Presumed Exercise Date"), the Notes would bear OID in an amount equal to the sum of all payments for which the Notes could be redeemed (the "Redemption Amount") over their issue price. For purposes of calculating the current inclusion of such OID, the yield on the Notes would be computed on their issue date by treating the Presumed Exercise Date as the maturity date of the Notes and the Redemption Amount as their stated redemption price at maturity. If the Company's option to redeem the Notes were presumed exercised but were not exercised in fact on the Presumed Exercise Date, the Notes would be treated, for certain purposes, as if the option were exercised and new debt instruments were issued on the Presumed Exercise Date for an amount of cash equal to the adjusted issue price of the Notes on that date.

The Notes will be subject to redemption at the option of the holders should the Company experience a Change of Control. See "Description of Notes--Certain Covenants--Purchase of Notes Upon a Change of Control." Such additional redemption rights should not affect, and will not be treated by the Company as affecting, the determination of the yield or maturity of the Notes for purposes of the calculation of OID. The tax treatment of these redemptions and the optional redemptions described above should be governed by the rules for dispositions generally. See "--Disposition of Notes."

Disposition of Notes

Generally, any sale or redemption of a Note will result in taxable gain or loss equal to the difference between the amount of cash and the fair market value of other property received (except to the extent the consideration received is attributable to qualified stated interest not previously taken into account, which consideration is treated as interest received) and the holder's adjusted tax basis in the Note. If a holder purchases a Note for its issue price, the holder's adjusted tax basis for determining gain or loss on the sale or other disposition of a Note will initially equal the issue price of the Note and will be increased by any Accrued OID includable in such holder's gross income and decreased by the amount of any cash payments received by such holder with respect to the Notes regardless of whether such payments are denominated as principal or interest (other than payments of qualified stated interest). Any gain or loss upon a sale or other disposition of a Note will generally be capital gain or loss, which will be long term if the Note has been held by the holder for more than one year.

Backup Withholding

A holder may be subject, under certain circumstances, to backup withholding at a 31% rate with respect to payments received with respect to the Notes. This withholding generally applies only if the holder (i) fails to furnish his or her social security or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) is notified by the Internal Revenue Service (the "Service") that he or she has failed to property report payments of interest and dividends and the Service has notified the Company that he or she is subject to backup withholding, or (iv) fails, under certain circumstances, to provide a certified statement, signed under penalty of perjury, that the TIN provided is his or her correct number and that he or she is not subject to backup withholding. Any amount withheld from a payment

to a holder under the backup withholding rules is allowable as a credit against such holder's Federal income tax liability, provided that the required information is furnished to the Service. Certain holders (including, among others, corporations and foreign individuals who comply with certain certification requirements described below under "Foreign Holders") are not subject to backup withholding. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

FOREIGN HOLDERS

The following discussion is a summary of certain United States Federal tax consequences to Non-U.S. Holders. As used herein, a "Non-U.S. Holder" is any holder of a Note who is not a U.S. Holder.

A Non-U.S. Holder that is engaged in a trade or business within the United States will be subject to tax on any income or gain that is effectively connected with such trade or business ("U.S. trade or business income") in essentially the same manner as a U.S. Holder, as discussed above. A Non-U.S. Holder that is a foreign corporation engaged in a U.S. trade or business also may be subject to the branch profits tax with respect to income or gain on the Note.

Payments of principal and interest (including OID) on the Notes by the Company that are not U.S. trade or business income to a Non-U.S. Holder will not be subject to United States Federal income tax provided that, in the case of interest (including OID), (1) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote, (2) the Non-U.S. Holder is not a controlled foreign corporation that is related to the Company through stock ownership, (3) the Non-U.S. Holder is not a bank receiving interest on a loan entered into in the ordinary course of business, and (4) either the beneficial owner of the Note certifies to the Company or its agent under penalties of perjury that it is a Non-U.S. Holder and provides its name and address, or a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and that holds a Note on behalf of such owner, certifies to the Company or its agent, under penalties of perjury, that such statement has been received by it from the beneficial owner or by another financial institution between it and the beneficial owner, and furnishes the Company or its agent with a copy of such statement. A Non-U.S. Holder that does not qualify for such exemption will be subject to United States Federal income tax, payable by withholding, at a flat rate of 30% (or a lower applicable treaty rate) on interest payments and payments (including redemption proceeds) attributable to OID on the Notes provided that such payments are not U.S. trade or business income. If such payments are U.S. trade or business income, such Foreign Person will be required to provide to the Company a properly executed Internal Revenue Service Form 4224 in order to claim an exemption from withholding tax.

In general, gain (to the extent it is not U.S. trade or business income) recognized by a Non-U.S. Holder upon the redemption, sale or exchange of a Note will not be subject to United States Federal income tax unless such Non-U.S. Holder is an individual present in the United States for 183 days or more during the taxable year in which the Note is redeemed, sold or exchanged, and certain other requirements are met.

A Note held by an individual who at the time of his or her death is not a citizen or resident of the United States will not be includable in such individual's gross estate subject to United States Federal estate tax as a result of such individual's death if the individual did not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote and the interest (including OID) on the Note would not have been U.S. trade or business income if it had been received by such individual at the time of his or her death.

Information reporting and backup withholding will generally not apply to payments made on a Note to a Non-U.S. Holder provided that the certification described in clause (4) of the third paragraph in this section is received, and provided further that the payor does not have actual knowledge that the information is false.

PLAN OF DISTRIBUTION

Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, the Company believes that the Exchange Notes issued pursuant to the Exchange Offer in exchange for Old Notes may be offered for resale, resold and otherwise transferred by any holder thereof (other than any such holder that is an "affiliate" of the Company within the meaning of Rule 405 promulgated under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holder's business, such holder has no arrangement with any person to participate in the distribution of such Exchange Notes and neither such holder nor any such other person is engaging in or intends to engage in a distribution of such Exchange Notes. Accordingly, any holder who is an affiliate of the Company or any holder using the Exchange Offer to participate in a distribution of the Exchange Notes will not be able to rely on such interpretations by the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale transaction. Notwithstanding the foregoing, each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with any resale of Exchange Notes received in exchange for Old Notes where such Old Notes were acquired as a result of market-making activities or other

trading activities. The Company and the Guarantors have agreed that, for a period of 180 days after the Expiration Date, they will make this Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

The Company and the Guarantors will not receive any proceeds from any sale of Exchange Notes by broker-dealers. Exchange Notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Exchange Offer and any broker-dealer that participates in a distribution of such Exchange Notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering, a prospectus as required, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the Expiration Date, the Company and the Guarantors will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company and the Guarantors have agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the holders of the Old Notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the Old Notes (including any broker-dealers) participating in the Exchange Offer against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

Certain matters with respect to the validity of the Exchange Notes will be passed upon for the Company by McDermott, Will & Emery, Chicago, Illinois.

EXPERTS

The consolidated financial statements of the Company included or incorporated in this Prospectus and elsewhere in this Registration Statement to the extent and for the periods indicated in their reports have been audited by Arthur Andersen LLP, independent public accountants, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

The financial statements incorporated in this Registration Statement by reference to the Current Report on Form 8-K/A (Amendment No. 1) which amends and forms part of Canandaigua Wine Company, Inc.'s Current Report on Form 8-K dated August 29, 1995, have been so incorporated in reliance on the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

AVAILABLE INFORMATION

The Company has filed with the SEC a Registration Statement on Form S-4 (together with all amendments, exhibits, schedules and supplements thereto, the "Registration Statement") under the Securities Act, for the registration of the securities offered hereby. This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain items of which are contained in exhibits and schedules to the Registration Statement as permitted by the rules and regulations of the SEC. For further information with respect to the Company and the securities offered hereby, reference is made to the Registration Statement, including the exhibits thereto, and financial statements and notes filed as a part thereof. Statements made in this Prospectus concerning the contents of any document referred to herein are not necessarily complete. With respect to each document filed with the SEC as an exhibit to the Registration Statement, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference.

The Company is subject to the informational requirements of the Exchange Act, and in accordance therewith files reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information may be inspected at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, or at its regional offices located at the Northwestern Atrium Center, 500 West Madison Street,

Suite 1400, Chicago, Illinois 60661 and 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Company has made certain filings to the SEC electronically. The SEC maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at the following address: http: // www.sec.gov.

The Company's Class A Common Stock and Class B Common Stock are quoted on the Nasdaq Stock Market (National Market), and reports, proxy and information statements and other information concerning the Company can be inspected at the public reference facilities maintained by the Nasdaq Stock Market at 1735 K Street, N.W. Washington, D.C. 20006.

The Company will provide without charge to each person to whom a copy of this Prospectus is delivered, upon the written or oral request of such person, a copy of the Indenture and the Company's Restated Certificate of Incorporation and Bylaws. Requests should be directed to: Canandaigua Wine Company, Inc., Attention: Robert S. Sands, Secretary, 116 Buffalo Street, Canandaigua, New York 14424; telephone number (716) 394-7900.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the SEC pursuant to the Exchange Act are incorporated herein by reference:

(1) the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1995;

(2) the Company's Proxy Statement for its Annual Meeting of Stockholders held on January 18, 1996;

(3) the Company's Quarterly Report on Form 10-Q for the quarterly period ended November 30, 1995;

(4) the Company's Transition Report on Form 10-K for the Transition Period ended February 29, 1996;

(5) the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended May 31, 1996 and August 31, 1996; and

(6) the Company's Current Reports on Form 8-K dated August 29, 1995; October 31, 1995; April 29, 1996; September 5, 1996; October 11, 1996 and October 29, 1996; and Form 8-K/A dated August 29, 1995.

All reports and other documents filed with the SEC by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering relating to this Prospectus shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents. Any statement incorporated or deemed to be incorporated by reference herein shall be deemed to be modified, replaced, or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person to whom a copy of this Prospectus is delivered, upon the written or oral request of such person, a copy of any or all of the documents incorporated by reference herein (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into the information that this Prospectus incorporates). Requests should be directed to: Canandaigua Wine Company, Inc., Attention: Robert S. Sands, Secretary, 116 Buffalo Street, Canandaigua, New York 14424; telephone number (716) 394-7900.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Canandaigua Wine Company, Inc.:

We have audited the accompanying consolidated balance sheets of Canandaigua Wine Company, Inc. (a Delaware corporation) and subsidiaries as of February 29, 1996 and August 31, 1995 and 1994, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the six months ended February 29, 1996 and each of the three years in the period ended August 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canandaigua Wine Company, Inc. and subsidiaries as of February 29, 1996 and August 31, 1995 and 1994, and the results of their operations and their cash flows for the six months ended February 29, 1996 and each of the three years in the period ended August 31, 1995, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Rochester, New York, May 17, 1996

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	AUGUST 31, 1996	FEBRUARY 29, 1996	FEBRUARY 28, 1995	AUGUST 31, 1995	AUGUST 31, 1994
	(UNAUDITED)		(UNAUDITED)		
ASSETS					
CURRENT ASSETS:					
Cash and cash investments	$ 2,030	$ 3,339	$ 3,090	$ 4,180	$ 1,495
Accounts receivable, net	152,343	142,471	120,538	115,448	122,124
Inventories, net	328,505	341,838	319,836	256,811	301,053
Prepaid expenses and other current assets	18,665	30,372	26,298	25,070	29,377
Total current assets	501,543	518,020	469,762	401,509	454,049
PROPERTY, PLANT AND EQUIPMENT, NET	254,500	250,638	195,839	217,505	194,283
OTHER ASSETS	282,148	285,922	167,316	166,907	178,230
Total assets	$1,038,191	$1,054,580	$832,917	$785,921	$826,562
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Notes payable	$ 62,000	$ 111,300	$ 7,000	$ --	$ 19,000

Current maturities of long-term debt.....	40,766	40,797	37,857	29,133	31,001
Accounts payable.....	103,299	59,730	45,438	62,091	75,506
Accrued Federal and state excise taxes...	21,544	19,699	23,564	15,633	16,657
Other accrued expenses and liabilities.....	75,086	68,440	77,192	67,896	96,061
Total current liabilities.....	302,695	299,966	191,051	174,753	238,225
LONG-TERM DEBT, less current maturities.....	307,204	327,616	239,791	198,859	289,122
DEFERRED INCOME TAXES...	58,194	58,194	43,831	49,827	43,774
OTHER LIABILITIES.....	4,927	12,298	30,077	10,600	51,248
COMMITMENTS AND CONTINGENCIES					
STOCKHOLDERS' EQUITY:					
Class A Common Stock, $.01 par value-Authorized, 60,000,000 shares: Issued, 17,458,582 shares at August 31, 1996, 17,423,082 shares at February 29, 1996, 17,343,889 shares at February 28, 1995, 17,400,082 shares at August 31, 1995, and 13,832,597 shares at August 31, 1994.....	174	174	173	174	138
Class B Convertible Common Stock, $.01 par value-Authorized, 20,000,000 shares; Issued 3,956,183 shares at August 31, 1996, 3,991,683 shares at February 29, 1996, 4,015,626 shares at February 28, 1995, 3,996,683 shares at August 31, 1995, and 4,015,776 shares at August 31, 1994.....	40	40	40	40	40
Additional paid-in capital.....	221,728	221,133	216,967	219,894	113,348
Retained earnings.....	156,042	142,600	118,578	139,278	98,258
	377,984	363,947	335,758	359,386	211,784
Less-Treasury stock-Class A Common Stock, 1,320,446 shares at August 31, 1996, 1,165,786 shares at February 29, 1996, 1,215,296 shares at February 28, 1995, 1,186,655 shares at August 31, 1995, and 1,215,296 shares at August 31, 1994, at cost.....	(10,606)	(5,234)	(5,384)	(5,297)	(5,384)
Class B Convertible Common Stock, 625,725 shares at August 31, 1996, February 29, 1996, February 28, 1995, August 31, 1995, and 1994, at cost.....	(2,207)	(2,207)	(2,207)	(2,207)	(2,207)
	(12,813)	(7,441)	(7,591)	(7,504)	(7,591)
Total stockholders' equity.....	365,171	356,506	328,167	351,882	204,193
Total liabilities					

and stockholders' equity.....	$1,038,191	$1,054,580	$832,917	$785,921	$826,562

</TABLE>

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

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	FOR THE SIX MONTHS ENDED AUGUST 31,		FOR THE SIX MONTHS ENDED FEBRUARY 29,	FEBRUARY 28,	FOR THE YEARS ENDED AUGUST 31,		
	1996	1995	1996	1995	1995	1994	1993
	(UNAUDITED)	(UNAUDITED)		(UNAUDITED)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
GROSS SALES.....	$ 754,866	$ 592,769	$ 738,415	$ 592,305	$ 1,185,074	$ 861,059	$ 389,417
Less--Excise taxes.....	(199,155)	(140,710)	(203,391)	(137,820)	(278,530)	(231,475)	(83,109)
Net sales.....	555,711	452,059	535,024	454,485	906,544	629,584	306,308
COST OF PRODUCT SOLD....	(412,969)	(326,117)	(396,208)	(327,694)	(653,811)	(447,211)	(214,931)
Gross profit.....	142,742	125,942	138,816	126,791	252,733	182,373	91,377
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.....	(102,870)	(79,271)	(112,411)	(79,925)	(159,196)	(121,388)	(59,983)
NONRECURRING RESTRUCTURING EXPENSES.	--	(1,553)	(2,404)	(685)	(2,238)	(24,005)	--
Operating income.....	39,872	45,118	24,001	46,181	91,299	36,980	31,394
INTEREST EXPENSE, net...	(16,803)	(11,460)	(17,298)	(13,141)	(24,601)	(18,056)	(6,126)
Income before provision for Federal and state income taxes.....	23,069	33,658	6,703	33,040	66,698	18,924	25,268
PROVISION FOR FEDERAL AND STATE INCOME TAXES.	(9,627)	(12,958)	(3,381)	(12,720)	(25,678)	(7,191)	(9,664)
NET INCOME.....	$ 13,442	$ 20,700	$ 3,322	$ 20,320	$ 41,020	$ 11,733	$ 15,604
SHARE DATA:							
Net income per common and common equivalent share:							
Primary.....	$.68	$1.03	$.17	$1.11	$2.14	$.74	$1.30
Fully diluted.....	$.68	$1.03	$.17	$1.11	$2.13	$.74	$1.20
Weighted average common shares outstanding:							
Primary.....	19,794,740	20,002,568	20,006,267	18,343,870	19,147,935	15,783,583	11,963,652
Fully diluted.....	19,794,740	20,081,014	20,006,267	18,346,513	19,296,269	16,401,598	15,203,114

</TABLE>

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

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	COMMON STOCK		ADDITIONAL PAID-IN	RETAINED	TREASURY	
	CLASS A	CLASS B	CAPITAL	EARNINGS	STOCK	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, August 31, 1992	$ 96	$41	$ 32,338	$ 70,921	($7,847)	$ 95,549
Conversion of 1,165 Class B Convertible Common shares to Class A Common shares	--	--	--	--	--	--
Issuance of 1,000,000 Class A Common shares	10	--	13,584	--	--	13,594
Conversion of 7% Convertible debentures to Class A Common shares	--	--	976	--	--	976
Employee stock purchase of 21,071 treasury shares	--	--	266	--	64	330
Issuance of 4,104 treasury shares to stock incentive plan	--	--	38	--	13	51
Net income for fiscal 1993	--	--	--	15,604	--	15,604
BALANCE, August 31, 1993	106	41	47,202	86,525	(7,770)	126,104
Conversion of 52,800 Class B Convertible Common shares to Class A Common shares	1	(1)	--	--	--	--
Conversion of 7% Convertible debentures to Class A Common shares	31	--	58,925	--	--	58,956
To write-off unamortized deferred financing costs on debentures converted, net of amortization	--	--	(1,569)	--	--	(1,569)
To write-off interest accrued on debentures, net of tax effect	--	--	850	--	--	850
Employee stock purchase of 58,955 treasury shares	--	--	878	--	179	1,057
To record exercise of 2,250 Class A stock options	--	--	10	--	--	10
To record 500,000 Class A stock options related to the Vintners Acquisition	--	--	4,210	--	--	4,210
To record 600,000 Class A stock options related to the Almaden/Inglenook asset purchase	--	--	2,842	--	--	2,842
Net income for fiscal 1994	--	--	--	11,733	--	11,733
BALANCE, August 31, 1994	138	40	113,348	98,258	(7,591)	204,193
Conversion of 19,093 Class B Convertible Common shares to Class A Common shares	--	--	--	--	--	--
Issuance of 3,000,000 Class A Common shares	30	--	90,353	--	--	90,383
Exercise of 432,067 Class A stock options related to the Vintners Acquisition	5	--	13,013	--	--	13,018
Employee stock purchase of 28,641 treasury shares	--	--	546	--	87	633
To record exercise of 114,075 Class A stock						

options.....	1	--	1,324	--	--	1,325
To record tax benefit on stock options exercised.....	--	--	1,251	--	--	1,251
To record tax benefit on disposition of employee stock purchases.....	--	--	59	--	--	59
Net income for fiscal 1995.....	--	--	--	41,020	--	41,020
BALANCE, August 31, 1995.....	174	40	219,894	139,278	(7,504)	351,882
Conversion of 5,000 Class B Convertible Common shares to Class A Common shares.....	--	--	--	--	--	--
To record exercise of 18,000 Class A stock options.....	--	--	238	--	--	238
Employee stock purchase of 20,869 treasury shares.....	--	--	593	--	63	656
To record issuance of 10,000 Class A stock options.....	--	--	134	--	--	134
To record tax benefit on stock options exercised.....	--	--	198	--	--	198
To record tax benefit on disposition of employee stock purchases.....	--	--	76	--	--	76
Net income for Transition Period.....	--	--	--	3,322	--	3,322
BALANCE, February 29, 1996.....	$174	$40	$221,133	$142,600	($7,441)	$356,506
Conversion of 35,500 Class B Convertible Common shares to Class A Common shares (unaudited).....	--	--	--	--	--	--
To record the repurchase of 175,000 shares of Class A common stock (unaudited).....	--	--	--	--	(5,434)	(5,434)
Employee stock purchase of 20,340 treasury shares (unaudited).....	--	--	595	--	62	657
Net income for six months ended August 31, 1996 (unaudited).....	--	--	--	13,442	--	13,442
BALANCE, August 31, 1996 (unaudited).....	$174	$40	$221,728	$156,042	($12,813)	$365,171

</TABLE>

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

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	FOR THE SIX MONTHS ENDED		FOR THE SIX MONTHS ENDED		FOR THE YEARS ENDED		
	AUGUST 31,		FEBRUARY 29,	FEBRUARY 28,	AUGUST 31,		
	1996	1995	1996	1995	1995	1994	1993
	(UNAUDITED)	(UNAUDITED)		(UNAUDITED)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net income.....	$ 13,442	$ 20,700	$ 3,322	$ 20,320	$ 41,020	$ 11,733	$ 15,604
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Depreciation of property, plant and							

equipment.....	12,424	5,782	9,521	9,786	15,568	10,534	7,389
Amortization of intangible assets.....	4,870	2,279	4,437	2,865	5,144	3,281	1,286
Deferred tax provision (benefit).....	--	19,175	1,991	57	19,232	(4,319)	1,028
Loss (gain) on sale of property, plant and equipment.....	201	(33)	81	--	(33)	--	(524)
Accrued interest on converted debentures, net of taxes.....	--	--	--	--	--	161	--
Restructuring charges--fixed asset write-down.....	--	(2,050)	275	--	(2,050)	13,935	--
Change in assets and liabilities, net of effects from purchases of businesses:							
Accounts receivable, net.....	(9,872)	5,806	(27,008)	1,586	7,392	(17,946)	(5,761)
Inventories, net.....	13,333	60,311	(70,172)	(18,783)	41,528	784	8,966
Prepaid expenses.....	5,109	(6,963)	(2,350)	3,079	(3,884)	1,703	(8,571)
Accounts payable.....	43,569	16,653	(2,362)	(30,068)	(13,415)	2,680	(18,948)
Accrued Federal and state excise taxes..	1,845	(7,932)	4,066	6,907	(1,025)	4,405	845
Other accrued expenses and liabilities.....	13,351	(20,822)	(8,564)	(28,175)	(20,784)	4,023	6,687
Other.....	(8,466)	(11,558)	1,930	(3,817)	(15,375)	(3,795)	911
Total adjustments....	76,364	60,648	(88,155)	(56,563)	32,298	15,446	(6,692)
Net cash provided by (used in) operating activities.....	89,806	81,348	(84,833)	(36,243)	73,318	27,179	8,912
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sale of property, plant and equipment.....	5,200	1,336	555	--	1,336	--	1,337
Purchases of property, plant and equipment, net of minor disposals.....	(21,795)	(25,779)	(16,077)	(11,342)	(37,121)	(7,853)	(6,949)
Payment of accrued Earn-Out Amounts.....	--	--	(11,307)	--	(28,300)	(4,000)	--
Purchases of businesses, net of cash acquired.....	--	--	--	--	--	3	8,710
Purchase of brands.....	--	--	--	--	--	(5,100)	--
Net cash (used in) provided by investing activities.....	(16,595)	(24,443)	(26,829)	(11,342)	(64,085)	(16,950)	3,098
CASH FLOWS FROM FINANCING ACTIVITIES:							
Proceeds (repayment) of notes payable, short-term borrowings.....	(49,300)	(7,000)	111,300	57,100	50,100	(2,035)	(9,835)
Repayment of notes payable from equity offering proceeds.....	--	--	--	(22,100)	(22,100)	--	--
Repayment of notes payable from proceeds of Term Loan.....	--	--	--	(47,000)	(47,000)	--	--
Payment of fees for subordinated notes offering.....	--	--	--	--	--	(4,624)	--
Principal payments of long-term debt.....	(20,443)	(50,432)	(14,579)	(7,474)	(57,906)	(6,856)	(981)

</TABLE>

<TABLE>

<CAPTION>

	FOR THE SIX MONTHS ENDED AUGUST 31,		FOR THE SIX MONTHS ENDED FEBRUARY 29,	FOR THE SIX MONTHS ENDED FEBRUARY 28,	FOR THE YEARS ENDED AUGUST 31,		
	1996	1995	1996	1995	1995	1994	1993
	(UNAUDITED)	(UNAUDITED)		(UNAUDITED)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Proceeds of Term Loan, long-term debt.....	$ --	$ --	$ 13,220	$ 47,000	$47,000	$ --	$ --
Repayment of Term Loan from equity offering proceeds, long-term debt.....	--	--	--	(82,000)	(82,000)	--	--
Proceeds from equity offering, net.....	--	--	--	103,313	103,400	--	--
Purchases of treasury stock.....	(5,434)	--	--	--	--	--	--
Proceeds from employee stock purchases.....	657	633	656	--	633	1,056	330
Exercise of employee stock options.....	--	984	224	341	1,325	10	--
Fractional shares paid for debenture conversions.....	--	--	--	--	--	(3)	--
Net cash (used in) provided by financing activities.....	(74,520)	(55,815)	110,821	49,180	(6,548)	(12,452)	(10,486)
NET (DECREASE) INCREASE IN CASH AND CASH INVESTMENTS.....	(1,309)	1,090	(841)	1,595	2,685	(2,223)	1,524
CASH AND CASH INVESTMENTS, beginning of period.....	3,339	3,090	4,180	1,495	1,495	3,718	2,194
CASH AND CASH INVESTMENTS, end of period.....	$ 2,030	$ 4,180	$ 3,339	$ 3,090	$ 4,180	$ 1,495	$ 3,718
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:							
Cash paid during the period for:							
Interest.....	$ 16,893	$11,014	$ 14,720	$ 14,068	$25,082	$ 14,727	$ 5,910
Income taxes.....	$ 3,188	$ 2,255	$ 3,612	$ 9,454	$11,709	$ 15,751	$ 5,670
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:							
Fair value of assets acquired, including cash acquired.....	$ --	$ --	$ 144,927	$ --	$ --	$ 428,442	$135,280
Liabilities assumed....	--	--	(3,147)	--	--	(153,827)	(52,851)
Cash paid.....	--	--	141,780	--	--	274,615	82,429
Less--Amounts borrowed.....	--	--	(141,780)	--	--	(276,860)	(68,835)
Less--Issuance of Class A Common Stock..	--	--	--	--	--	--	(13,594)
Less--Issuance of Class A Common Stock options.....	--	--	--	--	--	(7,052)	--
Add--Receivable from Seller.....	--	--	--	--	--	9,297	--
Net cash paid for acquisition.....	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Accrued Earn-Out Amounts.....	$ --	$10,000	$ 15,155	$ --	$10,000	$ 28,300	$ 4,000
Issuance of Class A Common Stock for conversion of debentures.....	$ --	$ --	$ --	$ --	$ --	$ 58,960	$ 976
Write-off of							

unamortized deferred financing costs on debentures.....	$ --	$ --	$ --	$ --	$ --	$ 1,569	$ --
Write-off unpaid accrued interest on debentures through conversion date.....	$ --	$ --	$ --	$ --	$ --	$ 1,371	$ --
Issuance of treasury shares to stock incentive plan.....	$ --	$ --	$ --	$ --	$ --	$ --	$ 51

</TABLE>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of business--

Canandaigua Wine Company, Inc. and its subsidiaries (the Company) operates in the beverage alcohol industry. The Company is a producer and supplier of wines, an importer and producer of beers and distilled spirits, and a producer and supplier of grape juice concentrate in the United States. It maintains a portfolio of over 125 national and regional brands of beverage alcohol which are distributed by over 1,200 wholesalers throughout the United States and selected international markets. Its beverage alcohol brands are marketed in five general categories: table wines, sparkling wines, dessert wines, imported beer and distilled spirits.

Year-end change--

The Company changed its fiscal year end from the twelve month period ending August 31 to the twelve month period ending on the last day of February. The period from September 1, 1995, through February 29, 1996, is hereinafter referred to as the "Transition Period".

Principles of consolidation--

The consolidated financial statements of the Company include the accounts of Canandaigua Wine Company, Inc., and all of its subsidiaries. All intercompany accounts and transactions have been eliminated.

Unaudited financial statements--

The consolidated financial statements as of August 31, 1996 and February 28, 1995, and for the six month periods ended August 31, 1996, August 31, 1995, and February 28, 1995, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to interim reporting and reflect, in the opinion of the Company, all adjustments necessary to present fairly the financial information for Canandaigua Wine Company, Inc., and its subsidiaries. All such adjustments are of a normal recurring nature.

Management's use of estimates and judgment--

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash investments--

Cash investments consist of money market funds and a certificate of deposit and are stated at cost, which approximates market value. These investments amounted to approximately $17,000 (unaudited) at August 31, 1996, $1,732,000 at February 29, 1996, and $12,900 (unaudited) at February 28, 1995, and $2,462,000 and $10,000 at August 31, 1995 and 1994, respectively.

Fair value of financial instruments--

To meet the reporting requirements of Statement of Financial Accounting Standards No. 107 ("Disclosures About Fair Value of Financial Instruments"), the Company calculates the fair value of financial instruments and includes

this additional information in the notes to the financial statements when the fair value is different than the book value of those financial instruments. When the fair value is equal to the book value, no additional disclosure is made. The Company uses quoted market prices

whenever available to calculate these fair values. When quoted market prices are not available, the Company uses standard pricing models for various types of financial instruments (such as forwards, options, swaps, etc.) which take into account the present value of estimated future cash flows.

Interest rate futures and currency forward contracts--

From time to time, the Company enters into interest rate futures and a variety of currency forward contracts in the management of interest rate risk and foreign currency transaction exposure. Unrealized gains and losses on interest rate futures are deferred and recognized as a component of interest expense over the borrowing period. Unrealized gains and losses on foreign currency forward contracts are deferred and recognized as a component of the related transactions in the accompanying financial statements. Discounts or premiums on forward contracts are recognized over the life of the contract.

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 93% at August 31, 1996, 94% at February 29, 1996, 95% at February 28, 1995, and 94% and 95% at August 31, 1995 and 1994, respectively. Replacement cost of the inventories determined on a FIFO basis is approximately $333,266,000 (unaudited) at August 31, 1996, $332,849,000 at February 29, 1996, $306,991,000 (unaudited) at February 28, 1995, and $240,895,000 and $289,209,000 at August 31, 1995 and 1994, respectively. The net realizable value of the Company's inventories was in excess of $328,505,000 (unaudited), $341,838,000, $319,836,000 (unaudited), $256,811,000 and $301,053,000 at August 31, 1996, February 29, 1996, February 28, 1995, and August 31, 1995 and 1994, respectively.

A substantial portion of barreled whiskey and brandy will not be sold within one year because of the duration of the aging process. All barreled whiskey and brandy are classified as in-process inventories and are included in current assets, in accordance with industry practice. The Company's bulk wine inventories are also classified as in-process inventories.

Warehousing, insurance, ad valorem taxes and other carrying charges applicable to barreled whiskey and brandy held for aging are included in inventory costs.

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

<TABLE>
<CAPTION>

(in thousands)	AUGUST 31, 1996 (UNAUDITED)	FEBRUARY 29, 1996	FEBRUARY 28, 1995 (UNAUDITED)	AUGUST 31, 1995	AUGUST 31, 1994
<S>	<C>	<C>	<C>	<C>	<C>
Raw materials and supplies	$ 25,802	$ 24,197	$ 42,478	$ 19,753	$ 25,225
Wines and distilled spirits in process	217,754	254,956	212,483	174,399	209,999
Finished case goods	84,949	62,685	64,875	62,659	65,829
	$ 328,505	$ 341,838	$ 319,836	$ 256,811	$ 301,053

</TABLE>

Property, plant and equipment--

Property, plant and equipment is stated at cost. Major additions and betterments are charged to property accounts, while maintenance and repairs are charged to operations as incurred. The cost of properties sold or otherwise disposed of and the related allowance for depreciation are eliminated from the accounts at the time of disposal and resulting gains and losses are included as a component of operating income.

Depreciation--

Depreciation is computed primarily using the straight-line method over the following estimated useful lives:

<TABLE>
<CAPTION>

DESCRIPTION	DEPRECIABLE LIFE
<S>	<C>
Buildings and improvements	10 to 33 1/3 years
Machinery and equipment	7 to 15 years
Motor vehicles	3 to 7 years

</TABLE>

Amortization of assets capitalized under capital leases is included with depreciation expense. Amortization is calculated using the straight-line method over the shorter of the estimated useful life of the asset or the lease term.

Other assets--

Other assets, which consist of goodwill, distribution rights, agency license agreements, trademarks, deferred financing costs, cash surrender value of officers' life insurance and other amounts, are stated at cost, net of accumulated amortization. Amortization is calculated on a straight-line or effective interest basis over periods ranging from five to forty years. At February 29, 1996, the weighted average of the remaining useful lives of these assets was approximately thirty-seven years. The face value of the officers' life insurance policies totaled $2,852,000 for all periods presented.

Advertising and Promotion Costs--

The Company generally expenses advertising and promotion costs as incurred, shown or distributed. Prepaid advertising costs at August 31, 1996, February 29, 1996, February 28, 1995 and August 31, 1995 and 1994, are not material. Advertising expense for the six months ended August 31, 1996, the comparable six months ended August 31, 1995, the Transition Period, the comparable six months ended February 28, 1995, and the years ended August 31, 1995 and 1994, were approximately $52,202,000 (unaudited), $42,588,000 (unaudited), $60,187,000, $41,658,000 (unaudited), $84,246,000 and $64,540,000 respectively.

Income taxes--

The Company uses the liability method of accounting for income taxes. The liability method accounts for deferred income taxes by applying statutory rates in effect at the balance sheet date to the difference between the financial reporting and tax basis of assets and liabilities.

Environmental--

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with completion of a feasibility study or the Company's commitment to a formal plan of action. At August 31, 1996, February 29, 1996, February 28, 1995, and August 31, 1995 and 1994, liabilities for environmental costs totaled $449,000 (unaudited), $465,000, $250,000 (unaudited), $550,000 and $100,000, respectively, and are recorded in other accrued liabilities.

Net income per common and common equivalent share--

Primary net income per common and common equivalent share is based on the weighted average number of common and common equivalent shares (stock options determined under the treasury stock method) outstanding during the year for Class A Common Stock and Class B Convertible Common

Stock. Fully diluted earnings per common and common equivalent share assumes the conversion of the 7% convertible subordinated debentures under the "if converted method" and assumes exercise of stock options using the treasury stock method.

Other--

Certain fiscal 1995, 1994 and 1993 balances have been reclassified to conform with current period presentation.

2. ACQUISITIONS:

Barton--

On June 29, 1993, pursuant to the terms of a Stock Purchase Agreement (the Stock Purchase Agreement) among the Company, Barton Incorporated (Barton) and the former Barton stockholders (the Selling Stockholders), the Company acquired from the Selling Stockholders all of the outstanding shares of the capital stock of Barton (the Barton Acquisition), a marketer of imported beers and imported distilled spirits and a producer and marketer of distilled spirits and domestic beers.

The aggregate consideration for Barton consisted of approximately $65,510,000 in cash, one million shares of the Company's Class A Common Stock and payments of up to an aggregate amount of $57,300,000 (the Earn-Out Amounts) which are payable to the Selling Stockholders in cash over a three year period upon the satisfaction of certain performance goals and achievement of targets for earnings before interest and taxes. In addition, the Company paid approximately $1,981,000 of direct acquisition costs, $2,269,000 of direct financing costs, and assumed liabilities of approximately $47,926,000.

The purchase price was funded through a $50,000,000 term loan (see Note 7), through $18,835,000 of revolving loans under the Company's Credit Agreement (see Note 7), and through approximately $925,000 of accrued expenses. In addition, one million shares of the Company's Class A Common Stock were issued at $13.59 per share, which reflects the closing market price of the stock at the closing date, discounted for certain restrictions on the issued shares. Of these shares, 428,571 were delivered to the Selling Stockholders and 571,429 were delivered into escrow to secure the Selling Stockholders' indemnification obligations to the Company. The 571,429 shares were released from escrow and delivered to the Selling Stockholders in fiscal 1995.

The Earn-Out Amounts consist of four payments scheduled to be made over a three year period ending November 29, 1996. The first payment of $4,000,000 was required to be made to the Selling Stockholders upon satisfaction of certain performance goals. These goals were satisfied and this payment was accrued at August 31, 1993, and was made on December 31, 1993. The second payment of $28,300,000 was accrued at August 31, 1994, and was made on December 30, 1994, as a result of satisfaction of certain performance goals and achievement of targets for earnings before interest and taxes at August 31, 1994. The third payment of $10,000,000 was accrued at August 31, 1995, and was made to the Selling Stockholders on November 30, 1995, as a result of the achievement of targets for earnings before interest and taxes at August 31, 1995. The final remaining payment has been accrued as of February 29, 1996, as a result of the achievement of certain targets for earnings before interest and taxes and is to be made by November 29, 1996. Such payment obligations are secured by the Company's irrevocable standby letter of credit (see Note 7) under the Credit Agreement in an original maximum face amount of $28,200,000 and are subject to acceleration in certain events as defined in the Stock Purchase Agreement. All Earn-Out Amounts have been accounted for as additional purchase price for the Barton Acquisition when the contingency was satisfied in accordance with the Stock Purchase Agreement and allocated based upon the fair market value of the underlying assets.

Pursuant to Barton's Phantom Stock Plan (the Phantom Stock Plan) effective April 1, 1990, and amended and restated for Units (as defined in the Phantom Stock Plan) granted after March 31, 1992, certain participants received payments at closing amounting in the aggregate to $1,959,000 in connection with the Barton Acquisition. Certain other participants will receive payments only upon vesting in the Phantom Stock Plan during years subsequent to the acquisition. All participants under the Phantom Stock Plan may receive additional payments in the event of satisfaction of the performance goals set forth in the Stock Purchase Agreement and upon release of the shares held in escrow. In January 1995, Barton paid approximately $840,000 to participants which included $403,000 relating to the satisfaction of requirements for releasing stock from escrow and on November 30, 1995, paid $403,000. As of February 29, 1996, all remaining payments to be made in accordance with the Phantom Stock Plan, totaling $892,000, have been accrued as all performance criteria has been satisfied. Payments of $605,000 will be made by November 30, 1996, and payments of $277,000 will be made by April 1, 1997, and $10,000 will be made by February 10, 2024. At August 31, 1995 and 1994, $581,000 and $554,000, respectively, were accrued under the Phantom Stock Plan.

The Barton Acquisition was accounted for using the purchase method. Accordingly, Barton's assets were recorded at fair market value at the date of acquisition. The fair market value of Barton totaled $236,178,000 which was

adjusted for negative goodwill of $47,235,000 and an additional deferred tax liability of $36,075,000 based on the difference between the fair market value of Barton's assets and liabilities as adjusted for allocation of negative goodwill and the tax basis of those assets and liabilities which was allocated on a pro rata basis to noncurrent assets. The results of operations of Barton have been included in the Consolidated Statements of Income since the date of the acquisition.

Vintners--

On October 15, 1993, the Company acquired substantially all the tangible and intangible assets of Vintners International Company, Inc. (Vintners) other than cash and the Hammondsport Winery (the Vintners Assets), and assumed certain current liabilities associated with the ongoing business (the Vintners Acquisition). Vintners was the United States' fifth largest supplier of wine with two of the country's most highly recognized brands, Paul Masson and Taylor California Cellars. The wineries acquired from Vintners are the Gonzales winery in Gonzales, California, and the Paul Masson wineries in Madera and Soledad, California. In addition, the Company leased from Vintners the Hammondsport winery in Hammondsport, New York. The lease was for a period of 18 months from the date of the Vintners Acquisition. The lease expired during fiscal 1995.

The aggregate purchase price of $148,900,000 (the Cash Consideration) is subject to adjustment based upon the determination of the Final Net Current Asset Amount (as defined below). In addition, the Company incurred $8,961,000 of direct acquisition and financing costs. The Company also delivered options to Vintners and Household Commercial of California, Inc., one of Vintners' lenders, to purchase an aggregate of 500,000 shares (the Vintners Option Shares) of the Company's Class A Common Stock, at an exercise price per share of $18.25, which are exercisable at any time until October 15, 1996. These options have been recorded at $8.42 per share, based upon an independent appraisal and $4,210,000 has been reflected as a component of additional paid-in capital. On November 18, 1994, 432,067 of the Vintners Option Shares were exercised (see Note 10).

The Cash Consideration was funded by the Company pursuant to (i) approximately $12,600,000 of Revolving Loans under the Credit Facility of which $11,200,000 funded the Cash Consideration and $1,400,000 funded the payment of direct acquisition costs; (ii) an accrued liability of approximately $7,700,000 for the holdback described below and (iii) the $130,000,000 Subordinated Loan (see Note 7).

At closing, the Company held back from the Cash Consideration approximately 10% of the then estimated net current assets of Vintners purchased by the Company and deposited an additional $2,800,000 of the Cash Consideration into an escrow pending consent of both parties for its release. If the amount of the net current assets as determined after the closing (the Final Net Current Asset Amount) is greater than 90% and less than 100% of the amount of net current assets estimated at closing (the Estimated Net Current Asset Amount), then the Company shall pay into the established escrow an amount equal to the Final Net Current Asset Amount less 90% of the Estimated Net Current Asset Amount. If the Final Net Current Asset Amount is greater than the Estimated Net Current Asset Amount, then, in addition to the payment described above, the Company shall pay an amount equal to such excess, plus interest from the closing, to Vintners. If the Final Net Current Asset Amount is less than 90% of the Estimated Net Current Asset Amount, then the Company shall be paid such deficiency out of the escrow account. As of February 29, 1996, no adjustment to the established escrow was required and the Final Net Current Asset Amount has not been determined.

The Vintners Acquisition was accounted for using the purchase method; accordingly, the Vintners 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), $44,151,000, is being amortized on a straight-line basis over forty years. The results of operations of Vintners have been included in the Consolidated Statements of Income since the date of acquisition.

Almaden/Inglenook--

On August 5, 1994, the Company acquired the Inglenook and Almaden brands, the fifth and sixth largest selling table wines in the United States, a grape juice concentrate business and wineries in Madera and Escalon, California, from Heublein, Inc. (Heublein) (the Almaden/Inglenook Acquisition). The Company also acquired Belaire Creek Cellars, Chateau La Salle and Charles Le Franc table wines, Le Domaine champagne and Almaden, Hartley and Jacques Bonet brandy. The accounts receivable and the accounts payable related to the acquired assets were not acquired by the Company.

The aggregate consideration for the acquired brands and other assets consisted of $130,600,000 in cash, assumption of certain current liabilities and options to purchase an aggregate of 600,000 shares of Class A Common Stock (the Almaden Option Shares). Of the Almaden Option Shares, 200,000 were exercisable at a price of $30 per share and the remaining 400,000 were exercisable at a price of $35 per share. All of the options expired on August 5, 1996, unexercised. The 200,000 and 400,000 options have been recorded at $5.83 and $4.19 per share, respectively, based upon an independent appraisal, and $2,842,000 has been reflected as a component of additional paid-in capital. The source of the cash payment made at closing, together with payment of other costs and expenses required by the Almaden/Inglenook Acquisition, was financing provided by the Company pursuant to a term loan under the Credit Facility (see Note 7).

The cash purchase price was subject to adjustment based upon the determination of the Final Net Asset Amount as defined in the Asset Purchase Agreement; and, based upon the final closing statement delivered to the Company by Heublein, was reduced by $9,297,000 which was paid to the Company in November 1994.

Heublein also agreed not to compete with the Company in the United States and Canada for a period of five years following the closing of the Almaden/Inglenook Acquisition in the production and sale of grape juice concentrate or sale of packaged wines bearing the designation "Chablis" or "Burgundy" except where, among other exceptions, such designations are currently used with certain brands retained by Heublein. Certain companies acquired by Heublein, however, may compete directly with the Company.

The Almaden/Inglenook Acquisition was accounted for using the purchase method; accordingly, the Almaden/Inglenook assets were recorded at fair market value at the date of acquisition. During fiscal 1995, the Company terminated 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 $23,751,000, with a corresponding reduction in goodwill (see Note 11). The excess of purchase price over the estimated fair market value of the net assets acquired (goodwill), $24,028,000, is being amortized on a straight-line basis over forty years. The results of operations of Almaden/Inglenook have been included in the Consolidated Statements of Income since the date of the acquisition.

UDG Acquisition--

On September 1, 1995, the Company through its wholly-owned subsidiary, Barton Incorporated (Barton), acquired certain of the assets of United Distillers Glenmore, Inc., and certain of its North American affiliates (collectively, UDG) (the UDG Acquisition). The acquisition was made pursuant to an Asset Purchase Agreement dated August 29, 1995 (the Purchase Agreement), entered into between Barton and UDG. The acquisition included all of UDG's rights to the Fleischmann's, Skol, Mr. Boston, Canadian LTD, Old Thompson, Kentucky Tavern, Chi-Chi's, Glenmore and di Amore distilled spirits brands; the U.S. rights to Inver House, Schenley and El Toro distilled spirits brands; and related inventories and other assets. The acquisition also included two of UDG's production facilities; one located in Owensboro, Kentucky, and the other located in Albany, Georgia. In addition, pursuant to the Purchase Agreement, the parties entered into multiyear agreements under which Barton will (i) purchase various bulk distilled spirits brands from UDG and (ii) provide packaging services for certain of UDG's distilled spirits brands as well as warehousing services.

The aggregate consideration for the acquired brands and other assets consisted of $141,780,000 in cash, plus transaction costs of $2,300,000, and assumption of certain current liabilities. The source of the cash payment made at closing, together with payment of other costs and expenses required by the UDG Acquisition, was financing provided by the Company pursuant to a term loan under the Credit Facility (see Note 7).

The following table sets forth the unaudited pro forma results of operations of the Company for the six months ended August 31, 1996 and 1995, the audited results of operations of the Company for the Transition Period, the unaudited comparable six month period ended February 28, 1995, and for the fiscal years ended August 31, 1995 and 1994. The unaudited comparable six month periods ended August 31, 1995, and February 28, 1995, and the fiscal year ended August 31, 1995, unaudited pro forma results of operations give effect to the UDG Acquisition as if it occurred on September 1, 1994. The fiscal 1994 unaudited pro forma results of operations give effect to the Almaden/Inglenook Acquisition, the Vintners Acquisition and the UDG Acquisition as if they occurred on September 1, 1993. 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 represent what the Company's results of operations would actually have been if the aforementioned transactions in fact had occurred on such dates or to 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,		FOR THE SIX MONTHS ENDED		FOR THE YEARS ENDED AUGUST 31,	
	1996	1995	FEBRUARY 29, 1996	FEBRUARY 28, 1995	1995	1994
	(UNAUDITED)	(UNAUDITED)	(AUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
(in thousands, except share data)						
Net sales	$ 555,711	$ 493,572	$ 535,024	$ 505,107	$ 998,679	$ 978,275
Income before provision for income taxes	$ 26,069	$ 37,141	$ 6,703	$ 37,318	$ 107,129	$ 29,392
Net income	$ 13,442	$ 22,842	$ 3,322	$ 22,951	$ 45,793	$ 17,654
Share data:						
Net income per common and common equivalent share:						
Primary	$.68	$1.14	$.17	$1.25	$2.39	$1.12
Fully diluted	$.68	$1.14	$.17	$1.25	$2.37	$1.10
Weighted average shares outstanding:						
Primary	19,794,740	20,002,568	20,006,267	18,343,870	19,147,935	15,783,583
Fully diluted	19,794,740	20,081,014	20,006,267	18,346,513	19,296,269	16,401,598

3. PROPERTY, PLANT AND EQUIPMENT:

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

	AUGUST 31, 1996	FEBRUARY 29, 1996	FEBRUARY 28, 1995	AUGUST 31, 1995	AUGUST 31, 1994
	(UNAUDITED)		(UNAUDITED)		
(in thousands)					
Land	$ 16,271	$ 16,867	$ 13,814	$ 15,257	$ 13,814
Buildings and improvements	73,235	76,694	62,583	65,084	62,440
Machinery and equipment	229,049	226,432	168,767	197,266	168,222
Motor vehicles	5,340	5,814	2,552	5,204	2,552
Construction in progress	29,804	12,404	19,643	12,171	8,989
	353,699	338,211	267,359	294,982	256,017
Less--Accumulated depreciation	(99,199)	(87,573)	(71,520)	(77,477)	(61,734)
	$254,500	$250,638	$195,839	$217,505	$194,283

4. OTHER ASSETS:

The major components of other assets are as follows:

	AUGUST 31, 1996	FEBRUARY 29, 1996	FEBRUARY 28, 1995	AUGUST 31, 1995	AUGUST 31, 1994

	(UNAUDITED)		(UNAUDITED)		
<S>	<C>	<C>	<C>	<C>	<C>
(in thousands)					
Goodwill.....	$156,489	$156,489	$ 79,511	$ 70,141	$ 88,459
Distribution rights, agency license agreements and trademarks.....	119,316	119,316	72,970	83,536	72,970
Other.....	24,219	23,123	23,195	23,187	22,296
	300,024	298,928	175,676	176,864	183,725
Less--Accumulated amortization.....	(17,876)	(13,006)	(8,360)	(9,957)	(5,495)
	$282,148	$285,922	$167,316	$166,907	$178,230

5. OTHER ACCRUED EXPENSES AND LIABILITIES:

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

	AUGUST 31, 1996	FEBRUARY 29, 1996	FEBRUARY 28, 1995	AUGUST 31, 1995	AUGUST 31, 1994
	(UNAUDITED)		(UNAUDITED)		
(in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>
Accrued Earn-Out Amounts.	$13,848	$13,848	$ --	$10,000	$28,300
Accrued loss on noncancelable grape contracts.....	1,716	1,719	13,646	10,862	14,410
Other.....	59,522	52,873	63,546	47,034	53,351
	$75,086	$68,440	$77,192	$67,896	$96,061

6. OTHER LIABILITIES:

The major components of other liabilities are as follows:

	AUGUST 31, 1996	FEBRUARY 29, 1996	FEBRUARY 28, 1995	AUGUST 31, 1995	AUGUST 31, 1994
	(UNAUDITED)		(UNAUDITED)		
<S>	<C>	<C>	<C>	<C>	<C>
(in thousands)					
Accrued loss on noncancelable grape contracts.....	$1,171	$ 8,937	$27,170	$ 7,374	$48,254
Other.....	3,756	3,361	2,907	3,226	2,994
	$4,927	$12,298	$30,077	$10,600	$51,248

7. BORROWINGS:

Borrowings consists of the following:

	AUGUST 31, 1996			FEBRUARY 29, 1996			FEBRUARY 28, 1995	AUGUST 31, 1995	AUGUST 31, 1994
	CURRENT	LONG-TERM	TOTAL	CURRENT	LONG-TERM	TOTAL	TOTAL	TOTAL	TOTAL
	(UNAUDITED)						(UNAUDITED)		

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
(in thousands)									
Notes Payable:									
Senior Credit Facility:									
Revolving Credit Loans.....	$62,000	$ --	$ 62,000	$111,300	$ --	$111,300	$ 7,000	$ --	$ 19,000
Long-term Debt:									
Senior Credit Facility:									
Term loan, variable rate, aggregate proceeds of $246,000, due in installments through August 2001...	$40,000	$176,000	$216,000	$ 40,000	$196,000	$236,000	$135,000	$ 91,000	$177,000
Senior Subordinated Notes:									
8.75% redeemable after December 15, 1998, due 2003.....	--	130,000	130,000	--	130,000	130,000	130,000	130,000	130,000
Capitalized Lease Agreements:									
Capitalized facility and equipment leases at interest rates ranging from 8.9% to 11.5%, due in monthly installments through fiscal 1998.....	648	--	648	679	293	972	2,137	1,338	2,292
Industrial Development Agencies:									
7.50% 1980 issue, original proceeds $2,370, due in annual installments of $118 through fiscal 2000...	118	237	355	118	356	474	592	592	592
Other Long-term Debt:									
Loans payable--5% secured by cash surrender value of officers' life insurance policies....	--	967	967	--	967	967	967	967	967
Notes payable at prime.....	--	--	--	--	--	--	8,632	3,775	8,632
Promissory note at prime rate, due in equal annual installments through fiscal 1996.....	--	--	--	--	--	--	320	320	640
	$40,766	$307,204	$347,970	$ 40,797	$327,616	$368,413	$277,648	$227,992	$320,123

</TABLE>

Senior credit facility--

The Company and a syndicate of 20 banks (the Syndicate Banks) for which The Chase Manhattan Bank acts as agent, entered into a third amended and restated credit agreement (the Credit Agreement) dated September 1, 1995 which provided for (i) a $246,000,000 Term Loan (the Term Loan) Facility and (ii) a $185,000,000 Revolving Credit (the Revolving Credit Loans) Facility and (iii) a $25,000,000 Letter of Credit

(Barton Letter of Credit) Facility related to the stockholder contingent payments incurred with the Barton Acquisition. On September 1, 1995 the Company borrowed $155,000,000 on the Term Loan in connection with the UDG Acquisition. This Third Amended and Restated Credit Agreement was further amended (i) as of December 20, 1995 to permit the use of Revolving Loans to repurchase up to $30,000,000 of its Class A and Class B Common Stock, (ii) as of January 10, 1996 to accommodate the change in the Company's fiscal year end, and (iii) as of May 17, 1996 to, among other things, modify certain financial covenants, effective February 29, 1996, to which the Company is subject. Term loans under the Senior Credit Facility may be either base rate loans or Eurodollar 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 loans have an interest rate equal to the London Interbank Offering Rate (LIBOR) plus a margin of 1.00% (unaudited), 0.75%, 1.25% (unaudited), 1.00%, 1.25%, and 1.63% at August 31, 1996, February 29, 1996, February 28, 1995, and August 31, 1995, 1994 and 1993 respectively. The interest rate margin for Eurodollar loans ranges from 0.5% to 1.25% depending on the Company's debt coverage ratio (as defined by the Senior Credit Facility). The

principal of the Term Loan is to be repaid in 23 quarterly installments of $10,000,000 with a final payment of $16,000,000, which is due on August 15, 2001.

The $185,000,000 Revolving Credit Loans, available under the Senior Credit Facility, may be utilized by the Company either in the form of Revolving Credit Loans or as Revolving Letters of Credit up to a maximum of $20,000,000. At August 31, 1996, February 29, 1996, February 28, 1995, and August 31, 1995 and 1994, the Company had available to be drawn Revolving Credit Loans of $114,869,000 (unaudited), $68,680,000, $176,670,000 (unaudited), $172,461,000 and $163,753,000, respectively. The Revolving Credit Loans have the same borrowing options and margins as the Term Loan Facility and in addition the Company may borrow under a money market option. The interest rate is determined by a competitive bid process among the Syndicate Banks. For 30 consecutive days at any time during the fiscal quarters ending on May 31 and August 31 of each fiscal year, the aggregate outstanding principal amount of Revolving Credit Loans combined with Letters of Credit cannot exceed $60,000,000. The weighted average interest rate on the Revolving Credit Loans was 6.66% (unaudited), 7.77% (unaudited), 6.76%, 6.97% (unaudited), 7.16% and 6.07% for the six months ended August 31, 1996, the comparable six month period ended August 31, 1995, for the Transition Period, the comparable six month period ended February 28, 1995 and the fiscal years ended August 31, 1995, and 1994, respectively.

The Syndicate Banks have been given security interest in substantially all of the assets of the Company including mortgage liens on certain real property. The Credit Facility requires the Company to meet certain covenants and provides for restrictions on mergers, consolidations, sale of assets, payment of dividends, and incurring of other debt, liens or guarantees and making of investments. The primary financial covenants as defined in the Credit Facility require the maintenance of minimum tangible net worth and maximum debt ratio, fixed charge and interest coverage ratios.

The Revolving Credit Loans require commitment fees based on the daily average unused portion of the Revolving Credit Facility. The fee is based upon the Company's debt ratio as defined in the Credit Agreement and can range from 0.2% to 0.375%. At August 31, 1996 and February 29, 1996, the commitment fee percentage was 0.25%. Commitment fees totaled approximately $182,300 (unaudited), $215,800 (unaudited), $142,600, $269,600 (unaudited), $635,000, $223,000 and $228,000 for the six months ended August 31, 1996, the comparable six month period ended August 31, 1995, for the Transition Period, the comparable six month period ended February 28, 1995 and the fiscal years ended August 31, 1995, 1994 and 1993 respectively.

At February 29, 1996, the Company maintains in accordance with the Senior Credit Facility an interest rate cap agreement, in an amount equal to $61,000,000, which protects the Company against three-month LIBOR exceeding 8.75% per annum and expires in September 1996 and an interest rate collar agreement in the amount of $20,000,000 which protects the Company against three month LIBOR exceeding 6.25% per annum with a floor rate of 4.75% per annum expiring in September 1997.

Senior subordinated notes --

During fiscal 1994, the Company borrowed $130,000,000 under a senior subordinated loan agreement (the Subordinated Loan). The Company repaid the Subordinated Loan in December 1993 with the proceeds from the $130,000,000 Senior Subordinated Notes (the Notes) offering together with revolving loan borrowings. The Notes are due in 2003 with a stated interest rate of 8.75% per annum. Interest is payable semi-annually on June 15 and December 15 of each year. The Notes are unsecured and subordinated to the prior payment in full of all senior indebtedness of the Company, which includes the Senior Credit Facility. The Notes are guaranteed, on a senior subordinated basis, by all of the Company's significant operating subsidiaries.

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

Convertible subordinated debentures --

On July 23, 1986, the Company issued $60,000,000 7% convertible subordinated debentures used to expand the Company's operations through capital expenditures and acquisitions. The debentures were convertible at any time prior to maturity, unless previously redeemed, into Class A Common Stock of the Company at a conversion price of $18.22 per share, subject to adjustment in the event of future issuances of common stock.

During fiscal 1993, an aggregate principal amount of $976,000 of these debentures was converted to 53,620 shares of Class A Common Stock.

On October 18, 1993, the Company called its convertible debentures for redemption on November 19, 1993, at a redemption price of 102.1% plus accrued interest. Bondholders had until November 19, 1993, to convert their debentures to common stock; any debentures remaining unconverted after that date would be redeemed for cash in accordance with the terms of the original indenture.

During the period September 1, 1993, through November 19, 1993, debentures in an aggregate principal amount of $58,960,000 were converted to 3,235,882 shares of the Company's Class A Common Stock at a price of $18.22 per share. Debentures in an aggregate principal amount of approximately $63,000 were redeemed. Interest was accrued on the debentures until the date of conversion but was forfeited by the debenture holders upon conversion. Accrued interest of approximately $1,370,000, net of the related tax effect of $520,000, was recorded as an addition to additional paid-in capital.

At the redemption date, the capitalized debenture issuance costs of approximately $2,246,000, net of accumulated amortization of approximately $677,000, were recorded as a reduction of additional paid-in capital.

Loans payable --

Loans payable, secured by officers' life insurance policies, carry an interest rate of 5%. The notes carry no due dates and it is management's intention not to repay the notes during the next fiscal year.

Capitalized lease agreements--Industrial Development Agencies --

Certain capitalized lease agreements require the Company to make lease payments equal to the principal and interest on certain bonds issued by Industrial Development Agencies (IDA's). The bonds are secured by the leases and the related facilities. These transactions have been treated as capital leases with the related assets acquired to date of $10,731,000 included in property, plant and equipment and the lease commitments included in long-term debt. Accumulated amortization of the foregoing assets under capital leases at August 31, 1996, February 29, 1996, February 28, 1995, and August 31, 1995 and 1994, is approximately $9,763,000 (unaudited), $9,436,000, $8,783,000 (unaudited), $9,109,000 and $8,456,000, respectively.

Among the provisions under the debenture and lease agreements are covenants that define minimum levels of working capital and tangible net worth and the maintenance of certain financial ratios as defined in the debt agreements.

Debt payments--

Principal payments required under long-term debt obligations during the next five fiscal years are as follows:

<TABLE>
<CAPTION>

	FEBRUARY 29, 1996:
	(IN THOUSANDS)
<S>	<C>
1997.....	$ 40,797
1998.....	40,411
1999.....	40,119
2000.....	40,119
2001.....	40,000
Thereafter.....	166,967
	$368,413

</TABLE>

8. INCOME TAXES:

The provision for Federal and state income taxes consists of the following:

<TABLE>
<CAPTION>

(in thousands)	FOR THE SIX MONTHS ENDED FEBRUARY 29, 1996			FOR THE YEARS ENDED AUGUST 31,		
	FEDERAL	STATE & LOCAL	TOTAL	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Current income tax (benefit) provision	$ (116)	$1,506	$1,390	$ 6,446	$11,510	$8,636
Deferred income tax (benefit) provision	2,224	(233)	1,991	19,232	(4,319)	1,028
	$2,108	$1,273	$3,381	$25,678	$ 7,191	$9,664

</TABLE>

The components of the deferred income tax provision (benefit) are as follows:

<TABLE>
<CAPTION>

(in thousands)	FOR THE SIX MONTHS ENDED FEBRUARY 29, 1996	FOR THE YEARS ENDED AUGUST 31, 1995	1994	1993
<S>	<C>	<C>	<C>	<C>
Accelerated tax depreciation and amortization	$ 4,752	$10,089	$ 4,610	$ 758
LIFO reserve	(2,007)	1,871	1,306	(202)
Prepaid advertising	(922)	792	258	701
Inventory reserves	1,868	5,163	(2,186)	(249)
Restructuring costs	2,155	3,144	(8,843)	--
Other accruals	(3,855)	(1,827)	536	20
	$ 1,991	$19,232	$(4,319)	$1,028

</TABLE>

The deferred tax provision has been increased by approximately $45,000 and $235,000 in fiscal 1994 and 1993, respectively, for the impact of the change in the federal statutory rate.

A reconciliation of total tax provision to the amount computed by applying the expected U.S. Federal income tax rate to income before provision for income taxes is as follows:

<TABLE>
<CAPTION>

(in thousands)	FOR THE SIX MONTHS ENDED FEBRUARY 29, 1996		FOR THE YEARS ENDED AUGUST 31, 1996					
			1995		1994		1993	
	AMOUNT	% OF PRE-TAX INCOME	AMOUNT	% OF PRE- TAX INCOME	AMOUNT	% OF PRE-TAX INCOME	AMOUNT	% OF PRE-TAX INCOME
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
"Expected" tax provision	$ 2,346	35.0	$23,344	35.0	$6,623	35.0	$8,758	34.7
State and local income taxes, net of federal income tax benefit	827	12.3	2,395	3.6	644	3.4	870	3.4
Nondeductible meals and entertainment expenses	205	3.1	290	.4	87	.5	48	.2
Miscellaneous items, net	3	--	(351)	(.5)	(163)	(.9)	(12)	(.1)
	$ 3,381	50.4	$25,678	38.5	$7,191	38.0	$9,664	38.2

</TABLE>

Deferred tax liabilities (assets) are comprised of the following:

<TABLE>

<CAPTION>

(in thousands)	FEBRUARY 29, 1996	AUGUST 31, 1995	1994
<S>	<C>	<C>	<C>
Depreciation & amortization	$66,746	$55,015	$40,152
LIFO reserve	2,638	4,644	2,672
Prepaid advertising	2,201	3,107	2,281
Restructuring costs	(3,963)	(6,133)	(9,482)
Inventory reserves	3,648	1,718	(3,734)
Other accruals	(9,685)	(5,027)	2,511
	$61,585	$53,324	$34,400

</TABLE>

At February 29, 1996, the Company has state and U.S. Federal net operating loss carryforwards of $15,655,000 and $3,880,000, respectively, to offset future taxable income that, if not otherwise utilized, will expire at February 28, 2001 and 2011, respectively.

9. PROFIT SHARING RETIREMENT PLANS AND RETIREMENT SAVINGS PLAN:

The Company's profit sharing retirement plans, which cover substantially all employees, provide for contributions by the Company in such amounts as the Board of Directors may annually determine and for voluntary contributions by employees. The plans have qualified as tax-exempt under the Internal Revenue Code and conform with the Employee Retirement Income Security Act of 1974. Company contributions to the plans, including the Barton plan described below, were $2,442,000 (unaudited) and $769,000 (unaudited) for the six months ended August 31, 1996 and 1995, respectively, $3,608,000 in the Transition Period, $3,830,000, $3,414,000, and $1,290,000 in fiscal 1995, 1994 and 1993, respectively.

In connection with the Barton Acquisition, the Company assumed Barton's profit sharing and 401(k) plan which covers all salaried employees of Barton. The amount of Barton's contribution under the profit sharing portion of the plan is at the discretion of its Board of Directors, subject to limitations of the plan. Contribution expense was $1,131,000 (unaudited) and $769,000 (unaudited) for the six months ended August 31, 1996 and 1995, respectively, and $1,095,000 in the Transition Period, $1,430,000 in fiscal 1995, $1,395,000 in fiscal 1994, and $230,000 from the date of acquisition to August 31, 1993. Pursuant to the 401(k) portion of the plan, participants may defer up 8% of their compensation for the year and receive no matching contribution from Barton.

The Company's retirement savings plan, established pursuant to Section 401(k) of the Internal Revenue Code, permits substantially all full-time employees of the Company to defer a portion of their compensation on a pre-tax basis. Participants, exclusive of Barton employees, may defer up to 10% of their compensation for the year and the Company makes a matching contribution of 25% of the first 4% of compensation an employee defers. Company contributions to this plan were $317,000 (unaudited) and $139,000 (unaudited) for the six months ended August 31, 1996 and 1995, respectively, $325,000 in the Transition Period and $281,000, $207,000, and $131,000 in fiscal 1995, 1994 and 1993, respectively.

10. STOCKHOLDERS' EQUITY:

Common stock --

The Company has two classes of common stock: Class A Common Stock and Class B Convertible Common Stock. Class B Convertible Common Stock shares are convertible into shares of Class A Common Stock on a one-to-one basis at any time at the option of the holder. Holders of Class B Convertible Common Stock are entitled to ten votes per share. Holders of Class A Common Stock are entitled to only one vote per share but are entitled to a cash dividend premium. If the Company pays a cash dividend on Class B Convertible Common Stock, each share of Class A Common Stock will receive an amount at least ten percent greater than the amount of the cash dividend per share paid on Class B Convertible Common Stock. In addition, the Board of Directors may declare and pay a dividend on Class A Common Stock without paying any dividend on Class B Convertible Common Stock.

At February 29, 1996, there were 16,257,296 shares of Class A Common Stock and 3,365,958 shares of Class B Convertible Common Stock outstanding, net of treasury stock.

On June 28, 1993, the Company approved an increase in the number of authorized shares of the Company's Class A Common Stock from 15,000,000 shares to 60,000,000 shares and an increase in the number of authorized shares of the Company's Class B Convertible Common Stock from 5,000,000 shares to 20,000,000 shares.

Stock repurchase authorization --

On January 11, 1996, the Company's Board of Directors authorized the repurchase of up to $30,000,000 of its Class A and Class B Common stock. The Company may finance such purchases, which will become treasury shares, through cash generated from operations or through the Credit Facility. No shares were repurchased as of February 29, 1996, and 175,000 shares of Class A Common stock totaling $5,433,750 were repurchased during the six months ended August 31, 1996.

Preferred stock --

The Company is authorized to issue up to 1,000,000 shares of preferred stock, par value $.01 per share, in one or more series. The Board of Directors of the Company is entitled to authorize the issuance of preferred stock with such rights, qualifications, limitations and restrictions as may be determined by the Board. No preferred stock has been issued as of February 29, 1996.

Stock option and stock appreciation right plan--

Canandaigua Wine Company, Inc. has in place a Stock Option and Stock Appreciation Right Plan (the Plan). Under the Plan, nonqualified stock options and incentive stock options may be granted to purchase and stock appreciation rights may be granted with respect to, in the aggregate, not more than 3,000,000 shares of the Company's Class A Common Stock. Options and stock appreciation rights may be issued to employees, officers or directors of the Company. Nonemployee directors are eligible to receive only nonqualified stock options and stock appreciation rights. The option price of any incentive stock option may not be less than the fair market value of the shares on the date of grant. The exercise price of any nonqualified stock option must equal or exceed 50% of the fair market value of the shares on the date of grant. Options are exercisable as determined by the Compensation Committee of the Board of Directors. Changes in the status of the Plan during the six months ended August 31, 1996, the Transition Period and fiscal 1995, 1994 and 1993 are summarized as follows:

<TABLE>
<CAPTION>

	AUGUST 31, 1996	FEBRUARY 29, 1996	AUGUST 31, 1995	AUGUST 31, 1994
	(UNAUDITED)			
<S>	<C>	<C>	<C>	<C>
Options outstanding at beginning of period....	1,093,725	733,925	563,500	452,375
Options granted.....	631,900	571,050	289,000	125,000
Options exercised.....	--	(18,000)	(114,075)	(2,250)
Options forfeited/canceled.....	(573,100)	(193,250)	(4,500)	(11,625)
Options outstanding at end of period.....	1,152,525	1,093,725	733,925	563,500
Number of options at end of period:				
Exercisable.....	28,675	28,675	39,675	2,250
Available for grant...	1,680,750	1,739,550	2,117,350	2,401,850
Price range of options:				
Granted during period.	$30.00	$35.75-49.00	$33.25-44.75	$22.25-30.25
Outstanding at end of period.....	$4.44-36.00	$4.44-36.00	$4.44-44.75	$4.44-30.25
Exercised during the period.....	--	$4.44-33.25	$4.44-24.25	$4.44

</TABLE>

Employee stock purchase plan--

In fiscal 1989, the Company approved a stock purchase plan under which 1,125,000 shares of Class A Common Stock can be issued. Under the terms of the plan, eligible employees may purchase shares of the Company's Class A Common Stock through payroll deductions. The purchase price is the lower of 85% of the fair market value of the stock on the first or last day of the purchase period. During the six months ended August 31, 1996, the Transition Period and fiscal 1995, 1994 and 1993, employees purchased 20,340 (unaudited), 20,869, 28,641, 58,955 and 21,071 shares, respectively.

Stock Offering--

During November 1994, the Company completed a public offering and sold 3,000,000 shares of its Class A Common Stock (the Stock Offering), resulting in net proceeds to the Company of approximately $95,515,000 after underwriters' discounts and commissions and expenses. In connection with the offering, 432,067 of the Vintners Option Shares 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 Facility. The balance of net proceeds was used to repay Revolving Credit Loans under the Credit Facility.

11. COMMITMENTS AND CONTINGENCIES:

Operating leases--

Future payments under noncancelable operating leases having initial or remaining terms of one year or more are as follows:

<TABLE>
<CAPTION>

	FEBRUARY 29, 1996
	(IN THOUSANDS)
<S>	<C>
1997	$1,169
1998	923
1999	766
2000	742
2001	732
2002	724
Thereafter	1,802
	$6,858

</TABLE>

Rental expense was approximately $2,307,000 (unaudited) and $2,376,000 (unaudited) for the six months ended August 31, 1996 and 1995, respectively, $2,382,000 in the Transition Period, $4,193,000 in fiscal 1995, $3,318,000 in fiscal 1994 and $1,841,000 in fiscal 1993.

Purchase commitments and contingencies--

The Company has four agreements with certain suppliers to purchase blended Scotch whisky through December 31, 1999. The purchase prices under the agreements are denominated in British pounds sterling and based upon exchange rates at February 29, 1996, the Company's aggregate future obligation will be approximately $1,376,000 to $1,681,000 for the contracts expiring on December 31, 1996, and approximately $10,730,000 to $24,748,000 for the contracts expiring through December 31, 1999.

The Company has two agreements to purchase Canadian blended whisky through December 31, 1999 at a purchase price of approximately $2,819,000 to $13,035,000. The Company also has two agreements to purchase Canadian new distillation whisky (including dumping charges) through December 2002 at purchase prices of approximately $15,129,000 to $16,626,000. In addition, the Company has an agreement to purchase corn whiskey through April 1999 at a purchase price of approximately $562,000.

All of the Company's imported beer products are marketed and sold pursuant to exclusive distribution agreements from the suppliers of these products. The agreements have terms that vary and require compliance with certain terms and conditions. The Company's agreement to distribute Corona and its other Mexican beer brands exclusively throughout 25 states was renewed effective January 1994 and expires in December 1998 with automatic renewal thereafter for one year periods from year to year unless terminated. The remaining agreements expire through the year 2003. Prior to their expiration, these agreements may be terminated if the Company fails to meet certain performance criteria. At February 29, 1996, the Company believes it is in compliance with all of its

material distribution agreements and given the Company's long-term relationships with its suppliers, the Company does not believe that these agreements will be terminated.

In connection with the Vintners Acquisition and the Almaden/Inglenook Acquisition, the Company assumed purchase contracts with certain growers and suppliers. In addition, the Company has also entered into other purchase contracts with various growers and suppliers in the normal course of business. Under the grape purchase contracts, the Company is committed to purchase all grape production yielded from a specified number of acres for a period of time ranging up to sixteen years. The actual tonnage and price of grapes that must be purchased by the Company will vary each year depending on certain factors, including weather, time of harvest, overall market conditions and the agricultural practices and location of the growers and suppliers under contract.

The Company purchased $113,880,000 of grapes under these contracts during the Transition Period. Based on current production yields and published grape prices, the Company estimates that the aggregate purchases under these contracts over the remaining term of the contracts will be approximately $730,574,000. During fiscal 1994, in connection with the Vintners Acquisition and the Almaden/Inglenook Acquisition, the Company established a reserve for the estimated loss on these firm purchase commitments of approximately $62,664,000 which was subsequently reduced during fiscal 1995, to reflect the effects of the termination payments to cancel contracts with certain growers (see Note 2). The remaining reserve for the estimated loss on the remaining contracts is approximately $2,347,000 (unaudited) at August 31, 1996 and $10,656,000 at February 29, 1996.

The Company's aggregate obligations under grape crush and processing contracts will be approximately $5,662,000 over the remaining term of the contracts which expire through fiscal 2000.

Currency forward contracts--

At February 29, 1996, the Company had open currency forward contracts to purchase British pound sterling of $3,129,000, which mature through September 1996; the fair market value, based upon February 29, 1996, market rates was $3,164,000. At August 31, 1995, there were no currency forward contracts outstanding. At August 31, 1994, the Company had open currency forward contracts to purchase German marks of $6,674,000 and British pounds sterling of $579,000, both of which matured within 12 months; their fair market values, based upon August 31, 1994, market exchange rates, were $7,382,000 and $614,000, respectively.

Employment contracts--

The Company has employment contracts with certain of its executive officers and certain other management personnel with remaining terms ranging up to five years. These agreements provide for minimum salaries, as adjusted for annual increases, and may include incentive bonuses based upon attainment of specified management goals. In addition, these agreements also provide for severance payments in the event of specified termination of employment. The aggregate commitment for future compensation and severance, excluding incentive bonuses, was approximately $5,278,000 as of February 29, 1996, of which approximately $1,879,000 is accrued in other liabilities as of February 29, 1996.

Legal matters--

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

12. SIGNIFICANT CUSTOMERS AND CONCENTRATION OF CREDIT RISK:

The Company sells its products principally to wholesalers for resale to retail outlets including grocery stores, package liquor stores, club and discount stores and restaurants. Gross sales to the five largest wholesalers of the Company represented 16.9%, 21.6%, 23.7% and 25.1% of the Company's gross sales for the Transition Period and for the fiscal years ended August 31, 1995, 1994 and 1993, respectively. Gross sales to the Company's largest wholesaler represented 10.6% and 12.3% of the Company's gross sales for the fiscal years ended August 31, 1995 and 1994; no single wholesaler was responsible for greater than 10% of gross sales during the Transition Period and the fiscal year ended August 31, 1993. Gross sales to the Company's five largest wholesalers are expected to continue to represent a significant

portion of the Company's revenues. The Company's arrangements with certain of its wholesalers may, generally, be terminated by either party with prior notice. The Company performs ongoing credit evaluations of its customers' financial position, and management of the Company is of the opinion that any risk of significant loss is reduced due to the diversity of customers and geographic sales area.

13. 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, were moved to the Mission Bell Winery located in Madera, California. The Monterey Cellars Winery will continue to be used as a crushing, winemaking and contract bottling facility. The Central Cellars Winery was closed in the fourth quarter of fiscal 1995 and was sold for its approximate net book value subsequent to February 29, 1996. In fiscal 1994, the Restructuring Plan reduced income before taxes and net income by approximately $24,005,000 and $14,883,000, respectively, or $.91 per share on a fully diluted basis. Of the total pretax charge in fiscal 1994, approximately $16,481,000 was to recognize estimated losses associated with the revaluation of land, buildings and equipment related to facilities described above, to their estimated net realizable value; and approximately $7,524,000 related to severance and other benefits associated with the elimination of 260 jobs. In fiscal 1995, the Restructuring Plan reduced income before income taxes and net income by approximately $2,238,000 and $1,376,000, respectively, or $.07 per share on a fully

diluted basis. Of this total pretax charge in fiscal 1995, $4,288,000 relates to equipment relocation and employee hiring and relocation costs, offset by a decrease of $2,050,000 in the valuation reserve as compared to fiscal 1994, primarily related to the land, buildings and equipment at the Central Cellars Winery. The Company also expended approximately $19,071,000 in fiscal 1995 for capital expenditures to expand storage capacity and install certain relocated equipment. In the Transition Period, the expense incurred in connection with the Restructuring Plan reduced income before taxes and net income by approximately $2,404,000 and $1,192,000, respectively, or $.06 per share. These charges represent incremental, nonrecurring expenses of $3,982,000 primarily incurred for overtime and freight expenses resulting from inefficiencies related to the Restructuring Plan, offset by a reduction in the accrual for restructuring expenses of $1,578,000, primarily for severance and facility holding and closure costs. The Company expended approximately $6,644,000 during the Transition Period, for capital expenditures to expand storage capacity. As of February 29, 1996, employment has been reduced by 177 jobs and no additional reductions are expected. As of August 31, 1996, February 29, 1996, August 31, 1995 and 1994, the Company had accrued approximately $685,000 (unaudited), $1,186,000, $4,251,000 and $9,106,000, respectively, relating to the Restructuring Plan.

14. ACCOUNTING PRONOUNCEMENTS:

In March 1995, Statement of Financial Accounting Standards No. 121 (SFAS No. 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," was issued. This statement requires companies to review long-lived assets, including certain intangibles and goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company will be required to adopt SFAS No. 121 in fiscal 1997. The Company believes the effect of adoption will not be material.

In October 1995, Statement of Financial Accounting Standards No. 123 (SFAS No. 123), "Accounting for Stock-Based Compensation," was issued. This statement encourages companies to use the fair value based method to measure compensation cost, which is then recognized over the service period (usually the vesting period). Companies which continue to measure compensation cost using the intrinsic value method as prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees", will be required to disclose pro forma net income and, if presented, earnings per share as if the fair value based method had been applied. The Company will be required to adopt SFAS No. 123 on a prospective basis beginning in fiscal 1997. The Company has elected to apply the provisions of APB Opinion No. 25 and will comply with the disclosure requirements in the notes to its fiscal 1997 consolidated financial statements.

15. FEBRUARY FISCAL YEAR FINANCIAL DATA (UNAUDITED):

The financial data presented below summarizes unaudited activity for the 1996, 1995 and 1994 fiscal years ended the last day of February.

<TABLE>
<CAPTION>

	FULL YEAR RECAST FEBRUARY 29, 1996	FULL YEAR RECAST FEBRUARY 28, 1995	FULL YEAR RECAST FEBRUARY 28, 1994
<S>	<C>	<C>	<C>
(in thousands)			
GROSS SALES	$1,331,184	$1,046,792	$ 635,983
Less--Excise taxes	(344,101)	(257,239)	(165,049)
Net Sales	987,083	789,553	470,934
COST OF PRODUCT SOLD	(722,325)	(566,713)	(332,463)
Gross profit	264,758	222,840	138,471
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(191,683)	(141,653)	(93,903)
NONRECURRING RESTRUCTURING EXPENSES	(3,957)	(24,690)	--
Operating income	69,118	56,497	44,568
INTEREST EXPENSE--NET	(28,758)	(22,911)	(11,495)
Income before provision for Federal and state income taxes	40,360	33,586	33,073
PROVISION FOR FEDERAL AND STATE INCOME TAXES	(16,339)	(12,928)	(12,629)
NET INCOME	$ 24,021	$ 20,658	$ 20,444

</TABLE>

16. SUBSEQUENT EVENTS (UNAUDITED):

Vintners Holdback--

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

- ---

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PROSPECTUS

CANANDAIGUA WINE
COMPANY, INC.

OFFER TO EXCHANGE UP TO $65,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS 8 3/4% SERIES C SENIOR SUBORDINATED NOTES DUE 2003 FOR ANY AND ALL OF ITS 8 3/4% SERIES B SENIOR SUBORDINATED NOTES DUE 2003

[LOGO]

, 1996

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The General Corporation Law of Delaware (Section 102) allows a corporation to eliminate the personal liability of directors of a corporation to the corporation or to any of its stockholders for monetary damage for a breach of his/her fiduciary duty as a director, except in the case where the director breached his/her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. The Restated Certificate of Incorporation of the Company contains a provision which eliminates directors' personal liability as set forth above.

The General Corporation Law of Delaware (Section 145) gives Delaware corporations broad powers to indemnify their present and former directors and officers and those of affiliated corporations against expenses incurred in the defense of any lawsuit to which they are made parties by reason of being or having been such directors or officers, subject to specified conditions and exclusions; gives a director or officer who successfully defends an action the right to be so indemnified; and authorizes the Company to buy directors' and officers' liability insurance. Such indemnification is not exclusive of any other right to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or otherwise.

The Company's Restated Certificate of Incorporation provides for indemnification to the fullest extent authorized by Section 145 of the General Corporation Law of Delaware for directors, officers and employees of the Company and also to persons who are serving at the request of the Company as directors, officers or employees of other corporations (including subsidiaries); provided that, with respect to proceedings initiated by such indemnitee, indemnification shall be provided only if such proceedings were authorized by the Board of Directors. This right of indemnification is not exclusive of any other right which any person may acquire under any statute, bylaw, agreement, contract, vote of stockholders or otherwise.

The Company maintains directors' and officers' liability insurance and corporate reimbursement policies insuring directors and officers against loss arising from claims made arising out of the performance of their duties.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits:

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
<C>	<S>
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).

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
<C>	<S>
2.4	Amendment dated as of October 14, 1993 to Asset Sale Agreement dated as of September 14, 1993 by and 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 by and 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	Amendment dated November 8, 1994 to Asset Purchase Agreement between Heublein, Inc. and 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).
2.10	Asset Purchase Agreement among Barton Incorporated (a wholly-owned subsidiary of the Registrant), United Distillers Glenmore, Inc., Schenley Industries, Inc., Medley Distilling Company, United Distillers Manufacturing, Inc., and The Viking Distillery, Inc., dated August 29, 1995 (filed as Exhibit 2(a) to the Registrant's Current Report on Form 8-K, dated August 29, 1995 and incorporated herein by reference).
3.1	Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant's Transition Report on Form 10-K for the fiscal period ended February 29, 1996 and incorporated herein by reference).
3.2	Amended and Restated By-laws of the Registrant (filed as Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1995 and incorporated herein by reference).
4.1	Form of Note (filed herewith).
4.2	Indenture (filed herewith).
4.3	Specimen of Certificate of Class A Common Stock of the Company (filed as Exhibit 1.1 to the Registrant's Statement on Form 8-A dated April 28, 1992 and incorporated herein by reference).
4.4	Specimen of Certificate of Class B Common Stock of the Company (filed as Exhibit 1.2 to the Registrant's Statement on Form 8-A dated April 28, 1992 and incorporated herein by reference).
4.5	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).

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
<C>	<S>
4.6	First Supplemental Indenture dated as of August 3, 1994 among the Registrant, Canandaigua West, Inc. and Chemical Bank (filed as Exhibit 4.5 to the Registrant's Registration Statement on Form S-8 (Registration No. 33-56557) and incorporated herein by reference).
4.7	Second Supplemental Indenture dated August 25, 1995, among the Registrant, V Acquisition Corp. (a subsidiary of the Registrant now

known as The Viking Distillery, Inc.) and Chemical Bank (filed as Exhibit 4.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1995 and incorporated herein by reference).

4.8 Registration Rights Agreement (filed herewith)

5.1 Opinion of McDermott, Will & Emery (filed herewith).

8.1 Opinion of McDermott, Will & Emery regarding Certain Tax Matters (filed herewith).

10.1 The Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Appendix B of the Company's Definitive Proxy Statement dated December 23, 1987 and incorporated herein by reference.

10.2 Amendment No. 1 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1992 and incorporated herein by reference).

10.3 Amendment No. 2 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 28 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1992 and incorporated herein by reference.

10.4 Amendment No. 3 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).

10.5 Amendment No. 4 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1993 and incorporated herein by reference).

10.6 Amendment No. 5 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 1994 and incorporated herein by reference).

10.7 Amendment No. 6 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1995 and incorporated herein by reference).

10.8 Amendment No. 7 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.8 to the Registrant's Transition Report on Form 10-K for the fiscal period ended February 29, 1996 and incorporated herein by reference).

10.9 Employment Agreement between Barton Incorporated and Ellis M. Goodman dated as of October 1, 1991 as amended by Amendment to Employment Agreement between Barton Incorporated and Ellis M. Goodman dated as of June 29, 1993 (filed as Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).

10.10 Barton Incorporated Management Incentive Plan (filed as Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).

</TABLE>

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<CAPTION>

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
<C>	<S>
10.11	Ellis M. Goodman Split Dollar Insurance Agreement (filed as Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).
10.12	Barton Brands, Ltd. Deferred Compensation Plan (filed as Exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).
10.13	Marvin Sands Split Dollar Insurance Agreement (filed as Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).
10.14	Amendment and Restatement dated as of June 29, 1993 of Credit Agreement among the Registrant, its subsidiaries and certain banks for which The Chase Manhattan Bank (National Association) acts as agent (filed as Exhibit 2(b) to the Registrant's Current Report on Form 8-K dated June 29, 1993 and incorporated herein by reference).
10.15	Amendment No. 1 dated as of October 15, 1993 to Amendment and Restatement dated as of June 29, 1993 of Credit Agreement among the Registrant, its subsidiaries and certain banks for which The Chase Manhattan Bank (National Association) acts as agent (filed as Exhibit 2(c) to the Registrant's Current Report on Form 8-K dated October 15, 1993 and incorporated herein by reference).
10.16	Senior Subordinated Loan Agreement dated as of October 15, 1993 among the Registrant, its subsidiaries and certain banks for which The Chase Manhattan Bank (National Association) acts as agent (filed as Exhibit 2(d) to the Registrant's Current Report on Form 8-K dated October 15, 1993 and incorporated herein by reference).

10.17	Second Amendment and Restatement dated as of August 5, 1994 of Amendment and Restatement of Credit Agreement dated as of June 29, 1993 among the Registrant, its subsidiaries and certain banks for which The Chase Manhattan Bank (National Association) acts as agent (filed as Exhibit 2(b) to the Registrant's Current Report on Form 8-K dated August 5, 1994 and incorporated herein by reference).
10.18	Amendment No. 1 (dated as of August 5, 1994) to Second Amendment and Restatement dated as of August 5, 1994 of Amendment and Restatement of Credit Agreement dated as of June 29, 1993 among the Registrant, its subsidiaries and certain banks for which The Chase Manhattan Bank (National Association) acts as agent (filed as Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1994 and incorporated herein by reference).
10.19	Third Amended and Restated Credit Agreement between the Registrant, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank (National Association) acts as Administrative Agent, dated as of September 1, 1995 (filed as Exhibit 2(b) to the Registrant's Current Report on Form 8-K, dated August 29, 1995 and incorporated herein by reference).
10.20	Amendment No. 1, dated as of December 20, 1995 to Third Amended and Restated Credit Agreement between the Registrant, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank (National Association) acts as Administrative Agent (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1995 and incorporated herein by reference).

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
<C>	<S>
10.21	Amendment No. 2, dated as of January 10, 1996, to Third Amended and Restated Credit Agreement between the Registrant, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank (National Association) acts as Administrative Agent (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1995 and incorporated herein by reference).
10.22	Letter agreement, addressing compensation, between the Registrant and Lynn Fetterman, dated March 22, 1990 (filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1995 and incorporated herein by reference).
10.23	Letter agreement, effective as of October 7, 1995, as amended, addressing compensation, between the Registrant and Daniel Barnett (filed as Exhibit 10.24 to the Registrant's Transition Report on Form 10-K for the fiscal period ended February 29, 1996 and incorporated herein by reference).
10.24	Amendment No. 3, dated as of May 17, 1996, to Third Amended and Restated Credit Agreement between the Registrant, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank (National Association) acts as Administrative Agent (filed as Exhibit 10.23 to the Registrant's Transition Report on Form 10-K for the fiscal period ended February 29, 1996 and incorporated herein by reference).
10.25	Amendment No. 4, dated as of May 17, 1996, to Third Amended and Restated Credit Agreement between the Registrant, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.) act as Administrative Agent (filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 1996 and incorporated herein by reference).
10.26	Amendment No. 5, dated as of October 10, 1996, to Third Amended and Restated Credit Agreement between the Registrant, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank (successor by merger to The Chase Manhattan Bank, N.A.) acts as administrative agent (filed herewith).
10.27	Amendment No. 8 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed herewith).
11.1	Statement regarding Computation of Per Share Earnings (filed herewith).
12.1	Computation of Ratio of Earnings to Fixed Charges (filed herewith).
23.1	Consent of Arthur Andersen LLP (filed herewith).
23.2	Consent of Price Waterhouse LLP (filed herewith).
23.3	Consent of McDermott, Will & Emery (included in Exhibit 5.1).
24.1	Powers of Attorney (included on signature page).
25.1	Statement of Eligibility of Trustee (filed herewith).
27.1	Financial Data Schedule (filed herewith).
99.1	Form of Letter of Transmittal (filed herewith).
99.2	Form of Notice of Guaranteed Delivery (filed herewith).

99.3	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees (filed herewith).
99.4	Form of Letter to Clients (filed herewith).

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(b) Financial Statement Schedules:

All schedules have been omitted either as inapplicable or because the required information is included in the financial statements or notes thereto.

ITEM 22. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant for expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby undertakes that for purposes of determining any liability under the Securities Act, (i) the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective, and (ii) each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(d) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CANANDAIGUA, STATE OF NEW YORK ON DECEMBER 9, 1996.

Canandaigua Wine Company, Inc.

By /s/ Richard Sands
PRESIDENT AND CHIEF EXECUTIVE OFFICER

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears

below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Canandaigua Wine Company, Inc.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON DECEMBER 9, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Marvin Sands MARVIN SANDS	Chairman of the Board of Directors
/s/ Richard Sands RICHARD SANDS	President, Chief Executive Officer and a Director (Principal Executive Officer)
/s/ Robert Sands ROBERT SANDS	Executive Vice President, General Counsel, Secretary and a Director
/s/ Bertram E. Silk BERTRAM E. SILK	Senior Vice President and a Director
/s/ James A. Locke, III JAMES A. LOCKE, III	Director
/s/ George Bresler GEORGE BRESLER	Director
/s/ Lynn K. Fetterman LYNN K. FETTERMAN	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CANANDAIGUA, STATE OF NEW YORK ON DECEMBER 9, 1996.

Batavia Wine Cellars, Inc.

By /s/ Ned Cooper
NED COOPER, PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Batavia Wine Cellars, Inc.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON DECEMBER 9, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Richard Sands RICHARD SANDS	Vice President and a Director
/s/ Robert Sands ROBERT SANDS	Secretary and a Director
/s/ Ned Cooper NED COOPER	President (Principal Executive Officer)
/s/ Lynn K. Fetterman LYNN K. FETTERMAN	Treasurer (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CANANDAIGUA, STATE OF NEW YORK ON DECEMBER 9, 1996.

Bisceglia Brothers Wine Co.

/s/ Richard Sands
By _____
RICHARD SANDS, PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Bisceglia Brothers Wine Co.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON DECEMBER 9, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Richard Sands RICHARD SANDS	President and a Director (Principal Executive Officer)
/s/ Robert Sands ROBERT SANDS	Secretary and a Director
/s/ Lynn K. Fetterman LYNN K. FETTERMAN	Treasurer (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CANANDAIGUA, STATE OF NEW YORK ON DECEMBER 9, 1996.

California Products Company

/s/ Richard Sands
By _____

RICHARD SANDS, PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of California Products Company) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON DECEMBER 9, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Richard Sands RICHARD SANDS	President and a Director (Principal Executive Officer)
/s/ Robert Sands ROBERT SANDS	Secretary and a Director
/s/ Lynn K. Fetterman LYNN K. FETTERMAN	Treasurer (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CANANDAIGUA, STATE OF NEW YORK ON DECEMBER 9, 1996.

Guild Wineries & Distilleries, Inc.

By /s/ Richard Sands
RICHARD SANDS, PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Guild Wineries & Distilleries, Inc.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON DECEMBER 9, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Richard Sands RICHARD SANDS	President and a Director (Principal Executive Officer)
/s/ Robert Sands ROBERT SANDS	Secretary and a Director

/s/ Lynn K. Fetterman LYNN K. FETTERMAN	Treasurer (Principal Financial Officer and Principal Accounting Officer)	

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CANANDAIGUA, STATE OF NEW YORK ON DECEMBER 9, 1996.

Widmer's Wine Cellars, Inc.

/s/ Richard Sands
By _____
RICHARD SANDS, PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Widmer's Wine Cellars, Inc.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON DECEMBER 9, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Richard Sands RICHARD SANDS	President and a Director (Principal Executive Officer)
/s/ Robert Sands ROBERT SANDS	Secretary and a Director
/s/ Lynn K. Fetterman LYNN K. FETTERMAN	Treasurer (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CANANDAIGUA, STATE OF NEW YORK ON DECEMBER 9, 1996.

Tenner Brothers, Inc.

/s/ Richard Sands
By _____
RICHARD SANDS, PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Tenner Brothers, Inc.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully

do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON DECEMBER 9, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Richard Sands RICHARD SANDS	President and a Director (Principal Executive Officer)
/s/ Robert Sands ROBERT SANDS	Secretary and a Director
/s/ Lynn K. Fetterman LYNN K. FETTERMAN	Treasurer (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CANANDAIGUA, STATE OF NEW YORK ON DECEMBER 9, 1996.

Vintners International Company, Inc.

/s/ Richard Sands
By _____
RICHARD SANDS, PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Vintners International Company, Inc.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON DECEMBER 9, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Richard Sands RICHARD SANDS	President and a Director (Principal Executive Officer)
/s/ Robert Sands ROBERT SANDS	Secretary and a Director
/s/ Lynn K. Fetterman LYNN K. FETTERMAN	Treasurer (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CANANDAIGUA, STATE OF NEW YORK ON DECEMBER 9, 1996.

Canandaigua West, Inc.

/s/ Richard Sands
By _____
RICHARD SANDS, PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Batavia Wine Cellars, Inc.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON DECEMBER 9, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Richard Sands RICHARD SANDS	President and a Director (Principal Executive Officer)
/s/ Robert Sands ROBERT SANDS	Vice President, Secretary and a Director
/s/ Lynn K. Fetterman LYNN K. FETTERMAN	Treasurer (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 21, 1996.

Barton Incorporated

/s/ Ellis M. Goodman
By _____
ELLIS M. GOODMAN,
CHAIRMAN OF THE BOARD OF DIRECTORS
AND CHIEF EXECUTIVE OFFICER

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Barton Incorporated) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 21, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Ellis M. Goodman ELLIS M. GOODMAN	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)
/s/ Alexander L. Berk	President and a Director

ALEXANDER L. BERK	
/s/ Edward L. Golden EDWARD L. GOLDEN	Vice President and a Director
/s/ Raymond E. Powers RAYMOND E. POWERS	Executive Vice President, Treasurer, Assistant Secretary and a Director (Principal Financial Officer and Principal Accounting Officer)
/s/ William F. Hackett WILLIAM F. HACKETT	Director

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 21, 1996.

Barton Brands, Ltd.

By: /s/ Ellis M. Goodman
ELLIS M. GOODMAN,
CHAIRMAN OF THE BOARD OF DIRECTORS

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Barton Brands, Ltd.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 21, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Ellis M. Goodman ELLIS M. GOODMAN	Chairman of the Board of Directors (Principal Executive Officer)
/s/ Edward L. Golden EDWARD L. GOLDEN	President and a Director
/s/ Raymond E. Powers RAYMOND E. POWERS	Executive Vice President, Treasurer, Assistant Secretary (Principal Financial Officer and Principal Accounting Officer)
/s/ Alexander L. Berk ALEXANDER L. BERK	Executive Vice President and a Director

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 21, 1996.

Barton Beers, Ltd.

/s/ Ellis M. Goodman
By _____
ELLIS M. GOODMAN,
CHAIRMAN OF THE BOARD OF DIRECTORS

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Barton Beers, Ltd.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 21, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Ellis M. Goodman ELLIS M. GOODMAN	Chairman of the Board of Directors (Principal Executive Officer)
/s/ Raymond E. Powers RAYMOND E. POWERS	Executive Vice President, Treasurer and Assistant Secretary (Principal Financial Officer and Principal Accounting Officer)
/s/ Alexander L. Berk ALEXANDER L. BERK	Executive Vice President and a Director
/s/ William F. Hackett WILLIAM F. HACKETT	President and a Director

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 21, 1996.

Barton Brands of California, Inc.

/s/ Ellis M. Goodman
By _____
ELLIS M. GOODMAN,
PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Barton Brands of California, Inc.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 21, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE

/s/ Ellis M. Goodman ELLIS M. GOODMAN	President and a Director (Principal Executive Officer)
/s/ Edward L. Golden EDWARD L. GOLDEN	Vice President and a Director
/s/ Alexander L. Berk ALEXANDER L. BERK	Executive Vice President and a Director
/s/ Raymond E. Powers RAYMOND E. POWERS	Executive Vice President, Treasurer, Assistant Secretary and a Director (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 21, 1996.

Barton Brands of Georgia, Inc.

By /s/ Ellis M. Goodman
ELLIS M. GOODMAN,
PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Barton Brands of Georgia, Inc.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 21, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Ellis M. Goodman ELLIS M. GOODMAN	President and a Director (Principal Executive Officer)
/s/ Edward L. Golden EDWARD L. GOLDEN	Vice President and a Director
/s/ Alexander L. Berk ALEXANDER L. BERK	Executive Vice President and a Director
/s/ Raymond E. Powers RAYMOND E. POWERS	Executive Vice President, Treasurer and Assistant Secretary (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 21, 1996.

Barton Distillers Import Corp.

/s/ Ellis M. Goodman
By: _____
ELLIS M. GOODMAN,
PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Barton Distillers Import Corp.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 21, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Ellis M. Goodman ELLIS M. GOODMAN	President and a Director (Principal Executive Officer)
/s/ Alexander L. Berk ALEXANDER L. BERK	Executive Vice President and a Director
/s/ Raymond E. Powers RAYMOND E. POWERS	Executive Vice President, Treasurer, Assistant Secretary and a Director (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 25, 1996.

Barton Financial Corporation

/s/ Raymond E. Powers
By: _____
RAYMOND E. POWERS,
PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Barton Financial Corporation) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 25, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Raymond E. Powers	President and Secretary (Principal Executive Officer)

RAYMOND E. POWERS

/s/ Charles T. Schlau CHARLES T. SCHLAU	Treasurer and a Director (Principal Financial Officer and Principal Accounting Officer)
/s/ Charles B. Campbell, Jr. CHARLES B. CAMPBELL, JR.	Director

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 21, 1996.

Stevens Point Beverage Co.

/s/ Ellis M. Goodman
By: _____
ELLIS M. GOODMAN,
CHAIRMAN OF THE BOARD OF DIRECTORS

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Stevens Point Beverage Co.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 21, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Ellis M. Goodman ELLIS M. GOODMAN	Chairman of the Board of Directors
/s/ James P. Ryan JAMES P. RYAN	Chief Executive Officer, President and a Director (Principal Executive Officer)
/s/ Alexander L. Berk ALEXANDER L. BERK	Executive Vice President and a Director
/s/ Raymond E. Powers RAYMOND E. POWERS	Executive Vice President, Treasurer, Assistant Secretary and a Director (Principal Financial Officer and Principal Accounting Officer)

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 21, 1996.

Monarch Wine Company, Limited Partnership

/s/ Ellis M. Goodman
By: _____
ELLIS M. GOODMAN,
PRESIDENT AND CHAIRMAN OF THE BOARD OF DIRECTORS OF BARTON

MANAGEMENT, INC., ITS GENERAL PARTNER

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Monarch Wine company, Limited Partnership) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 21, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Ellis M. Goodman ELLIS M. GOODMAN	President and Chairman of the Board of Directors of Barton Management, Inc.
/s/ Alexander L. Berk ALEXANDER L. BERK	Executive Vice President and a Director of Barton Management, Inc.
/s/ Raymond E. Powers RAYMOND E. POWERS	Executive Vice President, Treasurer, Assistant Secretary and a Director of Barton Management, Inc.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 21, 1996.

Barton Management, Inc.

By /s/ Ellis M. Goodman
ELLIS M. GOODMAN,
PRESIDENT AND CHAIRMAN OF THE BOARD OF DIRECTORS

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Barton Management, Inc.) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 21, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Ellis M. Goodman ELLIS M. GOODMAN	President and Chairman of the Board of Directors (Principal Executive Officer)
/s/ Alexander L. Berk	Executive Vice President and a

---------- ALEXANDER L. BERK	Director	
/s/ Raymond E. Powers ---------- RAYMOND E. POWERS	Executive Vice President, Treasurer, Assistant Secretary and a Director (Principal Financial Officer and Principal Accounting Officer)	

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-4, AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CHICAGO, STATE OF ILLINOIS ON NOVEMBER 21, 1996.

The Viking Distillery, Inc.

/s/ Ellis M. Goodman
By _____
ELLIS M. GOODMAN,
PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard Sands and Robert Sands and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (including his capacity as a director and/or officer of Barton Foreign Sales Corporation) to sign any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED ON NOVEMBER 21, 1996 BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED.

SIGNATURE	TITLE
/s/ Ellis M. Goodman ---------- ELLIS M. GOODMAN	President and a Director (Principal Executive Officer)
/s/ Alexander L. Berk ---------- ALEXANDER L. BERK	Executive Vice President and a Director
/s/ Edward L. Golden ---------- EDWARD L. GOLDEN	Vice President and a Director
/s/ Raymond E. Powers ---------- RAYMOND E. POWERS	Executive Vice President, Treasurer, Assistant Secretary (Principal Financial Officer and Principal Accounting Officer)

EXHIBIT INDEX

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EXHIBIT 4.1

[Face of Note]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 306 AND 307 OF THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CANANDAIGUA WINE COMPANY, INC.

8 3/4% SERIES C SENIOR SUBORDINATED NOTE DUE 2003

CUSIP NO._____

No. _____ $_____

CANANDAIGUA WINE COMPANY, INC., a Delaware corporation (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or registered assigns, the principal sum of _____ United States dollars on December 15, 2003, at the office or agency of the Company referred to below, and to pay interest thereon from _____ __, 1996, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on June 15 and December 15, in each year, commencing December 15, 1996 at the rate of 8 3/4% per annum, in United States dollars, until the principal hereof is paid or duly provided for; provided that to the extent interest has not been paid or duly provided for with respect to the Series B Security exchanged for this Series C Security, interest on this Series C Security shall accrue from the most recent Interest Payment Date to which interest on the Series B Security which was exchanged for this Series C Security has been paid or duly provided for. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

This Series C Security was issued pursuant to the Exchange Offer pursuant to which the 8 3/4% Series B Senior Subordinated Notes due 2003 (herein called the "Series B Securities") in like principal amount were exchanged for the Series C Securities. The Series C Securities rank pari passu in right of payment with the Series B Securities.

In addition, for any period in which the Series B Security exchanged for this Series C Security was outstanding, in the event that (i) the applicable Registration Statement is not filed with the Commission on or prior to 45 days after the Closing Date, (ii) the Exchange Offer Registration Statement or, as the case may be, the Shelf Registration Statement, is not declared effective within 105 days after the Closing Date, (iii) the Exchange Offer is not consummated on or prior to 135 days after the Closing Date, or (iv) the Shelf Registration Statement is filed and declared effective within 105 days after the Closing Date but shall thereafter cease to be effective (at any time that the Company and the Guarantors are obligated to maintain the effectiveness thereof) without being succeeded within 30 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), the Company will pay liquidated damages to each holder of Transfer Restricted Securities (as defined below) in an amount equal to $0.192 per week per $1,000 principal amount of the Securities constituting Transfer Restricted Securities held by such holder until (i) the applicable Registration Statement is filed, (ii) the Exchange Registration Statement is declared effective and the Exchange Offer is consummated, (iii) the Shelf Registration statement is declared effective or (iv) the Shelf Registration Statement again becomes effective, as the case may be. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease. "Transfer Restricted Securities" means each Class B Security until (i) the date on which such Class B Security has been exchanged for a freely transferable Class C Security in the Exchange Offer, (ii) the date on which such Class B Security has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (iii) the date on

which such Class B Security is distributed to the public pursuant to Rule 144 under the Securities Act or is salable pursuant to Rule 144(k) under the Securities Act. Notwithstanding anything to the contrary in this Section 3(a), the Company shall not be required to pay liquidated damages to the holder of Transfer Restricted Securities if such holder failed to comply with its obligations to the Company pursuant to the Registration Rights Agreement.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be June 1 or December 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the interest rate borne by the Series C Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of, premium, if any, and interest on this Security will be made at the office or agency of the Company maintained for that purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, --------
however, that payment of interest may be made at the option of the Company, (i) - -------
in the case of a Global Security, by wire or book entry transfer to the Depository Trust Company or its nominee, or (ii) in all other cases, by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Security is entitled to the benefits of Guarantees by each of the Guarantors of the punctual payment when due of the Indenture Obligations made in favor of the Trustee for the benefit of the Holders. Reference is hereby made to Article Fourteen of the Indenture for a statement of the respective rights, limitations of rights, duties and obligations under the Guarantees of each of the Guarantors.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in the Indenture by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

Dated: CANANDAIGUA WINE COMPANY, INC.

By:_____

Attest:

- --------------------
Authorized Officer

GUARANTEES

For value received, each of the undersigned hereby unconditionally guarantees, jointly and severally, to the holder of this Security the payment of principal of, premium, if any, and interest on this Security upon which these Guarantees are endorsed in the amounts and at the time when due and payable whether by declaration thereof, or otherwise, and interest on the overdue principal and interest, if any, of this Security, if lawful, and the payment or performance of all other obligations of the Company under the Indenture or the Securities, to the holder of this Security and the Trustee, all in accordance with and subject to the terms and limitations of this Security and Article Fourteen of the Indenture. These Guarantees will not become effective until the Trustee duly executes the certificate of authentication on this Security.

The Indebtedness evidenced by these Guarantees are, to the extent and

in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Guarantor Indebtedness (as defined in the Indenture), whether Outstanding on the date of the Indenture or thereafter, and these Guarantees are issued subject to such provisions.

Dated: _____

BATAVIA WINE CELLARS, INC.

Attest: _____ By _____
Authorized Officer

BISCEGLIA BROTHERS WINE CO.

Attest: _____ By _____
Authorized Officer

CALIFORNIA PRODUCTS COMPANY

Attest: _____ By _____
Authorized Officer

GUILD WINERIES & DISTILLERIES, INC.

Attest: _____ By _____
Authorized Officer

TENNER BROTHERS, INC.

Attest: _____ By _____
Authorized Officer

WIDMER'S WINE CELLARS, INC.

Attest: _____ By _____
Authorized Officer

BARTON INCORPORATED

Attest: _____ By _____
Authorized Officer

BARTON BRANDS, LTD.

Attest: _____ By _____
Authorized Officer

BARTON BEERS, LTD.

Attest: _____ By _____
Authorized Officer

BARTON BRANDS OF CALIFORNIA, INC.

Attest: _____ By _____
Authorized Officer

BARTON BRANDS OF GEORGIA, INC.

Attest: _____ By _____
Authorized Officer

BARTON DISTILLERS IMPORT CORP.

Attest: By

Authorized Officer

THE VIKING DISTILLERY, INC.

Attest: By

Authorized Officer

BARTON FINANCIAL CORPORATION

Attest: By

Authorized Officer

STEVENS POINT BEVERAGE CO.

Attest: By

Authorized Officer

MONARCH WINE COMPANY,
LIMITED PARTNERSHIP

By: BARTON MANAGEMENT, INC.,
as corporate general
partner

Attest: By

Authorized Officer

BARTON MANAGEMENT, INC.

Attest: By

Authorized Officer

VINTNERS INTERNATIONAL
COMPANY, INC.

Attest: By

Authorized Officer

CANANDAIGUA WEST, INC.

Attest: By

Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 8 3/4% Series C Senior Subordinated Notes due 2003 referred to in the within-mentioned Indenture.

As Trustee, Harris Trust and Savings Bank

By:

Authorized Officer

[Reverse of Note]

CANANDAIGUA WINE COMPANY, INC.

8 3/4% SERIES C SENIOR SUBORDINATED NOTE DUE 2003

This Security is one of a duly authorized issue of Securities of the Company designated as its 8 3/4% Series C Senior Subordinated Notes due 2003

(herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to $65,000,000, issued under an indenture (herein called the "Indenture") dated as of October 29, 1996, among the Company, the Guarantors and Harris Trust and Savings Bank, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Guarantors, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Securities or (b) certain restrictive covenants and related Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Indebtedness evidenced by the Securities is, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the Indenture), whether Outstanding on the date of the Indenture or thereafter, and this Security is issued subject to such provisions. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee his attorney-in-fact for such purpose; provided, however, that, subject to Section 406 of the Indenture,
the Indebtedness evidenced by this Security shall cease to be so subordinate and subject in right of payment upon any defeasance of this Security referred to in clause (a) or (b) of the preceding paragraph.

The Securities are subject to redemption at any time on or after December 15, 1998, at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' prior notice by first-class mail in amounts of $1,000 or an integral multiple of $1,000 at the following redemption prices (expressed as a percentage of the principal amount), redeemed during the 12-month period beginning December 15 of the years indicated below:

Year	Redemption Price
1998	104.375%
1999	102.917%
2000	101.458%

and thereafter at 100% of the principal amount, in each case, together with accrued and unpaid interest, if any, to the Redemption Date (subject to the right of Holders of record on Regular Record Dates to receive interest due on an Interest Payment Date). If less than all of the Securities are to be redeemed, the Trustee shall select the Securities or portions thereof to be redeemed pro rata, by lot or by any other method the Trustee shall deem fair and reasonable.

Notwithstanding the preceding paragraph, the Company will not be permitted to redeem the Original Securities unless, substantially concurrently with such redemption, the Company redeems an aggregate principal amount of Securities (rounded to the nearest integral multiple of $1,000) equal to the product of (a) a fraction, the numerator of which is the aggregate principal amount of Original Securities to be so redeemed and the denominator of which is the aggregate principal amount of Original Securities outstanding immediately prior to such proposed redemption, and (b) the aggregate principal amount of Securities outstanding immediately prior to such proposed transaction.

Upon the occurrence of a Change of Control, each Holder may require the Company to repurchase all or a portion of such Holder's Securities in an amount of $1,000 or integral multiples of $1,000, at a purchase price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase.

Under certain circumstances, in the event the Net Cash Proceeds received by the Company from any Asset Sale, which proceeds are not used to prepay Senior Indebtedness or invested in properties or assets used in the businesses of the Company or reasonably related thereto, exceeds a specified amount the Company will be required to apply such proceeds to the repayment of the Securities and certain indebtedness ranking pari passu to the Securities.

In the case of any redemption or repurchase of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the date of redemption.

In the event of redemption or repurchase of this Security in accordance with the Indenture in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions (including certain amendments permitted without the consent of any Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Guarantors and the Holders under the Indenture and the Securities and the Guarantees at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and the Securities and the Guarantees and certain past Defaults under the Indenture and the Securities and the Guarantees and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, any Guarantor or any other obligor on the Securities (in the event such Guarantor or other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed, subject to the subordination provisions of the Indenture.

If this Series C Security is in certificated form, then as provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Series C Security is registrable on the Security Register of the Company, upon surrender of this Series C Security for registration of transfer at the office or agency of the Company maintained for such purpose in The City of New York or at such other office or agency of the Company as may be maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Series C Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

If this Series C Security is a U.S. Global Security, it is exchangeable for a Series C Security in certificated form as provided in the Indenture and in accordance with the rules and procedures of the Trustee and the Depositary. In addition, certificated securities shall be transferred to all beneficial holders in exchange for their beneficial interests in the U.S. Global Security if (x) the Depository notifies the Company that it is unwilling or unable to continue as depository for the U.S. Global Security and a successor depository is not appointed by the Company within 90 days or (y) there shall have occurred and be continuing an Event of Default and the Security Registrar has received a request from the Depositary. Upon any such issuance, the Trustee is required to register such certificated Series C Securities in the name of, and cause the same to be delivered to, such Person or Persons (or the nominee of any thereof).

The Series C Securities in certificated form are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Series B Securities are exchangeable for a like aggregate principal amount of Securities of a differing authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to and at the time of due presentment of this Security for registration of transfer, the Company, any Guarantor, the Trustee and any agent of the Company, any Guarantor or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

All terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

FORM OF TRANSFER NOTICE

I or we assign and transfer this Security to:
- ----------

Please insert social security or other identifying number of assignee
- ----------

- ----------

- ----------

Print or type name, address and zip code of assignee and irrevocably appoint_____

[Agent], to transfer this Security on the books of the Company. The Agent may substitute another to act for him.

Dated _____ Signed _____
(Sign exactly as name appears on the other side of this Security)

[Signature must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved guarantee medallion program pursuant to Securities and Exchange Commission Rule 17 Ad-15]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 8 3/4% Series C Senior Subordinated Notes due 2003 referred to in the within-mentioned Indenture.

As Trustee, Harris Trust and Savings Bank

By:
_____
Authorized Officer

CANANDAIGUA WINE COMPANY, INC.

8 3/4% SERIES C SENIOR SUBORDINATED NOTE DUE 2003

[Back of Note]

This Security is one of a duly authorized issue of Securities of the Company designated as its 8 3/4% Series C Senior Subordinated Notes due 2003 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to $65,000,000, issued under an indenture (herein called the "Indenture") dated as of October 29, 1996, among the Company, the Guarantors and Harris Trust and Savings Bank, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Guarantors, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Securities or (b) certain restrictive covenants and related Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Indebtedness evidenced by the Securities is, to the extent and in the manner provided in the Indenture, subordinate and subject in right of

payment to the prior

payment in full of all Senior Indebtedness (as defined in the Indenture), whether Outstanding on the date of the Indenture or thereafter, and this Security is issued subject to such provisions. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee his attorney-in-fact for such purpose; provided, however, that, subject to Section 406 of the Indenture, the
Indebtedness evidenced by this Security shall cease to be so subordinate and subject in right of payment upon any defeasance of this Security referred to in clause (a) or (b) of the preceding paragraph.

The Securities are subject to redemption at any time on or after December 15, 1998, at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' prior notice by first-class mail in amounts of $1,000 or an integral multiple of $1,000 at the following redemption prices (expressed as a percentage of the principal amount), redeemed during the 12-month period beginning December 15 of the years indicated below:

Year	Redemption Price
1998	104.375%
1999	102.917%
2000	101.458%

and thereafter at 100% of the principal amount, in each case, together with accrued and unpaid interest, if any, to the Redemption Date (subject to the right of Holders of record on Regular Record Dates to receive interest due on an Interest Payment Date). If less than all of the Securities are to be redeemed, the Trustee shall select the Securities or portions thereof to be redeemed pro rata, by lot or by any other method the Trustee shall deem fair and reasonable.

Notwithstanding the preceding paragraph, the Company will not be permitted to redeem the Original Securities unless, substantially concurrently with such redemption, the Company redeems an aggregate principal amount of Securities (rounded to the nearest integral multiple of $1,000) equal to the product of (a) a fraction, the numerator of which is the aggregate principal amount of Original Securities to be so redeemed and the denominator of which is the aggregate principal amount of Original Securities outstanding immediately prior to such proposed redemption, and (b) the aggregate principal amount of Securities outstanding immediately prior to such proposed transaction.

Upon the occurrence of a Change of Control, each Holder may require the Company to repurchase all or a portion of such Holder's Securities in an amount of $1,000 or integral multiples of $1,000, at a purchase price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase.

Under certain circumstances, in the event the Net Cash Proceeds received by the Company from any Asset Sale, which proceeds are not used to prepay Senior Indebtedness or invested in properties or assets used in the businesses of the Company or reasonably related thereto, exceeds a specified amount the Company will be required to apply such proceeds to the repayment of the Securities and certain indebtedness ranking pari passu to the Securities.

In the case of any redemption or repurchase of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the date of redemption.

In the event of redemption or repurchase of this Security in accordance with the Indenture in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions (including certain

amendments permitted without the consent of any Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Guarantors and the Holders under the Indenture and the Securities and the Guarantees at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and the Securities and the Guarantees and certain past Defaults under the Indenture and the Securities and the Guarantees and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer

hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, any Guarantor or any other obligor on the Securities (in the event such Guarantor or other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed, subject to the subordination provisions of the Indenture.

If this Series C Security is in certificated form, then as provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Series C Security is registrable on the Security Register of the Company, upon surrender of this Series C Security for registration of transfer at the office or agency of the Company maintained for such purpose in The City of New York or at such other office or agency of the Company as may be maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Series C Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

If this Series C Security is a U.S. Global Security, it is exchangeable for a Series C Security in certificated form as provided in the Indenture and in accordance with the rules and procedures of the Trustee and the Depositary. In addition, certificated securities shall be transferred to all beneficial holders in exchange for their beneficial interests in the U.S. Global Security if (x) the Depository notifies the Company that it is unwilling or unable to continue as depository for the U.S. Global Security and a successor depository is not appointed by the Company within 90 days or (y) there shall have occurred and be continuing an Event of Default and the Security Registrar has received a request from the Depositary. Upon any such issuance, the Trustee is required to register such certificated Series C Securities in the name of, and cause the same to be delivered to, such Person or Persons (or the nominee of any thereof).

The Series C Securities in certificated form are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Series B Securities are exchangeable for a like aggregate principal amount of Securities of a differing authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to and at the time of due presentment of this Security for registration of transfer, the Company, any Guarantor, the Trustee and any agent of the Company, any Guarantor or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

All terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

FORM OF TRANSFER NOTICE

I or we assign and transfer this Security to:
- ----------

Please insert social security or other identifying number of assignee
- ----------

- ----------

- ----------

Print or type name, address and zip code of assignee and irrevocably appoint_____

[Agent], to transfer this Security on the books of the Company. The Agent may substitute another to act for him.

Dated _____ Signed _____

(Sign exactly as name appears on the other side of this Security)

[Signature must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved guarantee medallion program pursuant to Securities and Exchange Commission Rule 17 Ad-15]

EXHIBIT 4.2

CANANDAIGUA WINE COMPANY, INC., as Issuer,

The Subsidiaries listed on the signature pages
hereto, as Guarantors

and

HARRIS TRUST AND SAVINGS BANK, as Trustee

INDENTURE

Dated as of October 29, 1996

$65,000,000

8 3/4% Series B Senior Subordinated Notes due 2003
8 3/4% Series C Senior Subordinated Notes due 2003

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Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of this Indenture.

PARTIES

INDENTURE, dated as of October 29, 1996, among CANANDAIGUA WINE COMPANY, INC., a Delaware corporation (the "Company"), the Subsidiaries listed on the signature pages hereto ("Guarantors"), and HARRIS TRUST AND SAVINGS BANK, an Illinois banking corporation as trustee (the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the creation of an issue of 8 3/4% Series B Senior Subordinated Notes due 2003 (the "Series B Securities" or the "Initial Securities"), and an issue of 8 3/4% Series C Senior Subordinated Notes due 2003 (the "Series C Securities", and together with the Series B Securities, the "Securities"), of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company has duly authorized the execution and delivery of this Indenture and the Securities;

Each Guarantor has duly authorized the issuance of a guarantee (the "Guarantees") of the Securities, of substantially the tenor hereinafter set forth, and to provide therefor, each Guarantor has duly authorized the execution and delivery of this Indenture and the Guarantee;

This Indenture is subject to, and shall be governed by, the provisions of the Trust Indenture Act that are required to be part of and to govern indentures qualified under the Trust Indenture Act;

All acts and things necessary have been done to make (i) the Securities, when duly issued and executed by the Company and authenticated and delivered hereunder, the valid obligations of the Company, (ii) the Guarantees, when executed by each of the Guarantors and delivered hereunder, the valid obligation of each of the Guarantors subject to applicable principles of bankruptcy, creditors' rights and fraudulent conveyance and (iii) this Indenture a valid agreement of the Company and each of the Guarantors in accordance with the terms of this Indenture;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions For all purposes of this Indenture, except as
otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

(d) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(e) all references to $, US$, dollars or United States dollars shall refer to the lawful currency of the United States of America; and

(f) all references herein to particular Sections or Articles refer to this Indenture unless otherwise so indicated.

Certain terms used principally in Article Four are defined in Article Four.

"Acquired Indebtedness" means Indebtedness of a Person (i) existing a t the time such Person becomes a Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person Ebecoming a Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

"Affiliate" means, with respect to any specified Person, (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (ii) any other Person that owns, directly or indirectly, 5% or more of such Person's Capital Stock or any officer or director of any such Person or other Person or, with respect to any natural Person, any person having a relationship with such Person by blood,

marriage or adoption not more remote than first cousin or (iii) any other Person 10% or more of the voting Capital Stock of which are beneficially owned or held directly or indirectly by such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person

means the power to direct the management and policies of such Person directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, consolidation or Sale and Leaseback Transaction) (collectively, a "transfer"), directly or indirectly, in one or a series of related transactions, of (i) any Capital Stock of any Subsidiary; (ii) all or substantially all of the properties and assets of any division or line of business of the Company or its Subsidiaries; or (iii) any other properties or assets of the Company or any Subsidiary, other than in the ordinary course of business. For the purposes of this definition, the term "Asset Sale" shall not include (x) any transfer of properties and assets (A) that is governed by Section 801(a) or (B) that is of the Company to any Wholly Owned Subsidiary, or of any Subsidiary to the Company or any Wholly Owned Subsidiary in accordance with the terms of this Indenture or (y) transfers of properties and assets in any given fiscal year with an aggregate Fair Market Value of less than $1,000,000.

"Average Life to Stated Maturity" means, as of the date o f determination with respect to any Indebtedness, the quotient obtained by dividing (i) the sum of the products of (a) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness multiplied by (b) the amount of each such principal payment by (ii) the sum of all such principal payments.

"Bankruptcy Law" means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States Federal or State law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

"Barton Letter of Credit" means the "Barton Letter of Credit" issued to American National Bank and Trust Company of Chicago, as escrowee, under the Credit Agreement.

"Board of Directors" means the board of directors of th e Company or any Guarantor, as the case may be, or any duly authorized committee of such board.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company or any Guarantor, as the case may be, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Book-Entry Security" means any Securities bearing the legend specified in Section 202 evidencing all or part of a series of Securities, authenticated and delivered to

the Depositary for such series or its nominee, and registered in the name of such Depositary or nominee.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions or trust companies in The City of New York or the city in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law, regulation or executive order to close.

"Capital Lease Obligation" means any obligations of the Company and its Subsidiaries on a Consolidated basis under any capital lease of real or personal property which, in accordance with GAAP, has been recorded as a capitalized lease obligation.

"Capital Stock" of any Person means any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock.

"Cash Equivalents" means, (i) any evidence of Indebtedness of a Person, other than the Company or its Subsidiaries, with a maturity of one year or less from the date of acquisition issued or directly and fully guaranteed or insured by the United
States of America or any agency or instrumentality thereof (provided, that the
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full faith and credit of the United States of America is pledged in support thereof); (ii) certificates of deposit or acceptances with a maturity of one year or less from the date of acquisition of any financial institution that is a

member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than $500,000,000; (iii) commercial paper with a maturity of one year or less from the date of acquisition issued by a corporation that is not an Affiliate of the Company organized under the laws of any state of the United States or the District of Columbia and rated A-1 (or higher) according to S&P or P-1 (or higher) according to Moody's or at least an equivalent rating category of another nationally recognized securities rating agency; (iv) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of $500,000,000; and (v) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the government of the United States of America or issued by any agency thereof and backed by the full faith and credit of the United States of America, in each case maturing within one year from the date of acquisition; provided that the terms of such
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agreements comply with the guidelines set forth in the Federal Financial Agreements of Depository Institutions With Securities Dealers and Others, as adopted by the Comptroller of the Currency on October 31, 1985.

"Change of Control" means the occurrence of any of the following events: (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have beneficial ownership of all shares that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time),

directly or indirectly, of more than 30% of the voting power of the total outstanding Voting Stock of the Company voting as one class, provided that the
----
Permitted Holders "beneficially own" (as so defined) a percentage of Voting Stock having a lesser percentage of the voting power than such other Person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of the Company; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election to such Board or whose nomination for election by the shareholders of the Company, was approved by a vote of 66 2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of such Board of Directors then in office; (iii) the Company consolidates with or merges with or into any Person or conveys, transfers or leases all or substantially all of its assets to any Person, or any corporation consolidates with or merges into or with the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is changed into or exchanged for cash, securities or other property, other than any such transaction where the outstanding Voting Stock of the Company is not changed or exchanged at all (except to the extent necessary to reflect a change in the jurisdiction of incorporation of the Company) or where (A) the outstanding Voting Stock of the Company is changed into or exchanged for (x) Voting Stock of the surviving corporation which is not Redeemable Capital Stock or (y) cash, securities and other property (other than Capital Stock of the surviving corporation) in an amount which could be paid by the Company as a Restricted Payment in accordance with Section 1009 (and such amount shall be treated as a Restricted Payment subject to the provisions described under Section 1009) and (B) no "person" or "group" other than Permitted Holders owns immediately after such transaction, directly or indirectly, more than the greater of (1) 30% of the voting power of the total outstanding Voting Stock of the surviving corporation voting as one class and (2) the percentage of such voting power of the surviving corporation held, directly or indirectly, by Permitted Holders immediately after such transaction; or (iv) the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under Article Eight.

"Closing Date" is defined to mean the date on which the Series B Securities are originally issued under this Indenture.

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

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means Canandaigua Wine Company, Inc., a corporation incorporated under the laws of Delaware, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" means a written request or order

signed in the name of the Company by any one of its Chairman of the Board, its Vice-Chairman, its President, its Chief Operating Officer or a Vice President (regardless of Vice Presidential designation), and by any one of its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Consolidated Fixed Charge Coverage Ratio" of the Company means, for any period, the ratio of (a) the sum of Consolidated Net Income (Loss), Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-cash Charges deducted in computing Consolidated Net Income (Loss) in each case, for such period, of the Company and its Subsidiaries on a Consolidated basis, all determined in accordance with GAAP to (b) the sum of Consolidated Interest Expense for such period and cash and non-cash dividends paid on any Preferred Stock of the Company during such period; provided that (i) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a pro forma basis and (A) bearing a floating interest rate, shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (B) which was not outstanding during the period for which the computation is being made but which bears, at the option of the Company, a fixed or floating rate of interest, shall be computed by applying at the option of the Company, either the fixed or floating rate and (ii) in making such computation, the Consolidated Interest Expense of the Company attributable to interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

"Consolidated Income Tax Expense" means for any period, as applied to the Company , the provision for federal, state, local and foreign income taxes of the Company and its Consolidated Subsidiaries for such period as determined in accordance with GAAP on a Consolidated basis.

"Consolidated Interest Expense" of the Company means, without duplication , for any period, the sum of (a) the interest expense of the Company and its Consolidated Subsidiaries for such period, on a Consolidated basis, including, without limitation, (i) amortization of debt discount, (ii) the net cost under interest rate contracts (including amortization of discounts), (iii) the interest portion of any deferred payment obligation and (iv) accrued interest, plus (b) (i) the interest component of the Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by the Company during such period and (ii) all capitalized interest of the Company and its Consolidated

Subsidiaries, in each case as determined in accordance with GAAP on a Consolidated basis.

"Consolidated Net Income (Loss)" of the Company means, for any period, the Consolidated net income (or loss) of the Company and its Consolidated Subsidiaries for such period as determined in accordance with GAAP on a Consolidated basis, adjusted, to the extent included in calculating such net income (loss), by excluding, without duplication, (i) all extraordinary gains or losses (less all fees and expenses relating thereto), (ii) the portion of net income (or loss) of the Company and its Consolidated Subsidiaries allocable to minority interests in unconsolidated Persons to the extent that cash dividends or distributions have not actually been received by the Company or one of its Consolidated Subsidiaries, (iii) net income (or loss) of any Person combined with the Company or any of its Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination, (iv) any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan, (v) net gains (but not losses) (less all fees and expenses relating thereto) in respect of dispositions of assets other than in the ordinary course of business, or (vi) the net income of any Subsidiary to the extent that the declaration of dividends or similar distributions by that Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulations applicable to that Subsidiary or its stockholders.

"Consolidated Net Worth" of any Person means the Consolidated stockholders' equity (excluding Redeemable Capital Stock) of such Person and its subsidiaries, as determined in accordance with GAAP on a Consolidated basis.

"Consolidated Non-cash Charges" of the Company means, for any period, the aggregate depreciation, amortization and other non-cash charges of the Company and its Consolidated subsidiaries for such period, as determined in accordance with GAAP (excluding any non-cash charge which requires an accrual or reserve for cash charges for any future period).

"Consolidation" means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries if and to the extent the accounts of such Person and each of its subsidiaries would normally be consolidated with those of such Person, all in accordance with GAAP. The term "Consolidated" shall have a similar meaning.

"Corporate Trust Office" means the office of the Trustee or an affiliate or agent thereof at which at any particular time the corporate trust business for the purposes of this Indenture shall be principally administered, which office at the date of execution of this Indenture is located at 311 West Monroe Street, 12th Floor, Chicago, Illinois 60606.

"Credit Agreement" means the Credit Agreement, dated as of June 29, 1993, between the Company, the Subsidiaries of the Company identified on the signature pages thereof under the caption "Subsidiary Guarantors," the lenders named therein and The Chase Manhattan Bank, as agent, including any ancillary documents executed in connection therewith, as such agreement has and may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time (including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing). For all purposes under this Indenture, "Credit Agreement" shall include any amendments, renewals, extensions, substitutions, refinancings, restructurings, replacements, supplements or any other modifications that increase the principal amount of the Indebtedness or the commitments to lend thereunder and have been made in compliance with Section 1008; provided that, for purposes of the--------definition of "Permitted Indebtedness," no such increase may result in the principal amount of Indebtedness of the Company under the Credit Agreement exceeding the amount permitted by Section 1008(b)(i).

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Depositary" means, with respect to the Securities issued in the form of one or more Book-Entry Securities, The Depository Trust Company ("DTC"), its nominees and successors, or another Person designated as Depositary by the Company, which must be a clearing agency registered under the Exchange Act.

"Designated Senior Guarantor Indebtedness" means (i) all Senior Guarantor Indebtedness which guarantees Indebtedness under the Credit Agreement and (ii) any other Senior Guarantor Indebtedness which is incurred pursuant to an agreement (or series of related agreements) simultaneously entered into providing for Indebtedness, or commitments to lend, of at least $30,000,000 at the time of determination and is specifically designated in the instrument evidencing such Senior Guarantor Indebtedness or the agreement under which such Senior Guarantor Indebtedness arises as "Designated Senior Guarantor Indebtedness" by the Guarantor which is the obligor under the Senior Guarantor Indebtedness.

"Designated Senior Indebtedness" means (i) all Senior Indebtedness under the Credit Agreement and (ii) any other Senior Indebtedness which is incurred pursuant to an agreement (or series of related agreements) simultaneously entered into providing for Indebtedness, or commitments to lend, of at least $30,000,000 at the time of determination and is specifically designated in the instrument evidencing such Senior Indebtedness or the agreement under which such Senior Indebtedness arises as "Designated Senior Indebtedness" by the Company.

"Event of Default" has the meaning specified in Section 501.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Offer" means the exchange offer by the Company of Series C Securities for Series B Securities to be effected pursuant to Section 1 of the Registration Rights Agreement.

"Exchange Offer Registration Statement" means the registration statement under The Securities Act contemplated by Section 1 of the Registration Rights Agreement.

"Fair Market Value" means, with respect to any asset or property, the sale value that would be obtained in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy.

"GAAP" or "Generally Accepted Accounting Principles" means generally accepted accounting principles in the United States, consistently applied, which are in effect on the date of this Indenture.

"Global Securities" means a security evidencing all or a part of the Securities to be issued as Book-Entry Securities issued to the Depositary in accordance with Section 305.

"Guarantee" means the guarantee by any Guarantor of the Company's Indenture Obligations pursuant to a guarantee given in accordance with this Indenture, including the Guarantees by the Guarantors included in Article Fourteen of this Indenture and any Guarantee delivered pursuant to Section 1014.

"Guaranteed Debt" of any Person means, without duplication, all Indebtedness of any other Person referred to in the definition of Indebtedness contained in this Section guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered), (iv) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or (v) otherwise to assure a creditor against loss; provided that the term "guarantee" shall not include endorsements
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for collection or deposit, in either case in the ordinary course of business.

"Guarantor" means the Subsidiaries listed on the signature pages hereto as guarantors or any other guarantor of the Indenture Obligations.

"Holder" means a Person in whose name a Security is registered in the Security Register.

"Indebtedness" means, with respect to any Person, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities arising in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities and in connection with any agreement to purchase, redeem, exchange, convert or otherwise acquire for value any Capital Stock of such Person, or any warrants, rights or options to acquire such Capital Stock, now or hereafter outstanding, (ii) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments, (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business, (iv) all obligations under Interest Rate Agreements of such Person, (v) all Capital Lease Obligations of such Person, (vi) all Indebtedness referred to in clauses (i) through (v) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, (vii) all Guaranteed Debt of such Person, (viii) all Redeemable Capital Stock valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends, and (ix) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any liability of the types referred to in clauses (i) through (viii) above. For purposes hereof, the "maximum fixed repurchase price" of any Redeemable Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Redeemable Capital Stock, such Fair Market Value to be determined in good faith by the board of directors of the issuer of such Redeemable Capital Stock.

"Indenture" means this instrument as originally executed (including all exhibits and schedules thereto) and as it may from time to time be supplemented or

amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Indenture Obligations" means the obligations of the Company and any other obligor under this Indenture or under the Securities, including any Guarantor, to pay principal of, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with this Indenture, the Securities and the performance of all other obligations to the Trustee and the Holders under this Indenture and the Securities, according to the terms hereof and thereof.

"Initial Securities" has the meaning stated in the first recital of this Indenture.

"Initial Purchasers" means Chase Securities Inc. and CS First Boston Corporation.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Securities.

"Interest Rate Agreements" means one or more of the following agreements which shall be entered into by one or more financial institutions: interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and/or other types of interest rate hedging agreements from time to time .

"Investments" means, with respect to any Person, directly or indirectly, any advance, loan (including guarantees), or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities issued or owned by, any other Person and all other items that would be classified as investments on a balance sheet prepared in accordance with GAAP.

"Lien" means any mortgage, charge, pledge, lien (statutory or otherwise), privilege, security interest, hypothecation or other encumbrance upon or with respect to any property of any kind, real or personal, movable or immovable, now owned or hereafter acquired.

"Maturity" when used with respect to any Security means the date on which the principal of such Security becomes due and payable as therein provided or as provided in this Indenture, whether at Stated Maturity, the Offer Date or the Redemption Date and whether by declaration of acceleration, Offer in respect of Excess Proceeds, Change of Control, call for redemption or otherwise.

"Moody's" means Moody's Investors Service, Inc. or any successor rating agency.

"Net Cash Proceeds" means (a) with respect to any Asset Sale by any Person, the proceeds thereof in the form of cash or Temporary Cash Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Subsidiary) net of (i) brokerage commissions and other actual fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes payable as a result of such Asset Sale, (iii) payments made to retire Indebtedness where payment of such Indebtedness is secured by the assets or properties the subject of such Asset Sale, (iv) amounts required to be paid to any Person (other than the Company or any Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale and (v) appropriate amounts to be provided by the Company or any Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officers' Certificate delivered to the Trustee and (b) with respect to any issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock, as referred to under Section 1009, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Subsidiary), net of attorneys' fees, accountants' fees and brokerage, consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Non-payment Default" means any event (other than a Payment Default) the occurrence of which entitles one or more Persons to accelerate the maturity of any Designated Senior Indebtedness.

"Non-U.S. Person" means a Person that is not a "U.S. person" as defined in Regulation S under the Securities Act.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, Vice Chairman, the President, the Chief Operating Officer or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company or any Guarantor, as the case may be, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company or any Guarantor, as applicable, unless an Opinion of Independent Counsel is required pursuant to the terms of this Indenture, and who shall be acceptable to the Trustee.

"Opinion of Independent Counsel" means a written opinion of counsel issued by someone who is not an employee or consultant (other than non-employee legal counsel) of the Company or any Guarantor and who shall be reasonably acceptable to the Trustee.

"Original Indenture" means the Indenture, dated as of December 27, 1993, among the Company, the Subsidiaries listed on the signature pages thereto and The Chase Manhattan Bank (successor by merger to Chemical Bank), as trustee, relating to the Original Securities.

"Original Securities"

means the Company's 8-3/4% Senior Subordinated Notes due 2003 issued pursuant to the Original Indenture.

"Outstanding" when used with respect to Securities means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(a) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders; provided that if such Securities are to be redeemed, notice of such
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redemption has been duly given pursuant to this Indenture or provision therefor reasonably satisfactory to the Trustee has been made;

(c) Securities, except to the extent provided in Sections 402 and 403, with respect to which the Company has effected defeasance or covenant defeasance as provided in Article Four; and

(d) Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof reasonably satisfactory to it that such Securities are held by a bona fide purchaser in whose hands the Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite
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principal amount of Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company, any Guarantor, or any other obligor upon the Securities or any Affiliate of the Company, any Guarantor, or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the reasonable satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company, any Guarantor or any other obligor upon the Securities or any Affiliate of the Company, any Guarantor or such other obligor.

"Pari Passu Indebtedness" means any Indebtedness of the Company or a Guarantor that is pari passu in right of payment to the Securities or a
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Guarantee, as the case may be.

"Paying Agent" means any Person authorized by the Company to pay the principal, premium, if any, or interest on any Securities on behalf of the Company.

"Payment Default" means any default in the payment of principal, premium, if any, or interest, on any Designated Senior Indebtedness.

"Permitted Guarantor Junior Securities" means, so long as the effect of any exclusion employing this definition is not to cause the Guarantee to be treated in any case or proceeding or similar event described in clauses (a), (b) or (c) of Section 1417 as part of the same class of claims as the Senior Guarantor Indebtedness or any class of claims pari passu with, or senior to, the Senior Guarantor Indebtedness, for any payment or distribution, debt or equity securities of any Guarantor or any successor corporation provided for by a plan of reorganization or readjustment that are subordinated at least to the same extent that the Guarantee is subordinated to the payment of all Senior Guarantor Indebtedness then outstanding; provided that (1) if a new corporation results
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from such reorganization or readjustment, such corporation assumes any Senior Guarantor Indebtedness not paid in full in cash or Cash Equivalents in connection with such reorganization or readjustment and (2) the rights of the holders of such Senior Guarantor Indebtedness are not, without the consent of

such holders, altered by such reorganization or readjustment.

"Permitted Holders" means as of the date of determination (i) Marvin Sands, Richard Sands and Robert Sands; (ii) family members or the relatives of the Persons described in clause (i); (iii) any trusts created for the benefit of the Persons described in clauses (i), (ii) or (iv) or any trust for the benefit of any such trust; or (iv) in the event of the incompetence or death of any of the persons described in clauses (i) and

(ii), such Person's estate, executor, administrator, committee or other personal representative or beneficiaries, in each case who at any particular date shall beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company.

"Permitted Investment" means (i) Investments in any Wholly Owned Subsidiary or any Person which, as a result of such Investment, becomes a Wholly Owned Subsidiary; (ii) Indebtedness of the Company or a Subsidiary described under clauses (iv) and (v) of the definition of "Permitted Indebtedness"; (iii) Temporary Cash Investments; (iv) Investments acquired by the Company or any Subsidiary in connection with an Asset Sale permitted under Section 1013 to the extent such Investments are non-cash proceeds as permitted under such covenant; (v) guarantees of Indebtedness otherwise permitted by the Indenture; and (vi) Investments in existence on the date of the Original Indenture.

"Permitted Junior Securities" means, so long as the effect of any exclusion employing this definition is not to cause the Securities to be treated in any case or proceeding or similar event described in clauses (a), (b) or (c) of Section 1202 as part of the same class of claims as the Senior Indebtedness or any class or claims pari passu with, or senior to, the Senior Indebtedness, for any payment or distribution, debt or equity securities of the Company or any successor corporation provided for by a plan of reorganization or readjustment that are subordinat ed at least to the same extent that the Securities are subordinated to the payment of all Senior Indebtedness then outstanding; provided that (1) if a new corporation results from such reorganization
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or readjustment, such corporation assumes any Senior Indebtedness not paid in full in cash or Cash Equivalents in connection with such reorganization or readjustment and (2) the rights of the holders of such Senior Indebtedness are not, without the consent of such holders, altered by such reorganization or readjustment.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivisions thereof.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for a mutilated Security or in lieu of a lost, destroyed or stolen Security shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Security.

"Preferred Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's preferred stock whether now outstanding, or issued after the date of the Original Indenture, and including, without limitation, all classes and series of preferred or preference stock.

"Qualified Capital Stock" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"QIB" means a "Qualified Institutional Buyer" under Rule 144A under the Securities Act.

"Redeemable Capital Stock" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed prior to any Stated Maturity of the principal of the Securities or is redeemable at the option of the holder thereof at any time prior to any such Stated Maturity, or is convertible into or exchangeable for debt securities at any time prior to any such Stated Maturity at the option of the holder thereof.

"Redemption Date" when used with respect to any Security to be redeemed pursuant to any provision in this Indenture means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price" when used with respect to any Security to be redeemed pursuant to any provision in this Indenture means the price at which it is to be redeemed pursuant to this Indenture.

"Registration Rights Agreement" means the Exchange and Registration

Rights Agreement dated the date hereof between the Company, the Guarantors and the Initial Purchasers.

"Registration Statement" means any registration statement of the Company which covers any of the Series B Securities or Series C Securities pursuant to the provisions of the Registration Rights Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Regular Record Date" for the interest payable on any Interest Payment Date means the 15th day (whether or not a Business Day) next preceding such Interest Payment Date.

"Responsible Officer" when used with respect to the Trustee means any officer assigned to the Corporate Trust Office or the agent of the Trustee appointed hereunder, including any vice president, assistant vice president, assistant secretary, or any other officer or assistant officer of the Trustee or the agent of the Trustee appointed hereunder to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Restricted Payment" has the meaning specified in Section 1009.

"S&P" means Standard and Poor's Corporation or any successor rating agency.

"Sale and Leaseback Transaction" means any transaction or series of related transactions pursuant to which the Company or a Subsidiary sells or transfers any property or asset in connection with the leasing, or the resale against installment payments, of such property or asset to the seller or transferor.

"Securities Act" means the Securities Act of 1933, as amended.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Senior Guarantor Indebtedness" means the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable as a claim in such proceeding) on any Indebtedness of any Guarantor (other than as otherwise provided in this definition), whether outstanding on the date of the Original Indenture or thereafter created, incurred or assumed, and whether at any time owing, actually or contingent, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to any Guarantee. Without limiting the generality of the foregoing, "Senior Guarantor Indebtedness" shall include the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable as a claim in such proceeding) and all other obligations of every nature of any Guarantor from time to time owed to the lenders (or their agent) under the Credit Agreement; provided, however, that any Indebtednes s under any
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refinancing, refunding or replacement of the Credit Agreement shall not constitute Senior Guarantor Indebtedness to the extent that the Indebtedness thereunder is by its express terms subordinate to any other Indebtedness of any Guarantor. Notwithstanding the foregoing, "Senior Guarantor Indebtedness" shall not include (i) Indebtedness evidenced by the Guarantees, (ii) Indebtedness that is subordinate or junior in right of payment to any Indebtedness of any Guarantor, (iii) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to any Guarantor, (iv) Indebtedness which is represented by Redeemable Capital Stock, (v) any liability for foreign, federal, state, local or other taxes owed or owing by any Guarantor to the extent such liability constitutes Indebtedness, (vi) Indebtedness of any Guarantor to a Subsidiary or any other Affiliate of the Company or any of such Affiliate's subsidiaries, (vii) that portion of any Indebtedness which at the time of issuance is issued in violation of this Indenture and (viii) Indebtedness owed by any Guarantor for compensation to employees or for services.

"Senior Indebtedness" means the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law whether or not allowable as a claim in such proceeding) on any Indebtedness of the Company (other than as otherwise provided in this definition), whether outstanding on the date of the Original Indenture or thereafter created, incurred or assumed, and whether at any time owing, actually or contingent, unless, in the case of any particular indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Securities. Without

limiting the generality of the foregoing, "Senior Indebtedness" shall include (i) the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable as a claim in such proceeding) and all other obligations of every nature of the Company from time to time owed to the lenders (or their agent) under the Credit Agreement; provided, however, that any Indebtedness under any refinancing , refunding or
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replacemen t of the Credit Agreement shall not constitute Senior Indebtedness to the extent that the Indebtedness thereunder is by its express terms subordinate to any other Indebtedness of the Company, and (ii) Indebtedness under Interest Rate Agreements. Notwithstanding the foregoing, "Senior Indebtedness" shall not include (i) Indebtedness evidenced by the Securities, (ii) Indebtedness that is subordinate or junior in right of payment to any Indebtedness of the Company, (iii) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to the Company, (iv) Indebtedness which is represented by Redeemable Capital Stock, (v) any liability for foreign, federal, state, local or other taxes owed or owing by the Company to the extent such liability constitutes Indebtedness, (vi) Indebtedness of the Company to a Subsidiary or any other Affiliate of the Company or any of such Affiliate's subsidiaries, (vii) that portion of any Indebtedness which at the time of issuance is issued in violation of this Indenture and (viii) Indebtedness owed by the Company for compensation to employees or for services.

"Shelf Registration Statement" means a "shelf" registration statement of the Company pursuant to Section 2 of the of the Registration Rights Agreement, which covers all of the Transfer Restricted Securities (as defined in the Registration Rights Agreement) on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the Commission, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the dates specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest is due and payable.

"Subordinated Indebtedness" means Indebtedness of the Company or a Guarantor subordinated in right of payment to the Securities or a Guarantee, as the case may be.

"Subsidiary" means any Person a majority of the equity ownership or the Voting Stock of which is at the time owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries.

"Temporary Cash Investments" means (i) any evidence of Indebtedness of a Person, other than the Company or its Subsidiaries, maturing not more than one year after the date of acquisition, issued by the United States of America, or an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (ii) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than $500,000,000, whose debt has a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's Investors Service, Inc. ("Moody's") or any successor rating agency or "A-1" (or higher) according to Standard and Poor's Corporation ("S&P") or any successor rating agency, (iii) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P and (iv) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of $500,000,000.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

"Trustee" means, except as set forth in Section 405 hereof, the Person named as the "Trustee" in the first paragraph of this instrument, until a successor trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor trustee.

"Voting Stock" means stock of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a corporation (irrespective of whether or not at the time stock of any other

class or classes shall have or might have voting power by reason of the happening of any contingency).

"Wholly Owned Subsidiary" means (i) a Subsidiary all the Capital Stock of which is owned by the Company or another Wholly Owned Subsidiary and (ii) Monarch Wine Company, Limited Partnership, so long as the Company owns directly or indirectly at least 99% of the outstanding interests in such partnership and is the general partner thereof .

Section 102. Other Definitions.

Term	Defined in Section
"Act"	105
"Change of Control Offer"	1016
"Change of Control Purchase Date"	1016
"Change of Control Purchase Notice"	1016
"Change of Control Purchase Price"	1016
"Series B Securities"	Recitals
"Series C Securities"	Recitals
"covenant defeasance"	403
"Defaulted Interest"	307
"defeasance"	402
"Defeasance Redemption Date"	404
"Defeased Securities"	401
"Deficiency"	1013
"Excess Proceeds"	1013
"incur"	1008
"Initial Blockage Period"	1203
"Offer"	1013
"Offer Date"	1013
"Offered Price"	1013
"Pari Passu Debt Amount"	1013
"Pari Passu Offer"	1013
"Payment Blockage Period"	1203
"Permitted Indebtedness"	1008
"Permitted Payment"	1009
"refinancing"	1008
"Required Filing Dates"	1019
"Security" or "Securities"	Recitals
"Security Amount"	1013
"Senior Guarantor Representative"	1424
"Senior Representative"	1203
"Surviving Entity"	801
"U.S. Government Obligations"	404

Section 103. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company and any Guarantor (if applicable) and any other obligor on the Securities (if applicable) shall furnish to the Trustee an Officers' Certificate in a form and substance reasonably acceptable to the Trustee stating that all conditions precedent, if any, provided for in this Indenture (including any covenants compliance with which constitutes a condition precedent) relating to the proposed action have been complied with, and an Opinion of Counsel in a form and substance reasonably acceptable to the Trustee stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents, certificates or opinions is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of each such

individual, such condition or covenant has been complied with.

Section 104. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company, any Guarantor or other obligor on the Securities may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer has actual knowledge that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company, any Guarantor or other obligor on the Securities stating that the information with respect to such factual matters is in the possession of the Company, any Guarantor or other obligor on the Securities, unless such counsel has actual knowledge that the certificate or opinion or representations with respect to such matters are erroneous. Opinions of Counsel required to be delivered to the Trustee may have qualifications customary for opinions of the type required and counsel delivering such Opinions of Counsel may rely on certificates of the Company or government or other officials customary for opinions of the type required, including certificates certifying as to matters of fact, including that various financial covenants have been complied with.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 105. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are received by the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section. The fact and date of the execution by any Person of any such instrument or writing may be proved in any reasonable manner which the Trustee deems sufficient.

(b) The ownership of Securities shall be proved by the Security Register.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Security shall bind every future Holder of the same Security or the Holder of every Security issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, suffered or omitted to be

done by the Trustee, any Paying Agent or the Company or any Guarantor in reliance thereon, whether or not notation of such action is made upon such Security.

(d) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of such Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Notwithstanding Trust Indenture Act Section 316(c), any such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not more than 30 days prior to the first solicitation of Holders generally in connection therewith and no later than the date such solicitation is completed.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on

such record date shall be deemed to be Holders for purposes of determining whether Holders of the requisite proportion of Securities then Outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for this purpose the Securities then Outstanding shall be computed as of such record date; provided that no such request, demand, authorization, direction, notice, consent, waiver or other Act by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

Section 106. Notices, etc., to the Trustee, the Company and any Guarantor.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Trustee by any Holder or by the Company or any Guarantor or any other obligor on the Securities or a Senior Representative or holder of Senior Indebtedness shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Department, or at any other address previously furnished in writing to the Holders, the Company, any Guarantor or any other obligor on the Securities or a Senior Representative or holder of Senior Indebtedness by the Trustee; or

(b) the Company or any Guarantor by the Trustee or any Holder shall be sufficient for every purpose (except as provided in Section 501(c)) hereunder if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to

the Company or such Guarantor addressed to it at Canandaigua Wine Company, Inc., 116 Buffalo Street, Canandaigua, New York 14424, Attention: General Counsel, or at any other address previously furnished in writing to the Trustee by the Company.

Section 107. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice when mailed to a Holder in the aforesaid manner shall be conclusively deemed to have been received by such Holder whether or not actually received by such Holder. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event as required by any provision of this Indenture, then any method of giving such notice as shall be reasonably satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 108. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with any provision of the Trust Indenture Act or another provision which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, the provision or requirement of the Trust Indenture Act shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

Section 109. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 110. Successors and Assigns.

All covenants and agreements in this Indenture by the Company and the Guarantors shall bind their successors and assigns, whether so expressed or not.

Section 111. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 112. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person (other than the parties hereto and their successors hereunder, any Paying Agent, the Holders, the holders of Senior Indebtedness and the holders of Guarantor Senior Indebtedness) any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 113. GOVERNING LAW.

THIS INDENTURE, THE SECURITIES AND ANY GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF).

Section 114. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, Maturity or Stated Maturity of any Security shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Securities) payment of interest or principal or premium, if any, need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date or Redemption Date or at the, Maturity or Stated Maturity and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date, Redemption Date, Maturity or Stated Maturity, as the case may be, to the next succeeding Business Day.

Section 115. Schedules and Exhibits.

All schedules and exhibits attached hereto are by this reference made a part hereof with the same effect as if herein set forth in full.

Section 116. Counterparts.

This Indenture 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.

ARTICLE TWO

SECURITY FORMS

Section 201. Forms Generally.

The Securities and the Trustee's certificate of authentication thereon shall be in substantially the forms set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by the Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange, any organizational document or governing instrument or applicable law or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. Any portion of the text of any Security may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Security.

The definitive Securities shall be printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which the Securities may be listed, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Initial Securities offered and sold in reliance on Rule 144A shall be issued initially in the form of one or more permanent global Securities

substantially in the form set forth in Section 202 (the "U.S. Global Security") deposited with the Trustee, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the U.S. Global Security may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary or its nominee, as hereinafter provided.

Initial Securities offered and sold inside the United States to an institutional investor within the meaning of subparagraphs (a)(1), (a)(2), (a)(3) or (a)(7) of Rule 501 under the Securities Act shall be issued in certificated form substantially in the form set forth in Section 202 (the "U.S. Physical Securities").

Initial Securities offered and sold in reliance on Regulation S shall be issued initially in

the form of temporary certificated Securities in registered form substantially in the form set forth in Section 202 (the "Temporary Offshore Physical Securities"). The Temporary Offshore Physical Securities will be registered in the name of, and held by, a temporary certificate holder designated by the Initial Purchasers until the later of the completion of the distribution of the Initial Securities and the termination of the "restricted period" (as defined in Regulation S) with respect to the offer and sale of the Initial Securities (the "Offshore Securities Exchange Date"). At any time following the Offshore Securities Exchange Date, upon receipt by the Trustee and the Company of a certificate substantially in the form of Exhibit B hereto, the Company shall execute, and the Trustee shall authenticate and deliver, one or more permanent certificated Securities in registered form substantially in the form set forth in Section 202 (the "Permanent Offshore Physical Securities"), in exchange for the surrender of Temporary Offshore Physical Securities of like tenor and amount.

Section 202. Form of Face of Security.

(a) The form of the face of Series B Securities shall be substantially as follows:

Unless and until (i) an Initial Security is sold under an effective Registration Statement or (ii) an Initial Security is exchanged for an Exchange Security in connection with an effective Registration Statement, in each case pursuant to the Registration Rights Agreement, then (A) the U.S. Global Security and each U.S. Physical Security shall bear the legend set forth below (the "Private Placement Legend") on the face thereof and (B) the Temporary Offshore Physical Securities shall bear the Private Placement Legend on the face thereof until at least 41 days after the Issue Date and receipt by the Company and the Trustee of a certificate substantially in the form as set forth in Exhibit B:

> THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION AS SET FORTH BELOW.
>
> BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) OR (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE

> SECURITIES ACT) (AN "ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION, (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE WHICH IS THREE YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A INSIDE THE UNITED STATES, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) OUTSIDE THE UNITED STATES PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) INSIDE THE UNITED STATES TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPHS (a)(1), (a)(2), (a)(3) OR (a)(7) OF RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL "ACCREDITED INVESTOR," FOR INVESTMENT PURPOSES AND

NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM,

AND (ii) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. AS USED HEREIN, THE TERMS "UNITED STATES," "OFFSHORE TRANSACTION," AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

[Legend if Security is a Global Security]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 306 AND 307 OF THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CANANDAIGUA WINE COMPANY, INC.

8 3/4% SERIES B SENIOR SUBORDINATED NOTE DUE 2003

CUSIP NO._____

No. _____ $_____

CANANDAIGUA WINE COMPANY, INC., a Delaware corporation (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or registered assigns, the principal sum of _____ United States dollars on December 15, 2003, at the office or agency of the Company referred to below, and to pay interest thereon from October 29, 1996, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on June 15 and December 15, in each year, commencing December 15, 1996 at the rate of 8 3/4% per annum, in United States dollars, until the principal hereof is paid or duly provided for.

The Holder of this Series B Security is entitled to the benefits of the Exchange and Registration Rights Agreement dated October 29, 1996 among the Company, the Guarantors and the Initial Purchasers (the "Registration Rights Agreement"), pursuant to which, subject to the terms and conditions thereof, the Company is obligated to consummate the Exchange Offer pursuant to which the Holder of this Security shall have the right to exchange this Security for 8 3/4% Series C Senior Subordinated Notes due 2003 (the "Series C Securities") in like principal amount as provided therein. The Series B Securities and the Series C Securities are together referred to as the "Securities."

In the event that (i) the applicable Registration Statement is not filed with the Commission on or prior to 45 days after the Closing Date, (ii) the Exchange Offer Registration Statement or, as the case may be, the Shelf Registration Statement, is not declared effective within 105 days after the Closing Date, (iii) the Exchange Offer is not consummated on or prior to 135 days after the Closing Date, or (iv) the Shelf Registration Statement is filed and declared effective within 105 days after the Closing Date but shall thereafter cease to be effective (at any time that the Company and the Guarantors are obligated to maintain the effectiveness thereof) without being succeeded within 30 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), the Company will pay liquidated damages to each holder of Transfer Restricted Securities (as defined below) in an amount equal to $0.192 per week per $1,000 principal amount of the Securities constituting Transfer Restricted Securities held by such holder until (i) the applicable Registration Statement is filed, (ii) the Exchange Registration Statement is

declared effective and the Exchange Offer is consummated, (iii) the Shelf Registration Statement is declared effective or (iv) the Shelf Registration Statement again becomes effective, as the case may be. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease. "Transfer Restricted Securities" means each Series B Security until (i) the date on which such Series B Security has been exchanged for a freely transferable Series C Security in the Exchange Offer, (ii) the date on which such Series B Security has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (iii) the date on which such Series B Security is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act. Notwithstanding anything to the contrary in this Section 3(a), the Company shall not be required to pay liquidated damages to the holder of Transfer Restricted Securities if such holder failed to comply with its obligations to the Company pursuant to the Registration Rights Agreement.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be June 1 or December 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the interest rate borne by the Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of, premium, if any, and interest on this Security will be made at the office or agency of the Company maintained for that purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, --------
however, that payment of interest may be made at the option of the Company, (i) - -------
in the case of a Global Security, by wire or book entry transfer to the Depository Trust Company or its nominee, or (ii) in all other cases, by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Security is entitled to the benefits of Guarantees by each of the Guarantors of the punctual payment when due of the Indenture Obligations made in favor of the Trustee for the benefit of the Holders. Reference is hereby made to Article Fourteen of the Indenture for a statement of the respective rights, limitations of rights, duties and obligations under the Guarantees of each of the Guarantors.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in the Indenture by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

Dated: CANANDAIGUA WINE COMPANY, INC.

By:

Attest:

- ---
Authorized Officer

(b) The form of the face of Series C Securities shall be substantially as follows:

[Legend if Security is a Global Security]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS

OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 306 AND 307 OF THE INDENTURE .

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CANANDAIGUA WINE COMPANY, INC.

8 3/4% SERIES C SENIOR SUBORDINATED NOTE DUE 2003

CUSIP NO._____

No. _____ $_____

CANANDAIGUA WINE COMPANY, INC., a Delaware corporation (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or registered assigns, the principal sum of _____ United States dollars on December 15, 2003, at the office or agency of the Company referred to below, and to pay interest thereon from _____ __, 1996, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on June 15 and December 15, in each year, commencing December 15, 1996 at the rate of 8 3/4% per annum, in United States dollars, until the principal hereof is paid or duly provided for; provided that to the extent interest has not been paid or duly provided for with respect to the Series B Security exchanged for this Series C Security, interest on this Series C Security shall accrue from the most recent Interest Payment Date to which interest on the Series B Security which

was exchanged for this Series C Security has been paid or duly provided for. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months..

This Series C Security was issued pursuant to the Exchange Offer pursuant to which the 8 3/4% Series B Senior Subordinated Notes due 2003 (herein called the "Series B Securities") in like principal amount were exchanged for the Series C Securities. The Series C Securities rank pari passu in right of payment with the Series B Securities.

In addition, for any period in which the Series B Security exchanged for this Series C Security was outstanding, in the event that (i) the applicable Registration Statement is not filed with the Commission on or prior to 45 days after the Closing Date, (ii) the Exchange Offer Registration Statement or, as the case may be, the Shelf Registration Statement, is not declared effective within 105 days after the Closing Date, (iii) the Exchange Offer is not consummated on or prior to 135 days after the Closing Date, or (iv) the Shelf Registration Statement is filed and declared effective within 105 days after the Closing Date but shall thereafter cease to be effective (at any time that the Company and the Guarantors are obligated to maintain the effectiveness thereof) without being succeeded within 30 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), the Company will pay liquidated damages to each holder of Transfer Restricted Securities (as defined below) in an amount equal to $0.192 per week per $1,000 principal amount of the Securities constituting Transfer Restricted Securities held by such holder until (i) the applicable Registration Statement is filed, (ii) the Exchange Registration Statement is declared effective and the Exchange Offer is consummated, (iii) the Shelf Registration statement is declared effective or (iv) the Shelf Registration Statement again becomes effective, as the case may be. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease. "Transfer Restricted Securities" means each Class B Security until (i) the date on which such Class B Security has been exchanged for a freely transferable Class C Security in the Exchange Offer, (ii) the date on which such Class B Security has been effectively registered under the Securities Act and disposed

of in accordance with the Shelf Registration Statement or (iii) the date on which such Class B Security is distributed to the public pursuant to Rule 144 under the Securities Act or is salable pursuant to Rule 144(k) under the Securities Act. Notwithstanding anything to the contrary in this Section 3(a), the Company shall not be required to pay liquidated damages to the holder of Transfer Restricted Securities if such holder failed to comply with its obligations to the Company pursuant to the Registration Rights Agreement.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be June 1 or December

1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the interest rate borne by the Series C Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of, premium, if any, and interest on this Security will be made at the office or agency of the Company maintained for that purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, --------
however, that payment of interest may be made at the option of the Company, (i) - -------
in the case of a Global Security, by wire or book entry transfer to the Depository Trust Company or its nominee, or (ii) in all other cases, by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Security is entitled to the benefits of Guarantees by each of the Guarantors of the punctual payment when due of the Indenture Obligations made in favor of the Trustee for the benefit of the Holders. Reference is hereby made to Article Fourteen of the Indenture for a statement of the respective rights, limitations of rights, duties and obligations under the Guarantees of each of the Guarantors.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in the Indenture by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

Dated: CANANDAIGUA WINE COMPANY, INC.

By:_____

Attest:

- --------------------
Authorized Officer

Section 203. Form of Reverse of Securities.

(a) The form of the reverse of the Series B Securities shall be substantially as follows:

This Security is one of a duly authorized issue of Securities of the Company designated as its 8 3/4% Series B Senior Subordinated Notes due 2003 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to $65,000,000, issued under an indenture (herein called the "Indenture") dated as of October 29, 1996, among the Company, the Guarantors and Harris Trust and Savings Bank,

as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Guarantors, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Securities or (b) certain restrictive covenants and related Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Indebtedness evidenced by the Securities is, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the Indenture), whether Outstanding on the date of the Indenture or thereafter, and this Security is issued subject to such provisions. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee his attorney-in-fact for such purpose; provided, however, that, subject to Section 406 of the Indenture,
the Indebtedness evidenced by this Security shall cease to be so subordinate and subject in

right of payment upon any defeasance of this Security referred to in clause (a) or (b) of the preceding paragraph.

The Securities are subject to redemption at any time on or after December 15, 1998, at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' prior notice by first-class mail in amounts of $1,000 or an integral multiple of $1,000 at the following redemption prices (expressed as a percentage of the principal amount), redeemed during the 12-month period beginning December 15 of the years indicated below:

Year	Redemption Price
1998	104.375%
1999	102.917%
2000	101.458%

and thereafter at 100% of the principal amount, in each case, together with accrued and unpaid interest, if any, to the Redemption Date (subject to the right of Holders of record on Regular Record Dates to receive interest due on an Interest Payment Date). If less than all of the Securities are to be redeemed, the Trustee shall select the Securities or portions thereof to be redeemed pro rata, by lot or by any other method the Trustee shall deem fair and reasonable.

Notwithstanding the preceding paragraph, the Company will not be permitted to redeem the Original Securities unless, substantially concurrently with such redemption, the Company redeems an aggregate principal amount of Securities (rounded to the nearest integral multiple of $1,000) equal to the product of (a) a fraction, the numerator of which is the aggregate principal amount of Original Securities to be so redeemed and the denominator of which is the aggregate principal amount of Original Securities outstanding immediately prior to such proposed redemption, and (b) the aggregate principal amount of Securities outstanding immediately prior to such proposed redemption.

Upon the occurrence of a Change of Control, each Holder may require the Company to repurchase all or a portion of such Holder's Securities in an amount of $1,000 or integral multiples of $1,000, at a purchase price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase.

Under certain circumstances, in the event the Net Cash Proceeds received by the Company from any Asset Sale, which proceeds are not used to prepay Senior Indebtedness or invested in properties or assets used in the businesses of the Company or reasonably related thereto, exceeds a specified amount the Company will be required to

apply such proceeds to the repayment of the Securities and certain indebtedness ranking pari passu to the Securities.

In the case of any redemption or repurchase of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall

cease to bear interest from and after the date of redemption.

In the event of redemption or repurchase of this Security in accordance with the Indenture in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions (including certain amendments permitted without the consent of any Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Guarantors and the Holders under the Indenture and the Securities and the Guarantees at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and the Securities and the Guarantees and certain past Defaults under the Indenture and the Securities and the Guarantees and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, any Guarantor or any other obligor on the Securities (in the event such Guarantor or other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed, subject to the subordination provisions of the Indenture.

If this Series B Security is in certificated form, then as provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Company, upon surrender of this Security for registration of transfer at the office or agency of the Company maintained for such purpose in The City of New York or at such other office or agency of the Company as may be maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

If this Series B Security is a Restricted Security in certificated form, then as provided in the Indenture and subject to certain limitations therein set forth, the Holder, provided it is a Qualified Institutional Buyer, may exchange this Series B Security for a Book-Entry Security by instructing the Trustee (by completing the Transferee Certificate in the form in Appendix II) to arrange for such Series B Security to be represented by a beneficial interest in a Global Security in accordance with the customary procedures of the Depository, unless the Company has elected not to issue a Global Security.

If this Series B Security is a U.S. Global Security, it is exchangeable for a Series B Security in certificated form as provided in the Indenture and in accordance with the rules and procedures of the Trustee and the Depositary. In addition, certificated securities shall be transferred to all beneficial holders in exchange for their beneficial interests in the U.S. Global Securities if (x) the Depository notifies the Company that it is unwilling or unable to continue as depository for the U.S. Global Security and a successor depository is not appointed by the Company within 90 days or (y) there shall have occurred and be continuing an Event of Default and the Security Registrar has received a request from the Depositary. Upon any such issuance, the Trustee is required to register such certificated Series B Securities in the name of, and cause the same to be delivered to, such Person or Persons (or the nominee of any thereof). All such certificated Series B Securities would be required to include the Private Placement Legend.

The Series B Securities are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

At any time when the Company is not subject to Sections 13 or 15(d) of the Exchange Act, upon the written request of a Holder of a Series B Security, the Company will promptly furnish or cause to be furnished such information as

is specified pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto) to such Holder or to a prospective purchaser of such Series B Security who such Holder informs the Company is reasonably believed to be a "Qualified Institutional Buyer" within the

meaning of Rule 144A under the Securities Act, as the case may be, in order to permit compliance by such Holder with Rule 144A under the Securities Act.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to and at the time of due presentment of this Security for registration of transfer, the Company, any Guarantor, the Trustee and any agent of the Company, any Guarantor or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

All terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

[The Transfer Notice, in the form of Appendix I hereto, will be attached to the Series B Security.]

(b) The form of the reverse of the Series C Securities shall be substantially as follows:

This Security is one of a duly authorized issue of Securities of the Company designated as its 8 3/4% Series C Senior Subordinated Notes due 2003 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to $65,000,000, issued under an indenture (herein called the "Indenture") dated as of October 29, 1996, among the Company, the Guarantors and Harris Trust and Savings Bank, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Guarantors, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Securities or (b) certain restrictive covenants and related Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Indebtedness evidenced by the Securities is, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior

payment in full of all Senior Indebtedness (as defined in the Indenture), whether Outstanding on the date of the Indenture or thereafter, and this Security is issued subject to such provisions. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee his attorney-in-fact for such purpose; provided, however, that, subject to Section 406 of the Indenture, the
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Indebtedness evidenced by this Security shall cease to be so subordinate and subject in right of payment upon any defeasance of this Security referred to in clause (a) or (b) of the preceding paragraph.

The Securities are subject to redemption at any time on or after December 15, 1998, at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' prior notice by first-class mail in amounts of $1,000 or an integral multiple of $1,000 at the following redemption prices (expressed as a percentage of the principal amount), redeemed during the 12-month period beginning December 15 of the years indicated below:

Year	Redemption Price
1998	104.375%
1999	102.917%
2000	101.458%

and thereafter at 100% of the principal amount, in each case, together with accrued and unpaid interest, if any, to the Redemption Date (subject to the right of Holders of record on Regular Record Dates to receive interest due on an Interest Payment Date). If less than all of the Securities are to be redeemed, the Trustee shall select the Securities or portions thereof to be redeemed pro rata, by lot or by any other method the Trustee shall deem fair and reasonable.

Notwithstanding the preceding paragraph, the Company will not be permitted to redeem the Original Securities unless, substantially concurrently with such redemption, the Company redeems an aggregate principal amount of Securities (rounded to the nearest integral multiple of $1,000) equal to the product of (a) a fraction, the numerator of which is the aggregate principal amount of Original Securities to be so redeemed and the denominator of which is the aggregate principal amount of Original Securities outstanding immediately prior to such proposed redemption, and (b) the aggregate principal amount of Securities outstanding immediately prior to such proposed transaction.

Upon the occurrence of a Change of Control, each Holder may require the Company to repurchase all or a portion of such Holder's Securities in an amount of $1,000 or integral multiples of $1,000, at a purchase price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase.

Under certain circumstances, in the event the Net Cash Proceeds received by the Company from any Asset Sale, which proceeds are not used to prepay Senior Indebtedness or invested in properties or assets used in the businesses of the Company or reasonably related thereto, exceeds a specified amount the Company will be required to apply such proceeds to the repayment of the Securities and certain indebtedness ranking pari passu to the Securities.

In the case of any redemption or repurchase of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the date of redemption.

In the event of redemption or repurchase of this Security in accordance with the Indenture in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions (including certain amendments permitted without the consent of any Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Guarantors and the Holders under the Indenture and the Securities and the Guarantees at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and the Securities and the Guarantees and certain past Defaults under the Indenture and the Securities and the Guarantees and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer

hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, any Guarantor or any other obligor on the Securities (in the event such Guarantor or other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed, subject to the subordination provisions of the Indenture.

If this Series C Security is in certificated form, then as provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Series C Security is registrable on the Security Register of the Company, upon surrender of this Series C Security for registration of transfer at the office or agency of the Company maintained for such purpose in The City of New York or at such other office or agency of the Company as may be

maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Series C Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

If this Series C Security is a U.S. Global Security, it is exchangeable for a Series C Security in certificated form as provided in the Indenture and in accordance with the rules and procedures of the Trustee and the Depositary. In addition, certificated securities shall be transferred to all beneficial holders in exchange for their beneficial interests in the U.S. Global Security if (x) the Depository notifies the Company that it is unwilling or unable to continue as depository for the U.S. Global Security and a successor depository is not appointed by the Company within 90 days or (y) there shall have occurred and be continuing an Event of Default and the Security Registrar has received a request from the Depositary. Upon any such issuance, the Trustee is required to register such certificated Series C Securities in the name of, and cause the same to be delivered to, such Person or Persons (or the nominee of any thereof).

The Series C Securities in certificated form are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Series B Securities are exchangeable for a like aggregate principal amount of Securities of a differing authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to and at the time of due presentment of this Security for registration of transfer, the Company, any Guarantor, the Trustee and any agent of the Company, any Guarantor or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

All terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

[The Transfer Notice, in the form of Appendix II hereto, will be attached to the Series B Security.]

Section 204. Form of Trustee's Certificate of Authentication.

TRUSTEE'S CERTIFICATE OF AUTHENTICATION.

[Series B Securities]

This is one of the 8 3/4% Series B Senior Subordinated Notes due 2003 referred to in the within-mentioned Indenture.

As Trustee, Harris Trust and Savings Bank

By: _____
Authorized Officer

[Series C Securities]

This is one of the 8 3/4% Series C Senior Subordinated Notes due 2003 referred to in the within-mentioned Indenture.

As Trustee, Harris Trust and Savings Bank

By: _____
Authorized Officer

Section 205. Form of Guarantee of Each of the Guarantors.

The form of Guarantee shall be set forth on the Securities substantially as follows:

GUARANTEES

For value received, each of the undersigned hereby unconditionally guarantees, jointly and severally, to the holder of this Security the payment of principal of, premium, if any, and interest on this Security upon which these Guarantees are endorsed in the amounts and at the time when due and payable whether by declaration thereof, or otherwise, and interest on the overdue principal and interest, if any, of this Security, if lawful, and the payment or performance of all other obligations of the Company under the Indenture or the Securities, to the holder of this Security and the Trustee, all in accordance with and subject to the terms and limitations of this Security and Article Fourteen of the Indenture. These Guarantees will not become effective until the Trustee duly executes the certificate of authentication on this Security.

The Indebtedness evidenced by these Guarantees are, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Guarantor Indebtedness (as defined in the Indenture), whether Outstanding on the date of the Indenture or thereafter, and these Guarantees are issued subject to such provisions.

Dated:

BATAVIA WINE CELLARS, INC.

Attest: By

Authorized Officer

BISCEGLIA BROTHERS WINE CO.

Attest: By

Authorized Officer

CALIFORNIA PRODUCTS COMPANY

Attest: By

Authorized Officer

GUILD WINERIES & DISTILLERIES, INC.

Attest: By

Authorized Officer

TENNER BROTHERS, INC.

Attest: By

Authorized Officer

WIDMER'S WINE CELLARS, INC.

Attest: By

Authorized Officer

BARTON INCORPORATED

Attest: By

Authorized Officer

BARTON BRANDS, LTD.

Attest: By

Authorized Officer

BARTON BEERS, LTD.

Attest: By

Authorized Officer

BARTON BRANDS OF CALIFORNIA, INC.

Attest: By

Authorized Officer

BARTON BRANDS OF GEORGIA, INC.

Attest: By

Authorized Officer

BARTON DISTILLERS IMPORT CORP.

Attest: By

Authorized Officer

THE VIKING DISTILLERY, INC.

Attest: By

Authorized Officer

BARTON FINANCIAL CORPORATION

Attest: By

Authorized Officer

STEVENS POINT BEVERAGE CO.

Attest: By

Authorized Officer

MONARCH WINE COMPANY, LIMITED PARTNERSHIP

By: BARTON MANAGEMENT, INC., as corporate general partner

Attest: By

Authorized Officer

BARTON MANAGEMENT, INC.

Attest: By

Authorized Officer

VINTNERS INTERNATIONAL COMPANY, INC.

Attest: By

Authorized Officer

CANANDAIGUA WEST, INC.

Attest: By

Authorized Officer

ARTICLE THREE

THE SECURITIES

Section 301. Title and Terms.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is limited to $65,000,000 in principal amount of Series B Securities and $65,000,000 principal amount of Series C Securities, except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities pursuant to Section 303, 304, 305, 306, 307, 308, 906, 1013, 1016 or 1108.

The Series B Securities shall be known and designated as the "8 3/4% Series B Senior Subordinated Notes due 2003" of the Company. The Stated Maturity of the Series B Securities shall be December 15, 2003, and the Series B Securities shall each bear interest at the rate of 8 3/4% per annum, as such interest rate may be adjusted as set forth in the Series B Security, from October 29, 1996 or from the most recent Interest Payment Date to which interest has been paid, as the case may be, payable on December 15, 1996 and semi-annually thereafter on June 15 and December 15, in each year, until the principal thereof is paid or duly provided for. Interest on any overdue principal, interest (to the extent lawful) or premium, if any, shall be payable on demand.

The Series C Securities shall be known and designated as the "8 3/4% Series C Senior Subordinated Notes due 2003" of the Company. The Stated Maturity of the Series C Securities shall be December 15, 2003, and the Series C Securities shall each bear interest at the rate of 8 3/4% per annum, as such interest rate may be adjusted as set forth in the Series C Security, from their issuance date or from the most recent Interest Payment Date to which interest has been paid, as the case may be, payable on December 15, 1996 and semi-annually thereafter on June 15 and December 15, in each year, until the principal thereof is paid or duly provided for. Interest on any overdue principal, interest (to the extent lawful) or premium, if any, shall be payable on demand.

The principal of, premium, if any, and interest on the Securities shall be payable at the office or agency of the Company maintained for such purpose; provided, however, that at the option of the Company interest may be
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paid by check mailed to addresses of the Persons entitled thereto as such addresses shall appear on the Security Register.

For all purposes hereunder, the Series B Securities and the Series C Securities will be treated as one class and are together referred to as the "Securities." The Series B Securities rank pari passu in right of payment with the Series C Securities.

The Securities shall be redeemable as provided in Article Eleven and in the Securities.

At the election of the Company, the entire Indebtedness on the Securities or certain of the Company's obligations and covenants and certain Events of Default thereunder may be defeased as provided in Article Four.

The Securities shall be subordinated in right of payment to Senior Indebtedness as provided in Article Twelve.

Section 302. Denominations.

The Securities shall be issuable only in registered form without coupons and only in denominations of $1,000 and any integral multiple thereof.

Section 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by one of its Chairman of the Board, its President, its Chief Executive Officer, its Chief Operating Officer, its Chief Financial Officer or one of its Vice Presidents and attested by an authorized officer.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities executed by the Company to the Trustee with Guarantees endorsed thereon for authentication, together with a Company Order for the authentication and delivery of such Securities; and the Trustee in accordance with such Company Order shall authenticate and deliver such Securities as provided in this Indenture and not otherwise.

Each Security shall be dated the date of its authentication.

No Security or Guarantee endorsed thereon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

In case the Company or any Guarantor, pursuant to Article Eight, shall be consolidated, merged with or into any other Person or shall sell, assign,

convey, transfer or lease substantially all of its properties and assets to any Person, and the successor Person resulting from such consolidation or surviving such merger, or into which the

Company or such Guarantor shall have been merged, or the Person which shall have participated in the sale, assignment, conveyance, transfer or lease as aforesaid, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article Eight, any of the Securities authenticated or delivered prior to such consolidation, merger, sale, assignment, conveyance, transfer or lease may, from time to time, at the request of the successor Person, be exchanged for other Securities executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Securities surrendered for such exchange and of like principal amount; and the Trustee, upon Company Request of the successor Person, shall authenticate and deliver Securities as specified in such request for the purpose of such exchange. If Securities shall at any time be authenticated and delivered in any new name of a successor Person pursuant to this Section in exchange or substitution for or upon registration of transfer of any Securities, such successor Person, at the option of the Holders but without expense to them, shall provide for the exchange of all Securities at the time Outstanding for Securities authenticated and delivered in such new name.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate Securities on behalf of the Trustee. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Security Registrar or Paying Agent to deal with the Company and its Affiliates.

If an officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates such Security such Security shall be valid nevertheless.

Section 304. Temporary Securities.

Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 1002, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

Section 305. Registration, Registration of Transfer and Exchange.

The Company shall direct the Trustee to keep, so long as it is the Security Registrar, at the Corporate Trust Office of the Trustee, or such other office as the Trustee may designate, a register (the register maintained in such office or in any other office or agency designated pursuant to Section 1002 being herein sometimes referred to as the "Security Register") in which, subject to such reasonable regulations as the Security Registrar may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee shall initially be the "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security at the office or agency of the Company designated pursuant to Section 1002, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series of any authorized denomination or denominations, of a like aggregate principal amount.

Furthermore, any Holder of the U.S. Global Security shall, by acceptance of such Global Security, agree that transfers of beneficial interest in such Global Security may be effected only through a book-entry system maintained by the Holder of such Global Security (or its agent), and that ownership of a beneficial interest in the Security shall be required to be

reflected in a book entry.

At the option of the Holder, Securities may be exchanged for other Securities of any authorized denomination or denominations, of a like aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities of the same series which the Holder making the exchange is entitled to receive; provided that no exchange of Series B Securities for Series C Securities shall occur until an Exchange Offer Registration Statement shall have been declared effective by the Commission and that the Series B Securities exchanged for the Series C Securities shall be cancelled.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same Indebtedness, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer, or for exchange or redemption shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made to a Holder for any registration of transfer or exchange or redemption of Securities, but the Company may require payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charges that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 303, 304, 305, 306, 307, 308, 906, 1013, 1016 or 1108 not involving any transfer.

The Company shall not be required (a) to issue, register the transfer of or exchange any Security during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of the Securities selected for redemption under Section 1104 and ending at the close of business on the day of such mailing, or (b) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of Securities being redeemed in part.

Every Restricted Security shall be subject to the restrictions on transfer provided in the legend required to be set forth on the face of each Restricted Security pursuant to Section 202, and the restrictions set forth in this Section 305, and the Holder of each Restricted Security, by such Holder's acceptance thereof (or interest therein), agrees to be bound by such restrictions on transfer.

The restrictions imposed by this Section 305 upon the transferability of any particular Restricted Security shall cease and terminate on (a) the later of three years from their date of issuance or three years after the last date on which the Company or any Affiliate of the Company was the owner of such Restricted Security (or any predecessor of such Restricted Security) or (b) (if earlier) if and when such Restricted Security has been sold pursuant to an effective registration statement under the Securities Act or transferred pursuant to Rule 144 or Rule 904 under the Securities Act (or any successor provision), unless the Holder thereof is an affiliate of the Company within the meaning of Rule 144 (or such successor provisions). Any Restricted Security as to which such restrictions on transfer shall have expired in accordance with their terms or shall have terminated may, upon surrender of such Restricted Security for exchange to the Security Registrar in accordance with the provision of this Section 305 (accompanied, in the event that such restrictions on transfer have terminated pursuant to Rule 144 or Rule 904 (or any successor provision), by an Opinion of Counsel satisfactory to the Company and the Trustee, to the effect that the transfer of such Restricted Security has been made in compliance with Rule 144 or Rule 904 (or any such successor provision)), be exchanged for a new Security, of like tenor and aggregate principal amount, which shall not bear the Private Placement Legend. The Company shall inform the Trustee of the effective date of any Registration Statement registering the Securities under the Securities Act no later than two Business Days after such effective date.

Except as provided in the preceding paragraph, any Security authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, any U.S. Global Security, whether pursuant to this Section, Section 304, 308, 906 or 1108

or otherwise, shall also be a U.S. Global Security and bear the legend specified in Section 202.

Section 306. Book-Entry Provisions for U.S. Global Security.

(a) The U.S. Global Security initially shall (i) be registered in the

name of the Depositary for such Global Security or the nominee of such Depositary, (ii) be deposited with, or on behalf of, the Depositary or with the Trustee as custodian for such Depositary and (iii) bear legends as set forth in Section 202.

Members of, or participants in, the Depositary ("Agent Members") shall have no rights under this Indenture with respect to any U.S. Global Security held on their behalf by the Depositary, or the Trustee as its custodian, or under the U.S. Global Security, and the Depositary may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such U.S. Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or shall impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any Security.

(b) Transfers of the U.S. Global Security shall be limited to transfers of such U.S. Global Security in whole, but not in part, to the Depositary, its successors or their respective nominees. Interests of beneficial owners in the U.S. Global Security may be transferred in accordance with the rules and procedures of the Depositary and the provisions of Section 307. Beneficial owners may obtain U.S. Physical Securities in exchange for their beneficial interests in the U.S. Global Security upon request in accordance with the Depositary's and the Security Registrar's procedures. In connection with the execution, authentication and delivery of such Physical Securities, the Security Registrar shall reflect on its books and records a decrease in the principal amount of the relevant Global Security equal to the principal amount of such Physical Securities and the Company shall execute and the Trustee shall authenticate and deliver one or more Physical Securities having an equal aggregate principal amount. In addition, U.S. Physical Securities and Offshore Physical Securities shall be issued to all beneficial owners in exchange for their beneficial interests in the U.S. Global Security or the Offshore Global Security, respectively if (i) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for the U.S. Global Security or the Offshore Global Security and a successor Depositary is not appointed by the Company within 90 days of such notice or (ii) an Event of Default has occurred and is continuing and the Security Registrar has received a request from the Depositary.

(c) In connection with any transfer of a portion of the beneficial interest in the U.S. Global Security pursuant to subsection (b) of this Section to beneficial owners who are required to hold U.S. Physical Securities, the Security Registrar shall reflect on

its books and records the date and a decrease in the principal amount of the U.S. Global Security in an amount equal to the principal amount of the beneficial interest in the U.S. Global Security to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more U.S. Physical Securities of like tenor and amount.

(d) In connection with the transfer of the entire U.S. Global Security or Offshore Global Security to beneficial owners pursuant to subsection (b) of this Section, the U.S. Global Security or Offshore Global Security, as the case may be, shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by the Depositary in exchange for its beneficial owner identified by the Depositary in exchange for its beneficial interest in the U.S. Global Security or Offshore Global Security, as the case may be, an equal aggregate principal amount of U.S. Physical Securities or Offshore Physical Security, as the case may be, of authorized denominations.

(e) Any U.S. Physical Security delivered in exchange for an interest in U.S. Global Securities pursuant to subsection (c) or subsection (d) of this Section shall, except as otherwise provided by paragraph (a)(i)(x) and paragraph (f) of Section 307, bear the Private Placement Legend.

(f) The registered holder of the U.S. Global Security may grant proxies and otherwise authorize any person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

Section 307. Special Transfer Provisions.

Unless and until (i) an Initial Security is sold under an effective Registration Statement, or (ii) an Initial Security is exchanged for a Series C Security in connection with the Exchange Offer, in each case pursuant to the Registration Rights Agreement, the following provisions shall apply:

(a) Transfers to Non-QIB Institutional Accredited Investors. The
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following provisions shall apply with respect to the registration of any proposed transfer of an Initial Security to an institutional "accredited

investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) which is not a QIB (excluding Non-U.S. Persons):

(i) The Security Registrar shall register the transfer of any Initial Security whether or not such Initial Security bears the Private Placement Legend, if (x) the requested transfer is at least three years after the original issue date of the Initial Securities or (y) the proposed transferee has delivered to the Security Registrar a certificate substantially in the form of Exhibit C hereto.

(ii) If the proposed transferor is an Agent Member holding a beneficial interest in the U.S. Global Security, upon receipt by the Security Registrar of (x) the documents, if any, required by paragraph (i) and (y) instructions given in accordance with the Depositary's and the Security Registrar's procedures therefor, the Security Registrar shall reflect on its books and records the date and a decrease in the principal amount of the U.S. Global Security in an amount equal to the principal amount of the beneficial interest in the U.S. Global Security transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more U.S. Physical Certificates of like tenor and amount.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of an Initial Security to a QIB (excluding Non-U.S. Persons):

(i) If the Security to be transferred consists of U.S. Physical Securities, Temporary Offshore Physical Securities or Permanent Offshore Physical Securities, the Security Registrar shall register the transfer if such transfer is being made by a proposed transferor who has checked the box provided for on the form of Initial Security stating, or has otherwise advised the Company and the Security Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to the transferee who has signed the certification provided for on the form of Initial Security stating, or has otherwise advised the Company and the Security Registrar in writing, that it is purchasing the Initial Security for its own account or an account with respect to which it exercises sole investment discretion and that it, or the person on whose behalf it is acting with respect to any such account, is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A.

(ii) If the proposed transferee is an Agent Member, and the Initial Security to be transferred consists of U.S. Physical Securities, Temporary Offshore Physical Securities or Permanent Offshore Physical Securities, upon receipt by the Security Registrar of instructions given in accordance with the Depositary's and the Security Registrar's procedures therefor, the Security Registrar shall reflect on its books and records the date and an increase in the principal amount of the U.S. Global Security in an amount equal to the principal amount of the U.S. Physical Securities, Temporary

Offshore Physical Securities or Permanent Offshore Physical Securities, as the case may be, to be transferred, and the Trustee shall cancel the Physical Security so transferred.

(c) Transfers by Non-U.S. Persons on or Prior to December 8, 1996. The following provisions shall apply with respect to registration of any proposed transfer of an Initial Security by a Non-U.S. Person on or prior to December 8, 1996:

(i) The Security Registrar shall register the transfer of any Initial Security (x) if the proposed transferee is a Non-U.S. Person and the proposed transferor has delivered to the Security Registrar a certificate substantially in the form of Exhibit D hereto or (y) if the proposed transferee is a QIB and the proposed transferor has checked the box provided for on the form of Initial Security stating, or has otherwise advised the Company and the Security Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Initial Security stating, or has otherwise advised the Company and the Security Registrar in writing, that it is purchasing Initial Security for its own account or an account with respect to which it exercises sole investment discretion and that it, or the person on whose behalf it is acting with respect to any such

account, is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A. Unless clause (ii) below is applicable, the Company shall execute, and the Trustee shall authenticate and deliver, one or more Temporary Offshore Physical Securities of like tenor and amount.

(ii) If the proposed transferee is an Agent Member, upon receipt by the Security Registrar of instructions given in accordance with the Depositary's and the Security Registrar's procedures therefor, the Security Registrar shall reflect on its books and records the date and an increase in the principal amount at maturity of the U.S. Global Security in an amount equal to the principal amount of the Temporary Offshore Physical Security to be transferred, and the Trustee shall cancel the Temporary Offshore Physical Security if any so transferred.

(d) Transfers by Non-U.S. Persons on or After December 9, 1996. The following provisions shall apply with respect to any transfer of an Initial Security by a Non-U.S. Person on or after December 9, 1996:

(i)(x) If the Initial Security to be transferred is a Permanent Offshore Physical Security, the Security Registrar shall register such transfer, (y) if the Initial Security to be transferred is a Temporary Offshore Physical Security, upon receipt of a certificate substantially in the form of Exhibit B from the proposed transferor, the Security Registrar shall register such transfer and (z) in the case of either clause (x) or (y), unless clause (ii) below is applicable, the Company shall execute, and the Trustee shall authenticate and deliver, one or more Permanent Offshore Physical Securities of like tenor and amount.

(ii) If the proposed transferee is an Agent Member, upon receipt by the Security Registrar of instructions given in accordance with the Depositary's and the Security Registrar's procedures therefor, the Security Registrar shall reflect on its books and records the date and an increase in the principal amount of the U.S. Global Security in an amount equal to the principal amount of the Temporary Offshore Physical Security or Permanent Offshore Physical Security to be transferred, and the Trustee shall cancel the Physical Security so transferred.

(e) Transfers to Non-U.S. Persons at Any Time. The following provisions shall apply with respect to any transfer of an Initial Security to a Non-U.S. Person:

(i) Prior to December 9, 1996, the Security Registrar shall register any proposed transfer of an Initial Security to a Non-U.S. Person upon receipt of a certificate substantially in the form of Exhibit D hereto from the proposed transferor and the Company shall execute, and the Trustee shall authenticate and deliver, one or more Temporary Offshore Physical Securities of like tenor and amount.

(ii) On and after December 9, 1996, the Security Registrar shall register any proposed transfer to any Non-U.S. Person (w) if the Initial Security to be transferred is a Permanent Offshore Physical Security, (x) if the Initial Security to be transferred is a Temporary Offshore Physical Security, upon receipt of a certificate substantially in the form of Exhibit D from the proposed transferor, (y) if the Initial Security to be transferred is a U.S. Physical Security or an interest in the U.S. Global Security, upon receipt of a certificate substantially in the form of Exhibit D from the proposed transferor and (z) in the case of either clause (w), (x) or (y), the Company shall execute, and the Trustee shall authenticate and deliver, one or more Permanent Offshore Physical Securities of like tenor and amount.

(iii) If the proposed transferor is an Agent Member holding a beneficial interest in the U.S. Global Security, upon receipt by the Security

Registrar of (x) the document, if any, required by paragraph (i), and (y) instructions in accordance with the Depositary's and the Security Registrar's procedures therefor, the Security Registrar shall reflect on its books and records the date and a decrease in the principal amount of the U.S. Global Security in an amount equal to the principal amount of the beneficial interest in the U.S. Global Security to be transferred and the Company shall execute, and the Trustee shall

authenticate and deliver, one or more Permanent Offshore Physical Securities of like tenor and amount.

(f) Private Placement Legend. Upon the registration of transfer, exchange or replacement of Securities not bearing the Private Placement Legend, the Security Registrar shall deliver Securities that do not bear the Private Placement Legend. Upon the registration of transfer, exchange or replacement of Securities bearing the Private Placement Legend, the Security Registrar shall deliver only Securities that bear the Private Placement Legend unless either (i) the circumstances contemplated by paragraphs (a)(i)(x), (d)(i) or (e)(ii) of this Section 307 exist or (ii) there is delivered to the Security Registrar an Opinion of Counsel reasonably satisfactory to the Company and the Trustee to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(g) General. By its acceptance of any Security bearing the Private Placement Legend, each Holder of such a Security acknowledges the restrictions on transfer of such Security set forth in this Indenture and in the Private Placement Legend and agrees that it will transfer such Security only as provided in this Indenture.

The Security Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 306 or this Section 307. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Security Registrar.

Section 308. Mutilated, Destroyed, Lost and Stolen Securities.

If (a) any mutilated Security is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company, each Guarantor and the Trustee, such security or indemnity, in each case, as may be required by them to save each of them harmless, then, in the absence of notice to the Company, any Guarantor or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon a Company Request the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a replacement Security of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a replacement Security, pay such Security.

Upon the issuance of any replacement Securities under this Section, the Company may require the payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every replacement Security issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company and the Guarantors, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 309. Payment of Interest; Interest Rights Preserved.

Interest on any Security which is payable, and is punctually paid or duly provided for, on the Stated Maturity of such interest shall be paid to the Person in whose name the Security (or any Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest payment date.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on the Stated Maturity of such interest and interest on such defaulted interest at the then applicable interest rate borne by the Securities, to the extent lawful (such defaulted interest and interest thereon herein collectively called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the Regular Record Date; and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Subsection (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to

the Persons in whose names the Securities (or any relevant Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date (not less than 30 days after such notice) of the proposed payment (the "Special Payment Date"), and at the same time the Company shall deposit

with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the Special Payment Date, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Subsection provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the Special Payment Date and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company in writing of such Special Record Date. In the name and at the expense of the Company, the Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Payment Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection (b).

(b) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, if, after written notice given by the Company to the Trustee of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 310. CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and the Company, or the Trustee on behalf of the Company, shall use CUSIP numbers in notices of redemption or exchange as a convenience to Holders; provided, however, that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of redemption or exchange and that reliance may be placed only on the other identification numbers printed on the Securities; and provided further, however, that failure to use CUSIP numbers in any notice of redemption or exchange shall not affect the validity or sufficiency of such notice.

Section 311. Persons Deemed Owners.

The Company, any Guarantor, the Trustee and any agent of the Company, any Guarantor or the Trustee may treat the Person in whose name any Security is registered as the owner of such Security for the purpose of receiving payment of principal of, premium, if any, and (subject to Section 307) interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and neither the Company, any Guarantor, the Trustee nor any agent of the Company, any Guarantor or the Trustee shall be affected by notice to the contrary.

Section 312. Cancellation.

All Securities surrendered for payment, purchase, redemption, registration of transfer or exchange shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by it. The Company and any Guarantor may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company or such Guarantor may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be

authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be destroyed and certification of their destruction delivered to the Company unless by a Company Order the Company shall direct that the cancelled Securities be returned to it. The Trustee shall provide the Company a list of all Securities that have been cancelled from time to time as requested by the Company.

Section 313. Computation of Interest.

Interest on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE FOUR

DEFEASANCE AND COVENANT DEFEASANCE

Section 401. Company's Option to Effect Defeasance or Covenant Defeasance.

The Company may, at its option by Board Resolution, at any time, with respect to the Securities, elect to have either Section 402 or Section 403 be applied to all of the Outstanding Securities (the "Defeased Securities"), upon compliance with the conditions set forth below in this Article Four.

Section 402. Defeasance and Discharge.

Upon the Company's exercise under Section 401 of the option applicable to this Section 402, the Company, each of the Guarantors and any other obligor upon the Securities, if any, shall be deemed to have been discharged from its obligations with respect to the Defeased Securities on the date the conditions set forth in Section 404 below are satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means that the Company, each Guarantor and any other obligor upon the Securities shall be deemed to have paid and discharged the entire Indebtedness represented by the Defeased Securities, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 405 and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, and, upon Company Request, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of Defeased Securities to receive, solely from the trust fund described in Section 404 and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on such Securities when such payments are due, (b) the Company's obligations with respect to such Defeased Securities under Sections 304, 305, 308, 1002 and 1003, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder, including, without limitation, the Trustee's rights under Section 606, and (d) the defeasance provisions under this Article Four. Subject to compliance with this Article Four, the Company may exercise its option under this Section 402 notwithstanding the prior exercise of its option under Section 403 with respect to the Securities.

Section 403. Covenant Defeasance.

Upon the Company's exercise under Section 401 of the option applicable to this Section 403, the Company and each Guarantor shall be released from its obligations under any covenant or provision contained or referred to in Sections 1005 through 1019, inclusive, and the provisions of Article Twelve and Sections 1416 through 1429 shall not apply, with respect to the Defeased Securities on and after the date the conditions set forth in Section 404 below are satisfied (hereinafter, "covenant defeasance"), and the Defeased Securities shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenants and the provisions of Article Twelve and Sections 1416 through 1429, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to the Defeased Securities, the Company and each Guarantor may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or Article, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or Article or by reason of any reference in any such

Section or Article to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 501(c), (d) or (g), but, except as specified above, the remainder of this Indenture and such Defeased Securities shall be unaffected thereby.

Section 404. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to application of either Section 402 or Section 403 to the Defeased Securities:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 608 who shall agree to comply with the provisions of this Article Four applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (a) United States dollars in an amount, or (b) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms and with no further reinvestment will provide, not later than one day before the due date of any payment, money in an amount, or (c) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm expressed in a written certification thereof delivered to the Trustee, to pay and discharge and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge the principal of, premium, if any, and interest on the Defeased Securities on the Stated Maturity of such principal or installment of principal or interest (or on any date after December 15, 1998 (such date being referred to as the "Defeasance Redemption Date") if when exercising under Section 401 either its option applicable to Section 402 or its option applicable to Section 403, the Company shall have delivered to the Trustee an irrevocable notice to redeem all of the Outstanding Securities on the Defeasance Redemption Date); provided that the Trustee shall have been irrevocably instructed to apply
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such United States dollars or the proceeds of such U.S. Government Obligations to said payments with respect to the Securities; and provided, further, that the
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United States dollars or U.S. Government Obligations deposited shall not be subject to the rights of the holders of Senior Indebtedness and Senior Guarantor Indebtedness pursuant to the provisions of Article Twelve and Article Fourteen. For this purpose, "U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as
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required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment

of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

(2) In the case of an election under Section 402, the Company shall have delivered to the Trustee an Opinion of Independent Counsel in the United States stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Independent Counsel in the United States shall confirm that, the Holders of the Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(3) In the case of an election under Section 403, the Company shall have delivered to the Trustee an Opinion of Independent Counsel in the United States to the effect that the Holders of the Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(4) No Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as subsections 501(h) and (i) are concerned, at any time during the period ending on the 91st day after the date of deposit.

(5) Such defeasance or covenant defeasance shall not cause the Trustee for the Securities to have a conflicting interest with respect to any securities of the Company or any Guarantor.

(6) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company or any Guarantor is a party or by which it is bound.

(7) The Company shall have delivered to the Trustee an Opinion of Independent Counsel to the effect that (A) the trust funds will not be subject to any rights of holders of Senior Indebtedness or Senior Guarantor Indebtedness, including, without limitation, those arising under this Indenture and (B) after the 91st day following the

deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

(8) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Securities or any Guarantee over the other creditors of the Company or any Guarantor with the intent of defeating, hindering, delaying or defrauding creditors of the Company, any Guarantor or others.

(9) No event or condition shall exist that would prevent the Company from making payments of the principal of, premium, if any, and interest on the Securities on the date of such deposit or at any time ending on the 91st day after the date of such deposit.

(10) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to either the defeasance under Section 402 or the covenant defeasance under Section 403 (as the case may be) have been complied with as contemplated by this Section 404.

Opinions of Counsel required to be delivered under this Section may have qualifications customary for opinions of the type required and counsel delivering such Opinions of Counsel may rely on certificates of the Company or government or other officials customary for opinions of the type required, including certificates certifying as to matters of fact, including that various financial covenants have been complied with.

Section 405. Deposited Money and U.S. Government Obligations to Be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all United States dollars and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee--collectively for purposes of this Section 405, the "Trustee") pursuant to Section 404 in respect of the Defeased Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 404 or the principal and interest received in respect thereof other than

any such tax, fee or other charge which by law is for the account of the Holders of the Defeased Securities.

Anything in this Article Four to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any United States dollars or U.S. Government Obligations held by it as provided in Section 404 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect defeasance or covenant defeasance.

Section 406. Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or U.S. Government Obligations in accordance with Section 402 or 403, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and each Guarantor's obligations under this Indenture and the Securities, and the provisions of Articles Twelve and Fourteen hereof, shall be

revived and reinstated as though no deposit had occurred pursuant to Section 402 or 403, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such United States dollars or U.S. Government Obligations in accordance with Section 402 or 403, as the case may be; provided, however, that if the Company makes any payment to the Trustee or Paying Agent of principal, premium, if any, or interest on any Security following the reinstatement of its obligations, the Trustee or Paying Agent shall promptly pay any such amount to the Holders of the Securities and the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE FIVE

REMEDIES

Section 501. Events of Default.

"Event of Default", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be occasioned by the provisions of Article Twelve or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) there shall be a default in the payment of any interest on any Security when it becomes due and payable, and such default shall continue for a period of 30 days;

(b) there shall be a default in the payment of the principal of (or premium, if any, on) any Security at its Maturity (upon acceleration, optional or mandatory redemption, required repurchase or otherwise);

(c) (i) there shall be a default in the performance, or breach, of any covenant or agreement of the Company or any Guarantor under this Indenture (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clauses (a) or (b) or in clauses (ii), (iii) and (iv) of this clause (c)) and such default or breach shall continue for a period of 30 days after written notice has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Outstanding Securities, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; (ii) there shall be a default in the performance or breach of the provisions of Article Eight; (iii) the Company shall have failed to make or consummate an Offer in accordance with the provisions of Section 1013; or (iv) the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of Section 1016;

(d) one or more defaults shall have occurred under any agreements, indentures or instruments under which the Company, any Guarantor or any Subsidiary then has outstanding Indebtedness in excess of $10,000,000 in the aggregate and, if not already matured at its final maturity in accordance with its terms, such Indebtedness shall have been accelerated;

(e) any Guarantee shall for any reason cease to be, or be asserted in writing by any Guarantor or the Company not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated by this Indenture and any such Guarantee;

(f) one or more judgments, orders or decrees for the payment of money in excess of $5,000,000 either individually or in the aggregate (net of amounts covered by insurance, bond, surety or similar instrument), shall be entered against the Company, any Guarantor, any Subsidiary or any of their respective properties and shall not be discharged and either (a) any creditor shall have commenced an enforcement proceeding upon such judgment, order or decree or (b) there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(g) any holder or holders of at least $10,000,000 in aggregate principal amount of Indebtedness of the Company, any Guarantor or any Subsidiary after a default under such Indebtedness shall notify the Trustee of the intended sale or disposition of any assets of the Company, any Guarantor or any Subsidiary that have been pledged to or for the benefit of such holder or holders to secure such Indebtedness or shall commence proceedings, or take any action (including by way of set-off), to retain in satisfaction of

such Indebtedness or to collect on, seize, dispose of or apply in satisfaction of Indebtedness, assets of the Company, any Guarantor or any Subsidiary (including funds on deposit or held pursuant to lock-box and other similar arrangements);

(h) there shall have been the entry by a court of competent jurisdiction of (i) a decree or order for relief in respect of the Company, any Guarantor or any Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or (ii) a decree or order adjudging the Company, any Guarantor or any Subsidiary bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, any Guarantor or any Subsidiary under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company, any Guarantor or any Subsidiary or of any substantial part of their respective properties, or ordering the winding up or liquidation of their affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 consecutive days; or

(i) (i) the Company, any Guarantor or any Subsidiary commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent, (ii) the Company, any Guarantor or any Subsidiary consents to the entry of a decree or order for relief in respect of the Company, any Guarantor or such Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it, (iii) the Company, any Guarantor or any Subsidiary files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, (iv) the Company, any Guarantor or any Subsidiary (1) consents to the filing of such petition or the appointment of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company, any Guarantor or such Subsidiary or of any substantial part of their respective properties, (2) makes an assignment for the benefit of creditors or (3) admits in writing its inability to pay its debts generally as they become due, or (v) the Company, any Guarantor or any Subsidiary takes any corporate action in furtherance of any such actions in this paragraph (i).

The Company shall deliver to the Trustee within five days after the occurrence thereof, written notice, in the form of an Officers' Certificate, of any Default, its status and what action the Company is taking or proposes to take with respect thereto.

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Sections 501(h) and (i)) shall occur and be continuing, the Trustee or the Holders of not less than 25% in aggregate principal amount of the

Securities Outstanding may, and the Trustee at the request of the Holders of not less than 25% in aggregate principal amount of the Securities Outstanding shall, declare all unpaid principal of, premium, if any, and accrued interest on all the Securities to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders of the Securities); provided that so long as the Credit Agreement is in effect, such declaration shall not become effective until the earlier of (a) five Business Days after receipt of such notice of acceleration from the Holders or the Trustee by the agent under the Credit Agreement or (b) acceleration of the Indebtedness under the Credit Agreement. Thereupon such principal shall become immediately due and payable, and the Trustee may, at its discretion, proceed to protect and enforce the rights of the holders of Securities by appropriate judicial proceeding. If an Event of Default specified in clause (h) or (i) of Section 501 occurs relating to the Company, or any Subsidiary and is continuing, then all the Securities shall ipso facto become and be immediately due and payable, in an amount equal to the principal amount of the Securities, together with accrued and unpaid interest, if any, to the date the Securities become due and payable, without any declaration or other act on the part of the Trustee or any Holder. The Trustee or, if notice of acceleration is given by the Holders, the Holders shall give notice to the agent under the Credit Agreement of any such acceleration.

At any time after such declaration of acceleration has been made but before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of the Securities Outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(a) the Company has paid or deposited with the Trustee a sum sufficient to pay

(i) all sums paid or advanced by the Trustee under Section 606 and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,

(ii) all overdue interest on all Securities, and

(iii) to the extent that payment of such interest is lawful,

interest upon overdue interest at the rate borne by the Securities;

(b) all Events of Default, other than the non-payment of principal of the Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513; and

(c) the rescission will not conflict with any judgment or decree.

No such rescission shall affect any subsequent Default or impair any right consequent thereon.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company and each Guarantor covenant that if

(a) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(b) default is made in the payment of the principal of or premium, if any, on any Security at the Stated Maturity thereof,

the Company and each such Guarantor will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, subject to Articles Twelve and Fourteen, the whole amount then due and payable on such Securities for principal and premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest, at the rate borne by the Securities; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company or any Guarantor, as the case may be, fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any Guarantor or any other obligor upon the Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any Guarantor or any other obligor upon the Securities, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders under this Indenture or the Guarantees by such appropriate private or judicial proceedings as the Trustee shall deem most effectual to protect and enforce such rights, including, seeking recourse against any Guarantor pursuant to the terms of any Guarantee, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein or therein, or to enforce any other proper remedy, including, without limitation, seeking recourse against any Guarantor pursuant to the terms of a Guarantee, or to enforce any other proper remedy, subject however to Section 512.

Section 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor, including each Guarantor, upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, and premium, if any, and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(b) subject to Articles Twelve and Fourteen, to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, in any such judicial proceeding is hereby authorized by each

Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 606.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and may be a member of the creditors' committee.

Section 505. Trustee May Enforce Claims without Possession of Securities.

All rights of action and claims under this Indenture, the Securities or the Guarantees may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee

of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article or otherwise on behalf of the Holders or the Trustee pursuant to this Article or through any proceeding or any arrangement or restructuring in anticipation or in lieu of any proceeding contemplated by this Article shall be applied, subject to applicable law, in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal, premium, if any, or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 606;

SECOND: Subject to Articles Twelve and Fourteen, to the payment of the amounts then due and unpaid upon the Securities for principal, premium, if any, and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal, premium, if any, and interest; and

THIRD: Subject to Articles Twelve and Fourteen, the balance, if any, to the Person or Persons entitled thereto, including the Company, provided that all sums due and owing to the Holders and the Trustee have been paid in full as required by this Indenture.

Section 507. Limitation on Suits.

No Holder of any Securities shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Holders of not less than 25% in principal amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee an indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in

principal amount of the Outstanding Securities;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture or any Guarantee to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner provided in this Indenture or any Guarantee and for the equal and ratable benefit of all the Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, but subject to Articles Twelve and Fourteen, the Holder of any Security shall have the right based on the terms stated herein, which is absolute and unconditional, to receive payment of the principal of, premium, if any, and (subject to Section 307) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption or repurchase, on the Redemption Date or the repurchase date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder, subject to Articles Twelve and Fourteen.

Section 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture or the Guarantees and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Company, each of the Guarantors, any other obligor on the Securities, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise,

shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 512. Control by Holders.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, provided that

(a) such direction shall not be in conflict with any rule of law or with this Indenture or any Guarantee, expose the Trustee to personal liability, or be unduly prejudicial to Holders not joining therein; provided, however, that (subject to Section 602) the Trustee shall have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders; and

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 513. Waiver of Past Defaults.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities may on behalf of the Holders of all the Securities

waive any past Default hereunder and its consequences, except a Default

(a) in the payment of the principal of, premium, if any, or interest on any Security; or

(b) in respect of a covenant or a provision hereof which under Article Nine cannot be modified or amended without the consent of a higher percentage of the principal amount of the Outstanding Securities affected.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities, or to any suit instituted by any Holder for the enforcement of the payment of the principal of, premium, if any, or interest on any Security on or after the respective Stated Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

Section 515. Waiver of Stay, Extension or Usury Laws.

Each of the Company and the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company or any Guarantor from paying all or any portion of the principal of, premium, if any, or interest on the Securities contemplated herein or in the Securities or which may affect the covenants or the performance of this Indenture; and each of the Company and the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

Section 601. Notice of Defaults.

Within 30 days after the occurrence of any Default, the Trustee shall transmit by mail to all Holders, as their names and addresses appear in the Security Register, notice of such Default hereunder known to the Trustee, unless such Default shall have been cured or waived; provided, however, that, except in
the case of a Default in the payment of the principal of, premium, if any, or interest on any Security, the Trustee shall be protected in withholding such notice if and so long as a trust committee

of Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders.

Section 602. Certain Rights of Trustee.

Subject to the provisions of Trust Indenture Act Sections 315(a) through 315(d):

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of Indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) before the Trustee acts or refrains from acting, the Trustee may consult with counsel and any written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred therein or thereby in compliance with such request or direction;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture other than any liabilities arising out of the negligence of the Trustee;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, appraisal, bond, debenture, note, coupon, security or other paper or document unless requested in writing to do so by the Holders of not less than a majority in aggregate principal amount of the Securities then Outstanding; provided that, --------
if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to proceeding; the reasonable

expenses of every such investigation shall be paid by the Company or, if paid by the Trustee or any predecessor Trustee, shall be repaid by the Company upon demand; provided, further, the Trustee in its discretion may make such further inquiry or investigation into such facts or matters as it may deem fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(h) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(i) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers;

(j) the Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder; and

(k) except for (i) a default under Section 501(a) or (b) hereof, or (ii) any other event of which the Trustee has "actual knowledge" and which event, with the giving of notice or the passage of time or both, would constitute an Event of Default under this Indenture, the Trustee shall not be deemed to have notice of any default or Event of Default unless specifically notified in writing of such event by the Company or the Holders of not less than 25% in aggregate principal amount of the Securities then outstanding; as used herein, the term "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto.

Section 603. Trustee Not Responsible for Recitals, Dispositions of
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Securities or Application of Proceeds Thereof.
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The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the

Securities and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Company are true and accurate subject to the qualifications set forth

therein. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

Section 604. Trustee and Agents May Hold Securities; Collections; etc.

The Trustee, any Paying Agent, Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities, with the same rights it would have if it were not the Trustee, Paying Agent, Security Registrar or such other agent and, subject to Trust Indenture Act Sections 310 and 311, may otherwise deal with the Company and receive, collect, hold and retain collections from the Company with the same rights it would have if it were not the Trustee, Paying Agent, Security Registrar or such other agent.

Section 605. Money Held in Trust.

All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law. Except for funds or securities deposited with the Trustee pursuant to Article Four, the Trustee may invest all moneys received by the Trustee, until used or applied as herein provided, in Temporary Cash Investments in accordance with the directions of the Company.

Section 606. Compensation and Indemnification of Trustee and Its Prior Claim.

The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and the Company covenants and agrees to pay or reimburse the Trustee and each predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred (including the costs of collection) or made by or on behalf of the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Company also covenants and agrees to indemnify the Trustee and each predecessor Trustee for, and to hold it harmless against, any loss, liability, tax, assessment or other governmental charge (other than taxes applicable to the Trustee's compensation hereunder) or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder, including enforcement of this Section 606 and also including any liability which the Trustee may incur as a result of failure to withhold, pay or report any tax, assessment or other governmental charge, and

the costs and expenses of defending itself against or investigating any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligations of the Company under this Section to compensate and indemnify the Trustee and each predecessor Trustee and to pay or reimburse the Trustee and each predecessor Trustee for expenses, disbursements and advances shall constitute an additional obligation hereunder and shall survive the satisfaction and discharge of this Indenture. When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Article Five hereof, the expenses (including reasonable fees and expenses of its counsel) and the compensation for the services in connection therewith are intended to constitute expense of administration under any applicable bankruptcy law.

As security for the performance of the obligations of the Company under this Section, the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, excluding any property or funds which are held in trust for the holders of Senior Indebtedness and except funds held in trust for the payment of principal of, premium, if any, or interest on particular Securities. The obligations of the Company under this Section shall not be subordinated to the payment of Senior Indebtedness pursuant to Article Twelve.

Section 607. Conflicting Interests.

The Trustee shall comply with the provisions of Section 310(b) of the

Trust Indenture Act.

Section 608. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be eligible to act as trustee under Trust Indenture Act Section 310(a)(1) and which shall have a combined capital and surplus of at least $100,000,000, to the extent there is an institution eligible and willing to serve. If the Trustee does not have an office in The City of New York, the Trustee may appoint an agent in The City of New York reasonably acceptable to the Company to conduct any activities which the Trustee may be required under this Indenture to conduct in The City of New York. If the Trustee does not have an office in The City of New York or has not appointed an agent in The City of New York, the Trustee shall be a participant in The Depository Trust Company and FAS distribution systems. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 609. Resignation and Removal; Appointment of Successor Trustee.

(a) No resignation or removal of the Trustee and no appointment of a successor trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor trustee under Section 610.

(b) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign by giving written notice thereof to the Company. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument executed by authority of the Board of Directors of the Company, a copy of which shall be delivered to the resigning Trustee and a copy to the successor trustee. If an instrument of acceptance by a successor trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may, or any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor trustee.

(c) The Trustee may be removed at any time by an Act of the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of Trust Indenture Act Section 310(b) after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 608 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any case, (i) the Company by a Board Resolution may remove the Trustee, or (ii) subject to Section 514, the Holder of any Security who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if

any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor trustee. If, within one year after such resignation, removal or incapability, or the

occurrence of such vacancy, a successor trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the Company and the retiring Trustee. Such successor trustee so appointed shall forthwith upon its acceptance of such appointment become the successor trustee and supersede the successor trustee appointed by the Company. If no successor trustee shall have been so appointed by the Company or the Holders of the Securities and accepted appointment in the manner hereinafter provided, the Holder of any Security who has been a bona fide Holder for at least six months may, subject to Section 514, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Securities as their names and addresses appear in the Security Register. Each notice shall include the name of the successor trustee and the address of its Corporate Trust Office and any agent hereunder.

Section 610. Acceptance of Appointment by Successor.

Every successor trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee as if originally named as Trustee hereunder; but, nevertheless, on the written request of the Company or the successor trustee, upon payment of its charges then unpaid, such retiring Trustee shall, pay over to the successor trustee all moneys at the time held by it hereunder and shall execute and deliver an instrument transferring to such successor trustee all such rights, powers, duties and obligations. Upon request of any such successor trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any Trustee ceasing to act shall, nevertheless, retain a prior lien upon all property or funds held or collected by such Trustee or such successor trustee to secure any amounts then due such Trustee pursuant to the provisions of Section 606.

No successor trustee with respect to the Securities shall accept appointment as provided in this Section 610 unless at the time of such acceptance such successor trustee shall be eligible to act as trustee under the provisions of Trust Indenture Act

Section 310(a) and this Article Sixth and shall have a combined capital and surplus of at least $100,000,000 and have a Corporate Trust Office or an agent selected in accordance with Section 608.

Upon acceptance of appointment by any successor trustee as provided in this Section 610, the Company shall give notice thereof to the Holders of the Securities, by mailing such notice to such Holders at their addresses as they shall appear on the Security Register. If the acceptance of appointment is substantially contemporaneous with the resignation, then the notice called for by the preceding sentence may be combined with the notice called for by Section 609. If the Company fails to give such notice within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be given at the expense of the Company.

Section 611. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be eligible under Trust Indenture Act Section 310(a) and this Article Sixth and shall have a combined capital and surplus of at least $100,000,000 and have a Corporate Trust Office or an agent selected in accordance with Section 608 without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver such Securities so authenticated; and, in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor trustee; and in all such cases such certificate shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have; provided that the right to adopt

the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, amalgamation, conversion or consolidation.

Section 612. Preferential Collection of Claims Against Company.

If and when the Trustee shall be or become a creditor of the Company (or other obligor under the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such

other obligor). A Trustee who has resigned or been removed shall be subject to the Trust Indenture Act Section 311(a) to the extent indicated therein.

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

Section 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(a) semi-annually, not more than 15 days after each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Regular Record Date; and

(b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

provided, however, that if and so long as the Trustee shall be the Security Registrar, no such list need be furnished.

Section 702. Disclosure of Names and Addresses of Holders.

Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders in accordance with Trust Indenture Act Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Trust Indenture Act Section 312.

Section 703. Reports by Trustee.

Within 60 days after May 15 of each year commencing with the first May 15 after the first issuance of Securities, the Trustee shall transmit by mail to all Holders, as their names and addresses appear in the Security Register, as provided in Trust Indenture Act Section 313(c), a brief report dated as of such May 15 in accordance with and to the extent required by Trust Indenture Act Section 313(a).

Section 704. Reports by Company and Guarantors.

The Company, and any Guarantor shall:

(a) file with the Trustee, within 30 days after the Company or any Guarantor, as the case may be, is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company or any Guarantor may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company, or any Guarantor, as the case may be, is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company or any Guarantor, as the case may be, with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(c) transmit or cause to be transmitted by mail to all Holders, as their names and addresses appear in the Security Register, within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in Trust Indenture Act Section 313(c), such summaries of any information, documents and reports required to be filed by the Company or any Guarantor, as the case may be, pursuant to Subsections (a) and (b) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

Section 801. Company or Any Guarantor May Consolidate, etc., Only on Certain Terms.

(a) The Company shall not, in a single transaction or through a series of related transactions, consolidate with or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets as an entirety to any Person or group of affiliated Persons, or permit any of its Subsidiaries to enter into any such transaction or transactions if such transaction or transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposal of all or substantially all of the properties and assets of the Company and

its Subsidiaries on a Consolidated basis to any other Person or group of affiliated Persons, unless at the time and after giving effect thereto:

(i) either (a) the Company shall be the continuing corporation, or (b) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company and its Subsidiaries on a Consolidated basis (the "Surviving Entity") shall be a corporation duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person assumes, by a supplemental indenture in a form reasonably satisfactory to the Trustee, all the obligations of the Company under the Securities and this Indenture, and this Indenture shall remain in full force and effect;

(ii) immediately before and immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a pro forma basis, the Consolidated Net Worth of the Company (or the Surviving Entity if the Company is not the continuing obligor under this Indenture) is equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(iv) immediately before and immediately after giving effect to such transaction on a pro forma basis (on the assumption that the transaction occurred on the first day of the four-quarter period immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction being included in such pro forma calculation), the Company (or the Surviving Entity if the Company is not the continuing obligor under this Indenture) could incur $1.00 of additional Indebtedness under Section 1008 (other than Permitted Indebtedness);

(v) each Guarantor, if any, unless it is the other party to the transactions described above, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under this Indenture and the Securities;

(vi) if any of the property or assets of the Company or any of its Subsidiaries would thereupon become subject to any Lien, the provisions of Section 1012 are complied with; and

(vii) the Company or the Surviving Entity shall have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, lease or other transaction and the supplemental indenture in respect thereto comply with this Indenture and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) Each Guarantor shall not, and the Company will not permit a Guarantor to, in a single transaction or through a series of related transactions merge or consolidate with or into any other corporation (other than the Company or any other Guarantor) or other entity, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets on a Consolidated basis to any entity (other than the Company or any other Guarantor) unless at the time and after giving effect thereto:

(i) either (1) such Guarantor shall be the continuing corporation or partnership or (2) the entity (if other than such Guarantor) formed by such consolidation or into which such Guarantor is merged or the entity which acquires by sale, assignment, conveyance, transfer, lease or disposition the properties and assets of such Guarantor shall be a corporation duly organized and validly existing under the laws of the United States, any state thereof or the District of Columbia and shall expressly assume by an indenture supplemental hereto, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of such Guarantor under its Guarantee and this Indenture;

(ii) immediately before and immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(iii) such Guarantor shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee, each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or disposition and such supplemental indenture comply with this Indenture, and thereafter all obligations of the predecessor shall terminate.

The provisions of this Section 801(b) shall not apply to any transaction (including any Asset Sale made in accordance with Section 1013) with respect to any Guarantor if the Guarantee of such Guarantor is released in connection with such transaction in accordance with Section 1014(c) and Section 1414.

Section 802. Successor Substituted.

Upon any consolidation or merger, or any sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company or any Guarantor in accordance with Section 801, the successor Person formed by such consolidation or into which the Company or such Guarantor, as the case may be, is merged or the successor Person to which such sale, assignment, conveyance, transfer, lease or disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or such Guarantor, as the case may be, under this Indenture in the Securities and/or the Guarantees, as the case may be, with the same effect as if such successor had been named as the Company or such Guarantor, as the case may be, herein in the Securities and/or in the Guarantees, as the case may be. When a successor assumes all the obligations of its predecessor under this Indenture, the Securities or a Guarantee, as the case may be, the predecessor shall be released from those obligations; provided that in the case of a transfer by lease, the predecessor shall not be released from the payment of principal and interest on the Securities or a Guarantee, as the case may be.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures and Agreements without Consent of Holders.

Without the consent of any Holders, the Company and the Guarantors, if any, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto or agreements or other instruments with respect to any Guarantee, in form and substance satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company, any

Guarantor or any other obligor upon the Securities, and the assumption by any such successor of the covenants of the Company or such Guarantor or obligor herein and in the Securities and in any Guarantee;

(b) to add to the covenants of the Company, any Guarantor or any other obligor upon the Securities for the benefit of the Holders, or to surrender any right or power herein conferred upon the Company, any Guarantor or any other obligor upon the Securities, as applicable, herein, in the Securities or in any Guarantee;

(c) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, in the Securities or in any Guarantee, or to make any other provisions with respect to matters or questions

arising under this Indenture, the Securities or any Guarantee; provided that, in each case, such provisions shall not adversely affect the interests of the Holders;

(d) to comply with the requirements of the Commission in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act, as contemplated by Section 905 or otherwise;

(e) to add a Guarantor pursuant to the requirements of Section 1014;

(f) to evidence and provide the acceptance of the appointment of a successor trustee hereunder; or

(g) to mortgage, pledge, hypothecate or grant a security interest in favor of the Trustee for the benefit of the Holders as additional security for the payment and performance of the Indenture Obligations, in any property or assets, including any which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Trustee pursuant to this Indenture or otherwise.

Section 902. Supplemental Indentures and Agreements with Consent of Holders.

With the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities, by Act of said Holders delivered to the Company, each Guarantor, if any, and the Trustee, the Company and each Guarantor (if a party thereto) when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto or agreements or other instruments with respect to any Guarantee in form and substance satisfactory to the Trustee, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture, the Securities or any Guarantee; provided, however, that no such supplemental indenture, agreement or instrument shall, without the consent of the Holder of each Outstanding Security affected thereby:

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date);

(b) amend, change or modify the obligation of the Company to make and consummate an Offer with respect to any Asset Sale or Asset Sales in accordance with Section 1013 or the obligation of the Company to make and consummate a Change

of Control Offer in the event of a Change of Control in accordance with Section 1016, including amending, changing or modifying any definitions with respect thereto;

(c) reduce the percentage in principal amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver or compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture or with respect to any Guarantee;

(d) modify any of the provisions of this Section or Sections 513 or 1021, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Security affected thereby;

(e) except as otherwise permitted under Article Eight, consent to the assignment or transfer by the Company or any Guarantor of any of its rights and obligations under this Indenture; or

(f) amend or modify any of the provisions of this Indenture relating to the subordination of the Securities or any Guarantee in any manner adverse to the Holders of the Securities or any Guarantee.

Upon the written request of the Company and each Guarantor, if any, accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture or Guarantee, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company and each Guarantor in the execution of such supplemental indenture or Guarantee.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture or Guarantee or agreement or instrument relating to any Guarantee, but it shall be sufficient if such Act shall approve the substance thereof.

Section 903. Execution of Supplemental Indentures and Agreements.

In executing, or accepting the additional trusts created by, any supplemental indenture, agreement or instrument permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Trust Indenture Act Section 315(a) through 315(d) and Section 602 hereof) shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate stating that the execution of such supplemental indenture, agreement or instrument is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture, agreement or instrument which affects the Trustee's own rights, duties or immunities under this Indenture, any Guarantee or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to the Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 906. Reference in Securities to Supplemental Indentures.

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and each Guarantor and authenticated and delivered by the Trustee in exchange for Outstanding Securities.

Section 907. Effect on Senior Indebtedness.

No supplemental indenture shall adversely affect the rights under Articles Twelve and Fourteen, or any definitions or provisions related thereto, or the Guarantees of any holder of Senior Indebtedness or Senior Guarantor Indebtedness unless the requisite holders of each issue of Senior Indebtedness or Senior Guarantor Indebtedness affected thereby shall have consented to such supplemental indenture.

ARTICLE TEN

COVENANTS

Section 1001. Payment of Principal, Premium and Interest.

Subject to the provisions of Articles Twelve and Fourteen, the Company will duly and punctually pay the principal of, premium, if any, and interest on the Securities in accordance with the terms of the Securities and this Indenture.

Section 1002. Maintenance of Office or Agency.

The Company will maintain an office or agency where Securities may be presented or surrendered for payment. The Company also will maintain in The City of New York an office or agency where Securities may be surrendered for registration of

transfer, redemption or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location and any change in the location of any such offices or agencies. If at any time the Company shall fail to maintain any such required offices or agencies or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the office of the agent of the Trustee described above and the Company hereby appoints such agent as its agent to receive all such presentations, surrenders, notices and demands.

The Company may from time to time designate one or more other offices or agencies (in or outside of The City of New York) where the Securities may be presented or surrendered for any or all such purposes, and may from time to time rescind such designation. The Company will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such office or agency.

Section 1003. Money for Security Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of, premium, if any, or interest on any of the Securities, segregate and hold in trust for the benefit of the Holders entitled thereto a sum sufficient to pay the principal, premium, if any, or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

If the Company is not acting as Paying Agent, the Company will, on or before each due date of the principal of, premium, if any, or interest on, any Securities, deposit with a Paying Agent a sum in same day funds sufficient to pay the principal, premium, if any, or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of such action or any failure so to act.

If the Company is not acting as Paying Agent, the Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(a) hold all sums held by it for the payment of the principal of, premium, if any, or interest on Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(b) give the Trustee notice of any Default by the Company or any Guarantor (or any other obligor upon the Securities) in the making of any payment of principal, premium, if any, or interest;

(c) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent; and

(d) acknowledge, accept and agree to comply in all aspects with the provisions of this Indenture relating to the duties, rights and disabilities of such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Security and remaining unclaimed for two years after such principal and premium, if any, or interest has become due and payable shall promptly be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with

respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), and mail to each such Holder, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification, publication and mailing, any unclaimed balance of such money then remaining will promptly be repaid to the Company.

Section 1004. Corporate Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect the corporate existence and related rights and franchises (charter and statutory) of the Company and each Subsidiary; provided, however, that the Company shall not be required to preserve any such right or franchise or the corporate existence of any such Subsidiary if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries as a whole and that the loss thereof would not reasonably be expected to have a material adverse effect on the ability of the Company to perform its obligations hereunder; and provided, further, however, that

the foregoing shall not prohibit a sale, transfer or conveyance of a Subsidiary or any of its assets in compliance with the terms of this Indenture.

Section 1005. Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, on or before the date the same shall become due and payable, (a) all taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary shown to be due on any return of the Company or any Subsidiary or otherwise assessed or upon the income, profits or property of the Company or any Subsidiary if failure to pay or discharge the same could reasonably be expected to have a material adverse effect on the ability of the Company or any Guarantor to perform its obligations hereunder and (b) all lawful claims for labor, materials and supplies, which, if unpaid, would by law become a Lien upon the property of the Company or any Subsidiary, except for any Lien permitted to be incurred under Section 1012 if failure to pay or discharge the same could reasonably be expected to have a material adverse effect on the ability of the Company or any Guarantor to perform its obligations hereunder; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings properly instituted and diligently conducted and in respect of which appropriate reserves (in the good faith judgment of management of the Company) are being maintained in accordance with GAAP consistently applied.

Section 1006. Maintenance of Properties.

The Company will cause all material properties owned by the Company or any Subsidiary or used or held for use in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be consistent with sound business practice and necessary so that the business carried on in connection therewith may be properly conducted at all times; provided, however, that nothing in this Section shall prevent the Company from discontinuing the maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary and not reasonably expected to have a material adverse effect on the ability of the Company to perform its obligations hereunder.

Section 1007. Insurance.

The Company will at all times keep all of its and its Subsidiaries' properties which are of an insurable nature insured with insurers, believed by the Company to be

responsible, against loss or damage to the extent that property of similar character is usually so insured by corporations similarly situated and owning like properties.

Section 1008. Limitation on Indebtedness.

(a) The Company will not, and will not permit any of its Subsidiaries to, create, issue, assume, guarantee, or otherwise in any manner become directly or indirectly liable for or with respect to or otherwise incur (collectively, "incur") any Indebtedness (including any Acquired Indebtedness), except that the Company and any Guarantor may incur Indebtedness (including any Acquired Indebtedness) and any Subsidiary that is not a Guarantor may incur Acquired Indebtedness if, in each case, the Consolidated Fixed Charge Coverage Ratio for the Company for the four full fiscal quarters immediately preceding the incurrence of such Indebtedness taken as one period (and after giving pro forma effect to (i) the incurrence of such Indebtedness and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, at the beginning of such four-quarter period; (ii) the incurrence, repayment or retirement of any other Indebtedness by the Company and its Subsidiaries since the first day of such four-quarter period as if such Indebtedness was incurred, repaid or retired at the beginning of such four-quarter period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during such four-quarter period); (iii) in the case of Acquired Indebtedness, the related acquisition as if such acquisition occurred at the beginning of such four-quarter period; and (iv) any acquisition or disposition by the Company and its Subsidiaries of any company or any business or any assets out of the ordinary course of business, whether by merger, stock purchase or sale or asset purchase or sale, as if such acquisition or disposition occurred at the beginning of such four-quarter period or any related repayment of Indebtedness, in each case since the first day of such four-quarter period, assuming such acquisition or disposition had been consummated on the first day of such four-quarter period) is at least equal to 2.25:1.00.

(b) The foregoing limitation will not apply to the incurrence of any of the following (collectively "Permitted Indebtedness"):

(i) Indebtedness of the Company and any Subsidiary under the Credit Agreement in an aggregate principal amount at any one time outstanding not to exceed (x) $50,000,000 under any term loans made pursuant thereto, minus all principal payments made in respect of any term loans, (y) $100,000,000 under any revolving credit facility thereunder and (z) $28,200,000 of "Letter of Credit Liabilities" (as defined in the Credit Agreement as in effect on the date of the Original Indenture) in respect to the Barton Letter of Credit, less any reduction on such "Letter of Credit Liabilities" (whether through payments or reductions of the face amount of the Barton Letter of Credit);

(ii) Indebtedness of the Company pursuant to the Securities and Indebtedness of any Guarantor pursuant to a Guarantee;

(iii) Indebtedness of the Company or any Subsidiary outstanding on the date of this Indenture and listed on Schedule I hereto;

(iv) Indebtedness of the Company owing to a Subsidiary; provided that any Indebtedness of the Company owing to a Subsidiary that is not a Guarantor is made pursuant to an intercompany note in the form attached to this Indenture as Exhibit A and is subordinated in right of payment from and after such time as the Securities shall become due and payable (whether at Stated Maturity, acceleration or otherwise) to the payment and performance of the Company's obligations under the Securities; provided further that any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to a Subsidiary or a pledge to or for the benefit of the lenders under the Credit Agreement) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (iv);

(v) Indebtedness of a Wholly Owned Subsidiary owing to the Company or another Wholly Owned Subsidiary; provided that, with respect to Indebtedness owing to a Wholly Owned Subsidiary that is not a Guarantor, (x) any such Indebtedness is made pursuant to an intercompany note in the form attached to this Indenture as Exhibit A and (y) any such Indebtedness shall be subordinated in right of payment from and after such time as the obligations under the Guarantee by such Wholly Owned Subsidiary shall become due and payable to the payment and performance of such Wholly Owned Subsidiary's obligations under its Guarantee; provided further that (a) any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to the Company or a Wholly Owned Subsidiary or a pledge to or for the benefit of the lenders under the Credit Agreement) shall be deemed to be an incurrence of

such Indebtedness by the obligor not permitted by this clause (v), and (b) any transaction pursuant to which any Wholly Owned Subsidiary, which has Indebtedness owing to the Company or any other Wholly Owned Subsidiary, ceases to be a Wholly Owned Subsidiary shall be deemed to be the incurrence of Indebtedness by such Wholly Owned Subsidiary that is not permitted by this clause (v);

(vi) guarantees of any Subsidiary made in accordance with the provisions of Section 1014 of this Indenture;

(vii) obligations of the Company entered into in the ordinary course of business pursuant to Interest Rate Agreements designed to protect the Company or any Subsidiary against fluctuations in interest rates in respect of Indebtedness of the Company or any of its Subsidiaries, as long as such obligations at the time incurred do not exceed the aggregate principal amount of such Indebtedness then outstanding or in good faith anticipated to be outstanding within 90 days of such incurrence;

(viii) any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a "refinancing") of any Indebtedness described in clauses (ii) and (iii) of this definition of "Permitted Indebtedness," including any successive refinancings so long as the aggregate principal amount of Indebtedness represented thereby is not increased by such refinancing plus the lesser of (I) the stated amount of any premium, interest or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium, interest or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing and, in the case of Pari Passu Indebtedness or Subordinated Indebtedness, such refinancing does not reduce the Average Life to Stated Maturity or the Stated Maturity of such Indebtedness; and

(ix) Indebtedness, in addition to that described in clauses (i) through (viii) of this definition of "Permitted Indebtedness," and any renewals, extensions, substitutions, refinancings or replacements of such Indebtedness, not to exceed $25,000,000 outstanding at any one time in the aggregate.

Section 1009. Limitation on Restricted Payments.

(a) The Company will not, and will not permit any Subsidiary to, directly or indirectly:

(i) declare or pay any dividend on, or make any distribution to holders of, any shares of the Company's Capital Stock (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire such Qualified Capital Stock);

(ii) purchase, redeem or otherwise acquire or retire for value, directly or indirectly, any shares of the Capital Stock of the Company or any Affiliate thereof (other than any Wholly Owned Subsidiary of the Company) or options, warrants or other rights to acquire such Capital Stock;

(iii) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund or maturity, any Pari Passu Indebtedness or Subordinated Indebtedness;

(iv) declare or pay any dividend or distribution on any Capital Stock of any Subsidiary to any Person (other than the Company or any of its Wholly Owned Subsidiaries) or purchase, redeem or otherwise acquire or retire for value any Capital Stock of any Subsidiary held by any Person (other than the Company or any of its Wholly Owned Subsidiaries);

(v) incur, create or assume any guarantee of Indebtedness of any Affiliate (other than a Wholly Owned Subsidiary of the Company); or

(vi) make any Investment in any Person (other than any Permitted Investments);

(any of the foregoing payments described in clauses (i) through (vi), other than any such action that is a Permitted Payment, collectively, "Restricted Payments") unless after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than cash, as determined by the Board of Directors of the Company, whose determination shall be conclusive and evidenced by a Board Resolution), (1) no Default or Event of Default shall have occurred and be continuing and such Restricted Payment shall not be an event which is, or after notice or lapse of time or both, would be, an "event of default" under the terms of any Indebtedness of the Company or its Subsidiaries; (2) immediately before and immediately after giving effect to such transaction

on a pro forma basis, the Company could incur $1.00 of additional Indebtedness
(other than Permitted Indebtedness) under the provisions contained in Section 1008; and (3) the aggregate amount of all such Restricted Payments declared or made after the date of the Original Indenture does not exceed the sum of:

(A) 50% of the aggregate cumulative Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning on the first day of the Company's fiscal quarter commencing prior to the date of the Original Indenture and ending on the last day of the Company's last fiscal quarter ending prior to the date of the Restricted Payment (or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss);

(B) the aggregate Net Cash Proceeds received after the date of the Original Indenture by the Company from the issuance or sale (other than to any of its Subsidiaries) of its shares of Qualified Capital Stock or any options, warrants or rights to purchase such shares of Qualified Capital Stock of the Company (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness as set forth below);

(C) the aggregate Net Cash Proceeds received after the date of the Original Indenture by the Company (other than from any of its Subsidiaries) upon the exercise of any options or warrants to purchase shares of Qualified Capital Stock of the Company; and

(D) the aggregate Net Cash Proceeds received after the date of the Original Indenture by the Company from debt securities or Redeemable Capital Stock that have been converted into or exchanged for Qualified Capital Stock of the Company to the extent such debt securities or Redeemable Capital Stock are originally sold for cash

plus the aggregate Net Cash Proceeds received by the Company at the time of such conversion or exchange.

(b) Notwithstanding the foregoing, and in the case of clauses (ii), (iii) and (iv) below, so long as there is no Default or Event of Default continuing, the foregoing provisions shall not prohibit the following actions (clauses (i) through (iv) being referred to as "Permitted Payment"):

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment would be permitted by the provisions of paragraph (a) of this Section and such payment shall be deemed to have been paid on such date of declaration for purposes of the calculation required by paragraph (a) of this Section;

(ii) the repurchase, redemption, or other acquisition or retirement of any shares of any class of Capital Stock of the Company in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection therewith cash is paid in lieu of the issuance of fractional shares or scrip), or out of the Net Cash Proceeds of, a substantially concurrent issue and sale for cash (other than to a Subsidiary) of other shares of Qualified Capital Stock of the Company; provided that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3)(B) of paragraph (a) of this Section;

(iii) any repurchase, redemption, defeasance, retirement, refinancing or acquisition for value or payment of principal of any Subordinated Indebtedness in exchange for, or out of the net proceeds of, a substantially concurrent issuance and sale for cash (other than to any Subsidiary of the Company) of any Qualified Capital Stock of the Company, provided that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3)(B) of paragraph (a) of this Section; and

(iv) the repurchase, redemption, defeasance, retirement, refinancing or acquisition for value or payment of principal of any Subordinated Indebtedness (other than Redeemable Capital Stock) (a "refinancing") through the issuance of new Subordinated Indebtedness of the Company, provided that any such new Subordinated Indebtedness (1) shall be in a principal amount that does not exceed the principal amount so refinanced (or, if such Subordinated Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration or acceleration thereof, then such lesser amount as of the date of determination), plus the lesser of (I) the stated amount of any premium, interest or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium, interest or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing; (2) has an Average Life to Stated Maturity greater than

the remaining Average Life to Stated Maturity of the Securities; (3) has a Stated Maturity for its final scheduled principal payment later than the Stated Maturity for the final scheduled principal payment of the Securities; and (4) is expressly subordinated in right of payment to the Securities at least to the same extent as the Indebtedness to be refinanced.

Section 1010. Limitation on Transactions with Affiliates.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of the Company (other than the Company or a Wholly Owned Subsidiary) unless (i) such transaction or series of transactions is in writing on terms that are no less favorable to the Company or such Subsidiary, as the case may be, than would be available in a comparable transaction in arm's-length dealings with an unrelated third party, (ii) with respect to any transaction or series of transactions involving aggregate payments in excess of $5,000,000, the Company delivers an Officers' Certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (i) above and such transaction or series of related transactions has been approved by the Board of Directors of the Company, and (iii) with respect to a transaction or series of related transactions involving aggregate value in excess of $10,000,000, the Company delivers to the Trustee an opinion of an independent investment banking firm of national standing stating that the transaction or series of transactions is fair to the Company or such Subsidiary; provided, however, that this provision shall not apply to any transaction with an officer or director of the Company entered into in the ordinary course of business (including compensation or employee benefit arrangements with any officer or director of the Company).

Section 1011. Limitation on Senior Subordinated Indebtedness.

The Company will not, and will not permit any Guarantor to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise in any manner become directly or indirectly liable for or with respect to or otherwise permit to exist any Indebtedness that is subordinate in right of payment to any Indebtedness of the Company or such Guarantor, as the case may be, unless such Indebtedness is also pari passu with the Securities or the Guarantee of such Guarantor or subordinate in right of payment to the Securities or such Guarantee to at least the same extent as the Securities or such Guarantee are subordinate in right of payment to Senior Indebtedness or Senior Guarantor Indebtedness, as the case may be, as set forth in this Indenture.

Section 1012. Limitation on Liens.

The Company will not, and will not permit any Subsidiary to, directly or indirectly, create, incur, affirm or suffer to exist any Lien of any kind upon any of its

property or assets (including any intercompany notes), owned at the date of this Indenture or acquired after the date of this Indenture, or any income or profits therefrom, except if the Securities (or a Guarantee, in the case of Liens of a Guarantor) are directly secured equally and ratably with (or prior to in the case of Liens with respect to Subordinated Indebtedness or Indebtedness of a Guarantor subordinated in right of payment to any Guarantee) the obligation or liability secured by such Lien, excluding, however, from the operation of the foregoing any of the following:

(a) any Lien existing as of the date of this Indenture;

(b) any Lien arising by reason of (1) any judgment, decree or order of any court, so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired; (2) taxes not yet delinquent or which are being contested in good faith; (3) security for payment of workers' compensation or other insurance; (4) good faith deposits in connection with tenders, leases, contracts (other than contracts for the payment of money); (5) zoning restrictions, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased property, with or without consent of the lessee), none of which materially impairs the use of any parcel of property material to the operation of the business of the Company or any Subsidiary or the value of such property for the purpose of such business; (6) deposits to secure public or statutory obligations, or in lieu of surety or appeal bonds; (7) certain surveys, exceptions, title defects, encumbrances, easements, reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph or telephone lines and other similar purposes or zoning or other restrictions as to the use

of real property not interfering with the ordinary conduct of the business of the Company or any of its Subsidiaries; or (8) operation of law in favor of mechanics, materialmen, laborers, employees or suppliers, incurred in the ordinary course of business for sums which are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof;

(c) any Lien now or hereafter existing on property of the Company or any Guarantor securing Senior Indebtedness or Senior Guarantor Indebtedness, in each case which Indebtedness is permitted under the provisions of Section 1008 and provided that the provisions described under Section 1014 are complied with;

(d) any Lien securing Acquired Indebtedness created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by the Company or any Subsidiary, in each case which Indebtedness is permitted under the provisions of Section 1008; provided that any such Lien
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only extends to the assets that

were subject to such Lien securing such Acquired Indebtedness prior to the related transaction by the Company or its Subsidiaries; and

(e) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (d) so long as the amount of security is not increased thereby.

Section 1013. Limitation on Sale of Assets.

(a) The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, consummate an Asset Sale unless (i) at least 75% of the proceeds from such Asset Sale are received in cash and (ii) the Company or such Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the shares or assets sold (other than in the case of an involuntary Asset Sale, as determined by the Board of Directors of the Company and evidenced in a Board Resolution).

(b) If all or a portion of the Net Cash Proceeds of any Asset Sale are not required to be applied to repay permanently any Senior Indebtedness or Senior Guarantor Indebtedness then outstanding as required by the terms thereof, or the Company determines not to apply such Net Cash Proceeds to the permanent prepayment of such Senior Indebtedness or Senior Guarantor Indebtedness or if no such Senior Indebtedness or Senior Guarantor Indebtedness is then outstanding, then the Company may within twelve months of the Asset Sale, invest the Net Cash Proceeds in other properties and assets that (as determined by the Board of Directors of the Company) replace the properties and assets that were the subject of the Asset Sale or in properties and assets that will be used in the businesses of the Company or its Subsidiaries existing on the date of the Original Indenture or reasonably related thereto. The amount of such Net Cash Proceeds neither used to permanently repay or prepay Senior Indebtedness or Senior Guarantor Indebtedness nor used or invested as set forth in this paragraph constitutes "Excess Proceeds."

(c) When the aggregate amount of Excess Proceeds equals $10,000,000 or more, the Company shall apply the Excess Proceeds to the repayment of the Securities and any Pari Passu Indebtedness required to be repurchased under the instrument governing such Pari Passu Indebtedness as follows: (a) the Company shall make an offer to purchase (an "Offer") from all holders of the Securities in accordance with the procedures set forth in this Indenture in the maximum principal amount (expressed as a multiple of $1,000) of Securities that may be purchased out of an amount (the "Security Amount") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Securities, and the denominator of which is the sum of the outstanding principal amount of the Securities and such Pari Passu Indebtedness (subject to proration in the event such amount is less than the aggregate Offered Price (as defined herein) of all Securities tendered) and (b) to the

extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, the Company shall make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness ("Pari Passu Offer") in an amount (the "Pari Passu Debt Amount") equal to the excess of the Excess Proceeds over the Security Amount; provided that in no event shall the Pari Passu Debt Amount exceed the principal amount of such Pari Passu Indebtedness plus the amount of any premium required to be paid to repurchase such Pari Passu Indebtedness. The offer price shall be payable in cash in an amount equal to 100% of the principal amount of the Securities plus accrued and unpaid interest, if any, to the date (the "Offer Date") such Offer is consummated (the "Offered Price"), in accordance with the procedures set forth in this Indenture. To the extent that the aggregate Offered Price of the Securities tendered pursuant to the Offer is less than the Security Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased is less than the Pari Passu Debt Amount (the amount of such shortfall,

if any, constituting a "Deficiency"), the Company shall use such Deficiency in the business of the Company and its Subsidiaries. Upon completion of the purchase of all the Securities tendered pursuant to an Offer and the purchase of the Pari Passu Indebtedness pursuant to a Pari Passu Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

(d) Whenever the Excess Proceeds received by the Company exceed $7,000,000, such Excess Proceeds shall be set aside by the Company in a separate account pending (i) deposit with the depositary or a Paying Agent of the amount required to purchase the Securities or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer, (ii) delivery by the Company of the Offered Price to the Holders or holders of Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer and (iii) application, as set forth above, of Excess Proceeds in the business of the Company and its Subsidiaries. Such Excess Proceeds may be invested in Temporary Cash Investments, provided that the maturity date of
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any such investment made after the amount of Excess Proceeds exceeds $7,000,000 shall not be later than the earlier of three months or the Offer Date, if known. The Company shall be entitled to any interest or dividends accrued, earned or paid on such Temporary Cash Investments, provided that the Company shall not
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withdraw such interest from the separate account if an Event of Default has occurred and is continuing.

(e) If the Company becomes obligated to make an Offer pursuant to clause (c) above, the Securities shall be purchased by the Company, at the option of the holder thereof, in whole or in part in integral multiples of $1,000, on a date that is not earlier than 45 days and not later than 60 days from the date the notice is given to holders, or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act, subject to proration in the event the Security Amount is less than the aggregate Offered Price of all Securities tendered.

(f) The Company shall comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with an Offer.

(g) The Company will not, and will not permit any Subsidiary to, create or permit to exist or become effective any restriction (other than restrictions existing under (i) Indebtedness as in effect on the date of this Indenture as such Indebtedness may be refinanced from time to time, provided
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that such restrictions are no less favorable to the Holders of Securities than those existing on the date of this Indenture or (ii) any Senior Indebtedness and any Senior Guarantor Indebtedness) that would materially impair the ability of the Company to make an Offer to purchase the Securities or, if such Offer is made, to pay for the Securities tendered for purchase.

(h) Subject to paragraph (f) above, within 30 days after the date on which the amount of Excess Proceeds equals or exceeds $10,000,000, the Company shall send or cause to be sent by first-class mail, postage prepaid, to the Trustee and to each Holder of the Securities, at his address appearing in the Security Register, a notice stating or including:

(1) that the Holder has the right to require the Company to repurchase, subject to proration, such Holder's Securities at the Offered Price;

(2) the Offer Date;

(3) the instructions a Holder must follow in order to have its Securities purchased in accordance with paragraph (c) of this Section; and

(4) (i) the most recently filed Annual Report on Form 10-K (including audited consolidated financial statements) of the Company, the most recent subsequently filed Quarterly Report on Form 10-Q and any Current Report on Form 8-K of the Company filed subsequent to such Quarterly Report, other than Current Reports describing Asset Sales otherwise described in the offering materials (or corresponding successor reports) (or in the event the Company is not required to prepare any of the foregoing Forms, the comparable information required pursuant to Section 1019), (ii) a description of material developments in the Company's business subsequent to the date of the latest of such Reports, (iii) if material, appropriate pro forma financial information, and (iv) such other information, if any, concerning the business of the Company which the Company in good faith believes will enable such Holders to make an informed investment decision.

(i) Holders electing to have Securities purchased hereunder will be required to surrender such Securities at the address specified in the notice at least three Business Days prior to the Offer Date. Holders will be entitled to

withdraw their election to have their Securities purchased pursuant to this Section 1012 if the Company receives, not later than three Business Days prior to the Offer Date, a telegram, telex, facsimile transmission or letter setting forth (1) the name of the Holder, (2) the certificate number of the Security in respect of which such notice of withdrawal is being submitted, (3) the principal amount of the Security (which shall be $1,000 or an integral multiple thereof) delivered for purchase by the Holder as to which his election is to be withdrawn, (4) a statement that such Holder is withdrawing his election to have such principal amount of such Security purchased, and (5) the principal amount, if any, of such Security (which shall be $1,000 or an integral multiple thereof) that remains subject to the original notice of the Offer and that has been or will be delivered for purchase by the Company.

(j) The Company shall (i) not later than the Offer Date, accept for payment Securities or portions thereof tendered pursuant to the Offer, (ii) not later than 10:00 a.m. (New York time) on the Offer Date, deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in same day funds (or New York Clearing House funds if such deposit is made prior to the Offer Date) sufficient to pay the aggregate Offered Price of all the Securities or portions thereof which are to be purchased on that date and (iii) not later than the Offer Date, deliver to the Paying Agent (if other than the Company) an Officers' Certificate stating the Securities or portions thereof accepted for payment by the Company.

Subject to applicable escheat laws, as provided in the Securities, the Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed, together with interest, if any, thereon, held by them for the payment of the Offered Price; provided, however, that, (x) to the extent that the
aggregate amount of cash deposited by the Company with the Trustee in respect of an Offer exceeds the aggregate Offered Price of the Securities or portions thereof to be purchased, then the Trustee shall hold such excess for the Company and (y) unless otherwise directed by the Company in writing, promptly after the Business Day following the Offer Date the Trustee shall return any such excess to the Company together with interest or dividends, if any, thereon.

(k) Securities to be purchased shall, on the Offer Date, become due and payable at the Offered Price and from and after such date (unless the Company shall default in the payment of the Offered Price) such Securities shall cease to bear interest. Such Offered Price shall be paid to such Holder promptly following the later of the Offer Date and the time of delivery of such Security to the relevant Paying Agent at the office of such Paying Agent by the Holder thereof in the manner required. Upon surrender of any such Security for purchase in accordance with the foregoing provisions, such Security shall be paid by the Company at the Offered Price; provided, however, that installments

of interest whose Stated Maturity is on or prior to the Offer Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 307; provided further that Securities to
be purchased are subject to proration in the event the Excess Proceeds are less than the aggregate Offered Price of all Securities tendered for purchase, with such adjustments as may be appropriate by the Trustee so that only Securities in denominations of $1,000 or integral multiples thereof, shall be purchased. If any Security tendered for purchase shall not be so paid upon surrender thereof by deposit of funds with the Trustee or a Paying Agent in accordance with paragraph (j) above, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest from the Offer Date at the rate borne by such Security. Any Security that is to be purchased only in part shall be surrendered to a Paying Agent at the office of such Paying Agent (with, if the Company, the Security Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Security Registrar or the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, one or more new Securities of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Security so surrendered that is not purchased.

Section 1014. Limitation on Issuances of Guarantees of and Pledges for Indebtedness.

(a) The Company will not permit any Subsidiary, other than the Guarantors, directly or indirectly, to secure the payment of any Senior Indebtedness of the Company and the Company will not, and will not permit a Subsidiary to, pledge any intercompany notes representing obligations of any Subsidiary (other than a Guarantor) to secure the payment of any Senior Indebtedness unless (x) such Subsidiary simultaneously executes and delivers a supplemental indenture to this Indenture providing for a guarantee of payment of

the Securities by such Subsidiary, which guarantee shall be on the same terms as the guarantee of the Senior Indebtedness (if a guarantee of Senior Indebtedness is granted by any such Subsidiary) except that the guarantee of the Securities need not be secured and shall be subordinated to the claims against such Subsidiary in respect of Senior Indebtedness to the same extent as the Securities are subordinated to Senior Indebtedness of the Company under this Indenture and (y) such Subsidiary waives 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 the Company or any other Subsidiary as a result of any payment by such Subsidiary under its guarantee.

(b) The Company will not permit any Subsidiary, other than the Guarantors, directly or indirectly, to guarantee, assume or in any other manner become liable with respect to any Indebtedness of the Company unless (i) such Subsidiary

simultaneously executes and delivers a supplemental indenture to this Indenture providing for a guarantee of the Securities on the same terms as the guarantee of such Indebtedness except that (A) such guarantee need not be secured unless required pursuant to Section 1012, (B) if the Securities are subordinated in right of payment to such Indebtedness, the guarantee under the supplemental indenture shall be subordinated to the guarantee of such Indebtedness to the same extent as the Securities are subordinated to such Indebtedness under this Indenture and (C) if such Indebtedness is by its terms expressly subordinated to the Securities, any such assumption, guarantee or other liability of such Subsidiary with respect to such Indebtedness shall be subordinated to such Subsidiary's assumption, guarantee or other liability with respect to the Securities to the same extent as such Indebtedness is subordinated to the Securities and (ii) such Subsidiary waives 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.

(c) Each guarantee created pursuant to the provisions described in the foregoing paragraph is referred to as a "Guarantee" and the issuer of each such Guarantee is referred to as a "Guarantor." Notwithstanding the foregoing, any Guarantee by a Subsidiary of the Securities shall provide by its terms that it shall be automatically and unconditionally released and discharged upon (i) any sale, exchange or transfer, to any Person not an Affiliate of the Company, of all of the Company's Capital Stock in, or all or substantially all the assets of, such Subsidiary, which is in compliance with the terms of this Indenture or (ii) the release by the holders of the Indebtedness of the Company described in clauses (a) and (b) above of their security interest or their guarantee by such Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness), at a time when (A) no other Indebtedness of the Company has been secured or guaranteed by such Subsidiary, as the case may be, or (B) the holders of all such other Indebtedness which is secured or guaranteed by such Subsidiary also release their security interest in, or guarantee by, such Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness).

Section 1015. Restriction on Transfer of Assets.

The Company will not sell, convey, transfer or otherwise dispose of its assets or property to any of its Subsidiaries (other than to the Guarantors), except for sales, conveyances, transfers or other dispositions made in the ordinary course of business. For purposes of this Section 1015, any sale, conveyance, transfer, lease or other disposition of property or assets, having a Fair Market Value in excess of (a) $2,000,000 for any sale, conveyance, transfer or disposition or series of related sales, conveyances, transfers, leases and dispositions and (b) $10,000,000 in the aggregate for all such sales, conveyances, transfers, leases or dispositions in any fiscal year of the Company shall not be considered "in the ordinary course of business."

Section 1016. Purchase of Securities upon a Change of Control.

(a) If a Change of Control shall occur at any time, then each Holder shall have the right to require that the Company purchase such Holder's Securities in whole or in part in integral multiples of $1,000, at a purchase price (the "Change of Control Purchase Price") in cash in an amount equal to 101% of the principal amount of such Securities, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date"), pursuant to the offer described in subsection (c) of this Section (the "Change of Control Offer") and in accordance with the procedures set forth in Subsections (b), (c), (d) and (e) of this Section.

(b) Within 15 days following any Change of Control, the Company shall notify the Trustee thereof and give written notice (a "Change of Control Purchase Notice") of such Change of Control to each Holder by first-class mail, postage prepaid, at his address appearing in the Security Register stating or

including:

(1) that a Change of Control has occurred, the date of such event, and that such Holder has the right to require the Company to repurchase such Holder's Securities at the Change of Control Purchase Price;

(2) the circumstances and relevant facts regarding such Change of Control (including but not limited to information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control, if any);

(3) (i) the most recently filed Annual Report on Form 10-K (including audited consolidated financial statements) of the Company, the most recent subsequently filed Quarterly Report on Form 10-Q, as applicable, and any Current Report on Form 8-K of the Company filed subsequent to such Quarterly Report (or in the event the Company is not required to prepare any of the foregoing Forms, the comparable information required to be prepared by the Company and any Guarantor pursuant to Section 1019), (ii) a description of material developments in the Company's business subsequent to the date of the latest of such reports and (iii) such other information, if any, concerning the business of the Company which the Company in good faith believes will enable such Holders to make an informed investment decision;

(4) that the Change of Control Offer is being made pursuant to this Section 1016(a) and that all Securities properly tendered pursuant to the Change of Control Offer will be accepted for payment at the Change of Control Purchase Price;

(5) the Change of Control Purchase Date which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act;

(6) the Change of Control Purchase Price;

(7) the names and addresses of the Paying Agent and the offices or agencies referred to in Section 1002;

(8) that Securities must be surrendered on or prior to the Change of Control Purchase Date to the Paying Agent at the office of the Paying Agent or to an office or agency referred to in Section 1002 to collect payment;

(9) that the Change of Control Purchase Price for any Security which has been properly tendered and not withdrawn will be paid promptly following the Change of Control Offer Purchase Date;

(10) the procedures for withdrawing a tender of Securities and Change of Control Purchase Notice;

(11) that any Security not tendered will continue to accrue interest; and

(12) that, unless the Company defaults in the payment of the Change of Control Purchase Price, any Security accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date.

(c) Upon receipt by the Company of the proper tender of Securities, the Holder of the Security in respect of which such proper tender was made shall (unless the tender of such Security is properly withdrawn) thereafter be entitled to receive solely the Change of Control Purchase Price with respect to such Security. Upon surrender of any such Security for purchase in accordance with the foregoing provisions, such Security shall be paid by the Company at the Change of Control Purchase Price; provided, however, that installments of interest whose Stated Maturity is on or prior to the Change of Control Purchase Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 307. If any Security tendered for purchase shall not be so paid upon surrender thereof, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest from the Change of Control Purchase Date at the rate borne by such Security. Holders electing to have Securities purchased will be required to surrender such Securities to the Paying Agent at the address specified in the Change of Control Purchase Notice at least two Business Days prior to the Change of

Control Purchase Date. Any Security that is to be purchased only in part shall be surrendered to a Paying Agent at the office of such Paying Agent (with, if

the Company, the Security Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Security Registrar or the Trustee, as the case may be, duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, one or more new Securities of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Security so surrendered that is not purchased.

(d) The Company shall (i) not later than the Change of Control Purchase Date, accept for payment Securities or portions thereof tendered pursuant to the Change of Control Offer, (ii) not later than 11:00 a.m. (New York time) on the Change of Control Purchase Date, deposit with the Paying Agent an amount of cash sufficient to pay the aggregate Change of Control Purchase Price of all the Securities or portions thereof which are to be purchased as of the Change of Control Purchase Date and (iii) not later than the Change of Control Purchase Date, deliver to the Paying Agent an Officers' Certificate stating the Securities or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to Holders of Securities so accepted payment in an amount equal to the Change of Control Purchase Price of the Securities purchased from each such Holder, and the Company shall execute and the Trustee shall promptly authenticate and mail or deliver to such Holders a new Security equal in principal amount to any unpurchased portion of the Security surrendered. Any Securities not so accepted shall be promptly mailed or delivered by the Paying Agent at the Company's expense to the Holder thereof. The Company will publicly announce the results of the Change of Control Offer on the Change of Control Purchase Date. For purposes of this Section 1016, the Company shall choose a Paying Agent which shall not be the Company.

(e) A Change of Control Purchase Notice may be withdrawn before or after delivery by the Holder to the Paying Agent at the office of the Paying Agent of the Security to which such Change of Control Purchase Notice relates, by means of a written notice of withdrawal delivered by the Holder to the Paying Agent at the office of the Paying Agent or to the office or agency referred to in Section 1002 to which the related Change of Control Purchase Notice was delivered not later than three Business Days prior to the Change of Control Purchase Date specifying, as applicable:

(1) the name of the Holder;

(2) the certificate number of the Security in respect of which such notice of withdrawal is being submitted;

(3) the principal amount of the Security (which shall be $1,000 or an integral multiple thereof) delivered for purchase by the Holder as to which such notice of withdrawal is being submitted; and

(4) the principal amount, if any, of such Security (which shall be $1,000 or an integral multiple thereof) that remains subject to the original Change of Control Purchase Notice and that has been or will be delivered for purchase by the Company.

(f) Subject to applicable escheat laws, as provided in the Securities, the Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed, together with interest or dividends, if any, thereon, held by them for the payment of the Change of Control Purchase Price; provided, however, -------- -------
that, (x) to the extent that the aggregate amount of cash deposited by the Company pursuant to clause (ii) of paragraph (d) above exceeds the aggregate Change of Control Purchase Price of the Securities or portions thereof to be purchased, then the Trustee shall hold such excess for the Company and (y) unless otherwise directed by the Company in writing, promptly after the Business Day following the Change of Control Purchase Date the Trustee shall return any such excess to the Company together with interest, if any, thereon.

(g) The Company shall comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer.

(h) The Company will not, and will not permit any Subsidiary to, create or permit to exist or become effective any restriction (other than restrictions existing under Indebtedness as in effect on the date of this Indenture) that would materially impair the ability of the Company to make a Change of Control Offer to purchase the Securities or, if such Change of Control Offer is made, to pay for the Securities tendered for purchase.

Section 1017. Limitation on Subsidiary Capital Stock.

The Company will not permit any Subsidiary of the Company to issue any Capital Stock, except for (i) Capital Stock issued to and held by the Company or a Wholly Owned Subsidiary, and (ii) Capital Stock issued by a Person prior to the time (A) such Person becomes a Subsidiary, (B) such Person merges with or into a Subsidiary or (C) a Subsidiary merges with or into such Person, provided

that such Capital Stock was not issued or incurred by such Person in anticipation of the type of transaction contemplated by subclauses (A), (B) or (C).

Section 1018. Limitation on Dividends and Other Payment Restrictions Affecting Subsidiaries.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary of the Company to (i) pay dividends or make any other distribution on its Capital Stock, (ii) pay any Indebtedness owed to the Company or a Subsidiary of the Company, (iii) make any Investment in the Company or a Subsidiary of the Company or (iv) transfer any of its properties or assets to the Company or any Subsidiary, except (a) any encumbrance or restriction pursuant to an agreement in effect on the date of this Indenture and listed on Schedule II hereto; (b) any encumbrance or restriction, with respect to a Subsidiary that was not a Subsidiary of the Company on the date of this Indenture in existence at the time such Person becomes a Subsidiary of the Company and, in the case of clauses (a) and (b), not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary; (c) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (a) and (b), or in this clause (c), provided that the terms and conditions of any such encumbrances or restrictions are not materially less favorable to the holders of the Securities than those under or pursuant to the agreement evidencing the Indebtedness so extended, renewed, refinanced or replaced (except that an encumbrance or restriction that is not more restrictive than those set forth in this Indenture shall in any event be permitted hereunder); and (d) any encumbrance or restriction created pursuant to an asset sale agreement, stock sale agreement or similar instrument pursuant to which an Asset Sale permitted under Section 1013 is to be consummated, so long as such restriction or encumbrance shall be effective only for a period from the execution and delivery of such agreement or instrument through a termination date not later than 270 days after such execution and delivery.

Section 1019. Provision of Financial Statements.

Whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, the Company will, to the extent permitted under the Exchange Act, file with the Commission the annual reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to such Sections 13(a) or 15(d) if the Company were so subject, such documents to be filed with the Commission on or prior to the respective dates (the "Required Filing Dates") by which the Company would have been required so to file such documents if the Company were so subject. The Company will also in any event (x) within 15 days of each Required Filing Date (i) transmit by mail to all Holders, as their names and addresses appear in the Security Register, without cost to such Holders and (ii) file with the Trustee copies of the annual reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to Section 13(a) or 15(d) of the

Exchange Act if the Company were subject to such Sections and (y) if filing such documents by the Company with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective Holder at the Company's cost.

Section 1020. Statement by Officers as to Default.

(a) The Company will deliver to the Trustee, on or before a date not more than 60 days after the end of each fiscal quarter and not more than 120 days after the end of each fiscal year of the Company ending after the date hereof, a written statement signed by two executive officers of the Company, one of whom shall be the principal executive officer, principal financial officer or principal accounting officer of the Company, stating whether or not, after a review of the activities of the Company during such year or such quarter and of the Company's performance under this Indenture, to the best knowledge, based on such review, of the signers thereof, the Company has fulfilled all its obligations and is in compliance with all conditions and covenants under this Indenture throughout such year or quarter, as the case may be, and, if there has been a Default specifying each Default and the nature and status thereof.

(b) When any Default or Event of Default has occurred and is continuing, or if the Trustee or any Holder or the trustee for or the holder of any other evidence of Indebtedness of the Company or any Subsidiary gives any notice or takes any other action with respect to a claimed default (other than

with respect to Indebtedness in the principal amount of less than $10,000,000), the Company shall deliver to the Trustee by registered or certified mail or facsimile transmission followed by hard copy an Officers' Certificate specifying such Default, Event of Default, notice or other action within five Business Days of its occurrence.

Section 1021. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any covenant or condition set forth in Sections 1005 through 1012, 1015 and 1017 through 1019, if, before or after the time for such compliance, the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding or shall, by Act of such Holders, waive such compliance in such instance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

Section 1101. Rights of Redemption.

The Securities may be redeemed at the election of the Company, in whole or in part, at any time on or after December 15, 1998, subject to the conditions, and at the Redemption Prices, specified in the form of Security, together with accrued and unpaid interest, if any, to the Redemption Date.

Notwithstanding the preceding paragraph, the Company will not be permitted to redeem the Original Securities unless, substantially concurrently with such redemption, the Company redeems an aggregate principal amount of Securities (rounded to the nearest integral multiple of $1,000) equal to the product of (1) a fraction, the numerator of which is the aggregate principal
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amount of Original Securities to be so redeemed and the denominator of which is the aggregate principal amount of Original Securities outstanding immediately prior to such proposed redemption, and (2) the aggregate principal amount of Securities outstanding immediately prior to such proposed redemption.

Section 1102. Applicability of Article.

Redemption of Securities at the election of the Company or otherwise, as permitted or required by any provision of this Indenture, shall be made in accordance with such provision and this Article.

Section 1103. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities pursuant to Section 1101 shall be evidenced by a Company Order and an Officers' Certificate. In case of any redemption at the election of the Company, the Company shall, not less than 45 nor more than 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice period shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of Securities to be redeemed.

Section 1104. Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities are to be redeemed, the particular Securities or portions thereof to be redeemed shall be selected not more than 30 days prior to the Redemption Date by the Trustee, from the Outstanding Securities not previously called for redemption, pro rata, by lot or such other method as the Trustee shall deem fair and reasonable, and the amounts to be redeemed may be equal to $1,000 or any integral multiple thereof.

The Trustee shall promptly notify the Company and the Security Registrar in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

Section 1105. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(a) the Redemption Date;

(b) the Redemption Price;

(c) if less than all Outstanding Securities are to be redeemed, the identification of the particular Securities to be redeemed;

(d) in the case of a Security to be redeemed in part, the principal amount of such Security to be redeemed and that after the Redemption Date upon surrender of such Security, new Security or Securities in the aggregate principal amount equal to the unredeemed portion thereof will be issued;

(e) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;

(f) that on the Redemption Date the Redemption Price will become due and payable upon each such Security or portion thereof, and that (unless the Company shall default in payment of the Redemption Price) interest thereon shall cease to accrue on and after said date;

(g) the place or places where such Securities are to be surrendered for payment of the Redemption Price; and

(h) the CUSIP number, if any, relating to such Securities; provided, however, that no representation is required to be made or will be deemed to be made by the Trustee as to the correctness of the CUSIP number as contained in said notice.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's written request, by the Trustee in the name and at the expense of the Company.

The notice if mailed in the manner herein provided shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the Holder of any Security designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security.

Section 1106. Deposit of Redemption Price.

On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in same day funds sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities or portions thereof which are to be redeemed on that date. All money earned on funds held in trust by the Trustee or any Paying Agent shall be remitted to the Company.

Section 1107. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price together with accrued interest to the Redemption Date; provided, however, that installments of interest whose
Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and premium, if any, shall, until paid, bear interest from the Redemption Date at the rate borne by such Security.

Section 1108. Securities Redeemed or Purchased in Part.

Any Security which is to be redeemed or purchased only in part shall

be surrendered to the Paying Agent at the office or agency maintained for such purpose pursuant to Section 1002 (with, if the Company, the Security Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company, the Security Registrar or the Trustee duly executed by, the Holder thereof

or such Holder's attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate principal amount equal to, and in exchange for, the unredeemed portion of the principal of the Security so surrendered that is not redeemed or purchased.

ARTICLE TWELVE

SUBORDINATION OF SECURITIES

Section 1201. Securities Subordinate to Senior Indebtedness.

The Company covenants and agrees, and each Holder of a Security, by his acceptance thereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Article, the Indebtedness represented by the Securities and the payment of the principal of, premium, if any, and interest on each and all of the Securities and all other Indenture Obligations are hereby expressly made subordinate and subject in right of payment as provided in this Article to the prior payment in full, in cash or Cash Equivalents or in any other form acceptable to the holders of Senior Indebtedness, of all Senior Indebtedness.

This Article Twelve shall constitute a continuing offer to all Persons who, in reliance upon such provisions, become holders of, or continue to hold Senior Indebtedness; and such provisions are made for the benefit of the holders of Senior Indebtedness; and such holders are made obligees hereunder and they or each of them may enforce such provisions.

Section 1202. Payment Over of Proceeds Upon Dissolution, etc.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its creditors, as such, or to its assets, or (b) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshaling of assets or liabilities of the Company, then and in any such event:

(1) the holders of Senior Indebtedness shall be entitled to receive payment in full in cash or Cash Equivalents or in any other form acceptable to the holders of Senior Indebtedness, of all amounts due on or in respect of all Senior Indebtedness, before the Holders of the Securities are entitled to receive any payment or distribution of any kind or character (excluding Permitted Junior Securities) on account of the principal of, premium, if any, or interest on the Securities or any other Indenture Obligations; and

(2) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (excluding Permitted Junior Securities), by set-off or otherwise, to which the Holders or the Trustee would be entitled but for the provisions of this Article shall be paid by the liquidating trustee or agent or other Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held or represented by each, to the extent necessary to make payment in full in cash or Cash Equivalents or in any other form acceptable to the holders of Senior Indebtedness, of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(3) in the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Holder of any Security shall have received any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, in respect of principal, premium, if any, and interest on the Securities or any other Indenture Obligations before all Senior Indebtedness is paid in full, then and in such event such payment or distribution (excluding Permitted Junior Securities) shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other person making payment or distribution of assets of the Company for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all Senior Indebtedness in full

in cash or Cash Equivalents or in any other form acceptable to the holders of Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

The consolidation of the Company with, or the merger of the Company with or into, another Person or the liquidation or dissolution of the Company following the sale, assignment, conveyance, transfer, lease or other disposal of all or substantially all of the Company's properties or assets to another Person upon the terms and conditions set forth in Article Eight shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshaling of assets and liabilities of the Company for the purposes of this Section if the Person formed by such consolidation or the surviving entity of such merger or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposal of all or substantially all of the Company's properties or assets, as the case may be, shall, as a part of such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposal, comply with the conditions set forth in Article Eight.

Section 1203. Suspension of Payment When Senior Indebtedness in Default.

(a) Unless Section 1202 shall be applicable, upon the occurrence of a Payment Default, no payment (other than any payments previously made pursuant to the provisions described in Article Four) or distribution of any assets of the Company of any kind or character (excluding Permitted Junior Securities) shall be made by the Company on account of principal of, premium, if any, or interest on, the Securities or any other Indenture Obligations or on account of the purchase, redemption, defeasance (whether under Section 402 or 403) or other acquisition of or in respect of the Securities unless and until such Payment Default shall have been cured or waived or shall have ceased to exist or the Designated Senior Indebtedness with respect to which such Payment Default shall have occurred shall have been discharged or paid in full in cash or Cash Equivalents or in any other form acceptable to the holders of such Senior Indebtedness, after which the Company shall resume making any and all required payments in respect of the Securities, including any missed payments.

(b) Unless Section 1202 shall be applicable, upon (1) the occurrence of a Non-payment Default and (2) receipt by the Trustee and the Company from a representative of the holders of Designated Senior Indebtedness (a "Senior Representative") of written notice of such occurrence, no payment (other than any payments previously made pursuant to the provisions described in Article Four) or distribution of any assets of the Company of any kind or character (excluding Permitted Junior Securities) shall be made by the Company on account of any principal of, premium, if any, or interest on, the Securities or any other Indenture Obligations or on account of the purchase, redemption, defeasance or other acquisition of or in respect of Securities for a period ("Payment Blockage Period") commencing on the date of receipt by the Trustee of such notice unless and until the earliest of (subject to any blockage of payments that may then or thereafter be in effect under subsection (a) of this Section 1203) (x) 179 days having elapsed since receipt of such written notice by the Trustee (provided any Designated Senior Indebtedness as to which notice was given shall theretofore have not been accelerated), (y) the date such Non-payment Default and all other Non-payment Defaults as to which notice is also given after such period is initiated shall have been cured or waived or shall have ceased to exist or the Senior Indebtedness related thereto shall have been discharged or paid in full in cash or Cash Equivalents or in any other form as acceptable to the holders of Senior Indebtedness, or (z) the date on which such Payment Blockage Period (and all Non-Payment Defaults as to which notice is given after such Payment Blockage Period is initiated) shall have been terminated by written notice to the Company or the Trustee from the Senior Representative or the holders of at least a majority of the Designated Senior Indebtedness that initiated such Payment Blockage Period, after which, in each such case, the Company shall resume making any and all required payments in respect of the Securities, including any missed payments. Notwithstanding any other provision of this Indenture, in no event shall a

Payment Blockage Period extend beyond 179 days from the date of the receipt by the Company or the Trustee of the notice referred to in clause (2) of this paragraph (b) (the"Initial Blockage Period"). Any number of notices of Non-Payment Defaults may be given during the Initial Blockage Period; provided that during any 365-day consecutive period only one Payment Blockage Period during which payment of principal of, or interest on, the Securities may not be made may commence and the duration of the Payment Blockage Period may not exceed 179 days. No Non-payment Default with respect to Designated Senior Indebtedness which existed or was continuing on the date of the commencement of any Payment Blockage Period will be, or can be, made the basis for the commencement of a second Payment Blockage Period, whether or not within a period of 365 consecutive days, unless such default shall have been cured or waived for a period of not less than 90 consecutive days.

(c) In the event that, notwithstanding the foregoing, the Company shall make any payment to the Trustee or the Holder of any Security prohibited by the foregoing provisions of this Section, then and in such event such payment shall be paid over and delivered forthwith to a Senior Representative of the holders of the Designated Senior Indebtedness or as a court of competent jurisdiction shall direct.

Section 1204. Payment Permitted if No Default.

Nothing contained in this Article, elsewhere in this Indenture or in any of the Securities shall prevent the Company, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshaling of assets and liabilities of the Company referred to in Section 1202 or under the conditions described in Section 1203, from making payments at any time of principal of, premium, if any, or interest on the Securities.

Section 1205. Subrogation to Rights of Holders of Senior Indebtedness.

Subject to the payment in full of all Senior Indebtedness in cash or Cash Equivalents or in any other form acceptable to the holders of Senior Indebtedness, the Holders of the Securities shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Indebtedness until the principal of, premium, if any, and interest on the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness of any cash, property or securities to which the Holders or the Trustee would be entitled except for the provisions of this Article, and no payments over pursuant to the provisions of this Article to the holders of Senior Indebtedness by Holders of the Securities or the Trustee, shall, as among the Company, its creditors other than holders of Senior Indebtedness, and the Holders of the Securities, be deemed to be a payment or distribution by the Company to or on account of the Senior Indebtedness.

Section 1206. Provisions Solely to Define Relative Rights.

The provisions of this Article are intended solely for the purpose of defining the relative rights of the Holders of the Securities on the one hand and the holders of Senior Indebtedness on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall (a) impair, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the principal of, premium, if any, and interest on the Securities as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against the Company of the Holders of the Securities and creditors of the Company other than the holders of Senior Indebtedness; or (c) prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness (1) in any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshaling of assets and liabilities of the Company referred to in Section 1202, to receive, pursuant to and in accordance with such Section, cash, property and securities otherwise payable or deliverable to the Trustee or such Holder, or (2) under the conditions specified in Section 1203, to prevent any payment prohibited by such Section or enforce their rights pursuant to Section 1203(c).

Section 1207. Trustee to Effectuate Subordination.

Each Holder of a Security by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes, including, in the event of any dissolution, winding-up, liquidation or reorganization of the Company whether in bankruptcy, insolvency, receivership proceedings, or otherwise, the timely filing of a claim for the unpaid balance of the Indebtedness of the Company owing to such Holder in the form required in such proceedings and the causing of such claim to be approved.

Section 1208. No Waiver of Subordination Provisions.

(a) No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be

otherwise charged with.

(b) Without limiting the generality of Subsection (a) of this Section and notwithstanding any other provision contained herein, the holders of Senior Indebtedness

may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Holders of the Securities to the holders of Senior Indebtedness, do any one or more of the following: (1) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding; (2) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (3) release any Person liable in any manner for the collection or payment of Senior Indebtedness; and (4) exercise or refrain from exercising any rights against the Company and any other Person; provided, however, that in no
event shall any such actions limit the right of the Holders of the Securities to take any action to accelerate the maturity of the Securities in accordance with the provisions set forth in Article Five or to pursue any rights or remedies under this Indenture or under applicable laws if the taking of such action does not otherwise violate the terms of this Article.

Section 1209. Notice to Trustee.

(a) The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities or other Indenture Obligations. Notwithstanding the provisions of this Article or any provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Securities, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Indebtedness or from a Senior Representative or any trustee, fiduciary or agent therefor; and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such facts exist; provided, however, that if
the Trustee shall not have received the notice provided for in this Section prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of, premium, if any, or interest on any Security or other Indenture Obligations), then, anything herein contained to the contrary notwithstanding but without limiting the rights and remedies of the holders of Senior Indebtedness or any trustee, fiduciary or agent thereof, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it after such date; nor shall the Trustee be charged with knowledge of the curing of any such default or the elimination of the act or condition preventing any such payment unless and until the Trustee shall have received an Officers' Certificate to such effect.

(b) The Trustee shall be entitled to rely on the delivery to it of a written notice to the Trustee and the Company by a Person representing himself to be a Senior Representative or a holder of Senior Indebtedness (or a trustee, fiduciary or agent therefor) to establish that such notice has been given by a Senior Representative or a holder of Senior Indebtedness (or a trustee, fiduciary or agent therefor); provided, however, that failure to give such
notice to the Company shall not affect in any way the ability of the Trustee to rely on such notice. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 1210. Reliance on Judicial Order or Certificate of Liquidating Agent.

Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee and the Holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization,

dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article, provided that the foregoing shall apply only if such court has been fully apprised of the provisions of this Article.

Section 1211. Rights of Trustee as a Holder of Senior Indebtedness; Preservation of Trustee's Rights.

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Senior Indebtedness which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder. Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 606.

Section 1212. Article Applicable to Paying Agents.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting under this Indenture, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that Section 1211 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

Section 1213. No Suspension of Remedies.

Nothing contained in this Article shall limit the right of the Trustee or the Holders of Securities to take any action to accelerate the maturity of the Securities pursuant to Article Five and as set forth in this Indenture or to pursue any rights or remedies hereunder or under applicable law, subject to the rights, if any, under this Article of the holders, from time to time, of Senior Indebtedness to receive the cash, property or securities receivable upon the exercise of such rights or remedies.

Section 1214. Trustee's Relation to Senior Indebtedness.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Article against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and the Trustee shall not be liable to any holder of Senior Indebtedness if it shall mistakenly in the absence of gross negligence or willful misconduct pay over or deliver to Holders, the Company or any other Person moneys or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article or otherwise.

ARTICLE THIRTEEN

SATISFACTION AND DISCHARGE

Section 1301. Satisfaction and Discharge of Indenture.

This Indenture shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Securities herein expressly provided for) and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either

(1) all the Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 or (ii) all Securities for whose payment United States dollars have theretofore been deposited in trust or segregated and held in trust by

the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee cancelled or for cancellation; or

(2) all such Securities not theretofore delivered to the Trustee cancelled or for cancellation (x) have become due and payable, (y) will become due and payable at their Stated Maturity within one year, or (z) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee in trust for the purpose an amount in United States dollars sufficient to pay and discharge the entire Indebtedness on the Securities not theretofore delivered to the Trustee cancelled or for cancellation, for the principal of, premium, if any, and accrued interest at such Stated Maturity or Redemption Date;

(b) the Company or any Guarantor has paid or caused to be paid all other sums payable hereunder by the Company or any Guarantor; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that (i) all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with and (ii) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound.

Opinions of Counsel required to be delivered under this Section may have qualifications customary for opinions of the type required and counsel delivering such Opinions of Counsel may rely on certificates of the Company or government or other officials customary for opinions of the type required, including certificates certifying as to matters of fact, including that various financial covenants have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 606 and, if United States dollars shall have been deposited with the Trustee pursuant to subclause (2) of Subsection (a) of this Section, the obligations of the Trustee under Section 1302 and the last paragraph of Section 1003 shall survive.

Section 1302. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all United States dollars deposited with the Trustee pursuant to Section 1301 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal of, premium, if any, and interest on the Securities for whose payment such United States dollars have been deposited with the Trustee, but such money need not be segregated from other funds except to the extent required by law or GAAP.

ARTICLE FOURTEEN

GUARANTEES

Section 1401. Guarantors' Guarantee.

For value received, each of the Guarantors, in accordance with this Article Fourteen, hereby absolutely, unconditionally and irrevocably guarantees, jointly and severally, to the Trustee and the Holders, as if the Guarantors were the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of this 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 Guarantee).

Section 1402. Continuing Guarantee; No Right of Set-Off; Independent Obligation.

(a) This Guarantee shall be a continuing guarantee of the payment and performance of all Indenture Obligations and shall remain in full force and effect until the payment in full of all of the Indenture Obligations and shall apply to and secure any ultimate balance due or remaining unpaid to the Trustee or the Holders; and this Guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or from time to time of any sum of money for the time being due or remaining unpaid to the Trustee or the Holders. Each Guarantor, jointly and severally, covenants and

agrees to comply with all obligations, covenants, agreements and provisions applicable to it in this Indenture including those set forth in Article Eight. Without limiting the generality of the foregoing, each of the Guarantors' liability shall extend to all amounts which constitute part of the Indenture Obligations and would be owed by the Company under this Indenture and the Securities but for the fact that they are unenforceable, reduced, limited, impaired, suspended or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Company.

(b) Each Guarantor, jointly and severally, hereby guarantees that the Indenture Obligations will be paid to the Trustee without set-off or counterclaim or other reduction whatsoever (whether for taxes, withholding or otherwise) in lawful currency of the United States of America.

(c) Each Guarantor, jointly and severally, guarantees that the Indenture Obligations shall be paid strictly in accordance with their terms regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the holders of the Securities.

(d) Each Guarantor's liability to pay or perform or cause the performance of the Indenture Obligations under this Guarantee shall arise forthwith after demand for payment or performance by the Trustee has been given to the Guarantors in the manner prescribed in Section 106 hereof.

(e) Except as provided herein, the provisions of this Article Fourteen cover all agreements between the parties hereto relative to this Guarantee and none of the parties shall be bound by any representation, warranty or promise made by any Person relative thereto which is not embodied herein; and it is specifically acknowledged and agreed that this Guarantee has been delivered by each Guarantor free of any conditions whatsoever and that no representations, warranties or promises have been made to any Guarantor affecting its liabilities hereunder, and that the Trustee shall not be bound by any representations, warranties or promises now or at any time hereafter made by the Company to any Guarantor.

Section 1403. Guarantee Absolute.

The obligations of the Guarantors hereunder are independent of the obligations of the Company under the Securities and this Indenture and a separate action or actions may be brought and prosecuted against any Guarantor whether or not an action or proceeding is brought against the Company and whether or not the Company is joined in any such action or proceeding. The liability of the Guarantors hereunder is irrevocable, absolute and unconditional and (to the extent permitted by law) the liability and obligations of the Guarantors hereunder shall not be released, discharged, mitigated, waived, impaired or affected in whole or in part by:

(a) any defect or lack of validity or enforceability in respect of any Indebtedness or other obligation of the Company or any other Person under this Indenture or the Securities, or any agreement or instrument relating to any of the foregoing;

(b) any grants of time, renewals, extensions, indulgences, releases, discharges or modifications which the Trustee or the Holders may extend to, or make with, the Company, any Guarantor or any other

Person, or any change in the time, manner or place of payment of, or in any other term of, all or any of the Indenture Obligations, or any other amendment or waiver of, or any consent to or departure from, this Indenture or the Securities, including any increase or decrease in the Indenture Obligations;

(c) the taking of security from the Company, any Guarantor or any other Person, and the release, discharge or alteration of, or other dealing with, such security;

(d) the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction by any present or future action of any governmental authority or court amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect, any of the Indenture Obligations and the obligations of any Guarantor hereunder;

(e) the abstention from taking security from the Company, any Guarantor or any other Person or from perfecting, continuing to keep perfected or taking advantage of any security;

(f) any loss, diminution of value or lack of enforceability of any security received from the Company, any Guarantor or any other Person, and including any other guarantees received by the Trustee;

(g) any other dealings with the Company, any Guarantor or any other Person, or with any security;

(h) the Trustee's or the Holders' acceptance of compositions from the Company or any Guarantor;

(i) the application by the Holders or the Trustee of all monies at any time and from time to time received from the Company, any Guarantor or any other Person on account of any indebtedness and liabilities owing by the Company or any Guarantor to the Trustee or the Holders, in such manner as the Trustee or the Holders deems best and the changing of such application in whole or in part and at any time or from time to time, or any manner of application of collateral, or proceeds thereof, to all or any of the Indenture Obligations, or the manner of sale of any Collateral;

(j) the release or discharge of the Company or any Guarantor of the Securities or of any Person liable directly as surety or otherwise by

operation of law or otherwise for the Securities, other than an express release in writing given by the Trustee, on behalf of the Holders, of the liability and obligations of any Guarantor hereunder;

(k) any change in the name, business, capital structure or governing instrument of the Company or any Guarantor or any refinancing or restructuring of any of the Indenture Obligations;

(l) the sale of the Company's or any Guarantor's business or any part thereof;

(m) subject to Section 1414, any merger or consolidation, arrangement or reorganization of the Company, any Guarantor, any Person resulting from the merger or consolidation of the Company or any Guarantor with any other Person or any other successor to such Person or merged or consolidated Person or any other change in the corporate existence, structure or ownership of the Company or any Guarantor;

(n) the insolvency, bankruptcy, liquidation, winding-up, dissolution, receivership or

distribution of the assets of the Company or its assets or any resulting discharge of any obligations of the Company (whether voluntary or involuntary) or of any Guarantor or the loss of corporate existence;

(o) subject to Section 1414, any arrangement or plan of reorganization affecting the Company or any Guarantor;

(p) any other circumstance (including any statute of limitations) that might otherwise constitute a defense available to, or discharge of, the Company or any Guarantor; or

(q) any modification, compromise, settlement or release by the Trustee, or by operation of law or otherwise, of the Indenture Obligations or the liability of the Company or any other obligor under the Securities, in whole or in part, and any refusal of payment by the Trustee, in whole or in part, from any other obligor or other guarantor in connection with any of the Indenture Obligations, whether or not with notice to, or further assent by, or any reservation of rights against, each of the Guarantors.

Section 1404. Right to Demand Full Performance

In the event of any demand for payment or performance by the Trustee from any Guarantor hereunder, the Trustee or the Holders shall have the right to demand its full claim and to receive all dividends or other payments in respect thereof until the Indenture Obligations have been paid in full, and the Guarantors shall continue to be jointly and severally liable hereunder for any balance which may be owing to the Trustee or the Holders by the Company under this Indenture and the Securities. The retention by the Trustee or the Holders of any security, prior to the realization by the Trustee or the Holders of its rights to such security upon foreclosure thereon, shall not, as between the Trustee and any Guarantor, be considered as a purchase of such security, or as payment, satisfaction or reduction of the Indenture Obligations due to the Trustee or the Holders by the Company or any part thereof.

Section 1405. Waivers.

(a) Each Guarantor hereby expressly waives (to the extent permitted by law) notice of the acceptance of this Guarantee and notice of the existence, renewal, extension or the non-performance, non-payment, or non-observance on the part of the Company of any of the terms, covenants, conditions and provisions of this Indenture or the Securities or any other notice whatsoever to or upon the Company or such Guarantor with respect to the Indenture Obligations. Each Guarantor hereby acknowledges communication to it of the terms of this Indenture and the Securities and all of the provisions therein contained and consents to and approves the same. Each Guarantor hereby expressly waives (to the extent permitted by law) diligence, presentment, protest and demand for payment.

(b) Without prejudice to any of the rights or recourses which the Trustee or the Holders may have against the Company, each Guarantor hereby expressly waives (to the extent permitted by law) any right to require the Trustee or the Holders to:

(i) initiate or exhaust any rights, remedies or recourse against the Company, any Guarantor or any other Person;

(ii) value, realize upon, or dispose of any security of the Company or any other Person held by the Trustee or the Holders; or

(iii) initiate or exhaust any other remedy which the Trustee or the Holders may have in law or equity;

before requiring or becoming entitled to demand payment from such Guarantor under this Guarantee.

Section 1406. The Guarantors Remain Obligated in Event the Company Is No Longer Obligated to Discharge Indenture Obligations.

It is the express intention of the Trustee and the Guarantors that if for any reason the Company has no legal existence, is or becomes under no legal obligation to discharge the Indenture Obligations owing to the Trustee or the Holders by the Company or if any of the Indenture Obligations owing by the Company to the Trustee or the Holders becomes irrecoverable from the Company by operation of law or for any reason whatsoever, this Guarantee and the covenants, agreements and obligations of the Guarantors contained in this Article Fourteen shall nevertheless be binding upon the Guarantors, as principal debtor, until such time as all such Indenture Obligations have been paid in full to the Trustee and all Indenture Obligations owing to the Trustee or the Holders by the Company have been discharged, or such earlier time as Section 402 shall apply to the Securities and the Guarantors shall be responsible for the payment thereof to the Trustee or the Holders upon demand.

Section 1407. Fraudulent Conveyance; Subrogation.

(a) Any term or provision of this Guarantee to the contrary notwithstanding, the aggregate amount of the Indenture Obligations guaranteed hereunder shall be reduced to the extent necessary to prevent this Guarantee from violating or becoming voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

(b) Each Guarantor hereby waives all rights of subrogation or contribution, whether arising by contract or operation of law (including, without limitation, any such right arising under federal bankruptcy law) or otherwise by reason of any payment by it pursuant to the provisions of this Article Fourteen.

Section 1408. Guarantee Is in Addition to Other Security.

This Guarantee shall be in addition to and not in substitution for any other guarantees or other security which the Trustee may now or hereafter hold in respect of the Indenture Obligations owing to the Trustee or the Holders by the Company and (except as may be required by law) the Trustee shall be under no obligation to marshal in favor of each of the Guarantors any other guarantees or other security or any moneys or other assets which the Trustee may be entitled to receive or upon which the Trustee or the Holders may have a claim.

Section 1409. Release of Security Interests.

Without limiting the generality of the foregoing and except as otherwise provided in this Indenture, each Guarantor hereby consents and agrees, to the fullest extent permitted by applicable law, that the rights of the Trustee hereunder, and the liability of the Guarantors hereunder, shall not be affected by any and all releases for any

purpose of any collateral, if any, from the Liens and security interests created by any collateral document and that this Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Indenture Obligations is rescinded or must otherwise be returned by the Trustee upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

Section 1410. No Bar to Further Actions.

Except as provided by law, no action or proceeding brought or instituted under Article Fourteen and this Guarantee and no recovery or judgment in pursuance thereof shall be a bar or defense to any further action or proceeding which may be brought under Article Fourteen and this Guarantee by reason of any further default or defaults under Article Fourteen and this Guarantee or in the payment of any of the Indenture Obligations owing by the Company.

Section 1411. Failure to Exercise Rights Shall Not Operate as a Waiver; No Suspension of Remedies.

(a) No failure to exercise and no delay in exercising, on the part of the Trustee or the Holders, any right, power, privilege or remedy under this Article Fourteen and this Guarantee shall operate as a waiver thereof, nor shall any single or partial exercise of any rights, power, privilege or remedy preclude any other or further exercise thereof, or the exercise of any other rights, powers, privileges or remedies. The rights and remedies herein provided for are cumulative and not exclusive of any rights or remedies provided in law or equity.

(b) Nothing contained in this Article Fourteen shall limit the right of the Trustee or the Holders to take any action to accelerate the maturity of the Securities pursuant to Article Five or to pursue any rights or remedies hereunder or under applicable law.

Section 1412. Trustee's Duties; Notice to Trustee.

(a) Any provision in this Article Fourteen or elsewhere in this Indenture allowing the Trustee to request any information or to take any action authorized by, or on behalf of any Guarantor, shall be permissive and shall not be obligatory on the Trustee except as the Holders may direct in accordance with the provisions of this Indenture or where the failure of the Trustee to request any such information or to take any such action arises from the Trustee's negligence or willful misconduct.

(b) The Trustee shall not be required to inquire into the existence, powers or capacities of the Company, any Guarantor or the officers, directors or agents acting or purporting to act on their respective behalf.

Section 1413. Successors and Assigns.

All terms, agreements and conditions of this Article Fourteen shall extend to and be binding upon each Guarantor and its successors and permitted assigns and shall enure to the benefit of and may be enforced by the Trustee and its successors and assigns; provided, however, that the Guarantors may not assign any of their rights or obligations hereunder other than in accordance with Article Eight.

Section 1414. Release of Guarantee.

Concurrently with the payment in full of all of the Indenture Obligations, the Guarantors shall be released from and relieved of their obligations under this Article Fourteen. Upon the delivery by the Company to the Trustee of an Officer's Certificate and, if requested by the Trustee, an Opinion of Counsel to the effect that the transaction giving rise to the release of this Guarantee was made by the Company in accordance with the provisions of this Indenture and the Securities, the Trustee shall execute any documents reasonably required in order to evidence the release of the Guarantors from their obligations under this Guarantee. If any of the Indenture Obligations are revived and reinstated after the termination of this Guarantee, then all of the obligations of the Guarantors under this Guarantee shall be revived and reinstated as if this Guarantee had not been terminated until such time as the Indenture Obligations are paid in full, and each Guarantor shall enter into an amendment to this Guarantee, reasonably satisfactory to the Trustee, evidencing such revival and reinstatement.

This Guarantee shall terminate with respect to each Guarantor and

shall be automatically and unconditionally released and discharged as provided in Section 1014(c).

Section 1415. Execution of Guarantee.

To evidence the Guarantee, each Guarantor hereby agrees to execute the guarantee substantially in the form set forth in Section 205, to be endorsed on each Security authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of each Guarantor by its Chairman of the Board, its President, its Chief Operating Officer or one of its Vice Presidents and attested by an authorized officer. The signature of any of these officers on the Securities may be manual or facsimile.

Section 1416. Guarantee Subordinate to Senior Guarantor Indebtedness.

Each Guarantor covenants and agrees, and each Holder of a Guarantee, by his acceptance thereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Article, the Indebtedness represented by the Guarantees is hereby made subordinate and subject in right of payment as provided in this Article to the prior payment in full, in cash or Cash Equivalents or in any other form

acceptable to the holders of Senior Guarantor Indebtedness, of all Senior Guarantor Indebtedness; provided, however, that the Indebtedness represented by this Guarantee in all respects shall rank equally with, or prior to, all existing and future Indebtedness of such Guarantor that is expressly subordinated to such Guarantor's Senior Guarantor Indebtedness.

This Article Fourteen shall constitute a continuing offer to all Persons who, in reliance upon such provisions, become holders of, or continue to hold Senior Guarantor Indebtedness; and such provisions are made for the benefit of the holders of Senior Guarantor Indebtedness; and such holders are made obligees hereunder and they or each of them may enforce such provisions.

With respect to the relative rights of Holders and holders of Senior Indebtedness and Senior Guarantor Indebtedness and for purposes of Section 1407, Holders hereby acknowledge that Indebtedness under the Credit Agreement and any guarantee by a Guarantor of such Indebtedness, in each case incurred in accordance with the Indenture, shall be deemed to have been incurred simultaneous with the incurrence by such Guarantor of its liability under its Guarantee.

Section 1417. Payment Over of Proceeds Upon Dissolution of the Guarantor, etc.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to any Guarantor or to its creditors, as such, or to its assets, or (b) any liquidation, dissolution or other winding up of any Guarantor, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshaling of assets or liabilities of any Guarantor, then and in any such event:

(1) the holders of Senior Guarantor Indebtedness shall be entitled to receive payment in full in cash or Cash Equivalents or in any other form acceptable to the holders of Senior Guarantor Indebtedness, of all amounts due on or in respect of all Senior Guarantor Indebtedness, before the Holders of the Securities are entitled to receive any payment or distribution of any kind or character (excluding Permitted Guarantor Junior Securities) on account of the Guarantee of such Guarantor; and

(2) any payment or distribution of assets of any Guarantor of any kind or character, whether in cash, property or securities (excluding Permitted Guarantor Junior Securities), by set-off or otherwise, to which the Holders or the Trustee would be entitled but for the provisions of this Article shall be paid by the liquidating trustee or agent or other Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Guarantor Indebtedness or their representative or representatives or to the trustee or trustees under

any indenture under which any instruments evidencing any of such Senior Guarantor Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Guarantor Indebtedness held or represented by each, to the extent necessary to make payment in full in cash or Cash Equivalents or in any other form acceptable to the holders of Senior Guarantor Indebtedness of all Senior Guarantor Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of

such Senior Guarantor Indebtedness; and

(3) in the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Holder of any Security shall have received any payment or distribution of assets of any Guarantor of any kind or character, whether in cash, property or securities, in respect of the Guarantee of such Guarantor before all Senior Guarantor Indebtedness is paid in full, then and in such event such payment or distribution (excluding Permitted Guarantor Junior Securities) shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other person making payment or distribution of assets of such Guarantor for application to the payment of all Senior Guarantor Indebtedness remaining unpaid, to the extent necessary to pay all Senior Guarantor Indebtedness in full in cash or Cash Equivalents or in any other form acceptable to the holders of Senior Guarantor Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of Senior Guarantor Indebtedness.

The consolidation of any Guarantor with, or the merger of any Guarantor with or into, another Person or the liquidation or dissolution of any Guarantor following the sale, assignment, conveyance, transfer, lease or other disposal of all or substantially all of such Guarantor's properties or assets to another Person upon the terms and conditions set forth in Article Eight shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshaling of assets and liabilities of such Guarantor for the purposes of this Section if the Person formed by such consolidation or the surviving entity of such merger or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposal of all or substantially all of such Guarantor's properties and assets, as the case may be, shall, as a part of such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposal, comply with the conditions set forth in Article Eight.

Section 1418. Default on Senior Guarantor Indebtedness.

(a) Upon the maturity of any Senior Guarantor Indebtedness by lapse of time, acceleration or otherwise, all principal thereof and interest thereon and other amounts due in connection therewith shall first be paid in full or such payment duly provided for before any payment is made by any of the Guarantors or any Person acting on behalf of any of the Guarantors in respect of the Guarantee of such Guarantor.

(b) No payment (excluding payments in the form of Permitted Guarantor Junior Securities) shall be made by any Guarantor in respect of its Guarantee during the period in which Section 1417 shall be applicable, during any suspension of payments in effect under Section 1203(a) of this Indenture or during any Payment Blockage Period in effect under Section 1203(b) of this Indenture.

(c) In the event that, notwithstanding the foregoing, any Guarantor shall make any payment to the Trustee or the Holder of its Guarantee prohibited by the foregoing provisions of this Section, then and in such event such payment shall be paid over and delivered forthwith to the representatives of the holders of Senior Guarantor Indebtedness or as a court of competent jurisdiction shall direct.

Section 1419. Payment Permitted by Each of the Guarantors if No Default.

Nothing contained in this Article, elsewhere in this Indenture or in any of the Securities shall prevent any Guarantor, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshaling of assets and liabilities of such Guarantor referred to in Section 1417 or under the conditions described in Section 1418, from making payments at any time of principal of, premium, if any, or interest on the Securities.

Section 1420. Subrogation to Rights of Holders of Senior Guarantor Indebtedness.

Subject to the payment in full of all Senior Guarantor Indebtedness in cash or Cash Equivalents or in any other form acceptable to the holders of Senior Guarantor Indebtedness, the Holders of the Securities shall be subrogated to the rights of the holders of such Senior Guarantor Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Guarantor Indebtedness until the principal of, premium, if any, and interest on the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of Senior Guarantor Indebtedness of any cash, property or securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article, and no payments over pursuant to the provisions of this Article to the

holders of Senior Guarantor Indebtedness by Holders of the Securities or the Trustee, shall, as among any Guarantor, its creditors other than holders of Senior Guarantor Indebtedness, and the Holders of the Securities, be deemed to be a payment or distribution by such Guarantor to or on account of the Senior Guarantor Indebtedness.

Section 1421. Provisions Solely to Define Relative Rights.

The provisions of Sections 1416 through 1429 of this Indenture are intended solely for the purpose of defining the relative rights of the Holders of the Securities on the one hand and the holders of Senior Guarantor Indebtedness on the other

hand. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall (a) impair, as among any Guarantor, its creditors other than holders of Senior Guarantor Indebtedness and the Holders of the Securities, the obligation of such Guarantor, which is absolute and unconditional, to pay to the Holders of the Securities the principal of, premium, if any, and interest on the Securities as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against each of the Guarantors of the Holders of the Securities and creditors of each of the Guarantors other than the holders of Senior Guarantor Indebtedness; or (c) prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Guarantor Indebtedness (1) in any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshaling of assets and liabilities of the Guarantors referred to in Section 1417, to receive, pursuant to and in accordance with such Section, cash, property and securities otherwise payable or deliverable to the Trustee or such Holder, or (2) under the conditions specified in Section 1418, to prevent any payment prohibited by such Section or enforce their rights pursuant to Section 1418(c).

Section 1422. Trustee to Effectuate Subordination.

Each Holder of a Security by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes, including, in the event of any dissolution, winding-up, liquidation or reorganization of any Guarantor whether in bankruptcy, insolvency, receivership proceedings, or otherwise, the timely filing of a claim for the unpaid balance of the indebtedness of any Guarantor owing to such Holder in the form required in such proceedings and the causing of such claim to be approved.

Section 1423. No Waiver of Subordination Provisions.

(a) No right of any present or future holder of any Senior Guarantor Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Guarantor or by any act or failure to act by any such holder, or by any non-compliance by any Guarantor with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

(b) Without limiting the generality of Subsection (a) of this Section and notwithstanding any other provision contained herein, the holders of Senior Guarantor Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Holders of the Securities to the holders of

Senior Guarantor Indebtedness, do any one or more of the following: (1) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Guarantor Indebtedness or any instrument evidencing the same or any agreement under which Senior Guarantor Indebtedness is outstanding; (2) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Guarantor Indebtedness; (3) release any Person liable in any manner for the collection or payment of Senior Guarantor Indebtedness; and (4) exercise or refrain from exercising any rights against any of the Guarantors and any other Person; provided , however, that in no event
shall any such actions limit the right of the Holders of the Securities to take any action to accelerate the maturity of the Securities in accordance with the provisions set forth in Article Five or to pursue any rights or remedies under this Indenture or under applicable laws if the taking of such action does not otherwise violate the terms of this Article.

Section 1424. Notice to Trustee by Each of the Guarantors.

(a) Each Guarantor shall give prompt written notice to the Trustee of any fact known to such Guarantor which would prohibit the making of any payment to or by the Trustee in respect of the Guarantee. Notwithstanding the provisions of this Article or any provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Securities, unless and until the Trustee shall have received written notice thereof from any Guarantor or a holder of Senior Guarantor Indebtedness or any trustee, fiduciary or agent therefor; and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such facts exist; provided, however, that if the Trustee shall not have received the notice
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provided for in this Section prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of, premium, if any, or interest on any Security or other Indenture Obligations), then, anything herein contained to the contrary notwithstanding but without limiting the rights and remedies of the holders of Senior Guarantor Indebtedness or any trustee, fiduciary or agent thereof, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it after such date; nor shall the Trustee be charged with knowledge of the curing of any such default or the elimination of the act or condition preventing any such payment unless and until the Trustee shall have received an Officers' Certificate to such effect.

(b) The Trustee shall be entitled to rely on the delivery to it of a written notice to the Trustee and each Guarantor by a Person representing himself to be a representative of one or more holders of Designated Senior Guarantor Indebtedness (a "Senior Guarantor Representative") or a holder of Senior Guarantor Indebtedness (or a trustee, fiduciary or agent therefor) to establish that such notice has been given by a

Senior Guarantor Representative or a holder of Senior Guarantor Indebtedness (or a trustee, fiduciary or agent therefor); provided, however, that failure to give
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such notice to the Company shall not affect in any way the ability of the Trustee to rely on such notice. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Guarantor Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Guarantor Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 1425. Reliance on Judicial Order or Certificate of Liquidating Agent.
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Upon any payment or distribution of assets of any Guarantor referred to in this Article, the Trustee and the Holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Guarantor Indebtedness and other indebtedness of such Guarantor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article, provided that the foregoing shall
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apply only if such court has been fully apprised of the provisions of this Article.

Section 1426. Rights of Trustee as a Holder of Senior Guarantor Indebtedness; Preservation of Trustee's Rights.
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The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Senior Guarantor Indebtedness which may at any time be held by it, to the same extent as any other holder of Senior Guarantor Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder. Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant

to Section 606.

Section 1427. Article Applicable to Paying Agents.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting under this Indenture, the term "Trustee" as

used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that Section 1426 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

Section 1428. No Suspension of Remedies.

Nothing contained in this Article shall limit the right of the Trustee or the Holders of Securities to take any action to accelerate the maturity of the Securities pursuant to the provisions described under Article Five and as set forth in this Indenture or to pursue any rights or remedies hereunder or under applicable law, subject to the rights, if any, under this Article of the holders, from time to time, of Senior Guarantor Indebtedness to receive the cash, property or securities receivable upon the exercise of such rights or remedies.

Section 1429. Trustee's Relation to Senior Guarantor Indebtedness.

With respect to the holders of Senior Guarantor Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article, and no implied covenants or obligations with respect to the holders of Senior Guarantor Indebtedness shall be read into this Article against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Guarantor Indebtedness and the Trustee shall not be liable to any holder of Senior Guarantor Indebtedness if it shall mistakenly in the absence of gross negligence or willful misconduct pay over or deliver to Holders, the Company or any other Person moneys or assets to which any holder of Senior Guarantor Indebtedness shall be entitled by virtue of this Article or otherwise.

If an officer whose signature is on this Indenture no longer holds that office at the time the Trustee authenticates a Security on which a Guarantee is endorsed, such Guarantee shall be valid nevertheless.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the day and year first above written.

CANANDAIGUA WINE COMPANY, INC.

By: /s/ Richard Sands
Name: Richard Sands
Title: President

Attest: /s/ Robert Sands
Name: Robert Sands
Title: Secretary

BATAVIA WINE CELLARS, INC.

By: /s/ Richard Sands
Name: Richard Sands
Title: President

Attest: /s/ Robert Sands
Name: Robert Sands
Title: Secretary

BISCEGLIA BROTHERS WINE CO.

By: /s/ Richard Sands
Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

CALIFORNIA PRODUCTS COMPANY

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

GUILD WINERIES & DISTILLERIES. INC.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

TENNER BROTHERS, INC.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

WIDMER'S WINE CELLARS, INC.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

BARTON INCORPORATED

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON BRANDS, LTD.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON BEERS, LTD.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON BRANDS OF CALIFORNIA, INC.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON BRANDS OF GEORGIA, INC.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON DISTILLERS IMPORT CORP.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON FINANCIAL CORPORATION

By: /s/ David Sorce

Name: David Sorce
Title: Vice President

Attest: /s/ Charles T. Schlau

Name: Charles T. Schlau
Title: Treasurer

STEVENS POINT BEVERAGE CO.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Vice President

MONARCH WINE COMPANY, LIMITED
PARTNERSHIP

By: BARTON MANAGEMENT, INC.
as corporate general partner

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON MANAGEMENT, INC.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Vice President

VINTNERS INTERNATIONAL COMPANY, INC.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

CANANDAIGUA WEST INC.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

THE VIKING DISTILLERY, INC.

By: /s/ Richard Sands

Name: Richard Sands
Title: President

Attest: /s/ Robert Sands

Name: Robert Sands
Title: Vice President

HARRIS TRUST AND SAVINGS BANK, as Trustee
By: /s/ Patricia Kelly Acker

Name: Patricia Kelly Acker
Title: Vice President

Attest: /s/ D.C. Donovan

Name: D.C. Donovan
Title: Assistant Secretary

SCHEDULE I
INDEBTEDNESS OF THE COMPANY AND ITS SUBSIDIARIES

1. $2,000,000 Ontario County Industrial Development Agency 1974 Industrial Development Revenue Bond (Canandaigua Wine Company, Inc. Facility). Financing documents include (a) Mortgage and Indenture Trust dated September 1, 1974 (as amended and supplemented) from the Ontario County Industrial Development Agency ("Agency") to The Chase Manhattan Bank, N.A. (as successor in

interest to Chase Lincoln First Bank) ("Trustee"); (b) Guaranty Agreement dated September 1, 1974 from CWC to Trustee; (c) Ground Lease dated September 1, 1974 (as amended and supplemented) between CWC and Agency; and (d) Lease Agreement dated September 1, 1974 (as amended and supplemented) between Company and Agency. A supplemental bond in the amount of $2,370,000 was issued by the Agency and certain amendments and supplements to the financing documents were entered into in January, 1980. All such amendments and supplements are included in this Schedule I.

2. Term Loan Facility, Revolving Credit Facility and Letter of Credit Facility under the Third Amended and Restated Credit Agreement dated as of September 1, 1995 among the Company, its principal operating subsidiaries and a syndicate of banks for which The Chase Manhattan Bank acts as Administrative Agent, as amended.

3. $130,000,000 aggregate principal amount of 8 3/4% Senior Subordinated Notes due 2003 and Guarantees thereof pursuant to Indenture dated as of December 27, 1993 between CWC, certain of its subsidiaries and The Chase Manhattan Bank (successor by merger to Chemical Bank), as trustee.

4. Capital leases for equipment to which CWC and certain subsidiaries are parties.

5. One loan each against cash surrender values of two officer life insurance policies, one by Connecticut Mutual Life Insurance Company and one by Phoenix Mutual Life Insurance Company. Borrowings are usually made annually against increased cash surrender values.

6. Guarantee by CWC of the obligations of Barton Brands of California, Inc., ("BBC") under Equipment Lease, Real Estate Sublease and Packaging Services Agreement between BBC and Joseph E. Seagrams & Sons, Inc.

7. Capital Lease for the Escalon California Facility.

8. Operating Agreement of Polyphenolics, LLC effective as of September 14, 1995 between Canandaigua Wine Company, Inc. and Second Nature Technology, Inc., as amended.

SCHEDULE II
ENCUMBRANCES AND RESTRICTIONS
OF THE COMPANY AND ITS SUBSIDIARIES

1. Term Loan Facility, Revolving Credit Facility and Letter of Credit Facility under the Third Amended and Restated Credit Agreement dated as of September 1, 1995 among the Company, its principal operating subsidiaries and a syndicate of banks for which The Chase Manhattan Bank acts as Administrative Agent, as amended.

2. Restated Certificate of Incorporation of Canandaigua Wine Company, Inc. (provides for a dividend preference on the Class A Common Stock).

3. $2,000,000 Ontario County Industrial Development Agency 1974 Industrial Development Revenue Bond (Canandaigua Wine Company, Inc. Facility). Financing documents include (a) Mortgage and Indenture of Trust dated September 1, 1974 (as amended and supplemented) from the Ontario County Industrial Development Agency ("Agency") to The Chase Manhattan Bank, N.A. (as successor in interest to Chase Lincoln First Bank) ("Trustee"); (b) Guaranty Agreement dated September 1, 1974 from CWC to Trustee; (c) Ground Lease dated September 1, 1974 (as amended and supplemented) between CWC and Agency; and (d) Lease Agreement dated September 1, 1974 (as amended and supplemented) between Company and Agency. A supplemental bond in the amount of $2,370,000 was issued by the Agency and certain amendments and supplements to the financing documents were entered into in January, 1980. All such amendments and supplements are included in this Schedule II.

4. $130,000,000 aggregate principal amount of 8 3/4% Senior Subordinated Notes due 2003 and Guarantees thereof pursuant to Indenture dated as of December 27, 1993 between CWC, certain of its subsidiaries and The Chase Manhattan Bank (successor by merger to Chemical Bank), as trustee.

5. Operating Agreement of Polyphenolics, LLC effective as of September 14, 1995 between Canandaigua Wine Company, Inc. and Second Nature Technology, Inc. as amended.

EXHIBIT A

INTERCOMPANY NOTE

Evidences of all loans or advances ("Loans") made hereunder shall be reflected on the grid attached hereto. FOR VALUE RECEIVED, _____, a _____ corporation (the "Maker"), HEREBY PROMISES TO PAY ON DEMAND to the order of _____ (the "Holder") the principal sum of the aggregate unpaid principal amount of all Loans (plus accrued interest thereon) at any time and from time to time made hereunder which has not been previously paid.

All capitalized terms used herein that are defined in, or by reference in, the Indenture among Canandaigua Wine Company, Inc., a Delaware Corporation (the "Company"), the guarantors a party thereto and Harris Trust and Savings Bank, as trustee, dated as of October 29, 1996 (the "Indenture"), have the meanings assigned to such terms therein, or by reference therein, unless otherwise defined.

ARTICLE I

TERMS OF INTERCOMPANY NOTE

Section 1.01 Note Forgivable. Unless the Maker of the Loan hereunder is either of the Company or any Guarantor, the Holder may not forgive any amounts owing under this intercompany note.

Section 1.02 Interest: Prepayment. (a) The interest rate ("Interest Rate") on the Loans shall be a rate per annum reflected on the grid attached hereto.

(b) The interest, if any, payable on each of the Loans shall accrue from the date such Loan is made and, subject to Section 2.01, shall be payable upon demand of the Holder.

(c) If the principal or accrued interest, if any, of the Loans is not paid on the date demand is made, interest on the unpaid principal and interest will accrue at a rate equal to the Interest Rate, if any, plus 100 basis points per annum from maturity until the principal and interest on such Loans are fully paid.

(d) Subject to Section 2.01, any amounts hereunder may be prepaid at any time by the Maker.

Section 1.03 Subordination. All loans made to either of the Company or any Guarantor shall be subordinated in right of payment to the payment and performance of the obligations of the Company and any Subsidiary under the Indenture, the Securities, the Guarantees or any other Indebtedness ranking senior to or pari passu with the Securities, or any Guarantees, including, without limitation, any Indebtedness incurred under the Credit Agreement; provided that with respect to a Subsidiary in any specific instance, such Subsidiary is also an obligor under the Indenture, the Securities, a Guarantee or such other senior or pari passu Indebtedness, as the case may be, whether as a borrower, guarantor or pledgor of collateral.

ARTICLE II

EVENTS OF DEFAULT

Section 2.01 Events of Default. If after the date of issuance of this Loan (i) an Event of Default has occurred under the Indenture, (ii) an "Event of Default" (as defined) has occurred under the Credit Agreement, or any refinancing of the Credit Agreement or (iii) an "event of default" (as defined) has occurred on any other Indebtedness of the Company or any Guarantor, then (x) in the event the Maker is not either one of the Company or a Guarantor, all amounts owing under the Loans hereunder shall be immediately due and payable to the Holder, and (y) in the event the Maker is either the Company or a Guarantor, the amounts owing under the Loans hereunder shall not be due and payable;

provided, however, that if such Event of Default or event of default has been waived, cured or rescinded, such amounts shall no longer be due and payable in the case of clause (x), and such amounts may be payable in the case of clause (y). If the Holder is a Subsidiary, then the Holder hereby agrees that if it receives any payments or distributions on any Loan from the Company or a Guarantor which is not payable pursuant to clause (y) of the prior sentence after any Event of Default or event or default described in clauses (i), (ii) or (iii) above has occurred, is continuing and has not been waived, cured or rescinded, it will pay over and deliver forthwith to the Company or such Guarantor, as the case may be, all such payments and distributions.

ARTICLE III

MISCELLANEOUS

Section 3.01 Amendments, Etc. No amendment or waiver of any provision of this intercompany note, or consent to depart herefrom is permitted at any time for any reason, except with the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities.

Section 3.02 Assignment. No party to this Agreement may assign, in whole or in part, any of its rights and obligations under this intercompany note, except to its legal successor in interest.

Section 3.03 Third Party Beneficiaries. The holders of the Securities or any other Indebtedness ranking pari passu with or senior to, the Securities or any Guarantees, including without limitation, any Indebtedness incurred under the Credit Agreement, shall be third party beneficiaries to this intercompany note and shall have the right to enforce this intercompany note against the Company or any of its Subsidiaries.

Section 3.04 Headings. Article and Section headings in this intercompany note are included for convenience of reference only and shall not constitute a part of this intercompany note for any other purpose.

Section 3.05 Entire Agreement. This intercompany note sets forth the entire agreement of the parties with respect to its subject matter and supersedes all previous understandings, written or oral, in respect thereof.

Section 3.06 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).

Section 3.07 Waivers. The Maker hereby waives presentment, demand for payment, notice of protest and all other demands and notices in connection with the delivery, acceptance, performance or enforcement hereof.

By:

Name:
Title:

BORROWINGS, MATURITIES, AND PAYMENTS OF PRINCIPAL

<TABLE>
<CAPTION>

Date	Amount of Borrowing/ Principal	Maturity of Borrowing/ Principal	Amount Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made by
<S>	<C>	<C>	<C>	<C>	<C>

</TABLE>

Exhibit B

Form of Certificate
to Be Delivered upon
Termination of Restricted Period

On or after December 9, 1996

HARRIS TRUST AND SAVINGS BANK

_____

_____
Attention: Corporate Trust Division

Re: Canandaigua Wine Company, Inc. (the "Company") 8 3/4% Series __ Senior

Subordinated Notes due 2003 (the "Securities")

Ladies and Gentlemen:

This letter relates to U.S. $_____ principal amount of Securities represented by the temporary global note certificate (the "Temporary Certificate"). Pursuant to Section 201 of the Indenture dated as of October 29, 1996 relating to the Securities (the "Indenture"), we hereby certify that (1) we are the beneficial owner of such principal amount of Securities represented by the Temporary Certificate and (2) we are a person outside the United States to whom the Securities could be transferred in accordance with Rule 904 of Regulation S promulgated under the U.S. Securities Act of 1933, as amended. Accordingly, you are hereby requested to issue a certificated Security representing the undersigned's interest in the principal amount of Securities represented by the Temporary Certificate, all in the manner provided by the Indenture.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Holder]

By:

Authorized Signature

Exhibit C

Form of Certificate to Be
Delivered in Connection with
Transfers to Non-QIB Institutional Accredited Investors

_____, _____

Canandaigua Wine Company, Inc.
c/o Harris Trust and Savings Bank

_____

_____

Attention: Corporate Trust Division

Re: Canandaigua Wine Company, Inc. (the "Company") 8 3/4% Series __ Senior Subordinated Notes due 2003 (the "Securities")

Ladies and Gentlemen:

In connection with our proposed purchase of $_____ aggregate principal amount of the Securities:

1. We understand that the Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be sold within the United States or to, or for the benefit of, U.S. Persons except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing the Securities to offer, resell, pledge or otherwise transfer such Securities prior to the date which is three years after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Securities, or any predecessor thereto (the "Resale Restriction Termination Date") only (a) to the Company, (b) pursuant to a registration statement which has been declared effective under the Securities Act, (c) for so long as the Securities are eligible for resale pursuant to Rule 144A under the Securities Act, inside the United States to a person we reasonably believe is a qualified institutional buyer under Rule 144A (a "QIB") that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) outside the United States pursuant to offers and sales to non-U.S. Persons in an Offshore Transaction within the meaning of

Regulations S under the Securities Act, (e) inside the United States to an institutional "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act that is acquiring the Securities for its own account or for the account of such an institutional "accredited investor" for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the

Securities Act or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of our property and the property of such investor account or accounts be at all times within our or their control and to compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Securities is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Trustee, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act and that it is acquiring such Securities for investment purposes and not for distribution in violation of the Securities Act. We acknowledge that the Company and the Trustee reserve the right prior to any offer, sale or other transfer prior to the Resale Restriction Termination Date of the Securities pursuant to clauses (d), (e) and (f) above to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company and the Trustee. As used herein, the terms "United States", "Offshore Transaction", and "U.S. Person" have the respective meanings given to them by Regulation S under the Securities Act.

2. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) purchasing for our own account or for the account of such an institutional "accredited investor," and we are acquiring the Securities for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act or the securities laws of any state of the United States or any other applicable jurisdiction; provided that the disposition of our property and the property of any accounts for which we are acting as fiduciary shall remain at all times within our and their control; and we have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Securities, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

3. We are acquiring the Securities purchased by us for our own account or for one or more accounts as to each of which we exercise sole investment discretion.

4. We understand that the Trustee will not be required to accept for registration of transfer any Notes acquired by us, except upon presentation of evidence satisfactory to the Company and the Trustee that the foregoing restrictions on transfer

have been complied with. We further understand that the Notes purchased by us will be in the form of definitive physical certificates and that such certificates will bear a legend reflecting the substance of this paragraph. We further agree to provide to any person acquiring any of the Notes from us a notice advising such person that resales of the Notes are restricted as stated herein and that certificates representing the Notes will bear a legend to that effect.

5. We acknowledge that you, the Company, the Trustee and others will rely upon our acknowledgments, representations and agreements set forth herein, and we agree to notify you promptly in writing if any of our acknowledgments, representations or agreements herein cease to be accurate and complete.

6. We represent to you that we have full power to make the foregoing acknowledgments, representations and agreements on our own behalf and on behalf of any investor account for which we are acting as a fiduciary or agent.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Very truly yours,

By:

(Name of Purchaser)

Date:

Upon transfer, the Securities should be registered in the name of the new beneficial owner as follows:

Name:_____

Address:_____

Taxpayer ID Number:_____

EXHIBIT D

Form of Certificate to Be Delivered
in Connection with Transfers
Pursuant to Regulation S

_____, _____

Harris Trust and Savings Bank

_____

_____

_____

Attention: Corporate Trust Division

Re: Canandaigua Wine Company, Inc. (the "Company") 8 3/4% Series ___ Senior Subordinated Notes due 2003 (the "Securities")

Ladies and Gentlemen:

In connection with our proposed sale of $_____ aggregate principal amount of the Securities, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the Securities Act of 1933, as amended, and, accordingly, we represent that:

(1) the offer of the Securities was not made to a person in the United States;

(2) either (a) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (b) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(3) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act of 1933, as amended.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(c)(3) or Rule 904(c)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(c)(3) or Rule 904(c)(1), as the case may be.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

APPENDIX I

FORM OF TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.
- ----------
- ----------

- ---
(Please print or typewrite name and address including zip code of assignee)

- ---
the within Security and all rights thereunder, hereby irrevocably constituting and appointing

- ---
attorney to transfer such Security on the books of the Company with full power of substitution in the premises.

[THE FOLLOWING PROVISION TO BE INCLUDED
ON ALL CERTIFICATES FOR SERIES B SECURITIES
EXCEPT PERMANENT OFFSHORE PHYSICAL
CERTIFICATES]

In connection with any transfer of this Security occurring prior to the date which is the earlier of the date of an effective Registration Statement or October 29, 1999, the undersigned confirms that without utilizing any general solicitation or general advertising that:

[Check One]

[ ] (a) this Security is being transferred in compliance with the exemption from registration under the Securities Act of 1933, as amended, provided by Rule 144A thereunder.

or

[ ] (b) this Security is being transferred other than in accordance with (a) above and documents are being furnished which comply with the conditions of transfer set forth in this Security and the Indenture.

If none of the foregoing boxes is checked, the Trustee or other Security Registrar shall not be obligated to register this Security in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 307 of the Indenture shall have been satisfied.

Date: _____

_____
NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee: _____

[Signature must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved guarantee medallion program pursuant to Securities and Exchange Commission Rule 17 Ad-15]

TO BE COMPLETED BY PURCHASER IF (a) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____
NOTICE: To be executed by an authorized signatory

APPENDIX II

FORM OF TRANSFER NOTICE

I or we assign and transfer this Security to:
- ---

Please insert social security or other identifying number of assignee
- ---

- ---

- ---

Print or type name, address and zip code of assignee and irrevocably appoint_____

[Agent], to transfer this Security on the books of the Company. The Agent may substitute another to act for him.

Dated _____ Signed _____

(Sign exactly as name appears on the other side of this Security)

[Signature must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved guarantee medallion program pursuant to Securities and Exchange Commission Rule 17 Ad-15]

EXHIBIT 4.8

CANANDAIGUA WINE COMPANY, INC.
$65,000,000
8 3/4% SERIES B SENIOR SUBORDINATED NOTES DUE 2003
EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

October 29, 1996

CHASE SECURITIES INC.
270 Park Avenue
New York, New York 10017

CS FIRST BOSTON CORPORATION
Park Avenue Plaza
55 East 52nd Street
New York, NY 10055

Dear Sirs:

Canandaigua Wine Company, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to certain purchasers (the "Initial Purchasers"), upon the terms set forth in a purchase agreement dated October 24, 1996 (the "Purchase Agreement"), $65,000,000 principal amount of its 8 3/4% Series B Senior Subordinated Notes due 2003 (the "Notes") to be unconditionally guaranteed on a senior subordinated basis (the "Guarantees" and together with the Notes, the "Securities") by certain of the Company's subsidiaries signatories hereto (collectively, the "Guarantors"). The Securities are to be issued pursuant to an indenture dated as of October 29, 1996 (the "Indenture"), between the Company, the Guarantors and First Chicago Corporation, as trustee (the "Trustee"). Capitalized terms used but not specifically defined herein are defined in the Purchase Agreement. As an inducement to the Initial Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to your obligations thereunder, the Company and the Guarantors agree with you, for the benefit of the holders of the Securities (including the Initial Purchasers) (the "Holders"), as follows:

1. Registered Exchange Offer. The Company and the Guarantors shall prepare and, not later than 45 days following the Closing Date, shall file with the Commission a registration statement (the "Exchange Offer Registration Statement") on an appropriate form under the Securities Act with respect to a proposed offer (the "Registered Exchange Offer") to the Holders to issue and deliver to such Holders, in exchange for the Securities, a like aggregate principal amount of debt securities of the Company guaranteed by the Guarantors (the "Exchange Securities") identical in all material respects to the Securities, except for the transfer restrictions relating to the Securities, shall use its best efforts to cause the Exchange Offer Registration Statement to become effective under the Securities Act within 105 days of the Closing Date and shall keep the Exchange Offer Registration Statement effective for not less than 30 days (or longer, if required by applicable law) after the date notice of the Exchange Offer is mailed to the Holders (such period being called the "Exchange Offer Registration Period"). The Exchange Securities will be issued under the Indenture or an indenture (the "Exchange Securities Indenture") between the Company, the Guarantors and the Trustee or such other bank or trust company reasonably satisfactory to you, as trustee (the "Exchange Securities Trustee"), such indenture to be identical in all material respects with the Indenture except for the transfer restrictions relating to the Securities (as described above).

Upon the effectiveness of the Exchange Offer Registration Statement, the Company and the Guarantors shall promptly commence the Registered Exchange Offer, it being the objective of such Registered Exchange Offer to enable each Holder electing to exchange Securities for Exchange Securities (assuming that such Holder is not an affiliate of the Company or the Guarantors within the meaning of the Securities Act, acquires the Exchange Securities in the ordinary course of such Holder's business and has no arrangements or understandings with any person to participate in the distribution of the Exchange Securities) to trade such Exchange Securities from and after their receipt without any limitations or restrictions under the Securities Act and without material restrictions under the securities laws of the several states of the United States. The Company and the Guarantors acknowledge that, pursuant to current interpretations by the Commission's staff of Section 5 of the Securities Act, (i) each Holder which is a broker-dealer electing to exchange Securities, acquired for its own account as a result of market making activities or other trading activities, for Exchange Securities (an "Exchanging Dealer"), is required to deliver a prospectus containing the information set forth in Annex A hereto on the cover, in Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section, and in Annex C hereto in the "Plan of Distribution" section of such prospectus in connection with a sale of any such Exchange Securities received by such Exchanging Dealer,

pursuant to the Registered Exchange Offer and (ii) if any Initial Purchaser elects to sell Exchange Securities acquired in

exchange for Securities constituting any portion of an unsold allotment it is required to deliver a prospectus, containing the information required by items 507 and/or 508 of Regulation S-K under the Securities Act, as applicable, in connection with such a sale.

In connection with the Registered Exchange Offer, the Company and the Guarantors shall:

(a) mail to each Holder a copy of the prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(b) keep the Registered Exchange Offer open for not less than 30 days after the date notice thereof is mailed to the Holders (or longer if required by applicable law);

(c) utilize the services of a Depositary for the Registered Exchange Offer with an address in the Borough of Manhattan, The City of New York;

(d) permit Holders to withdraw tendered Securities at any time prior to the close of business, New York time, on the last business day on which the Registered Exchange Offer shall remain open; and

(e) otherwise comply in all respects with all applicable laws applicable to the Registered Exchange Offer.

As soon as practicable after the close of the Registered Exchange Offer, the Company and the Guarantors shall:

(a) accept for exchange all Securities tendered and not validly withdrawn pursuant to the Registered Exchange Offer;

(b) deliver to the Trustee for cancellation all Securities so accepted for exchange; and

(c) cause the Trustee or the Exchange Securities Trustee, as the case may be, promptly to authenticate and deliver to each Holder of Securities, Exchange Securities equal in principal amount to the Securities of such Holder so accepted for exchange.

The Company and the Guarantors shall make available for a period of 180 days after the consummation of the Registered Exchange Offer, a copy of the prospectus

forming part of the Exchange Offer Registration Statement to any broker-dealer for use in connection with any resale of any Exchange Securities.

Interest on each Exchange Security issued pursuant to the Registered Exchange Offer will accrue from the last interest payment date on which interest was paid on the Securities surrendered in exchange therefor or, if no interest has been paid on the Securities, from the date of original issue of the Securities.

Each Holder participating in the Registered Exchange Offer shall be required to represent to the Company and the Guarantors that at the time of the consummation of the Registered Exchange Offer (i) any Exchange Securities received by such Holder will be acquired in the ordinary course of business, (ii) such Holder will have no arrangements or understanding with any person to participate in the distribution of the Securities or the Exchange Securities within the meaning of the Securities Act, (iii) such Holder is not an affiliate of the Company or any Guarantor within the meaning of the Securities Act and (iv) if the Holder is a broker-dealer that will receive Exchange Securities for its own account in exchange for Securities that were acquired as a result of market-making activities or other trading activities, it will be required to acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities to the extent required by the Commission.

Notwithstanding any other provisions hereof, the Company and the Guarantors will ensure that (i) any Exchange Offer Registration Statement and any amendment thereto and any prospectus forming part thereof and any supplement thereto complies in all material respects with the Securities Act and the rules and regulations thereunder, (ii) any Exchange Offer Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any prospectus forming part of any Exchange Offer Registration Statement, and any supplement to such prospectus, does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the

statements therein, in the light of the circumstances under which they were made, not misleading.

2. Shelf Registration. If, (a) because of any change in law or applicable interpretations thereof by the Commission's staff, the Company and the Guarantors determine that they are not permitted to effect the Registered Exchange Offer as contemplated by Section 1 hereof, or (b) if for any other reason the Registered Exchange Offer is not consummated within 135 days of the date hereof, or (c) if any Initial Purchaser so requests with respect to Securities not eligible to be exchanged for Exchange Securities in a Registered Exchange Offer and held by it following consummation of the

Registered Exchange Offer, or (d) if any applicable laws or applicable interpretations do not permit any Holder (including an Initial Purchaser, but excluding any Exchanging Dealer) to participate in such Registered Exchange Offer, or (e) any Holder that participates in the Registered Exchange Offer (other than an Exchanging Dealer), does not receive freely tradable Exchange Securities in exchange for tendered Securities, then the following provisions shall apply:

(a) The Company and the Guarantors shall use their best efforts as promptly as practicable to file with the Commission and thereafter shall use its best efforts to cause to be declared effective a registration statement on an appropriate form under the Securities Act relating to the offer and sale of the Transfer Restricted Securities (as defined below) by the Holders from time to time in accordance with the methods of distribution elected by such Holders and set forth in such registration statement (hereafter, a "Shelf Registration Statement" and, together with any Exchange Offer Registration Statement, a "Registration Statement").

(b) The Company and the Guarantors shall use their best efforts to keep the Shelf Registration Statement continuously effective in order to permit the prospectus forming part thereof to be usable by Holders for a period of three years from the Closing Date or such shorter period that will terminate when all the Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or pursuant to Rule 144 under the Securities Act (in any such case, such period being called the "Shelf Registration Period"). The Company and the Guarantors shall be deemed not to have used their best efforts to keep the Shelf Registration Statement effective during the requisite period if any of them voluntarily takes any action that would result in Holders of Securities covered thereby not being able to offer and sell such Securities during that period, unless such action, in the opinion of the Company and the Guarantors after consulting with legal counsel, is required by applicable law.

(c) Notwithstanding any other provisions hereof, the Company and the Guarantors will ensure that (i) any Shelf Registration Statement and any amendment thereto and any prospectus forming part thereof and any supplement thereto complies in all material respects with the Securities Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any prospectus forming part of any Shelf Registration Statement, and any supplement to such prospectus does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3. Liquidated Damages. (a) The parties hereto agree that the Holders of Securities will suffer damages if the Company and the Guarantors fail to fulfill their obligations under Section 1 or Section 2, as applicable, and that it would not be feasible to ascertain the extent of such damages. Accordingly, if (i) the applicable Registration Statement is not filed with the Commission on or prior to 45 days after the Closing Date, (ii) the Exchange Offer Registration Statement or, as the case may be, the Shelf Registration Statement, is not declared effective within 105 days after the Closing Date, (iii) the Exchange Offer is not consummated on or prior to 135 days after the Closing Date, or (iv) the Shelf Registration Statement is filed and declared effective within 105 days after the Closing Date but shall thereafter cease to be effective (at any time that the Company and the Guarantors are obligated to maintain the effectiveness thereof) without being succeeded within 30 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), the Company and the Guarantors will pay liquidated damages to each holder of Transfer Restricted Securities (as defined below) in an amount equal to $0.192 per week per $1,000 principal amount of the Securities constituting Transfer Restricted Securities held by such holder until (i) the applicable Registration Statement is filed, (ii) the Exchange Registration Statement is declared effective and the

Exchange Offer is consummated, (iii) the Shelf Registration statement is declared effective or (iv) the Shelf Registration Statement again becomes effective, as the case may be. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease. "Transfer Restricted Securities" means each Security until (i) the date on which such Security has been exchanged for a freely transferable Exchange Security in the Exchange Offer, (ii) the date on which such Security has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (iii) the date on which such Security is distributed to the public pursuant to Rule 144 under the Securities Act or is salable pursuant to Rule 144(k) under the Securities Act. Notwithstanding anything to the contrary in this Section 3(a), the Company and the Guarantors shall not be required to pay liquidated damages to the holder of Transfer Restricted Securities if such holder: (a) failed to comply with its obligations to make the representations in the second to last paragraph of Section 1; or (b) failed to provide the information required to be provided by it, if any, pursuant to Section 4(n).

The Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (i) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Exchange Securities to be issued in the Exchange Offer, (ii) the maintenance of such Registration Statement continuously effective and the keeping of the Exchange Offer open for a period no less than the minimum period required pursuant to Section 1 of this Agreement, and (iii) the delivery by the Company to the Registrar under the Indenture of Exchange Securities in the same

aggregate principal amount as the aggregate principal amount of Securities that were tendered by Holders of Securities pursuant to the Exchange Offer.

(b) The Company shall notify the Trustee and Paying Agent under the Indenture immediately upon the happening of each and every Registration Default. The Company shall pay the liquidated damages due on the Transfer Restricted Securities by depositing with the Paying Agent (which may not be the company for these purposes), in trust, for the benefit of the Holders thereof, prior to 10:00 a.m. New York City time on the next interest payment date specified by the Indenture and the Securities, sums sufficient to pay the liquidated damages then due. The liquidated damages due shall be payable on each interest payment date specified by the Indenture and the Securities to the record holder entitled to receive this interest payment to be made on such date. Each obligation to pay liquidated damages shall be deemed to accrue from and including the applicable Registration Default.

(c) The parties hereto agree that the liquidated damages provided for in this Section 3 constitute a reasonable estimate of and are intended to constitute the sole damages that will be suffered by holders of Transfer Restricted Securities by reason of the failure of (i) the Shelf Registration Statement or the Exchange Offer Registration Statement to be filed, (ii) the Shelf Registration Statement to be declared effective or to remain effective, or (iii) the Exchange Offer Registration Statement to be declared effective and the Exchange Offer to be consummated, to the extent required by this Agreement.

4. Registration Procedures. In connection with any Registration Statement, the following provisions shall apply:

(a) The Company and the Guarantors shall (i) furnish to you, prior to the filing thereof with the Commission, a copy of the Registration Statement and each amendment thereof and each supplement, if any, to the prospectus included therein and, in the event that any of the Initial Purchasers (with respect to any portion of an unsold allotment from the original offering) are participating in the Registered Exchange Offer or the Shelf Registration, shall use reasonable efforts to reflect in each such document, when so filed with the Commission, such comments as you reasonably may propose; (ii) with respect to an Exchange Offer Registration Statement, include the information set forth in Annex A hereto on the cover, in Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section and in Annex C hereto in the "Plan of Distribution" section of the prospectus forming a part of the Exchange Offer Registration Statement, and include the information set forth in Annex D hereto in the Letter of Transmittal delivered pursuant to the Registered Exchange Offer; and (iii) if requested by any Initial Purchaser, include the information required by Items 507 or 508

of Regulation S-K under the Securities Act, as applicable, in the prospectus forming a part of the Exchange Offer Registration Statement.

(b) The Company and the Guarantors shall advise you and, in the case of a Shelf Registration Statement, the Holders (if applicable), and, if requested by you or any such Holder, confirm such advice in writing (which advice pursuant to clauses (ii)-(v) hereof shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made):

(i) when the Registration Statement and any amendment thereto has been filed with the Commission and when the Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to the Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company or any Guarantor of any notification with respect to the suspension of the qualification of the Securities or the Exchange Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of the happening of any event that requires the making of any changes in the Registration Statement or the prospectus so that, as of such date, the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) The Company and the Guarantors will use their best efforts to obtain the withdrawal of any order suspending the effectiveness of any Registration Statement at the earliest possible time.

(d) The Company and the Guarantors will furnish to each Holder of Securities included within the coverage of any Shelf Registration Statement, without charge, at least one copy of such Shelf Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if the Holder so requests in writing, all exhibits (including those incorporated by reference).

(e) The Company and the Guarantors will deliver to each Holder of Securities included within the coverage of any Shelf Registration Statement, without charge, as many copies of the prospectus (including each preliminary prospectus) included in such Shelf Registration Statement and any amendment or supplement thereto as such Holder may reasonably request; and the Company and the Guarantors consent to the use of the prospectus or any amendment or supplement thereto by each of the selling Holders of Securities in connection with the offering and sale of the Securities covered by the prospectus or any amendment or supplement thereto.

(f) The Company and the Guarantors will furnish to each Exchanging Dealer or Initial Purchaser, as applicable, which so requests, without charge, at least one copy of the Exchange Offer Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if the Exchanging Dealer or Initial Purchaser, as applicable, so requests in writing, all exhibits (including those incorporated by reference).

(g) The Company and the Guarantors will, during the Exchange Offer Registration Period or the Shelf Registration Period, as applicable, promptly deliver to each Exchanging Dealer or Initial Purchaser, as applicable, without charge, as many copies of the prospectus included in such Exchange Offer Registration Statement or Shelf Registration Statement, as applicable, and any amendment or supplement thereto as such Exchanging Dealer or Initial Purchaser, as applicable, may reasonably request for delivery by (i) such Exchanging Dealer in connection with a sale of Exchange Securities received by it pursuant to the Registered Exchange Offer or (ii) such Initial Purchaser in connection with a sale of Exchange Securities received by it in exchange for Securities constituting any portion of an unsold allotment; and the Company and the Guarantors consent to the use of the prospectus or any amendment or supplement thereto by any such Exchanging Dealer or Initial Purchaser, as applicable, as aforesaid.

(h) Prior to any public offering of Securities or Exchange Securities pursuant to any Registration Statement, the Company and the Guarantors will use their best efforts to register or qualify or cooperate with the Holders of Securities included therein and their respective counsel in connection with the registration or qualification of such securities for offer and sale under the securities or blue sky laws of such jurisdictions as any such Holder reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions of the Securities or Exchange Securities covered by such Registration Statement; provided, --------
however, that neither the Company nor any Guarantor will be required to qualify - -------
generally to do business in any jurisdiction where it is not then so qualified or to take any

action which would subject it to general service of process or to taxation in any such jurisdiction where it is not then so subject.

(i) The Company and the Guarantors will cooperate with the Holders of Securities to facilitate the timely preparation and delivery of certificates representing Securities or Exchange Securities to be sold pursuant to any Registration Statement free of any restrictive legends and in such denominations and registered in such names as Holders may request in writing prior to sales of Securities or Exchange Securities pursuant to such Registration Statement.

(j) Upon the occurrence of any event contemplated by paragraphs (b)(ii) through (v) above during the period for which the Company and the Guarantors are required to maintain an effective Registration Statement, the Company and the Guarantors will promptly prepare a post-effective amendment to the Registration Statement or a supplement to the related prospectus or file any other required document so that, as so amended or supplemented, the prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Not later than the effective date of the applicable Registration Statement, the Company will provide a CUSIP number for the Securities or Exchange Securities, as the case may be, and provide the applicable trustee with printed certificates for the Securities or Exchange Securities, as the case may be, in a form eligible for deposit with The Depository Trust Company.

(l) The Company and the Guarantors will comply with all applicable rules and regulations of the Commission and will make generally available to its security holders as soon as practicable after the effective date of the applicable Registration Statement an earnings statement (which need not be audited) satisfying the provisions of Section 11(a) of the Securities Act.

(m) The Company and the Guarantors will cause the Indenture or the Exchange Securities Indenture, as the case may be, to be qualified under the Trust Indenture Act as required by applicable law in a timely manner.

(n) The Company and the Guarantors may require each Holder of Securities to be sold pursuant to any Shelf Registration Statement to furnish to the Company and the Guarantors such information regarding the Holder and the distribution of such Securities as the Company and the Guarantors may from time to time reasonably require for inclusion in such Registration Statement, and the Company and the Guarantors

may exclude from such registration the Securities of any Holder that unreasonably fails to furnish such information within a reasonable time after receiving such request.

(o) The Company and the Guarantors shall enter into such customary agreements (including, if requested, an underwriting agreement in customary form) and take all such other action, if any, as Holders of a majority in aggregate principal amount of Securities or Exchange Securities being sold or the managing underwriters (if any) shall reasonably request in order to facilitate the disposition of Securities pursuant to any Shelf Registration Statement. If CSI or an affiliate of CSI acts as a managing underwriter in any such registered offering, to the extent required by applicable law or regulations, a "qualified independent underwriter" (as defined in Rule 2720(b)(15) of the National Association of Securities Dealers, Inc. Conduct Rules) shall be retained by the Company and the Guarantors with the consent of CSI (which consent shall not be unreasonably withheld or delayed), and the Company and the Guarantors shall pay all fees and expenses (other than underwriting commissions and discounts) of such qualified independent underwriter.

(p) In the case of a Shelf Registration Statement, the Company and the Guarantors shall (i) make reasonably available for inspection by a representative of, and Special Counsel (as defined) acting for, a majority in aggregate principal amount of the Holders, and any underwriter participating in any disposition pursuant to a Shelf Registration Statement, all relevant financial and other records, pertinent corporate documents and properties of the Company and the Subsidiaries and (ii) use reasonable efforts to have the Company's and the Subsidiaries' officers, directors, employees, accountants and auditors supply all relevant information reasonably requested by such representative, counsel or any such underwriter (an "Inspector") in connection with any such Registration Statement, subject to executing a confidentiality undertaking in customary form with respect to confidential or proprietary information of the Company or such Subsidiary.

(q) In the case of a Shelf Registration Statement, the Company and the Guarantors, if requested by Holders of a majority in aggregate principal amount of the Securities and Exchange Securities being sold, their Special Counsel, or the managing underwriters (if any) in connection with any Shelf Registration Statement, shall use their best efforts to cause (w) their counsel to deliver an

opinion relating to the Registration Statement and the Securities or the Exchange Securities, as applicable, in customary

form, (x) their officers to execute and deliver all customary documents and certificates requested by Holders of a majority in aggregate principal amount of the Securities and Exchange Securities being sold, their Special Counsel, or the managing underwriters (if any) and (y) their independent public accountants to provide a comfort letter in customary form, subject to receipt of appropriate documentation as contemplated, and only if permitted, by Statement of Auditing Standards No. 72.

(r) The Company and the Guarantors will use reasonable efforts to cause the Securities or the Exchange Securities, as applicable, covered by a Registration Statement to be rated with an appropriate rating agency, if so requested by Holders of a majority in aggregate principal amount of Securities covered by such Registration Statement or the Exchange Securities, as the case may be, or by the managing underwriters, if any.

(s) The Company and the Guarantors will use reasonable efforts to cause the Securities or the Exchange Securities, as applicable, relating to such Registration Statement to be listed on each securities exchange, if any, on which debt securities issued by the Company are then listed, if so requested by Holders of a majority in aggregate principal amount of Securities covered by such Registration Statement or the Exchange Securities, as the case may be, or by the managing underwriters, if any.

(t) In the case of a Shelf Registration Statement, each Holder of Securities agrees by acquisition of such Securities that, upon receipt of any notice of the Company and the Guarantors pursuant to Section 4(b)(ii) through (v) hereof, such Holder will discontinue disposition of such Securities covered by such Registration Statement until such Holder's receipt of copies of the supplemental or amended prospectus contemplated by Section 4(j) hereof, or until advised in writing (the "Advice") by the Company and the Guarantors that the use of the applicable prospectus may be resumed. If the Company and the Guarantors shall give any notice under Section 4(b)(ii) through (v) during the period that the Company and the Guarantors are required to maintain an effective Registration Statement (the "Effectiveness Period"), such Effectiveness Period shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the date when each seller of Securities covered by such Registration Statement shall have received (x) the copies of the supplemental or amended prospectus contemplated by Section 4(j) (if an amended or supplemental prospectus is required) or (y) the Advice (if no amended or supplemental prospectus is required).

5. Registration Expenses. The Company and the Guarantors will bear
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all expenses incurred in connection with the performance of their obligations under Sections 1, 2, 3 and 4 hereof, including all fees and expenses of a qualified independent underwriter, if any, and the Company and the Guarantors will reimburse the Initial Purchasers and the Holders for the reasonable fees and disbursements of one firm of attorneys (in addition to local counsel) chosen by the Holders of a majority in aggregate principal amount of the Securities and the Exchange Securities to be sold pursuant to a

Registration Statement (the "Special Counsel") acting for the Initial Purchasers or Holders in connection therewith, provided that the Company and the Guarantors shall not be liable for more than an aggregate of $25,000 of fees and expenses of Special Counsel. The Holders shall be responsible for all underwriting commissions and discounts in the case of a Shelf Registration Statement.

6. Indemnification. (a) In the event of a Shelf Registration

Statement or in connection with any prospectus delivery pursuant to an Exchange Offer Registration Statement by an Exchanging Dealer or Initial Purchaser, as applicable, as contemplated in Section 4(g) above, the Company and the Guarantors, jointly and severally, shall indemnify and hold harmless each Holder and each person, if any, who controls such Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any such Registration Statement or any prospectus forming part thereof or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(ii) against any and all expense whatsoever, as incurred (including, subject to Section 6(c) hereof, the reasonable fees and disbursements of counsel chosen by the indemnified party) reasonably incurred in investigating, preparing or defending against any litigation, or any

investigation or proceeding by any governmental or regulatory agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission;

provided, however, that (i) this indemnity shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company and the Guarantors by you or any Holder expressly for use in such Registration Statement and (ii) this indemnity with respect to any untrue statement or alleged untrue statement or omission or alleged omission in any related preliminary prospectus shall not inure to the benefit of any indemnified party from whom the person asserting any such loss, claim damage or liability received Securities or Exchange Securities if such persons did not receive a copy of the final prospectus at or prior to the confirmation of the sale of such Securities or Exchange Securities to such person in any case where such delivery is required by the Securities Act and the untrue statement or omission of material fact contained in the related preliminary prospectus was

corrected in the final prospectus unless such failure to deliver the final prospectus was a result of noncompliance by the Company and the Guarantors with Sections 4(d), 4(e), 4(f) or 4(g).

(b) In the event of a Shelf Registration Statement, each Holder agrees to indemnify and hold harmless the Company, the Guarantors, each of their respective directors, officers, agents and employees and each person, if any, who controls the Company or each Guarantor within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and the directors, officers, agents and employees of such controlling persons against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 6(a) hereof, as incurred, arising out of or based upon any untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment or supplement thereto) in reliance on and in conformity with written information furnished to the Company and the Guarantors by such Holder expressly for use in the Registration Statement (or in such amendment or supplement); provided, however, that no such Holder shall be liable for any indemnity claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Securities or Exchange Securities pursuant to the Registration Statement.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any claim or action commenced against it in respect of which indemnity may be sought hereunder; provided, however, that failure to so notify an indemnifying party shall not relieve such indemnifying party from any obligation that it may have pursuant to this Section except to the extent it has been materially prejudiced by such failure; provided "further," however, that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than on account of this Section. If any such claim or action shall be brought against an indemnified party, the indemnified party shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 6 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that an indemnified party will have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based on

advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict exists (based on advice of counsel to the indemnified party) between the indemnified party and indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in

connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm of attorneys (in addition to any local counsel) at any one time for all such indemnified party or parties. Each indemnified party, as a condition of the indemnity agreements contained in Sections 6(a) and 6(b), shall use all reasonable efforts to cooperate with the indemnifying party in the defense of any such action or claim. No indemnifying party shall be liable for any settlement of any such action effected without its written consent, but if settled with its written consent (which consent shall not be unreasonably withheld) or if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If a claim by an indemnified party for indemnification under this Section 6 is found unenforceable in a final judgment by a court of competent jurisdiction (not subject to further appeal or review) even though the express provisions hereof provide for indemnification in such case, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified party in connection with the actions, statements or omissions that resulted in such losses as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent

such action, statement or omission. The amount paid or payable by a party as a result of any losses shall be deemed to include, subject to the limitations set forth in Section 6(c) hereof, any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section, an indemnifying party that is a holder of Transfer Restricted Securities or Exchange Securities shall not be required to contribute any amount in excess of the amount by which the total price at which the Securities or Exchange Securities sold by such indemnifying party and distributed to the public were offered to the public exceeds the amount of any damages that such indemnifying party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to any contribution from any person who was not guilty of such fraudulent misrepresentation.

7. Rules 144 and 144A. The Company shall use its best efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the written request of any holder of Transfer Restricted Securities, make publicly available other information so long as necessary to permit sales of their securities pursuant to Rules 144 and 144A. The Company covenants that it will take such further action as any holder of Transfer Restricted Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Transfer Restricted Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A (including, without limitation, the requirements of Rule 144A(d)(4)). Upon the written request of any holder of Transfer Restricted Securities, the Company shall deliver to such holder a written statement as to whether it has complied with such requirements.

8. Underwritten Registrations. If any of the Transfer Restricted Securities covered by any Shelf Registration are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the holders of a majority in aggregate principal amount of such Transfer Restricted Securities included in such offering, subject to the consent of the Company (which shall not be unreasonably withheld or delayed). The Holders shall be responsible for all underwriting commissions and discounts.

No person may participate in any underwritten registration hereunder unless such person (i) agrees to sell such person's Transfer Restricted Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

9. Miscellaneous. (a) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company and the Guarantors have obtained the written consent of Holders of a majority in aggregate principal amount of the Securities and the Exchange Securities, taken as a single class. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders whose Securities or Exchange Securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders may be given by Holders of a majority in aggregate principal amount of the Securities or Exchange Securities being sold by such Holders pursuant to such Registration Statement.

(b) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail, telex, telecopier, or air courier guaranteeing overnight delivery:

(1) if to a Holder, at the most current address given by such Holder to the Company and the Guarantors in accordance with the provisions of this Section 9(b), which address initially is, with respect to each Holder, the address of such Holder maintained by the Registrar under the Indenture, with a copy in like manner to Chase Securities Inc.;

(2) if to you, initially at the respective addresses set forth in the Purchase Agreement; and

(3) if to the Company or any Guarantor, initially at the address set forth in the Purchase Agreement.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; one business day after being delivered to a next-day air courier; five business days after being deposited in the mail; when answered back, if faxed; and when receipt is acknowledged by the recipient's telecopier machine, if telecopied.

(c) Successors And Assigns. This Agreement shall be binding upon the Company, the Guarantors and their successors and assigns.

(d) Counterparts. This Agreement may be executed in any number of counterparts (which may be delivered in original form or by telecopies) and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(e) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(f) Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE COMPANY AND THE GUARANTORS HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK OR ANY FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, JURISDICTION OF THE AFORESAID COURTS. EACH OF THE COMPANY AND THE GUARANTORS IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, TRIAL BY JURY AND ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY HOLDER OF A TRANSFER RESTRICTED SECURITY TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY OR

EACH GUARANTOR IN ANY OTHER JURISDICTION.

(g) Remedies. In the event of a breach by the Company, any Guarantor or by a holder of Transfer Restricted Securities, of any of their obligations under this Agreement, each holder of Transfer Restricted Securities, the Company or any Guarantor, as the case may be, in addition to being entitled to exercise all rights granted by law,

including recovery of damages (other than the recovery of damages for a breach by the Company or any Guarantor of its obligations under Sections 1 or 2 hereof for which liquidated damages have been paid pursuant to Section 3 hereof), will be entitled to specific performance of its rights under this Agreement. Each of the Company, the Guarantor and the holders of Transfer Restricted Securities agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(h) No Inconsistent Agreements. The Company and the Guarantors have not, nor shall the Company or any Guarantor on or after the date of this Agreement, enter into any agreement that is inconsistent with the rights granted to the holders of Transfer Restricted Securities in this Agreement or otherwise conflicts with the provisions hereof. The Company has not previously entered into any agreement which remains in effect granting any registration rights with respect to any of its debt securities to any person. Without limiting the generality of the foregoing, without the written consent of the holders of a majority in aggregate principal amount of the then outstanding Transfer Restricted Securities, the Company shall not grant to any person the right to request the Company to register any debt securities of the Company under the Securities Act unless the rights so granted are subject in all respects to the prior rights of the holders of Transfer Restricted Securities set forth herein, and are not otherwise in conflict or inconsistent with the provisions of the Agreement.

(i) No Piggyback on Registrations. Neither the Company nor any of its securityholders (other than the holders of Transfer Restricted Securities in such capacity) shall have the right to include any securities of the Company in any Shelf Registration or Exchange Offer other than Transfer Restricted Securities.

(j) Severability. The remedies provided herein are cumulative and not exclusive of any remedies provided by law. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

Please confirm that the foregoing correctly sets forth the agreement between the Company, the Guarantors and you.

Very truly yours,

CANANDAIGUA WINE COMPANY, INC.

By: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

BATAVIA WINE CELLARS, INC.

By: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

BISCEGLIA BROTHERS WINE CO.

By: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

CALIFORNIA PRODUCTS COMPANY

By: /s/ Robert Sands

Name: Robert Sands
Title: Secretary

GUILD WINERIES & DISTILLERIES, INC.

By /s/ Robert Sands

Name: Robert Sands
Title: Secretary

TENNER BROTHERS, INC.

By /s/ Robert Sands

Name: Robert Sands
Title: Secretary

CANANDAIGUA WEST, INC.

By /s/ Robert Sands

Name: Robert Sands
Title: Secretary

WIDMER'S WINE CELLAR, INC.

By /s/ Robert Sands

Name: Robert Sands
Title: Secretary

BARTON INCORPORATED

By /s/ Robert Sands

Name: Robert Sands
Title: Secretary

BARTON BRANDS, LTD.

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON BEERS, LTD.

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON BRANDS OF CALIFORNIA, INC.

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON DISTILLERS IMPORT CORP.

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON FINANCIAL CORPORATION

By /s/ David Sorce

Name: David Sorce
Title: Vice President

STEVENS POINT BEVERAGE COMPANY

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

MONARCH WINE COMPANY, LIMITED
PARTNERSHIP

By BARTON MANAGEMENT, INC.,
as general partner

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON MANAGEMENT, INC.

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

THE VIKING DISTILLERY, INC.

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

VINTNERS INTERNATIONAL COMPANY, INC.

By /s/ Robert Sands

Name: Robert Sands
Title: Secretary

BARTON BRANDS OF GEORGIA, INC.

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

Accepted in New York, New York

CHASE SECURITIES INC.

By:

Name:
Title:

CS FIRST BOSTON CORPORATION

By:

Name:
Title:

VINTNERS INTERNATIONAL COMPANY, INC.

By

Name:
Title:

BARTON BRANDS OF GEORGIA, INC.

By

Name:
Title:

Accepted in New York, New York

CHASE SECURITIES INC.

By: /s/ David Fass

Name: David Fass
Title: Vice President

CS FIRST BOSTON CORPORATION

By:

Name:
Title:

VINTNERS INTERNATIONAL COMPANY, INC.

By

Name:
Title:

BARTON BRANDS OF GEORGIA, INC.

By

Name:
Title:

Accepted in New York, New York

CHASE SECURITIES INC.

By:

Name:
Title:

CS FIRST BOSTON CORPORATION

By: /s/ Peter A. Fowler

Name: Peter A. Fowler
Title: Director

ANNEX A

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Securities where such Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company and the Guarantors have agreed that, for a period of 180 days after the Expiration Date (as defined herein), they will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

ANNEX B

Each broker-dealer that receives Exchange Securities for its own account in exchange for Securities, where such Securities were acquired by such broker-dealer as a result of market-making activities or other trading

activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. See "Plan of Distribution."

ANNEX C

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Securities where such Securities were acquired as a result of market-making activities or other trading activities. The Company and the Guarantors have agreed that, for a period of 180 days after the Expiration Date, they will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until _____, 199 , all dealers effecting transactions in the Exchange Securities may be required to deliver a prospectus.*/

The Company and the Guarantors will not receive any proceeds from any sale of Exchange Securities by broker-dealers. Exchange Securities received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Securities or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Securities. Any broker-dealer that resells Exchange Securities that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Securities may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Securities and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

- ------------------

*/ In addition, the legend required by Item 502(e) of Regulation S-K will appear on the back cover page of the Exchange Offer prospectus.

For a period of 180 days after the Expiration Date the Company and the Guarantors will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company and the Guarantors have agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the Holders of the Securities) other than commissions or concessions of any brokers or dealers and will indemnify the Holders of the Securities (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

ANNEX D

/ / CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name:

Address:

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Securities. If the undersigned is a broker-dealer that will receive Exchange Securities for its own account in exchange for Securities that were acquired as a result of market-making activities or other trading activities, it

acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Securities; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Exhibit 5.1

[MCDERMOTT, WILL & EMERY LETTERHEAD]

December 9, 1996

Canandaigua Wine Company, Inc.
116 Buffalo Street
Canandaigua, NY 14424

Re: Registration Statement on Form S-4

Ladies and Gentlemen:

This opinion is furnished to you in connection with the above-referenced registration statement on Form S-4 (the "Registration Statement") filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), for the registration of $65,000,000 aggregate principal amount of 8 3/4% Series C Senior Subordinated Notes due 2003 (the "Exchange Notes") of Canandaigua Wine Company, Inc., a Delaware corporation (the "Company") to be unconditionally guaranteed on a senior subordinated basis (the "Guarantees") by certain of the Company's subsidiaries that are signatories to the Indenture (the "Guarantors"). The Exchange Notes will be offered in exchange (the "Exchange") for the Company's outstanding 8 3/4% Series B Senior Subordinated Notes due 2003 (the "Old Notes").

The Exchange Notes are to be issued in exchange for Old Notes pursuant to an Indenture (the "Indenture") dated as of October 29, 1996 between the Company, the Guarantors and Harris Trust and Savings Bank, as Trustee (the "Trustee") and the related Exchange and Registration Rights Agreement dated as of October 29, 1996 among the Company, the Guarantors, Chase Securities Inc. and CS First Boston Corporation (the "Registration Rights Agreement").

In arriving at the opinion expressed below, we have examined the Registration Statement, the Indenture, the Registration Rights Agreement, the Exchange Notes, the Guarantees and such other documents as we have deemed necessary to enable us to express the opinion hereinafter set forth. In addition, we have examined and relied, to the extent we deemed proper, on certificates of officers of the Company and the Guarantors as to

factual matters, and on originals or copies certified or otherwise identified to our satisfaction, of all such corporate records of the Company and the Guarantors and such other instruments and certificates of public officials and other persons as we have deemed appropriate. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies, the genuineness of all signatures on documents reviewed by us and the legal capacity of natural persons. We have further assumed that the Exchange Notes and the Guarantees have been duly executed and delivered, all in accordance with authorizing resolutions of the Board of Directors of the Company and the Guarantors.

We express no opinion as to the applicability of, compliance with or effect of, the law of any jurisdiction other than United States Federal law and the laws of Delaware, New York and the District of Columbia.

Based upon and subject to the foregoing, we are of the opinion that the Exchange Notes and the Guarantees, when duly executed and authenticated in accordance with the terms of the Indenture, and delivered in exchange for Old Notes in accordance with the terms of the Indenture, will be valid and legally binding obligations of the Company and the Guarantors, respectively and will be entitled to the benefits of the Indenture, except that the enforceability thereof may be limited by or subject to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or other similar laws now or hereafter existing which affect the rights and remedies of creditors generally and equitable principles of general applicability.

We hereby consent to the references to our firm under the caption "Legal Matters" in the Registration Statement and to the use of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ McDermott, Will & Emery

EXHIBIT 8.1

[McDERMOTT, WILL & EMERY LETTERHEAD]

December 9, 1996

Canandaigua Wine Company, Inc.
116 Buffalo Street
Canandaigua, NY 14424

Re: Registration Statement on Form S-4

Ladies and Gentlemen:

We have acted as counsel to Canandaigua Wine Company, Inc. (the "Company") in connection with the above-referenced registration statement on Form S-4 (the "Registration Statement") filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), for the registration of $65,000,000 aggregate principal amount of 8 3/4% Series C Senior Subordinated Notes due 2003 (the "Exchange Notes") of the Company to be offered in exchange (the "Exchange") for the Company's outstanding 8 3/4% Series B Senior Subordinated Notes due 2003 (the "Old Notes").

We have reviewed the information that appears under the caption "Certain Federal Income Tax Considerations" in the prospectus that is included in the Registration Statement. In our opinion, subject to the qualifications and limitations set forth therein, such information is an accurate summary of the material United States Federal tax considerations applicable to the Exchange of Old Notes for Exchange Notes and the ownership of Exchange Notes.

Very truly yours,

/s/ McDermott, Will & Emery

Exhibit 10.26

[Execution Copy]

AMENDMENT NO. 5

AMENDMENT NO. 5 dated as of October 10, 1996, between CANANDAIGUA WINE COMPANY, INC., a corporation duly organized and validly existing under the laws of the State of Delaware (the "Company"); each of the Subsidiaries of the Company identified under the caption "SUBSIDIARY GUARANTORS" on the signature pages hereto (individually, a "Subsidiary Guarantor" and, collectively the "Subsidiary Guarantors" and, together with the Company, the "Obligors"); each of the lenders that is a signatory hereto (individually, a "Bank" and, collectively, the "Banks"); and THE CHASE MANHATTAN BANK (successor by merger to The Chase Manhattan Bank, N.A.), a New York State banking corporation, as administrative agent for the Banks (in such capacity, together with its successors in such capacity, the "Administrative Agent").

The Company, the Subsidiary Guarantors, the Banks and the Administrative Agent are parties to a Third Amended and Restated Credit Agreement dated as of September 1, 1995 (as modified and supplemented and in effect on the date hereof, the "Credit Agreement"). The Obligors and the Banks wish to amend the Credit Agreement in certain respects and, accordingly, the parties hereto hereby agree as follows:

Section 1. Definitions. Except as otherwise defined in this Amendment No. 3, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Amendments. Subject to the satisfaction of the conditions set forth in Section 3 hereof, the Credit Agreement shall be amended as follows:

A. The definition of "Adjusted Cash Flow" in Section 1.01 of the Credit Agreement is hereby amended in its entirety to read as follows:

"Adjusted Cash Flow" shall mean, for any period (the "calculation period"), the sum, for the Company and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP), of the following: (a) Operating Cash Flow for the calculation period (excluding the Adjustment Amount for such period but including, for the fiscal quarter of the Company ending on February 29, 1996, the aggregate amount of the charges specified in Part I of Schedule A to Amendment No. 3), minus (b) Capital Expenditures made during the calculation period (excluding (x) Capital Expenditures made from the proceeds of Indebtedness other than Indebtedness hereunder and (y) Restructuring Capital Expenditures made during such period

but not exceeding an aggregate amount for all calculation periods of $22,270,000) plus (c) the decrease (or minus the increase) of Working Capital from the last day of the fiscal quarter immediately preceding the calculation period to the last day of the calculation period, provided that for purposes of this clause (c), there shall be excluded any increase of Working Capital attributable to the prepayment of Revolving Credit Loans from the proceeds of additional Subordinated Indebtedness incurred pursuant to Section 9.17 hereof during the calculation period.

B. Section 9.08(k) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(k) the Senior Subordinated Note Guarantees, and any Guarantee of additional Subordinated Indebtedness that complies with the requirements of Section 9.17(b) hereof."

Section 3. Conditions. The amendments set forth in Section 2 hereof shall become effective, as of September 30, 1996, upon the execution of this Amendment by each Obligor, the Administrative Agent and the Majority Banks.

Section 4. Miscellaneous. Except as herein provided, the Credit Agreement shall remain unchanged and in full force and effect. This Amendment No. 5 may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Amendment No. 5 by signing any such counterpart. This Amendment No. 5 shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 5 to be duly executed and delivered as of the day and year first above written.

CANANDAIGUA WINE COMPANY, INC.

By /s/ Lynn K. Fetterman
Title: Senior Vice President

SUBSIDIARY GUARANTORS

CANANDAIGUA WEST, INC.
BATAVIA WINE CELLARS, INC.
BISCEGLIA BROTHERS WINE COMPANY
CALIFORNIA PRODUCTS COMPANY
GUILD WINERIES & DISTILLERIES, INC. (formerly known as Canandaigua California Acquisition Corp.)
TENNER BROTHERS, INC.
WIDMER'S WINE CELLARS, INC.
VINTNERS INTERNATIONAL COMPANY, INC. (formerly known as Canandaigua/Vintners Acquisition Corp.)

By /s/ Lynn K. Fetterman
Title: Treasurer

BARTON INCORPORATED
BARTON BRANDS, LTD.
BARTON BEERS, LTD.
BARTON BRANDS OF CALIFORNIA, INC.
BARTON BRANDS OF GEORGIA, INC.
BARTON DISTILLERS IMPORT CORP.
STEVENS POINT BEVERAGE COMPANY
MONARCH WINE COMPANY,
LIMITED PARTNERSHIP
By Barton Management, Inc.,
Corporate General Partner
BARTON MANAGEMENT, INC.
V ACQUISITION CORP.(now known as The Viking Distillery, Inc.)

By /s/ Elizabeth Kutyla
Title: Vice President

BARTON FINANCIAL CORPORATION

By /s/ David S. Sorce
Title: Vice President

BANKS

THE CHASE MANHATTAN BANK
(successor by merger to

THE FIRST NATIONAL BANK OF CHICAGO
(including as successor to NBD Bank)

The Chase Manhattan Bank, N.A.), ROCHESTER DIVISION

By /s/ Diana Lauria
Title: Vice President

By /s/ J. Garland Smith
Title: Managing Director

WELLS FARGO BANK, N.A.

MANUFACTURERS AND TRADERS TRUST COMPANY

By /s/ Clifford Lawrence
Title: Vice President

By /s/ Phillip Smith
Title: Regional Senior Vice President

FLEET BANK

PNC BANK, NATIONAL ASSOCIATION

By /s/ Martin K. Birmingham
Title: Assistant Vice President

By /s/ Thomas R. Colwell
Title: Vice President

NATIONAL CITY BANK

CORESTATES BANK, N.A.

By /s/ Lisa Beth Lisi
Title: Account Officer

By /s/ Brian M. Haley
Title: Vice President

THE FUJI BANK LIMITED, NEW YORK BRANCH

THE BANK OF NOVA SCOTIA

By /s/ J. Alan Edwards
Title: Vice President

By /s/ Teiji Teramoto
Title: Vice President and Manager

CREDIT SUISSE

THE SUMITOMO BANK, LIMITED NEW YORK BRANCH

By /s/ Chris T. Horgan
Title: Associate

By /s/ Shigehiko Matsumoto
Title: Joint General Manager

By /s/ Joel Gladowski
Title: Member Senior Management

By
Title:

Amendment No. 5

KEY BANK OF NEW YORK

COOPERATIVE CENTRAL RAIFFEISEN-BOERENLEENBANK B.A. "RABOBANK NEDERLAND", NEW YORK BRANCH

By /s/ K. K. Conte - SVP
Title: Senior Vice President

By
Title:

LTCB TRUST COMPANY

DG BANK DEUTSCHE GENOSSEN-SCHAFTSBANK, CAYMAN ISLAND BRANCH

By /s/ Rene O. LeBlanc
Title: Senior Vice President

By
Title:

By
Title:

NBD BANK

By
Title:

THE ADMINISTRATIVE AGENT

THE CHASE MANHATTAN BANK
(successor by merger to The
Chase Manhattan Bank, N.A.),
as Administrative Agent

By /s/ Carol A. Ulmer

Title: Vice President

Amendment No. 5

Exhibit 10.27

AMENDMENT NO. 8
TO THE
CANANDAIGUA WINE COMPANY, INC.
STOCK OPTION AND STOCK APPRECIATION RIGHT PLAN

Pursuant to Section 15 of the Canandaigua Wine Company, Inc., Stock Option and Stock Appreciation Right Plan (the "Plan"), the Board of Directors hereby amends the Plan, effective upon the date hereof, as set forth below.

Section 9 of the Plan is hereby amended and restated in its entirety as follows:

9. DEATH OF PARTICIPANT. In the event that a Participant shall die while he is an employee or director of the Company and prior to the complete exercise or maturity of options or SARs granted to him under the Plan, any such remaining options or SARs with exercise periods may be exercised in whole or in part within one (1) year after the date of the Participant's death and then only: (i) by the Participant's estate or by or on behalf of such person or persons to whom the Participant's rights pass under his Will or the laws of descent and distribution, (ii) to the extent that the Participant was entitled to exercise the option or SAR at the date of his death except that the Committee retains discretionary authority to permit the exercise of any option or SAR granted to the Participant which was not exercisable at the time of his death by accelerating the date of exercise of the option or SAR to any date within one (1) year after the Participant's death and prior to the expiration of the term of the option or SAR, and subject to all of the conditions on exercise imposed hereby, and (iii) prior to the expiration of the term of the option or SAR. If the Committee elects to exercise its discretionary authority to accelerate the date of exercise of any option or SAR, then the option or SAR shall be exercisable within the period specified in the Committee's action. In the case of SARs with fixed maturity dates, if the Participant dies while he is an employee or director of the Company such portion of the SAR as shall be set forth in the SAR Agreement shall be paid on terms set forth in the SAR Agreement to the Participant's estate or to such person or persons to whom the Participant's rights pass under his Will or the laws of descent and distribution.

IN WITNESS WHEREOF, Canandaigua Wine Company, Inc., has caused the instrument to be executed as of September 9, 1996.

CANANDAIGUA WINE COMPANY, INC.

By: /s/ Richard Sands

Richard Sands
Its: President

EXHIBIT 11.1

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
COMPUTATION OF NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE
(in thousands, except per share data)

<TABLE>
<CAPTION>

	For the Six Months Ended August 31,			
	1996		1995	
	(unaudited)		(unaudited)	
Net income per common and common equivalent share:	Primary	Fully Diluted	Primary	Fully Diluted
<S>	<C>	<C>	<C>	<C>
Net income available to common and common equivalent shares	$13,442	$13,442	$20,700	$20,700
Adjustments:				
Assumed exercise of convertible debt	-	-	-	-
Net income available to common and common equivalent shares	$13,442	$13,442	$20,700	$20,700
Shares:				
Weighted average common shares outstanding	19,553	19,553	19,550	19,550
Adjustments:				
(1) Assumed exercise of convertible debt	-	-	-	-
(2) Assumed exercise of incentive stock options	204	204	285	313
(3) Assumed exercise of stock options	38	38	168	218
Weighted average common and common equivalent shares outstanding	19,795	19,795	20,003	20,081
Net income per common and common equivalent share	$.68	$.68	$1.03	$1.03

<CAPTION>

	For the Six Months Ended			
	February 29, 1996		February 28, 1995	
			(Unaudited)	
Net income per common and common equivalent share:	Primary	Fully Diluted	Primary	Fully Diluted
<S>	<C>	<C>	<C>	<C>
Net income available to common and common equivalent shares	$3,322	$3,322	$20,320	$20,320
Adjustments:				
Assumed exercise of convertible debt	-	-	-	-
Net income available to common and common equivalent shares	$3,322	$3,322	$20,320	$20,320
Shares:				
Weighted average common shares outstanding	19,611	19,611	17,989	17,989
Adjustments:				
(1) Assumed exercise of convertible debt	-	-	-	-
(2) Assumed exercise of incentive stock options	260	260	284	285
(3) Assumed exercise of stock options	135	135	71	73
Weighted average common and common equivalent shares outstanding	20,006	20,006	18,344	18,347
Net income per common and common equivalent share	$.17	$.17	$1.11	$1.11

<CAPTION>

	For the Years Ended August 31,					
	1995		1994		1993	
Net income per common and common equivalent share:	Primary	Fully Diluted	Primary	Fully Diluted	Primary	Fully Diluted
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income available to common and common equivalent shares	$41,020	$41,020	$11,733	$11,733	$15,604	$15,604
Adjustments:						
Assumed exercise of convertible debt	-	-	-	419	-	2,597
Net income available to common and common equivalent shares	$41,020	$41,020	$11,733	$12,152	$15,604	$18,201

Shares:						
Weighted average common shares outstanding	18,776	18,776	15,423	15,423	11,820	11,820
Adjustments:						
(1) Assumed exercise of convertible debt	-	-	-	544	-	3,239
(2) Assumed exercise of incentive stock options	252	302	227	257	144	144
(3) Assumed exercise of stock options	120	218	134	177	-	-
Weighted average common and common equivalent shares outstanding	19,148	19,296	15,784	16,401	11,964	15,203
Net income per common and common equivalent share	$2.14	$2.13	$.74	$.74	$1.30	$1.20

</TABLE>

EXHIBIT 12.1

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
STATEMENT OF COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(in thousands of dollars)

<TABLE>
<CAPTION>

	For the Six Months Ended August 31,		For the Six Months Ended February 29,	For the Six Months Ended February 28,
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Earnings: (a)				
Income before provision for income taxes	$23,069	$33,658	$6,703	$33,040
Add fixed charges	17,945	12,449	18,382	14,138
Earnings	$41,014	$46,107	$25,085	$47,178
Fixed Charges:				
Interest on debt and capitalized leases	$16,803	$11,460	$17,298	$13,141
Amortization of direct financing costs	963	821	908	829
Interest element of rentals	179	168	176	168
Total fixed charges	$17,945	$12,449	$18,382	$14,138
Ratio of Earnings to Fixed Charges	2.3	3.7	1.4	3.3

<CAPTION>

	For the Years Ended August 31,				
	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>
Earnings: (a)					
Income before provision for income taxes	$66,698	$18,924	$25,268	$17,884	$11,681
Add fixed charges	26,586	19,492	7,515	7,599	5,140
Earnings	$93,284	$38,416	$32,783	$25,483	$16,821
Fixed Charges:					
Interest on debt and capitalized leases	$24,601	$18,056	$6,273	$6,510	$4,586
Amortization of direct financing costs	1,650	1,171	628	602	109
Interest element of rentals	335	265	614	487	445
Total fixed charges	$26,586	$19,492	$7,515	$7,599	$5,140
Ratio of Earnings to Fixed Charges	3.5	2.0	4.4	3.4	3.3

</TABLE>

(a) For the purpose of calculating the ratio of earnings to fixed charges, "earnings" represents income before provision for income taxes plus fixed charges. "Fixed charges" consist of interest expense, including amortization of debt issuance costs, and the portion of rental expense which management believes is representative of the interest component of lease expense.

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this registration statement.

/s/ ARTHUR ANDERSEN LLP

Rochester, New York,
December 10, 1996

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-4 of Canandaigua Wine Company, Inc. of our report dated September 25, 1995 relating to the Statement of Assets and Liabilities and Statement of Identified Income and Expenses of the Product Lines Acquired of United Distillers Glenmore, Inc. and Affiliates, which appears in the Current Report on Form 8-K/A (Amendment No. 1) which amends and forms part of Canandaigua Wine Company, Inc.'s Current Report on Form 8-K dated August 29, 1995. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP
Stamford, Connecticut
December 10, 1996

EXHIBIT 25.1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

Statement of Eligibility
Under the Trust Indenture Act of 1939
of a Corporation Designated to Act as
Trustee

Check if an Application to Determine
Eligibility of a Trustee Pursuant to Section
305(b)(2) _____

HARRIS TRUST AND SAVINGS BANK
(Name of Trustee)

Illinois	36-1194448
	(I.R.S. Employer
(State of Incorporation)	Identification No.)

111 West Monroe Street, Chicago, Illinois 60603
(Address of principal executive offices)

Daniel G. Donovan, Harris Trust and Savings Bank,
111 West Monroe Street, Chicago, Illinois, 60603
312-461-2908
(Name, address and telephone number for agent for service)

CANANDAIGUA WINE COMPANY, INC.
(Name of Obligor)

Delaware	16-0716709
	(I.R.S. Employer
(State of Incorporation)	Identification No.)

116 Buffalo Street
Canandaigua, New York 14424
(Address of principal executive offices)

Senior Subordinated Notes
(Title of indenture securities)

1. GENERAL INFORMATION. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Commissioner of Banks and Trust Companies, State of Illinois, Springfield, Illinois; Chicago Clearing House Association, 164 West Jackson Boulevard, Chicago, Illinois; Federal Deposit Insurance Corporation, Washington, D.C.; The Board of Governors of the Federal Reserve System,Washington, D.C.

(b) Whether it is authorized to exercise corporate trust powers.

Harris Trust and Savings Bank is authorized to exercise corporate trust powers.

2. AFFILIATIONS WITH OBLIGOR. If the Obligor is an affiliate of the Trustee, describe each such affiliation.

The Obligor is not an affiliate of the Trustee.

3. thru 15.

NO RESPONSE NECESSARY

16. LIST OF EXHIBITS.

1. A copy of the articles of association of the Trustee as now in effect which includes the authority of the trustee to commence business and to exercise corporate trust powers.

A copy of the Certificate of Merger dated April 1, 1972 between Harris Trust and Savings Bank, HTS Bank and Harris Bankcorp, Inc. which constitutes the articles of association of the Trustee as now in effect and includes the authority of the Trustee to commence business and to exercise corporate trust powers was filed in connection with the Registration Statement of Louisville Gas and Electric Company, File No. 2-44295, and is incorporated herein by reference.

2. A copy of the existing by-laws of the Trustee.

A copy of the existing by-laws of the Trustee was filed in connection with the Registration Statement of C-Cube Microsystems, Inc., File No. 33-97166, and is incorporated herein by reference.

3. The consents of the Trustee required by Section 321(b) of the Act.

(included as Exhibit A on page 2 of this statement)

4. A copy of the latest report of condition of the Trustee published pursuant to law or the requirements of its supervising or examining authority.

(included as Exhibit B on page 3 of this statement)

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, HARRIS TRUST AND SAVINGS BANK, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Chicago, and State of Illinois, on the 15th day of November, 1996.

Harris Trust and Savings Bank

By: /s/ D.G. Donovan

D.G. Donovan
Assistant Vice President

EXHIBIT A

The consents of the Trustee required by Section 321(b) of the Act.

Harris Trust and Savings Bank, as the Trustee herein named, hereby consents that reports of examinations of said trustee by Federal and State authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

Harris Trust and Savings Bank

By: /s/ D.G. Donovan

D.G. Donovan
Assistant Vice President

EXHIBIT B

Attached is a true and correct copy of the statement of condition of Harris Trust and Savings Bank as of September 30, 1996, as published in accordance with a call made by the State Banking Authority and by the Federal Reserve Bank of the Seventh Reserve District.

[LOGO] HARRIS BANK

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60603

of Chicago, Illinois, And Foreign and Domestic Subsidiaries, at the close of business on September 30, 1996, a state banking institution organized and operating under the banking laws of this State and a member of the Federal Reserve System. Published in accordance with a call made by the Commissioner of Banks and Trust Companies of the State of Illinois and by the Federal Reserve Bank of this District.

Bank's Transit Number 71000288

ASSETS		THOUSANDS OF DOLLARS
Cash and balances due from depository institutions:		
Non-interest bearing balances and currency and coin		$1,751,494
Interest bearing balances		$839,856
Securities:		
a. Held-to-maturity securities		$0
b. Available-for-sale securities		$3,137,919
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBF's:		
Federal funds sold		$478,625
Securities purchased under agreements to resell		$0
Loans and lease financing receivables:		
Loans and leases, net of unearned income	$7,897,067	
LESS: Allowance for loan and lease losses	$108,949	
Loans and leases, net of unearned income, allowance, and reserve (item 4.a minus 4.b)		$7,788,118
Assets held in trading accounts		$74,302
Premises and fixed assets (including capitalized leases)		$172,267
Other real estate owned		$142
Investments in unconsolidated subsidiaries and associated companies		$60
Customer's liability to this bank on acceptances outstanding		$100,950
Intangible assets		$299,478
Other assets		$563,022
TOTAL ASSETS		$15,206,233

LIABILITIES		
Deposits:		
In domestic offices		$8,013,146
Non-interest bearing	$3,248,897	
Interest bearing	$4,764,249	
In foreign offices, Edge and Agreement subsidiaries, and IBF's		$2,055,520
Non-interest bearing	$32,775	
Interest bearing	$2,022,745	
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBF's:		
Federal funds purchased		$886,457
Securities sold under agreements to repurchase		$1,841,475
Trading Liabilities		$40,157
Other borrowed money:		
a. With remaining maturity of one year or less		$606,331
b. With remaining maturity of more than one year		$9,434
Bank's liability on acceptances executed and outstanding		$100,950
Subordinated notes and debentures		$310,000
Other liabilities		$186,408
TOTAL LIABILITIES		$14,049,878
EQUITY CAPITAL		
Common stock		$100,000
Surplus		$600,295
a. Undivided profits and capital reserves		$486,054

b. Net unrealized holding gains (losses) on available-for-sale securities	($29,994)
TOTAL EQUITY CAPITAL	$1,156,355
Total liabilities, limited-life preferred stock, and equity capital	$15,206,233

I, Steve Neudecker, Vice President of the above-named bank, do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

STEVE NEUDECKER
10/30/96

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and, to the best of our knowledge and belief, has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and the Commissioner of Banks and Trust Companies of the State of Illinois and is true and correct.

EDWARD W. LYMAN,
ALAN G. McNALLY,
MARIBETH S. RAHE

Directors.

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This schedule contains summary financial information extracted from the
Company's August 31, 1996 Form 10-Q and is qualified in its entirety by
reference to such financial statements.
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EXHIBIT 99.1

LETTER OF TRANSMITTAL

OFFER TO EXCHANGE

8 3/4% SERIES C SENIOR SUBORDINATED NOTES DUE 2003

FOR ANY AND ALL OUTSTANDING

8 3/4% SERIES B SENIOR SUBORDINATED NOTES DUE 2003

OF

CANANDAIGUA WINE COMPANY, INC.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M.,
NEW YORK CITY TIME ON _____, 1997, UNLESS EXTENDED
(THE "EXPIRATION DATE")

EXCHANGE AGENT:
HARRIS TRUST AND SAVINGS BANK
C/O HARRIS TRUST COMPANY OF NEW YORK

IF YOU WISH TO ACCEPT THE EXCHANGE OFFER,
THIS LETTER OF TRANSMITTAL SHOULD BE COMPLETED,
SIGNED AND SUBMITTED BY REGISTERED OR CERTIFIED MAIL,
BY FACSIMILE WITH ORIGINAL TO FOLLOW,
BY OVERNIGHT COURIER OR BY HAND TO:

Harris Trust and Savings Bank
c/o Harris Trust Company of New York
77 Water Street
4th Floor
New York, NY 10005
Attn: Reorganization Department

By Facsimile:
(212) 701-7636

Confirm by Telephone:
(212) 701-7624

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

By execution hereof, the undersigned acknowledges receipt of the Prospectus dated _____, 199__ (the "Prospectus") of Canandaigua Wine Company, Inc. (the "Company") which, together with this Letter of Transmittal and the instructions hereto (the "Letter of Transmittal"), describes the Company's offer (the "Exchange Offer") to exchange $1,000 in principal amount of a new series of notes known as 8 3/4% Series C Senior Subordinated Notes due 2003 (the "Exchange Notes") for each $1,000 in principal amount of outstanding 8 3/4% Series B Senior Subordinated Notes due 2003 (the "Old Notes"). The terms of the Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Old Notes for which they may be exchanged pursuant to the Exchange Offer, except that the offering of the Exchange Notes will have been registered under the Securities Act of 1933, as amended (the "Securities Act"), and, therefore, the Exchange Notes will not bear legends restricting the transfer thereof.

HOLDERS WHO WISH TO BE ELIGIBLE TO RECEIVE EXCHANGE NOTES FOR THEIR OLD NOTES PURSUANT TO THE EXCHANGE OFFER MUST VALIDLY TENDER (AND NOT WITHDRAW) THEIR OLD NOTES TO THE EXCHANGE AGENT PRIOR TO THE EXPIRATION DATE.

Holders whose Old Notes are not immediately available or who cannot deliver their Old Notes and all other documents required hereby to the Exchange Agent on or prior to the Expiration Date may tender their Old Notes according to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer--Guaranteed Delivery Procedures."

All capitalized terms used herein and not defined herein shall have the meaning ascribed to them in the Prospectus.

This Letter of Transmittal is to be used by Holders if: (i) certificates representing Old Notes are to be physically delivered to the Exchange Agent herewith by such Holder; (ii) tender of Old Notes is to be made by book-entry transfer to the Exchange Agent's account at The Depository Trust Company ("DTC")

pursuant to the procedures set forth in the Prospectus under "The Exchange Offer - - Book-Entry Transfer" by any financial institution that is a participant in DTC and whose name appears on a security position listing as the owner of Old Notes (such participants, acting on behalf of Holders, are referred to herein, together with such Holders, as "Acting Holders"); or (iii) tender of Old Notes is to be made according to the

guaranteed delivery procedures set forth in the Prospectus under "The Exchange Offer - Guaranteed Delivery Procedures." DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

Unless the context requires otherwise, the term "Holder" for purposes of this Letter of Transmittal means any person: (i) in whose name Old Notes are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered holder or (ii) whose Old Notes are held of record by DTC who desires to deliver such Old Notes by book-entry transfer at DTC.

The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer. HOLDERS WHO WISH TO ACCEPT THE EXCHANGE OFFER AND TENDER THEIR OLD NOTES MUST COMPLETE THIS LETTER IN ITS ENTIRETY.

PLEASE READ THE ENTIRE LETTER OF TRANSMITTAL AND THE PROSPECTUS CAREFULLY BEFORE CHECKING ANY BOX BELOW.

THE INSTRUCTIONS INCLUDED WITH THIS LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE PROSPECTUS, THIS LETTER OF TRANSMITTAL OR THE NOTICE OF GUARANTEED DELIVERY MAY BE DIRECTED TO THE EXCHANGE AGENT.

List below the Old Notes to which this Letter of Transmittal relates. If the space provided below is inadequate, list the certificate numbers and principal amounts on a separate signed schedule and affix the schedule to this Letter of Transmittal.

DESCRIPTION OF OLD NOTES TENDERED HEREWITH

Name(s) and Address(es) of Registered Holder(s) (Please fill in)	Certificate Number(s)/*/ (Attach signed list if necessary)	Aggregate Principal Amount Tendered (if less than all)/**////
	Total	

*Need not be completed by Holders tendering by book-entry transfer.

**Unless otherwise indicated, the Holder will be deemed to have tendered the full aggregate principal amount represented by Old Notes. See Instruction 2.

/__/ CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE DEPOSITORY TRUST COMPANY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution _____

DTC Participant Number_____

Transaction Code Number_____

Name of Participant Contact Person_____

Telephone number_____

/__/ CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY DELIVERED TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s) of Old Notes_____

Window Ticket No. (if any)_____

Date of Execution of Notice of Guaranteed Delivery_____

Name of Eligible Institution that Guaranteed Delivery

DTC Book-Entry Account Number

_____

If Delivered by Book-Entry Transfer:

Name of Tendering Institution

_____

Transaction Code Number

_____

/__/ CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name:

_____

Address:

_____

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Notes. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Old Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the principal amount of Old Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the Old Notes tendered herewith, the undersigned hereby exchanges, sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Old Notes. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that said Exchange Agent also acts as the agent of the Company and as Trustee under the Indenture for the Old Notes and the Exchange Notes) with respect to the tendered Old Notes with full power of substitution to (i) deliver certificates for such Old Notes to the Company, or transfer ownership of such Old Notes on the account books maintained by DTC, together, in either such case, with all accompanying evidences of transfer and authenticity to, or upon the order of, the Company and (ii) present such Old Notes for transfer on the books of the Company and receive all benefits and otherwise exercise all rights of beneficial ownership of such Old Notes, all in accordance with the terms of the Exchange Offer. The power of attorney granted in this paragraph shall be deemed irrevocable and coupled with an interest.

The undersigned represents and warrants that it has full power and authority to tender, exchange, sell, assign and transfer the Old Notes tendered hereby and to acquire Exchange Notes issuable upon the exchange of such tendered Old Notes, and that, when the Old Notes are accepted for exchange, the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The undersigned also warrants that it will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Company to be necessary or desirable to complete the exchange, sale, assignment and transfer of tendered Old Notes or transfer ownership of such Old Notes on the account books maintained by DTC.

The Exchange Offer is subject to certain conditions as set forth in the Prospectus under the caption "The Exchange Offer -Conditions." The undersigned recognizes that as a result of these conditions (which may be waived, in whole

or in part, by the Company), as more particularly set forth in the Prospectus, the Company may not be required to exchange any of the Old Notes tendered hereby and, in such event, certificates for such Old Notes not exchanged will be returned (except as noted below with respect to tenders through DTC), without expense, to the

undersigned at the address shown below the signature of the undersigned.

The undersigned also acknowledges that this Exchange Offer is being made in reliance upon interpretations by the staff of the Securities and Exchange Commission that the Exchange Notes issued in exchange for the Old Notes pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by Holders thereof (other than any such Holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such Holder's business, such Holder has no arrangement or understanding with any person to participate in the distribution of such Exchange Notes and neither such Holder nor any other such person is engaging in or intends to engage in a distribution of such Exchange Notes. If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of the Exchange Notes. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Old Notes, the undersigned represents that such Old Notes were acquired as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned represents to the Company that (i) the Exchange Notes acquired by the Holder and any beneficial owners of Old Notes pursuant to the Exchange Offer are being obtained in the ordinary course of business of the person receiving such Exchange Notes, (ii) neither the Holder nor any such beneficial owner has an arrangement or understanding with any person to participate in the distribution of such Exchange Notes, (iii) neither the Holder, nor such beneficial owner, nor any such other person is engaged in or intends to engage in a distribution of the Exchange Notes and (iv) neither the Holder nor any such other person is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act or, if such Holder is an affiliate, that such Holder will comply with the registration and prospectus delivery requirements of the Act to the extent applicable.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death, bankruptcy or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

TENDERED OLD NOTES MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

Unless otherwise indicated under "Special Issuance Instructions," certificates representing the Exchange Notes issued in exchange for the Old Notes accepted for exchange will be issued, and any Old Notes not tendered or not exchanged will be returned, in the name(s) of the undersigned (or in either such event in the case of Old Notes tendered by DTC, by credit to the account at DTC). Similarly, unless otherwise indicated under "Special Delivery Instructions," certificates representing the Exchange Notes issued in exchange for the Old Notes accepted for exchange and any certificates for Old Notes not tendered or not exchanged (and accompanying documents, as appropriate) will be sent to the undersigned at the address shown below the undersigned's signatures, unless, in either event, tender is being made through DTC. In the event that both "Special Issuance Instructions" and "Special Delivery Instructions" are completed, certificates representing the Exchange Notes issued in exchange for the Old Notes accepted for exchange will be issued, and any Old Notes not tendered or not exchanged will be returned, in the name(s) of, and said certificates will be sent to, the person(s) so indicated. The undersigned recognizes that the Company has no obligation pursuant to the "Special Issuance Instructions" and "Special Delivery Instructions" to transfer any Old Notes from the name of the registered Holder(s) thereof if the Company does not accept for exchange any of the Old Notes so tendered.

PLEASE SIGN HERE

(TO BE COMPLETED BY ALL TENDERING HOLDERS OF OLD NOTES REGARDLESS OF WHETHER OLD NOTES ARE BEING PHYSICALLY DELIVERED HEREWITH)

This Letter of Transmittal must be signed by the Holder(s) of Old Notes exactly as their name(s) appear(s) on certificate(s) for Old Notes or, if

tendered by a participant in DTC, exactly as such participant's name appears on a security position listing as the owner of Old Notes, or by person(s) authorized to become registered Holder(s) by endorsements and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below under "Capacity" and submit evidence satisfactory to the Issuers of such person's authority to so act. See Instruction 3 herein.

If the signature appearing below is not of the registered Holder(s) of the Old Notes, then the registered Holder(s) must sign a valid proxy.

X_____ Date:_____

X_____ Date:_____
SIGNATURE(S) OF HOLDER(S) OR AUTHORIZED SIGNATORY

Name(s): _____ Address:_____

_____ _____
(PLEASE PRINT) (INCLUDING ZIP CODE)

Capacity:_____ Area Code and Telephone No.:_____

Social Security No.:_____

PLEASE COMPLETE SUBSTITUTE FORM W-9 HEREIN

SIGNATURE GUARANTEE (SEE INSTRUCTION 3 HEREIN)
Certain Signatures Must Be Medallion Stamp Guaranteed by an Eligible Institution

- ---
(Name of Eligible Institution Guaranteeing Signatures)

- ---
(Address (including zip code) and Telephone Number (including area code) of Firm)

- ---
(Authorized Signature)

- ---
(Printed Name)

- ---
(Title)

Date:_____

SPECIAL ISSUANCE INSTRUCTIONS
(SEE INSTRUCTION 4 HEREIN)

To be completed ONLY if certificates for Old Notes in a principal amount not tendered are to be issued in the name of, or the Exchange Notes issued pursuant to the Exchange Offer are to be issued to the order of, someone other than the person or persons whose signature(s) appear(s) within this Letter of Transmittal or issued to an address different from that shown in the box entitled "Description of Old Notes Tendered Herewith" within this Letter of Transmittal, or if Old Notes tendered by book-entry transfer that are not accepted for purchase are to be credited to a different account maintained at DTC.

Name:.....
(Please Print)

Address:.....
(Please Print)

.....
Zip Code

.....
Taxpayer Identification or Social Security Number

(See Substitute Form W-9 herein)

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTION 4 HEREIN)

To be completed ONLY if certificates for Old Notes in a principal amount not tendered or not accepted for purchase or the Exchange Notes issued pursuant to the Exchange Offer are to be sent to someone other than the person or persons whose signature(s) appear(s) within this Letter of Transmittal or to an address different from that shown in the box entitled "Description of Old Notes Tendered Herewith" within this Letter of Transmittal.

Name:.....
(Please Print)

Address:.....
(Please Print)

.....
Zip Code

.....
Taxpayer Identification or Social Security Number
(See Substitute Form W-9 herein)

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS
OF THE EXCHANGE OFFER

1. DELIVERY OF THIS LETTER OF TRANSMITTAL AND CERTIFICATES FOR OLD NOTES. Certificates for all physically delivered Old Notes or confirmation of any book-entry transfer to the Exchange Agent's account at DTC of Old Notes tendered by book-entry transfer, as well as a properly completed and duly executed copy of this Letter of Transmittal or facsimile thereof with original to follow, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth herein on or prior to the Expiration Date.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, THE TENDERED OLD NOTES AND ANY OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDER AND, EXCEPT AS OTHERWISE PROVIDED BELOW, THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. INSTEAD OF DELIVERY BY MAIL, IT IS RECOMMENDED THAT THE HOLDER USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IF SUCH DELIVERY IS BY MAIL, IT IS SUGGESTED THAT REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. NO LETTER OF TRANSMITTAL OR OLD NOTES SHOULD BE SENT TO THE COMPANY.

Holders whose Old Notes are not immediately available or who cannot deliver their Old Notes and all other required documents to the Exchange Agent on or prior to the Expiration Date may tender their Old Notes pursuant to the guaranteed delivery procedure set forth in the Prospectus under "The Exchange Offer--Guaranteed Delivery Procedures." Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution (as defined therein); (ii) on or prior to the Expiration Date the Exchange Agent must have received from such Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail or hand delivery) setting forth the name and address of the tendering Holder, the certificate number(s) of such Old Notes (if available) and the principal amount of Old Notes tendered and stating that the tender is being made thereby, and (iii) all tendered Old Notes (or a confirmation of any book-entry transfer of such Old Notes into the Exchange Agent's account at DTC) as well as this Letter of Transmittal and all other documents required by this Letter of Transmittal must be received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date, all as provided in the Prospectus

under the caption "The Exchange Offer--Guaranteed Delivery Procedures."

All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered Old Notes will be determined by the Company in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all Old

Notes not properly tendered or any Old Notes the Company's acceptance of which would, in the opinion of counsel for the Company, be unlawful. The Company also reserves the right to waive any defects, irregularities or conditions of tender as to particular Old Notes. The Company's interpretation of the terms and conditions of the Exchange Offer (including the instructions in this Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Notes must be cured within such time as the Company shall determine. Although the Company intends to notify Holders of defects or irregularities with respect to tenders of Old Notes, neither the Company, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Old Notes, nor shall any of them incur any liability for failure to give such notification. Tenders of Old Notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any Old Notes received by the Exchange Agent that the Company determines are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering Holders, unless otherwise provided in this Letter of Transmittal, as soon as practicable following the Expiration Date.

2. PARTIAL TENDERS; WITHDRAWALS. Tenders of Old Notes will be accepted in denominations of $1000 and integral multiples in excess thereof. If less than the entire principal amount of any Old Notes evidenced by a submitted certificate is tendered, the tendering Holder should fill in the principal amount tendered in the third column of the chart entitled "Description of Old Notes Tendered Herewith." The entire principal amount of Old Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. If the entire principal amount of all Old Notes is not tendered, Old Notes for the principal amount of Old Notes not tendered and a certificate or certificates representing Exchange Notes issued in exchange for any Old Notes accepted will be sent to the Holder at his or her registered address, unless otherwise indicated under "Special Issuance Instructions" or "Special Delivery Instructions" or unless tender is made through DTC, promptly after the Old Notes are accepted for exchange.

Tenders of Old Notes pursuant to the Exchange Offer are irrevocable, except that Old Notes tendered pursuant to the Exchange Offer may be withdrawn at any time prior to the Expiration Date. To be effective, a written or facsimile transmission notice of withdrawal must be received by the Exchange Agent at its address set forth herein prior to 5:00 p.m. New York City time on the Expiration Date. Any such notice of withdrawal must specify the person named in the Letter of Transmittal as having tendered Old Notes to be withdrawn, the certificate numbers of the Old Notes to be withdrawn, the principal amount of Old Notes delivered for exchange, a statement that such Holder is withdrawing its election to have such Old Notes exchanged, and the name of the registered Holder of such Old Notes, and must be signed by the Holder in the same manner as the original signature on the Letter of Transmittal (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the Trustee register the transfer of such Old Notes into the name of the person(s) withdrawing the tender, and specify the name in which any such Old Notes are to be registered, if different from the person having deposited the Old Notes.

If certificates for Old Notes have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of such certificates, the withdrawing Holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures Medallion Stamp guaranteed by an Eligible Institution unless such Holder is an Eligible Institution. If Old Notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Old Notes and otherwise comply with the procedures of such facility. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company in its sole discretion, which determination shall be final and binding on all parties. Any Old Notes so withdrawn will be deemed not to have been validly tendered for purposes of the Exchange Offer and no Exchange Notes will be issued with respect thereto unless the Old Notes so withdrawn are validly retendered. Properly withdrawn Old Notes may be retendered by following one of the procedures described in the Prospectus under "The Exchange Offer - Procedures for Tendering" at any time prior to the Expiration Date.

Any Old Notes which have been tendered but which are not accepted for payment due to withdrawal, rejection of tender or termination of the Exchange Offer will be returned as soon as practicable to the Holder thereof without cost to such Holder (or, in the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at DTC pursuant to the book-

entry transfer procedures described above, such Old Notes will be credited to an account maintained with DTC for the Old Notes).

3. SIGNATURE ON LETTER OF TRANSMITTAL; WRITTEN INSTRUMENTS AND ENDORSEMENTS;

GUARANTEE OF SIGNATURES. If this Letter of Transmittal is signed by the registered Holder(s) of the Old Notes tendered hereby, the signature must correspond with name(s) as written on the face of certificates without alteration, enlargement or any change whatsoever. If any of the Old Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If a number of Old Notes registered in different names are tendered, it will be necessary to complete, sign and submit as many separate copies of this Letter of Transmittal as there are different registrations of Old Notes.

If this Letter of Transmittal is signed by the registered Holder(s) of Old Notes tendered hereby, such Holder(s) need not and should not endorse any tendered Old Note, nor provide a separate bond power.

If this Letter of Transmittal is signed by a person other than the registered Holder(s) of the Old Notes tendered, such Old Notes must either be properly endorsed or accompanied by a properly completed separate bond power in form satisfactory to the Company and duly executed by the registered Holder(s), in either case signed exactly as the name or names of the registered Holder(s) appear(s) on the Old Notes, and with the signatures on the bond power Medallion Stamp guaranteed by an Eligible Institution.

If this Letter of Transmittal, any certificates for Old Notes or separate bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority so to act must be submitted with this Letter of Transmittal.

Endorsements on certificates for Old Notes or signatures on separate bond powers required by this Instruction 3 must be Medallion Stamp guaranteed by a Eligible Institution.

Signatures on this Letter of Transmittal need not be Medallion Stamp guaranteed by an Eligible Institution, unless the Old Notes are tendered: (i) by a registered Holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the Letter of Transmittal; or (ii) for the account of an Eligible Institution.

4. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS. Tendering Holders should indicate, in the applicable spaces, the name and address to which Exchange Notes or substitute Old Notes for principal amounts not tendered or not accepted for exchange are to be issued or sent, if different from the name and address of the person signing this Letter of Transmittal (or in the case of tender of the Old Notes through DTC, if different from DTC). In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated.

5. TRANSFER TAXES. The Company shall pay all transfer taxes, if any, applicable to the exchange of Old Notes pursuant to the Exchange Offer. If, however, certificates representing Exchange Notes or Old Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered Holder(s) of the Old Notes tendered hereby, or if tendered Old Notes are registered in the name of any person(s) other than the person(s) signing this Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Old Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered Holder or any other person) will be payable by the tendering Holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to such tendering Holder.

Except as provided in this Instruction 5, it will not be necessary for transfer tax stamps to be affixed to the Old Notes listed in this Letter of Transmittal.

6. WAIVER OF CONDITIONS. The Company reserves the absolute right to amend, waive, or modify, in whole or in part, any of the conditions to the Exchange Offer set forth in the Prospectus.

7. MUTILATED, LOST, STOLEN OR DESTROYED NOTES. Any tendering Holder whose Old Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated herein for further instructions.

8. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Questions and requests for assistance, as well as requests for additional copies of the Prospectus and this Letter of Transmittal, may be directed to the Exchange Agent at the address and telephone number set forth herein. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A FACSIMILE THEREOF WITH

ORIGINAL TO FOLLOW (TOGETHER WITH CERTIFICATES FOR OLD NOTES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER

REQUIRED DOCUMENTS) OR A NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE.

(DO NOT WRITE IN SPACE BELOW)

Certificate Surrendered	Old Notes Tendered	Old Notes Accepted

Delivery Prepared by	Checked by	Date

IMPORTANT TAX INFORMATION

Under federal income tax laws, a Holder whose tendered Old Notes are accepted for payment is required to provide the Exchange Agent (as payer) with such Holder's correct TIN on Substitute Form W-9 below or otherwise establish a basis for exemption from backup withholding. If such Holder is an individual, the TIN is his social security number. If the Exchange Agent is not provided with the correct TIN, a $50 penalty may be imposed by the Internal Revenue Service, and payments made with respect to Old Notes purchased pursuant to the Exchange offer may be subject to backup withholding.

Certain Holders (including, among others, all corporations and certain foreign persons) are not subject to these backup withholding and reporting requirements. Exempt Holders should indicate their exempt status on Substitute Form W-9. A foreign person may qualify as an exempt recipient by submitting to the Exchange Agent a properly completed Internal Revenue Service Form W-8, signed under penalties of perjury, attesting to the Holder's exempt status. A Form W-8 can be obtained from the Exchange Agent. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional instructions.

If backup withholding applies, the Exchange Agent is required to withhold 31% of any payments made to the Holder or other payee. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments made with respect to the Exchange Notes, the Holder is required to provide the Exchange Agent, with either: (i) the Holder's correct TIN by completing the form below, certifying that the TIN provided on Substitute Form W-9 is correct (or that such Holder is awaiting a TIN) and that (A) the Holder has not been notified by the Internal Revenue Service that the Holder is subject to backup withholding as a result of failure to report all interest or dividends or (B) the Internal Revenue Service has notified the Holder that the Holder is no longer subject to backup withholding; or (ii) an adequate basis for exemption.

WHAT NUMBER TO GIVE THE EXCHANGE AGENT

The Holder is required to give the Exchange Agent the TIN (e.g., social security number or employer identification number) of the registered Holder of the Old Notes. If the Old Notes are held in more than one name or are held not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

<TABLE>
<CAPTION>

PAYER'S NAME:_____

<S>	<C>	<C>

SUBSTITUTE FORM W-9 Number	Part 1 - PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW	Social Security Number OR Employer Identification Number
Department of the Treasury Internal Revenue Service Payer's Request for Taxpayer Identification Number (TIN)	Part 2 - Certification. Under Penalties of Perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me) and (2) I am not subject to backup withholding because I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.	Part 3 - Awaiting TIN [ ]

</TABLE>

Certificate Instruction - You must cross out item (2) in Part 2 above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (2).

SIGNATURE DATE

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO HOLDERS OF EXCHANGE NOTES PURSUANT TO THE EXCHANGE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number within 60 days, 31 percent of all reportable payments made to me thereafter will be withheld until I provide a number.

- ---

Signature Date

THE EXCHANGE AGENT FOR THE EXCHANGE OFFER IS:

HARRIS TRUST AND SAVINGS BANK
C/O HARRIS TRUST COMPANY OF NEW YORK

By Mail, Hand or Overnight Courier:
Harris Trust and Savings Bank
c/o Harris Trust Company of New York
77 Water Street, 4th Floor
New York, NY 10005

By Facsimile:
(212) 701-7636

Confirm by Telephone:

Attn: Reorganization Department (212) 701-7624

EXHIBIT 99.2

NOTICE OF GUARANTEED DELIVERY
OFFER TO EXCHANGE
8 3/4% SERIES C SENIOR SUBORDINATED NOTES DUE 2003
FOR ANY AND ALL OUTSTANDING
8 3/4% SERIES B SENIOR SUBORDINATED NOTES DUE 2003
OF
CANANDAIGUA WINE COMPANY, INC.

As set forth in the Prospectus, dated _____, 199__ (the "Prospectus"), of Canandaigua Wine Company, Inc. (the "Company"), and the accompanying Letter of Transmittal and instructions thereto (the "Letter of Transmittal"), this form or one substantially equivalent hereto must be used to accept the Company's offer to exchange (the "Exchange Offer") 8 3/4% Series C Senior Subordinated Notes due 2003 (the "Exchange Notes") for any and all of its outstanding 8 3/4% Series B Senior Subordinated Notes due 2003 (the "Old Notes") if (i) certificates representing the Old Notes to be tendered for purchase and payment are not immediately available, or (ii) time will not permit the Letter of Transmittal, certificates representing such Old Notes or other required documents to reach the Exchange Agent prior to the Expiration Date. This form may be delivered by an Eligible Institution by mail or hand delivery, or transmitted via facsimile with original to follow, to the Exchange Agent as set forth below. All capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Prospectus.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON _____, 1997 UNLESS THE OFFER IS EXTENDED (THE "EXPIRATION DATE"). TENDERS OF OLD NOTES MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M. ON THE EXPIRATION DATE.

THE EXCHANGE AGENT:

HARRIS TRUST AND SAVINGS BANK
C/O HARRIS TRUST COMPANY OF NEW YORK

By Mail, Hand or Overnight Courier:
Harris Trust and Savings Bank
c/o Harris Trust Company of New York
77 Water Street, 4th Floor
New York, NY 10005
Attn: Reorganization Department

By Facsimile:
(212) 701-7636

Confirm by Telephone:
(212) 701-7624

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS, OR TRANSMISSION VIA FACSIMILE, OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

This form is not to be used to guarantee signatures. If a signature on the Letter of Transmittal is required to be Medallion Stamp guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

LADIES AND GENTLEMEN:

The undersigned hereby tender(s) to the Company, upon the terms and subject to the conditions set forth in the Exchange Offer and the Letter of Transmittal, receipt of which is hereby acknowledged, the aggregate principal amount of Old Notes set forth below pursuant to the guaranteed delivery procedures set forth in the Prospectus.

The undersigned understands that tenders of Old Notes will be accepted only in principal amounts equal to $1000 or integral multiples thereof. The undersigned understands that tenders of Old Notes pursuant to the Exchange Offer may not be withdrawn after 5:00 p.m., New York City time on the Expiration Date. Tenders of Old Notes may also be withdrawn if the Exchange Offer is terminated without any such Old Notes being purchased thereunder or as otherwise provided in the Prospectus.

All authority herein conferred or agreed to be conferred by this Notice of Guaranteed Delivery shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Notice of Guaranteed Delivery shall be binding upon the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives of the undersigned.

PLEASE SIGN AND COMPLETE

Signature(s) of Registered Owner(s) or Authorized Signatory:

_____

_____

_____

Name(s) of Registered Holder(s):

_____
_____
_____

Principal Amount of Old Notes Tendered:_____

Address:_____
_____

Certificate No(s). of Old Notes (if available):_____
_____
_____
_____

Area Code and Telephone No.:_____
If Old Notes will be delivered by book-entry
transfer at The Depository Trust Company, insert
Depository Account No.:_____

Date:_____

This Notice of Guaranteed Delivery must be signed by the registered holder(s) of Old Notes exactly as its (their) name(s) appear on certificates for Old Notes or on a security position identifying it (them) as the owner of Old Notes, or by person(s) authorized to become registered Holder(s) by endorsements and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must provide the following information.

Please print name(s) and address(es)

Name(s) _____
_____
Capacity: _____
Address(es): _____
_____
_____

DO NOT SEND OLD NOTES WITH THIS FORM. OLD NOTES SHOULD BE SENT TO THE EXCHANGE AGENT TOGETHER WITH A PROPERLY COMPLETED AND DULY EXECUTED

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch, agency or correspondent in the United States, hereby guarantees that, within three New York Stock Exchange, Inc. trading days after the Expiration Date, a properly completed and duly executed Letter of Transmittal (or a facsimile thereof), with any required signature guarantees, together with certificates representing the Old Notes covered hereby in proper form for transfer (or confirmation of the book-entry transfer of such Old Notes into the Exchange Agent's account at the Depository Trust Company, pursuant to the procedure for book-entry transfer set forth in the Prospectus) and any other documents required by the Letter of Transmittal will be delivered by undersigned to the Exchange Agent at its address set forth above.

THE UNDERSIGNED ACKNOWLEDGES THAT IT MUST DELIVER THE LETTER OF TRANSMITTAL AND OLD NOTES TENDERED HEREBY TO THE EXCHANGE AGENT WITHIN THE TIME PERIOD SET FORTH ABOVE AND THAT FAILURE TO DO SO COULD RESULT IN FINANCIAL LOSS TO THE UNDERSIGNED.

Name of Firm:_____

_____
Authorized Signature

Address:_____
Name:_____
Title:_____

Area Code and Telephone No.:_____
Date:_____

EXHIBIT 99.3

OFFER TO EXCHANGE
8 3/4% SERIES C SENIOR SUBORDINATED NOTES DUE 2003
FOR ANY AND ALL OUTSTANDING
8 3/4% SERIES B SENIOR SUBORDINATED NOTES DUE 2003
OF
CANANDAIGUA WINE COMPANY, INC.

TO BROKERS, DEALERS, COMMERCIAL BANKS,
TRUST COMPANIES AND OTHER NOMINEES:

We are enclosing herewith the material listed below relating to the offer by Canandaigua Wine Company, Inc., a Delaware corporation (the "Company") to exchange its 8 3/4% Series C Senior Subordinated Notes due 2003 (the "Exchange Notes"), for a like principal amount of its issued and outstanding 8 3/4% Series B Senior Subordinated Notes due 2003 (the "Old Notes") pursuant to an offering registered under the Securities Act of 1933, as amended (the "Securities Act"), upon the terms and subject to the conditions set forth in the Company's Prospectus, dated _____, 199__, and the related Letter of Transmittal (which together constitute the "Exchange Offer").

The Exchange Offer provides a procedure for holders to tender the Old Notes by means of guaranteed delivery.

The Exchange Offer will expire at 5:00 p.m., New York City time, on _____, 199__, unless extended (the "Expiration Date"). Tendered Old Notes may be withdrawn at any time prior to 5:00 p.m. New York City time on the Expiration Date, if such Old Notes have not previously been accepted for exchange pursuant to the Exchange Offer.

Based on interpretations of the staff of the Securities and Exchange Commission (the "SEC"), Exchange Notes issued pursuant to the Exchange Offer in exchange for Old Notes may be offered for resale, resold and otherwise transferred by holders thereof (other than any such holder that is an "affiliate" of the Company within the meaning of Rule 405 promulgated under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such holder is acquiring the Exchange Notes in its ordinary course of business, such holder has no arrangement or understanding with any person to participate in a distribution of the Exchange Notes, and neither such holder nor any other such person is engaging in or intends to engage in a distribution of such Exchange Notes. Holders of Old Notes wishing to accept the Exchange Offer must represent to the Company that such conditions have been met.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such

Exchange Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. The Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities (other than Old Notes acquired directly from the Company). The Company has agreed that, for a period of 180 days after the date of the Prospectus, it will make the Prospectus and any amendments or supplements thereto required for compliance with the Securities Act available to any broker-dealer for use in connection with any such resale.

THE EXCHANGE OFFER IS NOT CONDITIONED UPON ANY MINIMUM NUMBER OF OLD NOTES BEING TENDERED.

Notwithstanding any other term of the Exchange Offer, the Company will not be required to accept for exchange, or exchange Exchange Notes for, any Old Notes not theretofore accepted for exchange, and may terminate or amend the Exchange Offer as provided in the Prospectus.

THE COMPANY RESERVES THE RIGHT NOT TO ACCEPT TENDERED OLD NOTES FROM ANY TENDERING HOLDER IF THE COMPANY DETERMINES, IN ITS SOLE AND ABSOLUTE DISCRETION, THAT SUCH ACCEPTANCE COULD RESULT IN A VIOLATION OF APPLICABLE SECURITIES LAWS.

For your information and for forwarding to your clients for whom you hold Old Notes registered in your name or in the name of your nominee, enclosed herewith are copies of the following documents:

1. Prospectus dated _____, 199__;

2. Letter of Transmittal;

3. Notice of Guaranteed Delivery;

4. Instruction to Registered Holder and/or DTC Participant from Beneficial Owner;

5. Letter which may be sent to your clients for whose account you hold Old Notes in your name or in the name of your nominee, to accompany the instruction form referred to above, for obtaining such client's instruction with regard to the Exchange Offer; and

6. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 of the Internal Revenue Service (attached to Letter of Transmittal).

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE.

The Company will not pay any fee or commission to any broker or dealer or to any other persons (other than the Exchange Agent) in connection with the solicitation of tenders of Old Notes pursuant to the Exchange Offer. The Company will pay or cause to be paid any transfer taxes payable on the transfer of Old Notes to it, except as otherwise provided in Instruction 5 of the enclosed Letter of Transmittal.

Any inquiries you may have with respect to the Exchange Offer may be addressed to, and additional copies of the enclosed materials may be obtained from the Exchange Agent, Harris Trust and Savings Bank c/o Harris Trust Company of New York, at the telephone number set forth below:

Telephone: 212-701-7624

Very truly yours,

Canandaigua Wine Company, Inc.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU THE AGENT OF CANANDAIGUA WINE COMPANY, INC. OR HARRIS TRUST AND SAVINGS BANK C/O HARRIS TRUST COMPANY OF NEW YORK OR AUTHORIZE YOU TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON THEIR BEHALF IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HEREWITH AND THE STATEMENTS CONTAINED THEREIN.

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EXHIBIT 99.4

INSTRUCTION TO REGISTERED HOLDER AND/OR
DTC PARTICIPANT FROM BENEFICIAL OWNER
OF
8 3/4% SERIES B SENIOR SUBORDINATED NOTES DUE 2003
OF
CANANDAIGUA WINE COMPANY, INC.

TO REGISTERED HOLDER AND/OR DTC PARTICIPANT:

The undersigned hereby acknowledges receipt of the prospectus dated _____, 199__ (the "Prospectus") of Canandaigua Wine Company, Inc., a Delaware corporation (the "Company"), and the accompanying Letter of Transmittal (the "Letter of Transmittal"), that together constitute the Company's offer (the "Exchange Offer") to exchange 8 3/4% Series C Senior Subordinated Notes due 2003 (the "Exchange Notes") for any and all of its outstanding 8 3/4% Series B Senior Subordinated Notes due 2003 (the "Old Notes"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Prospectus.

This will instruct you, the registered holder and/or DTC participant, as to the action to be taken by you relating to the Exchange Offer with respect to the Old Notes held by you for the account of the undersigned.

The aggregate face amount of the Old Notes held by you for the account of the undersigned is (fill in amount):

$_____.

With respect to the Exchange Offer, the undersigned hereby instructs you (check appropriate box):

/___/ To TENDER the following Old Notes held by you for the account of the undersigned (insert principal amount of Old Notes to be tendered, (if any):

$_____.

/___/ NOT to TENDER any Old Notes held by you for the account of the undersigned.

If the undersigned instructs you to tender the Old Notes held by you for the account of the undersigned, it is understood that you are authorized to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations and warranties contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner, including but not limited to the representations, that (i) the Exchange Notes acquired by the undersigned pursuant to the Exchange Offer are being obtained in the ordinary course of business of the undersigned, (ii) the undersigned has no arrangement or understanding with any person

to participate in a distribution of such Exchange Notes, (iii) the undersigned is not engaged in and does not intend to engage in a distribution of such Exchange Notes and (iv) the undersigned is not an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"). If the undersigned is a broker-dealer (whether or not it is also an "affiliate") that will receive Exchange Notes for its account in exchange for Old Notes, it represents that such Old Notes were acquired as a result of market-making activities or other trading activities, and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes. By acknowledging that it will deliver, and by delivering, a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes, the undersigned is not deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

SIGN HERE

Name of beneficial owner(s):_____

Signature(s):_____

Name(s) (please print):_____

Address:_____

_____

Telephone Number:_____

Taxpayer identification or Social Security Number:

_____

_____

Date:_____

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