UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended February 29, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ---------- to ----------

Commission File No. 0-7570

Delaware	CANANDAIGUA BRANDS, INC. and its Subsidiaries:	16-0716709
New York	Batavia Wine Cellars, Inc.	16-1222994
New York	Canandaigua Wine Company, Inc.	16-1462887
New York	Canandaigua Europe Limited	16-1195581
England and Wales	Canandaigua Limited	98-0198402
New York	Polyphenolics, Inc.	16-1546354
New York	Roberts Trading Corp.	16-0865491
Netherlands	Canandaigua B.V.	98-0205132
Delaware	Franciscan Vineyards, Inc.	94-2602962
California	Allberry, Inc.	68-0324763
California	Cloud Peak Corporation	68-0324762
California	M.J. Lewis Corp.	94-3065450
California	Mt. Veeder Corporation	94-2862667
Delaware	Barton Incorporated	36-3500366
Delaware	Barton Brands, Ltd.	36-3185921
Maryland	Barton Beers, Ltd.	36-2855879
Connecticut	Barton Brands of California, Inc.	06-1048198
Georgia	Barton Brands of Georgia, Inc.	58-1215938
Illinois	Barton Canada, Ltd.	36-4283446
New York	Barton Distillers Import Corp.	13-1794441
Delaware	Barton Financial Corporation	51-0311795
Wisconsin	Stevens Point Beverage Co.	39-0638900
Illinois	Monarch Import Company	36-3539106
(State or other jurisdiction of incorporation or organization)	(Exact name of registrant as specified in its charter)	(I.R.S. Employer Identification No.)

300 WillowBrook Office Park, Fairport, New York 14450
(Address of principal executive offices) (Zip Code)

Registrants' telephone number, including area code (716) 218-2169

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Title of each class	Name of each exhange on which registered
Class A Common Stock (par value $.01 per share)	New York Stock Exchange
Class B Common Stock (par value $.01 per share)	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
None

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes X No
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this

Form 10-K. [ ]

The aggregate market value of the common stock held by non-affiliates of Canandaigua Brands, Inc., as of May 15, 2000, was $725,728,942.

The number of shares outstanding with respect to each of the classes of common stock of Canandaigua Brands, Inc., as of May 15, 2000, is set forth below (all of the Registrants, other than Canandaigua Brands, Inc., are direct or indirect wholly-owned subsidiaries of Canandaigua Brands, Inc.):

Class	Number of Shares Outstanding
Class A Common Stock, par value $.01 per share	15,159,951
Class B Common Stock, par value $.01 per share	3,096,572

DOCUMENTS INCORPORATED BY REFERENCE

The proxy statement of Canandaigua Brands, Inc. to be issued for the annual meeting of stockholders to be held July 18, 2000 is incorporated by reference in Part III.

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PART I

ITEM 1. BUSINESS

Unless the context otherwise requires, the term "Company" refers to Canandaigua Brands, Inc. and its subsidiaries, and all references to "net sales" refer to gross revenue less excise taxes and returns and allowances to conform with the Company's method of classification. All references to "Fiscal 2000", "Fiscal 1999" and "Fiscal 1998" shall refer to the Company's fiscal year ended the last day of February of the indicated year.

Industry data disclosed in this Annual Report on Form 10-K has been obtained from the following industry and government publications: Adams Liquor Handbook; Adams Wine Handbook; Adams Beer Handbook; Adam's Media Handbook Advance; The U. S. Wine Market: Impact Databank Review and Forecast; The U.S. Beer Market: Impact Databank Review and Forecast; The U.S. Distilled Spirits Markets: Impact Databank Review and Forecast; NACM; AC Nielsen; the Zenith Guide and Office for National Statistics (U.K.). The Company has not independently verified this data. References to positions within industries are based on unit volume.

The Company is a leading producer and marketer of branded beverage alcohol products in North America and the United Kingdom. According to available industry data, the Company ranks as the second largest supplier of wine, the second largest importer of beer and the fourth largest supplier of distilled spirits in the United States. The Company's British subsidiary, Matthew Clark plc ("Matthew Clark"), is a leading producer and marketer of cider, wine and bottled water, and a leading independent beverage alcohol wholesaler in the United Kingdom.

The Company is a Delaware corporation organized in 1972 as the successor to a business founded in 1945. The Company has aggressively pursued growth in recent years through acquisitions, brand development, new product offerings and new distribution agreements. The recent acquisitions of Franciscan Vineyards, Inc. ("Franciscan Estates") and Simi Winery, Inc. ("Simi"), the Black Velvet Assets (as defined below) and Matthew Clark continued a series of strategic acquisitions made by the Company since 1991 by which it has diversified its offerings and as a result, increased its market share, net sales and cash flow. The Company has also achieved internal growth by developing new products and repositioning existing brands to focus on the fastest growing sectors of the beverage alcohol industry.

The Company markets and sells more than 185 premier branded products in North America and the United Kingdom. The Company's products are distributed by more than 1,000 wholesalers in North America. In the United Kingdom, the Company also distributes its own branded products and those of other companies to more than 16,000 customers. The Company operates more than 20 production facilities throughout the world and purchases products for resale from other producers.

ACQUISITIONS IN FISCAL 2000 AND FISCAL 1999

ACQUISITIONS OF FRANCISCAN ESTATES AND SIMI

On June 4, 1999, the Company purchased all of the outstanding capital stock of Franciscan Estates and, in related transactions, purchased vineyards, equipment and other vineyard related assets located in Northern California (collectively, the "Franciscan Acquisition"). Franciscan Estates is one of the foremost super-premium and ultra-premium wine companies in California.

Franciscan Estates' net sales for its fiscal year ended December 31, 1998, were approximately $50 million on volume of approximately 600,000 cases. While the super-premium and ultra-premium wine categories represented only 9% of the total United States wine market by volume in 1997, they accounted for more than 25% of sales dollars. Super-premium and ultra-premium wine sales in the United States grew at an annual rate of 16% between 1995 and 1998 and Franciscan Estates recorded a compound annual growth rate of more than 17% for the same period.

Also on June 4, 1999, the Company purchased all of the outstanding capital stock of Simi. (The acquisition of the capital stock of Simi is hereafter referred to as the "Simi Acquisition".) The Simi Acquisition included the Simi winery (located in Healdsburg, California), equipment, vineyards, inventory and worldwide ownership of the Simi brand name. Founded in 1876, Simi is one of the oldest and best known wineries in California, combining a strong super-premium and ultra-premium brand with a flexible and well-equipped facility and high quality vineyards in the key Sonoma appellation. On February 29, 2000, Simi was merged into Franciscan Estates.

The Franciscan and Simi Acquisitions have established the Company as a leading producer and marketer of super-premium and ultra-premium wine. The Franciscan Estates and Simi operations complement each other and offer synergies in the areas of sales and distribution, grape usage and capacity utilization. Together, Franciscan Estates and Simi represent the sixth largest presence in the super-premium and ultra-premium wine categories. The Company operates Franciscan Estates and Simi, and their properties, together as a separate business segment (collectively, "Franciscan"). The Company's strategy is to further penetrate the super-premium and ultra-premium wine categories, which have higher gross profit margins than popularly-priced wine.

ACQUISITION OF BLACK VELVET CANADIAN WHISKY BRAND AND RELATED ASSETS

On April 9, 1999, in an asset acquisition, the Company acquired several well-known Canadian whisky brands, including Black Velvet, the third best selling Canadian whisky and the 16th best selling spirits brand in the United States, production facilities located in Alberta and Quebec, Canada, case goods and bulk whisky inventories and other related assets from affiliates of Diageo plc (collectively, the "Black Velvet Assets"). Other principal brands acquired in the transaction were Golden Wedding, OFC, MacNaughton, McMaster's and Triple Crown. In connection with the transaction, the Company also entered into multi-year agreements with affiliates of Diageo plc to provide packaging and distilling services for various brands retained by the Diageo plc affiliates.

The addition of the Canadian whisky brands from this transaction strengthens the Company's position in the North American distilled spirits category and enhances the Company's portfolio of brands and category participation. The acquired operations have been integrated with the Company's existing spirits business.

ACQUISITION OF MATTHEW CLARK

On December 1, 1998, the Company acquired control of Matthew Clark and as of February 28, 1999, had acquired all of Matthew Clark's outstanding shares (the "Matthew Clark Acquisition"). Matthew Clark grew substantially in the 1990s through a series of strategic acquisitions, including Grants of St. James's in 1993, the Gaymer Group in 1994 and Taunton Cider Co. in 1995. These acquisitions served to solidify Matthew Clark's position within its key markets and contributed to an increase in net sales to approximately $671 million for Matthew Clark's fiscal year ended April 30, 1998. Matthew Clark has developed a number of leading market positions, including positions as a leading independent beverage supplier to the on-premise trade, the number one producer of branded boxed wine, the number one branded producer of fortified British wine, the number one branded bottler of sparkling water and the number two producer of cider.

The Matthew Clark Acquisition strengthens the Company's position in the beverage alcohol industry by providing the Company with a presence in the United Kingdom and a platform for growth in the European market. The acquisition of Matthew Clark also offers potential benefits including distribution opportunities to market California-produced wine and U.S.-produced spirits in the United Kingdom, as well as the potential to market Matthew Clark products in the United States.

Through these and prior acquisitions, the Company has become more competitive by diversifying its portfolio; developing strong market positions in the growing beverage alcohol product categories of varietal table wine and imported beer; strengthening its relationships with wholesalers; expanding its distribution and enhancing its production capabilities; and acquiring additional management, operational, marketing, and research and development expertise.

BUSINESS SEGMENTS

The Company operates primarily in the beverage alcohol industry in North America and the United Kingdom. The Company reports its operating results in five segments: Canandaigua Wine (branded popularly-priced wine and brandy, and other, primarily grape juice concentrate); Barton (primarily beer and spirits);

Matthew Clark (branded wine, cider and bottled water, and wholesale wine, cider, spirits, beer and soft drinks); Franciscan (primarily branded super-premium and ultra-premium wine) and Corporate Operations and Other (primarily corporate related items).

Information regarding net sales, operating income and total assets of each of the Company's business segments and information regarding geographic areas is set forth in Note 16 to the Company's consolidated financial statements located in Item 8 of this Annual Report on Form 10-K.

CANANDAIGUA WINE

Canandaigua Wine produces, bottles, imports and markets wine and brandy in the United States. It is the second largest supplier of wine in the United States and exports wine to approximately 70 countries from the United States. Canandaigua Wine sells table wine, dessert wine, sparkling wine and brandy. Its leading brands include Almaden, Inglenook, Arbor Mist, Paul Masson, Manischewitz, Taylor, Marcus James, Estate Cellars, Vina Santa Carolina, Dunnewood, Mystic Cliffs, Cook's, J. Roget, Richards Wild Irish Rose and Paul Masson Grande Amber Brandy. Most of its wine is marketed in the popularly-priced category of the wine market.

As a related part of its U.S. wine business, Canandaigua Wine is a leading grape juice concentrate producer in the United States. Grape juice concentrate competes with other domestically produced and imported fruit-based concentrates. Canandaigua Wine's other wine-related products and services include bulk wine, cooking wine, grape juice and Inglenook-St. Regis, a leading de-alcoholized line of wine in the United States.

BARTON

Barton produces, bottles, imports and markets a diversified line of beer and distilled spirits. It is the second largest marketer of imported beer in the United States and distributes six of the top 25 imported beer brands in the United States: Corona Extra, Modelo Especial, Corona Light, Pacifico, St. Pauli Girl and Negra Modelo. Corona Extra is the number one imported beer nationwide. Barton's other imported beer brands include Tsingtao from China, Peroni from Italy and Double Diamond and Tetley's English Ale from the United Kingdom. Barton also operates the Stevens Point Brewery, a regional brewer located in Wisconsin, which produces Point Special, among other brands.

Barton is the fourth largest supplier of distilled spirits in the United States and exports distilled spirits to approximately 15 countries from the United States. Barton's principal distilled spirits brands include Fleischmann's, Mr. Boston, Canadian LTD, Chi-Chi's prepared cocktails, Ten High, Montezuma, Barton, Monte Alban, Inver House and the recently acquired Black Velvet brand. Substantially all of Barton's spirits unit volume consists of products marketed in the price value category. Barton also sells distilled spirits in bulk and provides contract production and bottling services for third parties.

MATTHEW CLARK

Matthew Clark is a leading producer and distributor of cider, wine and bottled water and a leading drinks wholesaler throughout the United Kingdom. Matthew Clark also exports its branded products to approximately 50 countries from the United Kingdom. Matthew Clark is the second largest producer and marketer of cider in the United Kingdom. Matthew Clark distributes its cider brands in both the on-premise and off-premise markets and these brands compete in both the mainstream and premium brand categories. Matthew Clark's leading mainstream cider brands include Blackthorn and Gaymer's Olde English. Blackthorn is the number two mainstream cider brand and Gaymer's Olde English is the U.K.'s second largest cider brand in the take-home market. Matthew Clark's leading premium cider brands are Diamond White and K.

Matthew Clark is the largest supplier of wine to the on-premise trade in the United Kingdom. Its Stowells of Chelsea brand maintains the leading share in the branded boxed wine segment. Matthew Clark also maintains a leading market share position in fortified British wine through its QC and Stone's brand names. It also produces and markets Strathmore bottled water in the United Kingdom, the leading bottled sparkling water brand in the country.

Matthew Clark is a leading independent beverage supplier to the on-premise trade in the United Kingdom and has one of the largest customer bases in the United Kingdom, with more than 16,000 on-premise accounts. Matthew Clark's wholesaling business involves the distribution of branded wine, spirits, cider, beer and soft drinks. While these products are primarily produced by third parties, they also include Matthew Clark's cider and wine branded products.

FRANCISCAN

The Company's Franciscan segment is comprised of the Franciscan Estates and Simi portfolios. These operations are managed together as a separate business segment of the Company, and position the Company as a major player in the super-premium and ultra-premium wine market. Franciscan also exports its

products to approximately 25 countries from the United States.

Franciscan includes the prestigious Franciscan Oakville Estate (Napa Valley), Estancia (Monterey and Sonoma), Simi (Sonoma), Mt. Veeder and Quintessa (Napa Valley), and Veramonte (Casablanca Valley, Chile) wines. The portfolio of fine wines is supported by the segment's winery and vineyard holdings in California and Chile. These brands are marketed by a dedicated sales force, primarily focusing on high-end restaurants and fine wine shops.

CORPORATE OPERATIONS AND OTHER

Corporate Operations and Other includes traditional corporate related items and the results of an immaterial operation.

MARKETING AND DISTRIBUTION

NORTH AMERICA

The Company's products are distributed and sold throughout North America through over 1,000 wholesalers, as well as through state and provincial alcoholic beverage control agencies. Canandaigua Wine, Barton and Franciscan employ full-time, in-house marketing, sales and customer service organizations to develop and service their sales to wholesalers and state agencies. The Company believes that the organization of its sales force into separate segments positions it to maintain a high degree of focus on each of its principal product categories.

The Company's marketing strategy places primary emphasis upon promotional programs directed at its broad national distribution network, and at 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.

During Fiscal 2000, the Company increased its advertising expenditures to put more emphasis on consumer advertising for its imported beer brands, primarily with respect to the Mexican brands. In addition, promotional spending for the Company's wine brands increased to address competitive factors.

UNITED KINGDOM

The Company's U.K.-produced branded products are marketed and distributed throughout the United Kingdom by Matthew Clark. The products are packaged at one of three production facilities. Shipments of cider and wine are then made to Matthew Clark's national distribution center for branded products. All branded products are then distributed to either the on-premise or off-premise markets with some of the sales to on-premise customers made through Matthew Clark's wholesale business. Matthew Clark's wholesale products are distributed through 12 depots located throughout the United Kingdom. On-premise distribution channels include hotels, restaurants, pubs, wine bars and clubs. The off-premise distribution channels include grocers, convenience retail, cash-and-carry outlets and wholesalers.

Matthew Clark employs a full-time, in-house marketing and sales organization that targets off-premise customers for Matthew Clark's branded products. Matthew Clark also employs a full-time, in-house branded products marketing and sales organization that services specifically the on-premise market in the United Kingdom. Additionally, Matthew Clark employs a full-time, in-house marketing and sales organization to service the customers of its wholesale business.

TRADEMARKS AND DISTRIBUTION AGREEMENTS

The Company's products are sold under a number of trademarks, most of which are owned by the Company. The Company also produces and sells wine and distilled spirits products under exclusive license or distribution agreements. Important agreements include a long-term license agreement with Hiram Walker & Sons, Inc. (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 (which expires in 2042) for the Manischewitz brand of kosher wine. On September 30, 1998, under the provisions of an existing long-term license agreement, Nabisco Brands Company agreed to transfer to Barton all of its right, title and interest to the corporate name "Fleischmann Distilling Company" and worldwide trademark rights to the "Fleischmann" mark for alcoholic beverages. Pending the completion of the assignment of such interests, the license will remain in effect. 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 beer from the same country. The Company's agreement to distribute Corona and its

other Mexican beer brands exclusively throughout 25 primarily U.S. western states expires in December 2006 and, subject to compliance with certain performance criteria, continued retention of certain Company personnel and other terms under the agreement, will be automatically renewed for additional terms of five years. Changes in control of the Company or of its subsidiaries involved in importing the Mexican beer brands, changes in the position of the Chief Executive Officer of Barton Beers, Ltd. (including by death or disability) or the termination of the President of Barton Incorporated, may be a basis for the supplier, unless it consents to such changes, to terminate the agreement. The supplier's consent to such changes may not be unreasonably withheld. 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 material 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.

The Company owns the trademarks for the leading brands and most of the other brands that were acquired in the Matthew Clark Acquisition. The Company has a series of distribution agreements and supply agreements in the United Kingdom related to the sale of its products with varying terms and durations.

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, a presence in restaurants and marketing focus by the Company's wholesalers. The Company competes with numerous multinational producers and distributors of beverage alcohol products, some of which have significantly greater resources than the Company. In the United States, Canandaigua Wine's principal competitors include E & J Gallo Winery and The Wine Group. Barton's principal competitors include Heineken USA, Molson Breweries USA, Labatt's USA, Guinness Import Company, Brown-Forman Beverages, Jim Beam Brands and Heaven Hill Distilleries, Inc. Franciscan's principal competitors include Robert Mondavi Corp., Beringer Wine Estates, Kendall-Jackson and Allied Domecq Wines. In the United Kingdom, Matthew Clark's principal competitors include Halewood Vintners, H.P. Bulmer, Tavern, Waverley Vintners and Perrier. In connection with its wholesale business, Matthew Clark distributes the branded wine of third parties that compete directly against its own wine brands.

PRODUCTION

In the United States, the Company's wine is 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 wine, high-proof grape spirits or brandy. Most of the Company's wine is bottled and sold within 18 months after the grape crush. The Company's inventories of wine, 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. Following the acquisition of the Black Velvet Assets, the majority of the Company's Canadian whisky requirements are produced and aged at its Canadian distilleries in Lethbridge, Alberta, and Valleyfield, Quebec. At its Albany, Georgia, facility, the Company produces all of the neutral grain spirits and whiskeys it uses in the production of vodka, gin and blended whiskey it sells to customers in the state of Georgia. The Company's requirements of Scotch whisky, tequila, mezcal and the neutral grain spirits it uses in the production of gin and vodka for sale outside of Georgia, and other spirits products, are purchased from various suppliers.

The Company operates three facilities in the United Kingdom that produce, bottle and package cider, wine and water. To produce Stowells of Chelsea, wine is imported in bulk from various countries such as Chile, Germany, France, Spain, South Africa and Australia, which is then packaged at the Company's facility at Bristol and distributed under the Stowells of Chelsea brand name. The Strathmore brand of bottled water (which is available in still, sparkling, and flavored varieties) is sourced and bottled in Forfar, Scotland. Cider production was consolidated at the Company's facility at Shepton Mallet, where apples of many different varieties are purchased from U.K. growers and crushed. This juice, along with European-sourced concentrate, is then fermented into cider.

The Company operates one winery in Chile that crushes, vinifies, cellars

and bottles wine.

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) and agricultural products, such as grapes and 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. The Company believes that it has adequate sources of grape supplies to meet its sales expectations. However, in the event demand for certain wine products exceeds expectations, the Company could experience shortages.

The Company purchases grapes from over 800 independent growers, principally in the San Joaquin Valley, Central Coast and North Coast 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. The Company currently owns or leases approximately 7,000 acres of land and vineyards, either fully bearing or under development, in California, New York and Chile. This acreage supplies only a small percentage of the Company's total needs. The Company continues to consider the purchase or lease of additional vineyards, and additional land for vineyard plantings, to supplement its grape supply.

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.

The Company manufactures cider, perry and light and fortified British wine from materials that are purchased either on a contracted basis or on the open market. In particular, supplies of cider apples are sourced through long term supply arrangements with owners of apple orchards. There are adequate supplies of the various raw materials at this particular time.

GOVERNMENT REGULATION

The Company's operations in the United States 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 operations and facilities are also subject to Federal, state, foreign and local environmental laws and regulations and the Company is required to obtain permits and licenses to operate its facilities.

In the United Kingdom, the Company has secured a Customs and Excise License to carry on its excise trade. Licenses are required for all premises where wine is produced. The Company holds a license to act as an excise warehouse operator. Registrations have been secured for the production of cider and bottled water. Formal approval of product labeling is not required.

In Canada, the Company's operations are also subject to extensive federal and provincial regulation. These regulations cover, among other matters, advertising and public relations, labeling and packaging, environmental matters and customs and duty requirements. The Company is also required to obtain licenses and permits to operate its facilities.

The Company believes that it is in compliance in all material respects with all applicable governmental laws and regulations and that the cost of administration and compliance with, and liability under, such laws and regulations does not have, and is not expected to have, a material adverse impact on the Company's financial condition, results of operations or cash flows.

EMPLOYEES

The Company had approximately 2,520 full-time employees in the United States at the end of April 2000, of which approximately 830 were covered by collective bargaining agreements. Additional workers may be employed by the Company during the grape crushing season.

The Company had approximately 1,720 full-time employees in the United Kingdom at the end of April 2000, of which approximately 400 were covered by collective bargaining agreements. Additional workers may be employed during the peak season.

The Company had approximately 260 full-time employees in Canada at the end of April 2000, of which approximately 200 were covered by collective bargaining agreements.

The Company considers its employee relations generally to be good.

ITEM 2. PROPERTIES

The Company, maintaining its corporate headquarters in offices leased in Fairport, New York, consists of four business operating segments. Through these business segments, the Company currently operates wineries, distilling plants, bottling plants, a brewery, cider and water producing facilities, most of which include warehousing and distribution facilities on the premises. The Company also operates separate distribution centers under the Matthew Clark segment's wholesaling business. 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.

CANANDAIGUA WINE

Canandaigua Wine maintains its headquarters in owned and leased offices in Canandaigua, New York. It operates three wineries in New York, located in Canandaigua, Naples and Batavia, and six wineries in California, located in Madera, Gonzales, Escalon, Fresno and Ukiah. All of the facilities in which these wineries operate are owned, except for the winery in Batavia, New York, which is leased. Canandaigua Wine considers its principal wineries to be the Mission Bell winery in Madera, California; the Canandaigua winery in Canandaigua, New York; and the Riverland Vineyards winery in Gonzales, California. The Mission Bell winery crushes grapes, produces, bottles and distributes wine and produces grape juice concentrate. The Canandaigua winery crushes grapes and produces, bottles and distributes wine. The Riverland Vineyards winery crushes grapes and produces, bottles and distributes wine for Canandaigua Wine's account and, on a contractual basis, for third parties.

Canandaigua Wine currently owns or leases approximately 4,200 acres of vineyards, either fully bearing or under development, in California and New York.

BARTON

Barton maintains its headquarters in leased offices in Chicago, Illinois. It owns and operates four distilling plants, two in the United States and two in Canada. The two distilling plants in the United States are located in Bardstown, Kentucky; and Albany, Georgia; and the two distilling plants in Canada, which were acquired in connection with the Black Velvet Assets, are located in Valleyfield, Quebec; and Lethbridge, Alberta. Barton considers its principal distilling plants to be the facilities located in Bardstown, Kentucky; Valleyfield, Quebec; and Lethbridge, Alberta. The Bardstown facility distills, bottles and warehouses distilled spirits products for Barton's account and, on a contractual basis, for other participants in the industry. The two Canadian facilities distill, bottle and store Canadian whisky for Barton's own account, and distill and/or bottle and store Canadian whisky, vodka, rum, gin and liqueurs for third parties.

In the United States, Barton also operates a brewery and three bottling plants. The brewery is located in Stevens Point, Wisconsin; and the bottling plants are located in Atlanta, Georgia; Owensboro, Kentucky; and Carson, California. All of these facilities are owned by Barton except for the bottling plant in Carson, California, which is operated and leased through an arrangement involving an ongoing management contract. Barton considers the bottling plant located in Owensboro, Kentucky to be one of its principal facilities. The Owensboro facility bottles and warehouses distilled spirits products for Barton's account and also performs contract bottling.

MATTHEW CLARK

Matthew Clark maintains its headquarters in owned offices in Bristol, England. It currently owns and operates two facilities in England that are located in Bristol and Shepton Mallet and one facility in Scotland, located in Forfar. Matthew Clark considers all three facilities to be its principal facilities. The Bristol facility produces, bottles and packages wine; the Shepton Mallet facility produces, bottles and packages cider; and the Forfar facility produces, bottles and packages water products. Matthew Clark also owns another facility in England, located in Taunton, the operations of which have now been consolidated into its Shepton Mallet facility. Matthew Clark plans to sell the Taunton property.

Matthew Clark operates the National Distribution Centre, located in Severnside, England to distribute its products that are produced at the Bristol and Shepton Mallet facilities. This distribution facility is leased by Matthew Clark. To support its wholesaling business, Matthew Clark operates 12 distribution centers located throughout the United Kingdom, all of which are leased. These distribution centers are used to distribute products produced by third parties, as well as by Matthew Clark. Matthew Clark has been and will continue consolidating the operations of its wholesaling distribution centers.

FRANCISCAN

Franciscan maintains its headquarters in offices owned in Rutherford, California. Through this segment the Company owns and operates four wineries in the United States and, through a majority owned subsidiary, operates one winery in Chile. All four wineries in the United States are located in the state of California, in Rutherford, Healdsburg, Monterey and Mt. Veeder, and the winery in Chile is located in the Casablanca Valley. Franciscan considers its principal wineries to be those located in Rutherford, California; Healdsburg, California; Monterey, California; and the Casablanca Valley, Chile. The wineries in Rutherford, California; Healdsburg, California; and the Casablanca Valley, Chile crush grapes and vinify, cellar and bottle wine. The winery in Monterey, California crushes, vinifies and cellars wine.

Franciscan also owns and leases approximately 2,000 plantable acres of vineyards in California and approximately 800 plantable acres of vineyards in Chile.

ITEM 3. 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, results of operations or cash flows.

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

Not Applicable.

EXECUTIVE OFFICERS OF THE COMPANY

Information with respect to the current executive officers of the Company is as follows:

NAME	AGE	OFFICE HELD
Richard Sands	49	Chairman of the Board, President and Chief Executive Officer
Robert Sands	41	Group President
Peter Aikens	61	President and Chief Executive Officer of Matthew Clark plc
Alexander L. Berk	50	President and Chief Executive Officer of Barton Incorporated
Agustin Francisco Huneeus	34	President of Franciscan Vineyards, Inc.
Jon Moramarco	43	President and Chief Executive Officer of Canandaigua Wine Company, Inc.
Thomas J. Mullin	48	Executive Vice President and General Counsel
George H. Murray	53	Executive Vice President and Chief Human Resources Officer
Thomas S. Summer	46	Executive Vice President and Chief Financial Officer

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. In September 1999, Mr. Sands was elected Chairman of the Board. He is the brother of Robert Sands.

Robert Sands was appointed Group President in April 2000 and has served as a director since January 1990. Mr. Sands also had served as Vice President from June 1990 through October 1993, as Executive Vice President from October 1993 through April 2000, and as General Counsel from June 1986 through May 2000. He is the brother of Richard Sands.

Peter Aikens serves as President and Chief Executive Officer of Matthew Clark plc, a wholly-owned subsidiary of the Company. In this capacity, Mr. Aikens is in charge of the Company's Matthew Clark segment, and has been since the Company acquired control of Matthew Clark in December 1998. He has been the Chief Executive Officer of Matthew Clark plc since May 1990 and has been in the

brewing and drinks industry for most of his career.

Alexander L. Berk serves as President and Chief Executive Officer of Barton Incorporated, a wholly-owned subsidiary of the Company. In this capacity, Mr. Berk is in charge of the Company's Barton segment. From 1990 until February 1998, Mr. Berk was President and Chief Operating Officer of Barton and from 1988 to 1990, he was the President and Chief Executive Officer of Schenley Industries. Mr. Berk has been in the alcoholic beverage industry for most of his career, serving in various positions.

Agustin Francisco Huneeus serves as President of Franciscan Vineyards, Inc., a wholly-owned subsidiary of the Company. In this capacity, Mr. Huneeus is in charge of the Company's Franciscan segment. Since December 1995 and prior to becoming President on May 15, 2000, he served in various positions with Franciscan, the last of which was Senior Vice President, Sales and Marketing. From June 1994 to December 1995, he was an associate in the branded consumer venture group of Hambrecht & Quist.

Jon Moramarco joined Canandaigua Wine Company, Inc., a wholly-owned subsidiary of the Company, in November 1999 as its President and Chief Executive Officer. In this capacity, Mr. Moramarco is in charge of the Company's Canandaigua Wine segment. Prior to joining Canandaigua Wine Company, Inc., he served as President and Chief Executive Officer of Allied Domecq Wines, USA since 1992. Mr. Moramarco has more than 15 years of diverse experience in the wine industry, including prior service as Chairman of the American Vintners Association, a national wine trade organization.

Thomas J. Mullin joined the Company as Executive Vice President and General Counsel on May 30, 2000. Prior to joining the Company, Mr. Mullin served as President and Chief Executive Officer of TD Waterhouse Bank, NA since February 2000, of CT USA, F.S.B. since September 1998, and of CT USA, Inc. since March 1997. He also served as Executive Vice President, Business Development and Corporate Strategy of C.T. Financial Services, Inc. from March 1997 through February 2000. From 1985 through 1997, Mr. Mullin served as Vice Chairman and Senior Executive Vice President of First Federal Savings and Loan Association of Rochester, and from 1982 through 1985, he was a partner in the law firm of Phillips, Lytle, Hitchcock, Blaine & Huber.

George H. Murray joined the Company in April 1997 as Senior Vice President and Chief Human Resources Officer and in April 2000 was elected Executive Vice President. From August 1994 to April 1997, Mr. Murray served as Vice President - Human Resources and Corporate Communications of ACC Corp., an international long distance reseller. For eight and a half years prior to that, he served in various senior management positions with First Federal Savings and Loan of Rochester, New York, including the position of Senior Vice President of Human Resources and Marketing from 1991 to 1994.

Thomas S. Summer joined the Company in April 1997 as Senior Vice President and Chief Financial Officer and in April 2000 was elected Executive Vice President. From November 1991 to April 1997, Mr. Summer served as Vice President, Treasurer of Cardinal Health, Inc., a large national health care services company, where he was responsible for directing financing strategies and treasury matters. Prior to that, from November 1987 to November 1991, Mr. Summer held several positions in corporate finance and international treasury with PepsiCo, Inc.

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.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

On October 12, 1999, the Company's Class A Common Stock (the "Class A Stock") and Class B Common Stock (the "Class B Stock") began trading on the New York Stock Exchange(R) ("NYSE") under the symbols "CDB" and "CDB.B," respectively. Prior to October 12, 1999, the Company's Class A Stock and Class B Stock traded on the Nasdaq Stock Market(R) ("NASDAQ") under the symbols "CBRNA" and "CBRNB," respectively. (The Company delisted voluntarily its securities from NASDAQ in order to list its Class A Stock and Class B Stock on the NYSE.)

The following tables set forth for the periods indicated the high and low sales prices of the Class A Stock and the Class B Stock. With respect to all periods for Fiscal 1999 and the first two quarters of Fiscal 2000, the high and low sales prices of the Class A Stock and the Class B Stock reflect trades on the NASDAQ. For the 3rd Quarter of Fiscal 2000, the high and low sales prices of the Class A Stock reflect trades on the NASDAQ and the NYSE, respectively, and the high and low sales prices of the Class B Stock reflect trades on the NASDAQ. For the 4th Quarter of Fiscal 2000, the high and low sales prices of the Class A Stock and Class B Stock reflect trades on the NYSE.

	CLASS A STOCK			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Fiscal 1999				
High	$ 59 3/4	$ 52 3/8	$ 52 1/8	$ 61 1/2
Low	$ 45 9/16	$ 40 1/4	$ 35 1/4	$ 45 5/8
Fiscal 2000				
High	$ 55 1/4	$ 60 3/8	$ 61 3/16	$ 54 11/16
Low	$ 45 3/8	$ 42 7/8	$ 53	$ 46 3/4

	CLASS B STOCK			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Fiscal 1999				
High	$ 59 3/4	$ 51 1/2	$ 52	$ 62 1/4
Low	$ 45 1/2	$ 40 3/4	$ 37 1/4	$ 46 7/8
Fiscal 2000				
High	$ 55 3/4	$ 60	$ 60 3/4	$ 58 1/8
Low	$ 47 1/2	$ 44 1/4	$ 56	$ 49

At May 15, 2000, the number of holders of record of Class A Stock and Class B Stock of the Company were 940 and 273, respectively.

The Company's policy is to retain all of its earnings to finance the development and expansion of its business, and the Company has not paid any cash dividends since its initial public offering in 1973. In addition, the Company's current senior credit facility, the Company's indenture for its $130 million 8 3/4% Senior Subordinated Notes due December 2003, its indenture for its $65 million 8 3/4% Series C Senior Subordinated Notes due December 2003, its indenture for its $200 million 8 1/2% Senior Subordinated Notes due March 2009, its indenture for its $200 million 8 5/8% Senior Notes due August 2006, its indenture for its (pound)75 million 8 1/2% Series B Senior Notes due November 2009 and its (pound)80 million 8 1/2% Series C Senior Notes due November 2009 restrict the payment of cash dividends.

ITEM 6. SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED FEBRUARY 29,	FOR THE YEARS ENDED FEBRUARY 28,			FOR THE SIX MONTHS ENDED FEBRUARY 29,	FOR THE YEAR ENDED AUGUST 31,
	2000	1999	1998	1997	1996	1995
(in thousands, except per share data)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gross sales	$ 3,088,699	$ 1,984,801	$ 1,632,357	$ 1,534,452	$ 738,415	$ 1,185,074
Less-excise taxes	(748,230)	(487,458)	(419,569)	(399,439)	(203,391)	(278,530)
Net sales	2,340,469	1,497,343	1,212,788	1,135,013	535,024	906,544
Cost of product sold	(1,618,009)	(1,049,309)	(869,038)	(812,812)	(389,281)	(657,883)
Gross profit	722,460	448,034	343,750	322,201	145,743	248,661
Selling, general and administrative expenses	(481,909)	(299,526)	(231,680)	(208,991)	(112,411)	(159,196)
Nonrecurring charges	(5,510)	(2,616)	-	-	(2,404)	(2,238)
Operating income	235,041	145,892	112,070	113,210	30,928	87,227
Interest expense, net	(106,082)	(41,462)	(32,189)	(34,050)	(17,298)	

(24,601)					
Income before taxes and extraordinary item	128,959	104,430	79,881	79,160	13,630
62,626					
Provision for income taxes	(51,584)	(42,521)	(32,751)	(32,977)	(6,221)
(24,008)					
Income before extraordinary item	77,375	61,909	47,130	46,183	7,409
38,618					
Extraordinary item, net of income taxes	-	(11,437)	-	-	-
-					
Net income	$ 77,375	$ 50,472	$ 47,130	$ 46,183	$ 7,409
$ 38,618					
Earnings per common share:					
Basic:					
Income before extraordinary item	$ 4.29	$ 3.38	$ 2.52	$ 2.39	$ 0.38
$ 2.06					
Extraordinary item	-	(0.62)	-	-	-
-					
Earnings per common share - basic	$ 4.29	$ 2.76	$ 2.52	$ 2.39	$ 0.38
$ 2.06					
Diluted:					
Income before extraordinary item	$ 4.18	$ 3.30	$ 2.47	$ 2.37	$ 0.37
$ 2.03					
Extraordinary item	-	(0.61)	-	-	-
-					
Earnings per common share - diluted	$ 4.18	$ 2.69	$ 2.47	$ 2.37	$ 0.37
$ 2.03					
Total assets	$ 2,348,791	$ 1,793,776	$ 1,090,555	$ 1,043,281	$ 1,045,590
$ 770,004					
Long-term debt	$ 1,237,135	$ 831,689	$ 309,218	$ 338,884	$ 327,616
$ 198,859					

</TABLE>

For the fiscal year ended February 29, 2000, and for the fiscal year ended February 28, 1999, see Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 7 of this Annual Report on Form 10-K and Notes to Consolidated Financial Statements as of February 29, 2000, under Item 8 of this Annual Report on Form 10-K. During January 1996, the Board of Directors of the Company changed the Company's fiscal year end from August 31 to the last day of February.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The following discussion and analysis summarizes the significant factors affecting (i) consolidated results of operations of the Company for the year ended February 29, 2000 ("Fiscal 2000"), compared to the year ended February 28, 1999 ("Fiscal 1999"), and Fiscal 1999 compared to the year ended February 28, 1998 ("Fiscal 1998"), and (ii) financial liquidity and capital resources for Fiscal 2000. This discussion and analysis should be read in conjunction with the Company's consolidated financial statements and notes thereto included herein.

The Company operates primarily in the beverage alcohol industry in North America and the United Kingdom. The Company reports its operating results in five segments: Canandaigua Wine (branded popularly-priced wine and brandy, and other, primarily grape juice concentrate); Barton (primarily beer and spirits); Matthew Clark (branded wine, cider and bottled water, and wholesale wine, cider,

spirits, beer and soft drinks); Franciscan (primarily branded super-premium and ultra-premium wine); and Corporate Operations and Other (primarily corporate related items).

ACQUISITIONS IN FISCAL 2000 AND FISCAL 1999

On June 4, 1999, the Company purchased all of the outstanding capital stock of Franciscan Vineyards, Inc. ("Franciscan Estates") and, in related transactions, purchased vineyards, equipment and other vineyard related assets located in Northern California (collectively, the "Franciscan Acquisition"). Also on June 4, 1999, the Company purchased all of the outstanding capital stock of Simi Winery, Inc. ("Simi"). (The acquisition of the capital stock of Simi is hereafter referred to as the "Simi Acquisition".) The Simi Acquisition included the Simi winery, equipment, vineyards, inventory and worldwide ownership of the Simi brand name. The results of operations from the Franciscan and Simi Acquisitions (collectively, "Franciscan") are reported together in the Franciscan segment and have been included in the consolidated results of operations of the Company since the date of acquisition. On February 29, 2000, Simi was merged into Franciscan Estates.

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

On December 1, 1998, the Company acquired control of Matthew Clark plc ("Matthew Clark") and as of February 28, 1999, had acquired all of Matthew Clark's outstanding shares (the "Matthew Clark Acquisition"). Prior to the Matthew Clark Acquisition, the Company was principally a producer and supplier of wine and an importer and producer of beer and distilled spirits in the United States. The Matthew Clark Acquisition established the Company as a leading British producer of cider, wine and bottled water and as a leading beverage alcohol wholesaler in the United Kingdom. The results of operations of Matthew Clark have been included in the consolidated results of operations of the Company since the date of acquisition, December 1, 1998.

RESULTS OF OPERATIONS
- ---------------------

FISCAL 2000 COMPARED TO FISCAL 1999

NET SALES

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

	Fiscal 2000 Compared to Fiscal 1999		
	Net Sales		
	2000	1999	%Increase
Canandaigua Wine:			
Branded:			
External customers	$ 623,796	$ 598,782	4.2%
Intersegment	5,524	-	N/A
Total Branded	629,320	598,782	5.1%
Other:			
External customers	81,442	70,711	15.2%
Intersegment	1,146	-	N/A
Total Other	82,588	70,711	16.8%
Canandaigua Wine net sales	$ 711,908	$ 669,493	6.3%
Barton:			
Beer	$ 570,380	$ 478,611	19.2%
Spirits	267,762	185,938	44.0%
Barton net sales	$ 838,142	$ 664,549	26.1%
Matthew Clark:/			
Branded:			
External customers	$ 313,027	$ 64,879	382.5%
Intersegment	75	-	N/A

Total Branded	313,102	64,879	382.6%
Wholesale	416,644	93,881	343.8%
Matthew Clark net sales	$ 729,746	$ 158,760	359.7%
Franciscan:			
External customers	$ 62,046	$ -	N/A
Intersegment	73	-	N/A
Franciscan net sales	$ 62,119	$ -	N/A
Corporate Operations and Other	$ 5,372	$ 4,541	18.3%
Intersegment eliminations	$ (6,818)	$ -	N/A
Consolidated Net Sales	$ 2,340,469	$ 1,497,343	56.3%

Net sales for Fiscal 2000 increased to $2,340.5 million from $1,497.3 million for Fiscal 1999, an increase of $843.1 million, or 56.3%.

Canandaigua Wine

Net sales for Canandaigua Wine for Fiscal 2000 increased to $711.9 million from $669.5 million for Fiscal 1999, an increase of $42.4 million, or 6.3%. This increase resulted primarily from (i) an increase in sales of Arbor Mist, which was introduced in the second quarter of Fiscal 1999, (ii) an increase in the Company's bulk wine sales, (iii) an increase in sparkling wine sales as a result of millennium sales, and (iv) an increase in Almaden box wine sales. These increases were partially offset by declines in certain other wine brands.

Barton

Net sales for Barton for Fiscal 2000 increased to $838.1 million from $664.5 million for Fiscal 1999, an increase of $173.6 million, or 26.1%. This increase resulted primarily from volume growth and selling price increases in the Mexican beer portfolio as well as from $81.3 million of sales of products and services acquired in the acquisition of the Black Velvet Assets, which was completed in April 1999.

Matthew Clark

Net sales for Matthew Clark for Fiscal 2000 increased to $729.7 million from $158.8 million for Fiscal 1999, an increase of $571.0 million, or 359.7%. The Company acquired control of Matthew Clark during the fourth quarter of Fiscal 1999.

Franciscan

Net sales for Franciscan for Fiscal 2000 since the date of acquisition, June 4, 1999, were $62.1 million.

GROSS PROFIT

The Company's gross profit increased to $722.5 million for Fiscal 2000 from $448.0 million for Fiscal 1999, an increase of $274.4 million, or 61.3%. The dollar increase in gross profit was primarily related to sales from the acquisitions of Matthew Clark, the Black Velvet Assets and Franciscan, all completed after the third quarter of Fiscal 1999, as well as increased Barton beer and Canandaigua Wine branded wine sales. As a percent of net sales, gross profit increased to 30.9% for Fiscal 2000 from 29.9% for Fiscal 1999. The increase in the gross profit margin resulted primarily from the sales of higher-margin spirits and super-premium and ultra-premium wine acquired in the acquisitions of the Black Velvet Assets and Franciscan, respectively.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to $481.9 million for Fiscal 2000 from $299.5 million for Fiscal 1999, an increase of $182.4 million, or 60.9%. The dollar increase in selling, general and administrative expenses resulted primarily from the addition of the Matthew Clark and Franciscan businesses and expenses related to the brands acquired in the Black Velvet Assets acquisition. The Company also increased its marketing and promotional costs to generate additional sales volume, particularly of certain Canandaigua Wine brands and Barton beer brands. Selling, general and administrative expenses as a percent of net sales increased to 20.6% for Fiscal 2000 as compared to 20.0% for Fiscal 1999. The increase in percent of net sales resulted primarily from (i) Canandaigua Wine's investment in brand building and efforts to increase market share and (ii) the acquisitions of Matthew Clark and Franciscan, as Matthew Clark's and Franciscan's selling, general and administrative expenses as a percent of net sales are typically at the high end

of the range of the Company's operating segments' percentages.

NONRECURRING CHARGES

The Company incurred nonrecurring charges of $5.5 million in Fiscal 2000 related to the closure of a cider production facility within the Matthew Clark operating segment in the United Kingdom and to a management reorganization within the Canandaigua Wine operating segment. In Fiscal 1999, nonrecurring charges of $2.6 million were incurred related to the closure of the aforementioned cider production facility in the United Kingdom.

OPERATING INCOME

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

	Fiscal 2000 Compared to Fiscal 1999		
	Operating Profit/Loss		
	2000	1999	%Increase
Canandaigua Wine	$ 46,778	$ 46,283	1.1%
Barton	142,931	102,624	39.3%
Matthew Clark	48,473	8,998	438.7%
Franciscan	12,708	-	N/A
Corporate Operations and Other	(15,849)	(12,013)	31.9%
Consolidated Operating Profit	$ 235,041	$ 145,892	61.1%

As a result of the above factors, operating income increased to $235.0 million for Fiscal 2000 from $145.9 million for Fiscal 1999, an increase of $89.1 million, or 61.1%. Operating income for the Canandaigua Wine operating segment was up $0.5 million, or 1.1%, due to the nonrecurring charges of $2.6 million related to the segment's management reorganization, as well as additional marketing expenses associated with new product introductions. Exclusive of the nonrecurring charges, operating income increased by 6.6% to $49.3 million in Fiscal 2000. Operating income for the Matthew Clark operating segment, excluding nonrecurring charges of $2.9 million, was $51.4 million.

INTEREST EXPENSE, NET

Net interest expense increased to $106.1 million for Fiscal 2000 from $41.5 million for Fiscal 1999, an increase of $64.6 million, or 155.9%. The increase resulted primarily from additional interest expense associated with the borrowings related to the acquisitions of Matthew Clark, the Black Velvet Assets and Franciscan.

NET INCOME

As a result of the above factors, net income increased to $77.4 million for Fiscal 2000 from $50.5 million for Fiscal 1999, an increase of $26.9 million, or 53.3%.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Fiscal 2000 were $299.8 million, an increase of $115.3 over EBITDA of $184.5 million for Fiscal 1999. EBITDA should not be construed as an alternative to operating income or net cash flow from operating activities and should not be construed as an indication of operating performance or as a measure of liquidity.

FISCAL 1999 COMPARED TO FISCAL 1998

NET SALES

The following table sets forth the net sales (in thousands of dollars) by operating segment of the Company for Fiscal 1999 and Fiscal 1998.

	Fiscal 1999 Compared to Fiscal 1998		
	Net Sales		
	1999	1998	%Increase/ (Decrease)
Canandaigua Wine:			
Branded	$ 598,782	$ 570,807	4.9 %
Other	70,711	71,988	(1.8)%
Canandaigua Wine net sales	$ 669,493	$ 642,795	4.2 %
Barton:			
Beer	$ 478,611	$ 376,607	27.1 %
Spirits	185,938	191,190	(2.7)%

Barton net sales	$ 664,549	$ 567,797	17.0 %
Matthew Clark:			
Branded	$ 64,879	$ -	N/A
Wholesale	93,881	-	N/A
Matthew Clark net sales	$ 158,760	$ -	N/A
Corporate Operations and Other	$ 4,541	$ 2,196	106.8 %
Consolidated Net Sales	$ 1,497,343	$ 1,212,788	23.5 %

Net sales for Fiscal 1999 increased to $1,497.3 million from $1,212.8 million for Fiscal 1998, an increase of $284.6 million, or 23.5%.

Canandaigua Wine

Net sales for Canandaigua Wine for Fiscal 1999 increased to $669.5 million from $642.8 million for Fiscal 1998, an increase of $26.7 million, or 4.2%. This increase resulted primarily from (i) the introduction of two new products, Arbor Mist and Mystic Cliffs, in Fiscal 1999, (ii) Paul Masson Grande Amber Brandy growth, and (iii) Almaden boxed wine growth. These increases were partially offset by declines in other wine brands and in the Company's grape juice concentrate business.

Barton

Net sales for Barton for Fiscal 1999 increased to $664.5 million from $567.8 million for Fiscal 1998, an increase of $96.8 million, or 17.0%. This increase resulted primarily from an increase in sales of beer brands led by Barton's Mexican portfolio. This increase was partially offset by a decrease in revenues from Barton's spirits contract bottling business.

Matthew Clark

Net sales for Matthew Clark for Fiscal 1999 since the date of acquisition, December 1, 1998, were $158.8 million.

GROSS PROFIT

The Company's gross profit increased to $448.0 million for Fiscal 1999 from $343.8 million for Fiscal 1998, an increase of $104.3 million, or 30.3%. The dollar increase in gross profit resulted primarily from the sales generated by the Matthew Clark Acquisition completed in the fourth quarter of Fiscal 1999, increased beer sales and the combination of higher average selling prices and lower average costs for branded wine sales. As a percent of net sales, gross profit increased to 29.9% for Fiscal 1999 from 28.3% for Fiscal 1998. The increase in the gross profit margin resulted primarily from higher selling prices and lower costs for Canandaigua Wine's branded wine sales, partially offset by a sales mix shift towards lower margin products, particularly due to the growth in Barton's beer sales.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to $299.5 million for Fiscal 1999 from $231.7 million for Fiscal 1998, an increase of $67.8 million, or 29.3%. The dollar increase in selling, general and administrative expenses resulted primarily from expenses related to the Matthew Clark Acquisition, as well as marketing and promotional costs associated with the Company's increased branded sales volume. The year-over-year comparison also benefited from a one time charge for separation costs incurred in Fiscal 1998 related to an organizational change within Barton. Selling, general and administrative expenses as a percent of net sales increased to 20.0% for Fiscal 1999 as compared to 19.1% for Fiscal 1998. The increase in percent of net sales resulted primarily from (i) Canandaigua Wine's investment in brand building and efforts to increase market share and (ii) the Matthew Clark Acquisition, as Matthew Clark's selling, general and administrative expenses as a percent of net sales is typically higher than for the Company's other operating segments.

NONRECURRING CHARGES

The Company incurred nonrecurring charges of $2.6 million in Fiscal 1999 related to the closure of a cider production facility in the United Kingdom. No such charges were incurred in Fiscal 1998.

OPERATING INCOME

The following table sets forth the operating profit/(loss) (in thousands of dollars) by operating segment of the Company for Fiscal 1999 and Fiscal 1998.

Fiscal 1999 Compared to Fiscal 1998			
Operating Profit/(Loss)			
	1999	1998	%Increase/ (Decrease)
Canandaigua Wine	$ 46,283	$ 45,440	1.9 %
Barton	102,624	77,010	33.3 %
Matthew Clark	8,998	-	N/A
Corporate Operations and Other	(12,013)	(10,380)	(15.7)%
Consolidated Operating Profit	$ 145,892	$ 112,070	30.2 %

As a result of the above factors, operating income increased to $145.9 million for Fiscal 1999 from $112.1 million for Fiscal 1998, an increase of $33.8 million, or 30.2%.

INTEREST EXPENSE, NET

Net interest expense increased to $41.5 million for Fiscal 1999 from $32.2 million for Fiscal 1998, an increase of $9.3 million, or 28.8%. The increase resulted primarily from additional interest expense associated with the borrowings related to the Matthew Clark Acquisition.

EXTRAORDINARY ITEM, NET OF INCOME TAXES

The Company incurred an extraordinary charge of $11.4 million after taxes in Fiscal 1999. This charge resulted from fees related to the replacement of the Company's senior credit facility, including extinguishment of the Term Loan. No extraordinary charges were incurred in Fiscal 1998.

NET INCOME

As a result of the above factors, net income increased to $50.5 million for Fiscal 1999 from $47.1 million for Fiscal 1998, an increase of $3.3 million, or 7.1%.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Fiscal 1999 were $184.5 million, an increase of $39.3 million over EBITDA of $145.2 million for Fiscal 1998. EBITDA should not be construed as an alternative to operating income or net cash flow from operating activities and should not be construed as an indication of operating performance or as a measure of liquidity.

FINANCIAL LIQUIDITY AND CAPITAL RESOURCES

GENERAL

The Company's principal use of cash in its operating activities is for purchasing and carrying inventories. The Company's primary source of liquidity has historically been cash flow from operations, except during the annual fall grape harvests when the Company has relied on short-term borrowings. The annual grape crush normally begins in August and runs through October. The Company generally begins purchasing grapes in August with payments for such grapes beginning to come due in September. The Company's short-term borrowings to support such purchases generally reach their highest levels in November or December. Historically, the Company has used cash flow from operating activities to repay its short-term borrowings. The Company will continue to use its short-term borrowings to support its working capital requirements. The Company believes that cash provided by operating activities and its financing activities, primarily short-term borrowings, will provide adequate resources to satisfy its working capital, liquidity and anticipated capital expenditure requirements for both its short-term and long-term capital needs.

FISCAL 2000 CASH FLOWS

OPERATING ACTIVITIES

Net cash provided by operating activities for Fiscal 2000 was $148.1 million, which resulted from $139.9 million in net income adjusted for noncash items, plus $8.2 million representing the net change in the Company's operating assets and liabilities. The net change in operating assets and liabilities resulted primarily from increases in accrued income taxes, accrued interest expense and accrued salaries and commissions, partially offset by decreases in accounts payable and accrued excise taxes.

INVESTING ACTIVITIES AND FINANCING ACTIVITIES

Net cash used in investing activities for Fiscal 2000 was $495.7 million, which resulted primarily from net cash paid of $452.9 million for the acquisitions of the Black Velvet Assets and Franciscan and $57.7 million of

capital expenditures, including $8.9 million for vineyards.

Net cash provided by financing activities for Fiscal 2000 was $355.6 million, which resulted primarily from proceeds of $1,486.2 million from issuance of long-term debt, including $400.0 million incurred in connection with the acquisitions of the Black Velvet Assets and Franciscan and $900.0 million incurred to repay amounts outstanding under the senior credit facility. This amount was partially offset by principal payments of $1,060.2 million of long-term debt and repayment of $60.4 million of net revolving loan borrowings.

As of February 29, 2000, under the 2000 Credit Agreement (as defined below), the Company had outstanding term loans of $570.1 million bearing a weighted average interest rate of 7.95%, $26.8 million of revolving loans bearing a weighted average interest rate of 7.43%, undrawn revolving letters of credit of $10.7 million, and $262.5 million in revolving loans available to be drawn.

Total debt outstanding as of February 29, 2000, amounted to $1,317.9 million, an increase of $392.5 million from February 28, 1999. The ratio of total debt to total capitalization increased to 71.7% as of February 29, 2000, from 68.0% as of February 28, 1999.

During June 1998, the Company's Board of Directors authorized the repurchase of up to $100.0 million of its Class A Common Stock and Class B Common Stock. The repurchase of shares of common stock will be accomplished, from time to time, in management's discretion and 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 senior credit facility. The repurchased shares will become treasury shares. As of May 26, 2000, the Company had purchased 1,018,836 shares of Class A Common Stock at an aggregate cost of $44.9 million, or at an average cost of $44.05 per share.

SENIOR CREDIT FACILITY

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

During August 1999, as discussed below, a portion of the Company's borrowings under its senior credit facility were repaid with the net proceeds of its Senior Notes (as defined below) offering.

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

The 2000 Credit Agreement provides for a $380.0 million Tranche I Term Loan facility due in December 2004, a $320.0 million Tranche II Term Loan facility available for borrowing in British pound sterling due in December 2004, and a $300.0 million Revolving Credit facility (including letters of credit up to a maximum of $20.0 million) which expires in December 2004. The Tranche I Term Loan facility ($380.0 million) and the Tranche II Term Loan facility ((pound)193.4 million, or approximately $320.0 million) were fully drawn at closing. The Tranche I Term Loan facility requires quarterly repayments, starting at $12.0 million in March 2000 and increasing thereafter annually with final payments of $23.0 million in each quarter in 2004. On November 17, 1999, proceeds from the Sterling Senior Notes (as defined below) were used to repay a portion of the $320.0 million Tranche II Term Loan facility ((pound)73.0 million, or approximately $118.3 million). After this repayment, the required quarterly repayments of the Tranche II Term Loan facility were revised to (pound)0.6 million ($1.0 million) for each quarter in 2000, (pound)1.2 million ($1.9 million) for each quarter in 2001 and 2002, (pound)1.5 million ($2.4 million) for each quarter in 2003, and (pound)25.6 million ($40.4 million) for each quarter in 2004 (the foregoing U.S. dollar equivalents are as of February 29, 2000). On May 15, 2000, the Company issued (pound)80.0 million aggregate principal amount of 8 1/2% Series C Senior Notes. The proceeds of the offering were used to repay a portion of the Tranche II Term Loan. See Senior Notes below. There are certain mandatory term loan prepayments, including those based on sale of assets and issuance of debt and equity, in each case subject to baskets, exceptions and thresholds which are generally more favorable to the Company than those contained in its prior senior credit facility.

The rate of interest payable, at the Company's option, is a function of the London interbank offering rate ("LIBOR") plus a margin, federal funds rate plus a margin, or the prime rate plus a margin. The margin is adjustable based upon

the Company's Debt Ratio (as defined in the 2000 Credit Agreement) and, with respect to LIBOR borrowings, ranges between 0.75% and 1.25% for Revolving Credit loans and 1.00% and 1.75% for Term Loans. As of February 29, 2000, the margin was 1.25% for Revolving Credit loans and 1.75% for Term Loans. In addition to interest, the Company pays a facility fee on the Revolving Credit commitments at 0.50% per annum as of February 29, 2000. This fee is based upon the Company's quarterly Debt Ratio and can range from 0.25% to 0.50%.

Certain of the Company's principal operating subsidiaries have guaranteed the Company's obligations under the 2000 Credit Agreement. The 2000 Credit Agreement is secured by (i) first priority pledges of 100% of the capital stock of Canandaigua Limited and all of the Company's domestic operating subsidiaries and (ii) first priority pledges of 65% of the capital stock of Matthew Clark and certain other foreign subsidiaries.

The Company and its subsidiaries are subject to customary lending covenants including those restricting additional liens, incurring additional indebtedness, the sale of assets, the payment of dividends, transactions with affiliates and the making of certain investments, in each case subject to baskets, exceptions and thresholds which are generally more favorable to the Company than those contained in its prior senior credit facility. The primary financial covenants require the maintenance of a debt coverage ratio, a senior debt coverage ratio, a fixed charges ratio and an interest coverage ratio. Among the most restrictive covenants contained in the 2000 Credit Agreement is the senior debt coverage ratio.

SENIOR NOTES

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

On November 17, 1999, the Company issued (pound)75.0 million (approximately $121.7 million upon issuance and $118.4 million as of February 29, 2000) aggregate principal amount of 8 1/2% Senior Notes due November 2009 (the "Sterling Senior Notes"). The net proceeds of the offering ((pound)73.0 million, or approximately $118.3 million) were used to repay a portion of the Company's British pound sterling borrowings under its senior credit facility. Interest on the Sterling Senior Notes is payable semiannually on May 15 and November 15 of each year, beginning on May 15, 2000. The Sterling Senior Notes are redeemable at the option of the Company, in whole or in part, at any time. The Sterling Senior Notes are unsecured senior obligations and rank equally in right of payment to all existing and future unsecured senior indebtedness of the Company. The Sterling Senior Notes are guaranteed, on a senior basis, by certain of the Company's significant operating subsidiaries. In March 2000, the Company exchanged (pound)75.0 million aggregate principal amount of 8 1/2% Series B Senior Notes due in November 2009 (the "Sterling Series B Senior Notes") for the Sterling Senior Notes. The terms of the Sterling Series B Senior Notes are identical in all material respects to the Sterling Senior Notes.

On May 15, 2000, the Company issued (pound)80.0 million (approximately $120.4 million) aggregate principal amount of 8 1/2% Series C Senior Notes due November 2009 at an issuance price of (pound)79.6 million (approximately $119.8 million, net of $0.6 million unamortized discount, with an effective rate of 8.6%) (the "Sterling Series C Senior Notes"). The net proceeds of the offering ((pound)78.8 million, or approximately $118.6 million) were used to repay a portion of the Company's British pound sterling borrowings under its senior credit facility. After this repayment, the required quarterly repayments of the Tranche II Term Loan facility were revised to (pound)0.2 million ($0.3 million) for the remaining three quarters in 2000, (pound)0.4 million ($0.6 million) for each quarter in 2001 and 2002, (pound)0.5 million ($0.8 million) for each quarter in 2003, and (pound)8.5 million ($12.8 million) for each quarter in 2004. (The foregoing U.S. dollar equivalents are as of May 15, 2000.) Interest on the Sterling Series C Senior Notes is payable semiannually on May 15 and November 15 of each year, beginning on November 15, 2000. The Sterling Series C Senior Notes are redeemable at the option of the Company, in whole or in part, at any time. The Sterling Series C Senior Notes are unsecured senior obligations and rank equally in right of payment to all existing and future unsecured senior indebtedness of the Company. The Sterling Series C Senior Notes are guaranteed, on a senior basis, by certain of the Company's significant operating subsidiaries.

SENIOR SUBORDINATED NOTES

As of February 29, 2000, the Company had outstanding $195.0 million aggregate principal amount of 8 3/4% Senior Subordinated Notes due December 2003, being the $130.0 million aggregate principal amount of 8 3/4% Senior

Subordinated Notes due December 2003 issued in December 1993 (the "Original Notes") and the $65.0 million aggregate principal amount of 8 3/4% Series C Senior Subordinated Notes due December 2003 issued in February 1997 (the "Series C Notes"). The Original Notes and the Series C Notes are currently redeemable, in whole or in part, at the option of the Company. A brief description of the Original Notes and the Series C Notes is contained in Note 6 to the Company's consolidated financial statements located in Item 8 of this Annual Report on Form 10-K.

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

CAPITAL EXPENDITURES

During Fiscal 2000, the Company incurred $57.7 million for capital expenditures, including $8.9 million related to vineyards. The Company plans to spend approximately $65.0 million for capital expenditures, exclusive of vineyards, in fiscal 2001. In addition, the Company continues to consider the purchase, lease and development of vineyards and may incur additional expenditures for vineyards if opportunities become available. See "Business - Sources and Availability of Raw Materials" under Item 1 of this Annual Report on Form 10-K. Management reviews the capital expenditure program periodically and modifies it as required to meet current business needs.

COMMITMENTS

The Company has agreements with suppliers to purchase various spirits of which certain agreements are denominated in British pound sterling and Canadian dollars. The maximum future obligation under these agreements, based upon exchange rates at February 29, 2000, aggregate approximately $28.4 million for contracts expiring through December 2005.

At February 29, 2000, the Company had open currency forward contracts to purchase various foreign currencies of $6.8 million which mature within twelve months. The Company's use of such contracts is limited to the management of currency rate risks related to purchases denominated in a foreign currency. The Company's strategy is to enter only into currency exchange contracts that are matched to specific purchases and not to enter into any speculative contracts.

EFFECTS OF INFLATION AND CHANGING PRICES

The Company's results of operations and financial condition have not been significantly affected by inflation and changing prices. The Company has been able, subject to normal competitive conditions, to pass along rising costs through increased selling prices.

ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS No. 133"), "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. SFAS No. 133 requires that every derivative be recorded as either an asset or liability in the balance sheet and measured at its fair value. SFAS No. 133 also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

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

management strategies.

YEAR 2000 ISSUE

Prior to January 1, 2000, the Company put into place detailed programs to address Year 2000 readiness in its internal systems and with its key customers and suppliers. These programs included contingency plans to protect the Company's business and operations from Year 2000 related interruptions. The costs incurred related to its Year 2000 activities and its readiness programs were not material to the Company.

The Company did not experience any interruptions in its business or operations when the date changed from 1999 to 2000. Based upon operations since January 1, 2000, the Company does not expect any significant impact on its on-going business as a result of the Year 2000 issue.

EURO CONVERSION ISSUES

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk associated with changes in interest rates and foreign currency exchange rates. To manage the volatility relating to these risks, the Company periodically enters into derivative transactions including foreign currency exchange contracts and interest rate swap agreements. The Company has limited involvement with derivative financial instruments and does not use them for trading purposes. The Company uses derivative instruments solely to reduce the financial impact of these risks.

The fair value of long-term debt is subject to interest rate risk. Generally, the fair value of long-term debt will increase as interest rates fall and decrease as interest rates rise. The estimated fair value of the Company's total long-term debt, including current maturities, was approximately $1,255.4 million at February 29, 2000. A hypothetical 1% increase from prevailing interest rates at February 29, 2000, would result in a decrease in fair value of long-term debt by approximately $33.3 million.

Also, a hypothetical 1% increase from prevailing interest rates at February 29, 2000, would result in an approximate increase in cash required for interest on variable interest rate debt during the next five fiscal years as follows:

2001	$ 5.4 million
2002	$ 4.8 million
2003	$ 4.0 million
2004	$ 3.0 million
2005	$ 1.3 million

The Company periodically enters into interest rate swap agreements to reduce its exposure to interest rate changes relative to its long-term debt. At February 29, 2000, the Company had no interest rate swap agreements outstanding.

The Company has exposure to foreign currency risk as a result of having international subsidiaries in the United Kingdom and Canada. For the Company's operations in the United Kingdom, the Company uses local currency borrowings to hedge its earnings and cash flow exposure to adverse changes in foreign currency exchange rates. At February 29, 2000, management believes that a hypothetical 10% adverse change in foreign currency exchange rates would not result in a material adverse impact on either earnings or cash flow. The Company also has exposure to foreign currency risk as a result of contracts to purchase inventory items that are denominated in various foreign currencies. In order to reduce the risk of foreign currency exchange rate fluctuations resulting from these contracts, the Company periodically enters into foreign exchange hedging agreements. At February 29, 2000, the potential loss on outstanding foreign exchange hedging agreements from a hypothetical 10% adverse change in foreign currency exchange rates would not be material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CANANDAIGUA BRANDS, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY SCHEDULES

FEBRUARY 29, 2000

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The following information is presented in this Annual Report on Form 10-K:	
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Consolidated Statements of Income for the years ended February 29, 2000, February 28, 1999, and February 28, 1998	31
Consolidated Statements of Changes in Stockholders' Equity for the years ended February 29, 2000, February 28, 1999, and February 28, 1998	32
Consolidated Statements of Cash Flows for the years ended February 29, 2000, February 28, 1999, and February 28, 1998	33
Notes to Consolidated Financial Statements	34
Selected Quarterly Financial Information (unaudited)	53

Schedules I through V are not submitted because they are not applicable or not required under the rules of Regulation S-X.

Individual financial statements of the Registrant have been omitted because the Registrant is primarily an operating company and no subsidiary included in the consolidated financial statements has minority equity interest and/or noncurrent indebtedness, not guaranteed by the Registrant, in excess of 5% of total consolidated assets.

[LOGO]
ARTHUR ANDERSEN

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Canandaigua Brands, Inc.:

We have audited the accompanying consolidated balance sheets of Canandaigua Brands, Inc. (a Delaware corporation) and subsidiaries as of February 29, 2000 and February 28, 1999, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended February 29, 2000. 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 auditing standards generally accepted in the United States. 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 Brands, Inc. and subsidiaries as of February 29, 2000 and February 28, 1999, and the results of their operations and their cash flows for each of the three years in the period ended February 29, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Rochester, New York
May 15, 2000

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

	February 29, 2000	February 28, 1999

ASSETS		
CURRENT ASSETS:		
Cash and cash investments	$ 34,308	$ 27,645
Accounts receivable, net	291,108	260,433
Inventories, net	615,700	508,571
Prepaid expenses and other current assets	54,881	59,090
Total current assets	995,997	855,739
PROPERTY, PLANT AND EQUIPMENT, net	542,971	428,803
OTHER ASSETS	809,823	509,234
Total assets	$ 2,348,791	$ 1,793,776
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 26,800	$ 87,728
Current maturities of long-term debt	53,987	6,005
Accounts payable	122,213	122,746
Accrued excise taxes	30,446	49,342
Other accrued expenses and liabilities	204,771	149,451
Total current liabilities	438,217	415,272
LONG-TERM DEBT, less current maturities	1,237,135	831,689
DEFERRED INCOME TAXES	116,447	88,179
OTHER LIABILITIES	36,152	23,364
COMMITMENTS AND CONTINGENCIES (See Note 12)		
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.01 par value- Authorized, 1,000,000 shares; Issued, none at February 29, 2000, and February 28, 1999	-	-
Class A Common Stock, $.01 par value- Authorized, 120,000,000 shares; Issued, 18,206,662 shares at February 29, 2000, and 17,915,359 shares at February 28, 1999	182	179
Class B Convertible Common Stock, $.01 par value- Authorized, 20,000,000 shares; Issued, 3,745,560 shares at February 29, 2000, and 3,849,173 shares at February 28, 1999	38	39
Additional paid-in capital	247,949	239,912
Retained earnings	358,456	281,081
Accumulated other comprehensive income- Cumulative translation adjustment	(4,149)	(4,173)
	602,476	517,038
Less-Treasury stock- Class A Common Stock, 3,137,244 at February 29, 2000, and 3,168,306 shares at February 28, 1999, at cost	(79,429)	(79,559)
Class B Convertible Common Stock, 625,725 shares at February 29, 2000, and February 28, 1999, at cost	(2,207)	(2,207)
	(81,636)	(81,766)
Total stockholders' equity	520,840	435,272
Total liabilities and stockholders' equity	$ 2,348,791	$ 1,793,776

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

<TABLE>

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

<CAPTION>

	For the Year Ended February 29,	For the Years Ended February 28,	
	2000	1999	1998

<S>	<C>	<C>	<C>
GROSS SALES	$ 3,088,699	$ 1,984,801	$ 1,632,357
Less - Excise taxes	(748,230)	(487,458)	(419,569)
Net sales	2,340,469	1,497,343	1,212,788
COST OF PRODUCT SOLD	(1,618,009)	(1,049,309)	(869,038)
Gross profit	722,460	448,034	343,750
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(481,909)	(299,526)	(231,680)
NONRECURRING CHARGES	(5,510)	(2,616)	-
Operating income	235,041	145,892	112,070
INTEREST EXPENSE, net	(106,082)	(41,462)	(32,189)
Income before taxes and extraordinary item	128,959	104,430	79,881
PROVISION FOR INCOME TAXES	(51,584)	(42,521)	(32,751)
Income before extraordinary item	77,375	61,909	47,130
EXTRAORDINARY ITEM, NET OF INCOME TAXES	-	(11,437)	-
NET INCOME	$ 77,375	$ 50,472	$ 47,130
SHARE DATA:			
Earnings per common share:			
Basic:			
Income before extraordinary item	$ 4.29	$ 3.38	$ 2.52
Extraordinary item	-	(0.62)	-
Earnings per common share - basic	$ 4.29	$ 2.76	$ 2.52
Diluted:			
Income before extraordinary item	$ 4.18	$ 3.30	$ 2.47
Extraordinary item	-	(0.61)	-
Earnings per common share - diluted	$ 4.18	$ 2.69	$ 2.47
Weighted average common shares outstanding:			
Basic	18,054	18,293	18,672
Diluted	18,499	18,754	19,105

<FN>
The accompanying notes to consolidated financial statements are an integral part of these statements.
</FN>
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CANANDAIGUA BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except per share data)

<CAPTION>

	Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	Treasury	Restricted	
	Class A	Class B	Capital	Earnings	Income	Stock	Stock	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, February 28, 1997	$ 174	$ 40	$ 222,336	$ 183,479	$ -	$(28,092)	$ -	$ 377,937
Net income and comprehensive income for fiscal 1998	-	-	-	47,130	-	-	-	47,130
Exercise of 117,452 Class A stock options	2	-	1,799	-	-	-	-	1,801
Employee stock purchases of 78,248 treasury shares	-	-	1,016	-	-	240	-	1,256
Repurchase of 362,100 Class A Common shares	-	-	-	-	-	(9,233)	-	(9,233)
Acceleration of 142,437 Class A stock options	-	-	3,625	-	-	-	-	3,625

Issuance of 25,000 restricted Class A Common shares	-	-	1,144	-	-	-	(1,144)	-
Amortization of unearned restricted stock compensation	-	-	-	-	-	-	267	267
Accelerated amortization of unearned restricted stock compensation	-	-	200	-	-	-	877	1,077
Tax benefit on Class A stock options exercised	-	-	1,382	-	-	-	-	1,382
Tax benefit on disposition of employee stock purchases	-	-	185	-	-	-	-	185
BALANCE, February 28, 1998	176	40	231,687	230,609	-	(37,085)	-	425,427
Comprehensive income:								
Net income for fiscal 1999	-	-	-	50,472	-	-	-	50,472
Cumulative translation adjustment	-	-	-	-	(4,173)	-	-	(4,173)
Comprehensive income								46,299
Conversion of 107,010 Class B Convertible Common shares to Class A Common shares	1	(1)	-	-	-	-	-	-
Exercise of 203,565 Class A stock options	2	-	4,085	-	-	-	-	4,087
Employee stock purchases of 49,850 treasury shares	-	-	1,643	-	-	197	-	1,840
Repurchase of 1,018,836 Class A Common shares	-	-	-	-	-	(44,878)	-	(44,878)
Acceleration of 1,250 Class A stock options	-	-	43	-	-	-	-	43
Tax benefit on Class A stock options exercised	-	-	2,320	-	-	-	-	2,320
Tax benefit on disposition of employee stock purchases	-	-	134	-	-	-	-	134
BALANCE, February 28, 1999	179	39	239,912	281,081	(4,173)	(81,766)	-	435,272
Comprehensive income:								
Net income for fiscal 2000	-	-	-	77,375	-	-	-	77,375
Cumulative translation adjustment	-	-	-	-	24	-	-	24
Comprehensive income								77,399
Conversion of 103,613 Class B Convertible Common shares to Class A Common shares	1	(1)	-	-	-	-	-	-
Exercise of 187,690 Class A stock options	2	-	3,361	-	-	-	-	3,363
Employee stock purchases of 31,062 treasury shares	-	-	1,298	-	-	130	-	1,428
Acceleration of 94,725 Class A stock options	-	-	835	-	-	-	-	835
Tax benefit on Class A stock options exercised	-	-	2,634	-	-	-	-	2,634
Tax benefit on disposition of employee stock purchases	-	-	43	-	-	-	-	43
Other	-	-	(134)	-	-	-		

- (134)							
BALANCE, February 29, 2000	$ 182	$ 38	$ 247,949	$ 358,456	$ (4,149)	$(81,636)	$ - $ 520,840

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

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

	For the Year Ended February 29,	For the Years Ended February 28,	
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 77,375	$ 50,472	$ 47,130
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property, plant and equipment	40,892	27,282	23,847
Extraordinary item, net of income taxes	-	11,437	-
Amortization of intangible assets	23,831	11,308	9,314
Stock-based compensation expense	856	144	1,747
Amortization of discount on long-term debt	427	388	352
(Gain) loss on sale of assets	(2,003)	1,193	(3,001)
Deferred tax (benefit) provision	(1,500)	10,053	4,275
Change in operating assets and liabilities, net of effects from purchases of businesses:			
Accounts receivable, net	(10,812)	44,081	749
Inventories, net	1,926	1,190	(60,659)
Prepaid expenses and other current assets	4,663	(14,115)	(4,354)
Accounts payable	(17,070)	(17,560)	(3,288)
Accrued excise taxes	(18,719)	17,124	440
Other accrued expenses and liabilities	44,184	(31,807)	14,655
Other assets and liabilities, net	4,005	(3,945)	(2,452)
Total adjustments	70,680	56,773	(18,375)
Net cash provided by operating activities	148,055	107,245	28,755
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of businesses, net of cash acquired	(452,910)	(332,216)	-
Purchases of property, plant and equipment	(57,747)	(49,857)	(31,203)
Proceeds from sale of assets	14,977	431	12,552
Purchase of joint venture minority interest	-	(716)	-
Net cash used in investing activities	(495,680)	(382,358)	(18,651)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	1,486,240	635,090	140,000
Exercise of employee stock options	3,358	4,083	1,776
Proceeds from employee stock purchases	1,428	1,840	1,256
Principal payments of long-term debt	(1,060,229)	(264,101)	(186,367)
Net (repayment of) proceeds from notes payable	(60,352)	(13,907)	34,900
Payment of issuance costs of long-term debt	(14,888)	(17,109)	(1,214)
Purchases of treasury stock	-	(44,878)	(9,233)
Net cash provided by (used in) financing activities	355,557	301,018	(18,882)
Effect of exchange rate changes on cash and cash investments	(1,269)	508	-
NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS	6,663	26,413	(8,778)
CASH AND CASH INVESTMENTS, beginning of year	27,645	1,232	10,010
CASH AND CASH INVESTMENTS, end of year	$ 34,308	$ 27,645	$ 1,232
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	$ 95,004	$ 35,869	$ 33,394
Income taxes	$ 35,478	$ 40,714	$ 32,164
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Fair value of assets acquired, including cash acquired	$ 562,204	$ 740,880	$ -
Liabilities assumed	(106,805)	(382,759)	-
Cash paid	455,399	358,121	-
Less - cash acquired	(2,489)	(25,905)	-
Net cash paid for purchases of businesses	$ 452,910	$ 332,216	$ -

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

CANANDAIGUA BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 29, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF BUSINESS -
Canandaigua Brands, Inc. and its subsidiaries (the "Company") operate primarily in the beverage alcohol industry. The Company is a leading producer and marketer of branded beverage alcohol products in North America and the United Kingdom. It maintains a portfolio of over 185 premier branded products in North America and

the United Kingdom. The Company's products are distributed by more than 1,000 wholesalers in North America. In the United Kingdom, the Company distributes its own brands of cider, wine and bottled water and is a leading independent beverage supplier to the on-premise trade, distributing its own branded products and those of other companies to more than 16,000 on-premise establishments in the U.K.

PRINCIPLES OF CONSOLIDATION -
The consolidated financial statements of the Company include the accounts of Canandaigua Brands, Inc. and all of its subsidiaries. All intercompany accounts and transactions have been eliminated.

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.

FOREIGN CURRENCY TRANSLATION -
The "functional currency" for translating the accounts of the Company's operations outside the U.S. is the local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during the period. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income. Gains or losses resulting from foreign currency transactions are included in selling, general and administrative expenses.

CASH INVESTMENTS -
Cash investments consist of highly liquid investments with an original maturity when purchased of three months or less and are stated at cost, which approximates market value. The amounts at February 29, 2000, and February 28, 1999, are not significant.

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 using quoted market prices whenever available. 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. The methods and assumptions used to estimate the fair value of financial instruments are summarized as follows:

ACCOUNTS RECEIVABLE: The carrying amount approximates fair value due to the short maturity of these instruments, the creditworthiness of the customers and the large number of customers constituting the accounts receivable balance.

NOTES PAYABLE: These instruments are variable interest rate bearing notes for which the carrying value approximates the fair value.

LONG-TERM DEBT: The carrying value of the debt facilities with short-term variable interest rates approximates the fair value. The fair value of the fixed rate debt was estimated by discounting cash flows using interest rates currently available for debt with similar terms and maturities.

FOREIGN EXCHANGE HEDGING AGREEMENTS: The fair value of currency forward contracts is estimated based on quoted market prices.

LETTERS OF CREDIT: At February 29, 2000, and February 28, 1999, the Company had letters of credit outstanding totaling $10.8 million and $4.0 million, respectively, which guarantee payment for certain obligations. The Company recognizes expense on these obligations as incurred and no material losses are anticipated.

The carrying amount and estimated fair value of the Company's financial instruments are summarized as follows:

<TABLE>
<CAPTION>

	February 29, 2000			February 28, 1999		
	Notional Amount	Carrying Amount	Fair Value	Notional Amount	Carrying Amount	Fair Value
(in thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Liabilities:						
Notes payable	$ -	$ 26,800	$ 26,800	$ -	$ 87,728	$ 87,728
Long-term debt, including current portion	$ -	$ 1,291,122	$ 1,255,424	$ -	$ 837,694	$

844,568

Derivative Instruments:
- ----------------------
Foreign exchange hedging
  agreements:
    Currency forward contracts $ 6,895 $ - $ (125) $ 12,444 $ - $
(1,732)
</TABLE>

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. The Company has limited involvement with derivative instruments and does not use them for trading purposes. The Company uses derivatives solely to reduce the financial impact of the related risks. 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 currency forward contracts are deferred and recognized as a component of the related transactions in the accompanying financial statements. Discounts or premiums on currency forward contracts are recognized over the life of the contract. Cash flows from derivative instruments are classified in the same category as the item being hedged. The Company's open currency forward contracts at February 29, 2000, hedge purchase commitments denominated in foreign currencies and mature within twelve months.

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

	February 29, 2000	February 28, 1999
(in thousands)		
Raw materials and supplies	$ 29,417	$ 32,388
In-process inventories	419,558	344,175
Finished case goods	166,725	132,008
	$ 615,700	$ 508,571

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. Bulk wine inventories are also included as in-process inventories within current assets, in accordance with the general practices of the wine industry, although a portion of such inventories may be aged for periods greater than one year. Warehousing, insurance, ad valorem taxes and other carrying charges applicable to barreled whiskey and brandy held for aging are included in inventory costs.

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 accumulated 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:

	Depreciable Life in Years
Buildings and improvements	10 to 33 1/3
Machinery and equipment	3 to 15
Motor vehicles	3 to 7

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, trademarks, agency license agreements, deferred financing costs, prepaid pension benefits, 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 the following estimated useful lives:

	Useful Life in Years
Goodwill	40
Distribution rights	40

Trademarks	40
Agency license agreements	16 to 40
Deferred financing costs	5 to 10

At February 29, 2000, the weighted average remaining useful life of these assets is 36.4 years. At February 29, 2000, there were no officers' life insurance policies with face values. The face value of the officers' life insurance policies totaled $2.9 million at February 28, 1999.

LONG-LIVED ASSETS AND INTANGIBLES -
In accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," the Company reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable on an undiscounted cash flow basis. The statement also requires that long-lived assets and certain identifiable intangibles to be disposed of be reported at the lower of carrying amount or fair value less cost to sell. The Company did not record any asset impairment in fiscal 2000.

ADVERTISING AND PROMOTION COSTS -
The Company generally expenses advertising and promotion costs as incurred, shown or distributed. Prepaid advertising costs at February 29, 2000, and February 28, 1999, were not material. Advertising and promotion expense for the years ended February 29, 2000, February 28, 1999, and February 28, 1998, were $279.6 million, $173.1 million, and $111.7 million, 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 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 the completion of a feasibility study or the Company's commitment to a formal plan of action. Liabilities for environmental costs were not material at February 29, 2000, and February 28, 1999.

COMPREHENSIVE INCOME -
During fiscal 1999, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). This statement establishes rules for the reporting of comprehensive income and its components. Comprehensive income consists of net income and foreign currency translation adjustments and is presented in the Consolidated Statements of Changes in Stockholders' Equity. The adoption of SFAS No. 130 had no impact on total stockholders' equity.

EARNINGS PER COMMON SHARE -
Basic earnings per common share excludes the effect of common stock equivalents and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period for Class A Common Stock and Class B Convertible Common Stock. Diluted earnings per common share reflects the potential dilution that could result if securities or other contracts to issue common stock were exercised or converted into common stock. Diluted earnings per common share assumes the exercise of stock options using the treasury stock method and assumes the conversion of convertible securities, if any, using the "if converted" method.

OTHER -
Certain fiscal 1999 balances have been reclassified to conform to current year presentation.

2. ACQUISITIONS:

MATTHEW CLARK ACQUISITION -
On December 1, 1998, the Company acquired control of Matthew Clark plc ("Matthew Clark") and as of February 28, 1999, had acquired all of Matthew Clark's outstanding shares (the "Matthew Clark Acquisition"). The total purchase price, including assumption of indebtedness, for the acquisition of Matthew Clark shares was $484.8 million, net of cash acquired. Matthew Clark, founded in 1810, is a leading U.K.-based producer and distributor of its own brands of cider, wine and bottled water and a leading independent drinks wholesaler in the U.K.

The purchase price for the Matthew Clark shares was funded with proceeds from loans under the Company's prior senior credit facility. The Matthew Clark Acquisition was accounted for using the purchase method; accordingly, the Matthew Clark assets were recorded at fair market value, based upon a final appraisal, at the date of acquisition, December 1, 1998. The excess of the purchase price over the estimated fair market value of the net assets acquired

(goodwill), (pound) 108.5 million ($179.5 million as of December 1, 1998), is being amortized on a straight-line basis over 40 years. The results of operations of the Matthew Clark Acquisition have been included in the Consolidated Statements of Income since the date of acquisition.

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

The Black Velvet Assets acquisition was accounted for using the purchase method; accordingly, the acquired assets were recorded at fair market value at the date of acquisition. The excess of the purchase price over the estimated fair market value of the net assets acquired (goodwill), $35.5 million, is being amortized on a straight-line basis over 40 years. The results of operations of the Black Velvet Assets acquisition have been included in the Consolidated Statements of Income since the date of acquisition.

FRANCISCAN AND SIMI ACQUISITIONS -
On June 4, 1999, the Company purchased all of the outstanding capital stock of Franciscan Vineyards, Inc. ("Franciscan Estates") and, in related transactions, purchased vineyards, equipment and other vineyard related assets located in Northern California (collectively, the "Franciscan Acquisition"). The purchase price was $212.4 million in cash plus assumed debt, net of cash acquired, of $30.8 million. The purchase price was financed primarily by additional term loan borrowings under the senior credit facility. Also, on June 4, 1999, the Company acquired all of the outstanding capital stock of Simi Winery, Inc. ("Simi") (the "Simi Acquisition"). The cash purchase price was $57.5 million and was financed by revolving loan borrowings under the senior credit facility. The purchases were accounted for using the purchase method; accordingly, the acquired assets were recorded at fair market value at the date of acquisition. The excess of the purchase price over the estimated fair market value of the net assets acquired (goodwill) for the Franciscan Acquisition and the Simi Acquisition, $96.5 million and $8.3 million, respectively, is being amortized on a straight-line basis over 40 years. The Franciscan Estates and Simi operations are managed together as a separate business segment of the Company ("Franciscan"). The results of operations of Franciscan have been included in the Consolidated Statements of Income since the date of acquisition.

The following table sets forth unaudited pro forma results of operations of the Company for the fiscal years ended February 29, 2000, and February 28, 1999. The unaudited pro forma results of operations give effect to the acquisitions of Matthew Clark, the Black Velvet Assets and Franciscan as if they occurred on March 1, 1998. The unaudited pro forma results of operations are presented after giving effect to certain adjustments for depreciation, amortization of goodwill, interest expense on the acquisition financing and related income tax effects. During fiscal 2000 and fiscal 1999, the Company incurred and paid $2.9 million and $2.6 million, respectively, in nonrecurring charges related to the closing of a Matthew Clark cider production facility. The charges were part of a production facility consolidation program that was begun prior to the Matthew Clark Acquisition. The unaudited pro forma results of operations for fiscal 1999 (shown in the table below) reflect total nonrecurring charges of $21.5 million ($0.69 per share on a diluted basis) related to this facility consolidation program, of which $18.9 million was incurred prior to the acquisition. The unaudited pro forma results of operations for fiscal 2000 (shown in the table below), reflect total nonrecurring charges of $12.4 million ($0.40 per share on a diluted basis) related to transaction costs, primarily for exercise of stock options, which were incurred by Franciscan Estates prior to the acquisition.

The unaudited pro forma results of operations are based upon currently available information and upon certain assumptions that the Company believes are reasonable under the circumstances. The unaudited pro forma results of operations do not purport to present what the Company's results of operations would actually have been if the aforementioned transactions had in fact occurred on such date or at the beginning of the period indicated, nor do they project the Company's financial position or results of operations at any future date or for any future period.

	February 29, 2000	February 28, 1999
(in thousands, except per share data)		
Net sales	$ 2,367,833	$ 2,154,992
Income before extraordinary item	$ 68,277	$ 45,793
Extraordinary item, net of income taxes	$ -	$ (11,437)
Net income	$ 68,277	$ 34,356
Earnings per common share:		
Basic:		

Income before extraordinary item	$ 3.78	$ 2.50
Extraordinary item	-	(0.62)
Earnings per common share - basic	$ 3.78	$ 1.88
Diluted:		
Income before extraordinary item	$ 3.69	$ 2.44
Extraordinary item	-	(0.61)
Earnings per common share - diluted	$ 3.69	$ 1.83
Weighted average common shares outstanding:		
Basic	18,054	18,293
Diluted	18,499	18,754

3. PROPERTY, PLANT AND EQUIPMENT:

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

(in thousands)	February 29, 2000	February 28, 1999
Land	$ 62,871	$ 25,434
Vineyards	37,756	266
Buildings and improvements	131,588	104,152
Machinery and equipment	440,008	380,069
Motor vehicles	7,241	20,191
Construction in progress	27,874	35,468
	707,338	565,580
Less - Accumulated depreciation	(164,367)	(136,777)
	$ 542,971	$ 428,803

4. OTHER ASSETS:

The major components of other assets are as follows:

(in thousands)	February 29, 2000	February 28, 1999
Goodwill	$ 463,577	$ 311,908
Trademarks	253,148	102,183
Distribution rights and agency license agreements	87,052	76,894
Other	64,504	53,779
	868,281	544,764
Less - Accumulated amortization	(58,458)	(35,530)
	$ 809,823	$ 509,234

5. OTHER ACCRUED EXPENSES AND LIABILITIES:

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

(in thousands)	February 29, 2000	February 28, 1999
Accrued advertising and promotions	$ 37,083	$ 38,604
Accrued interest	24,757	11,384
Accrued income taxes payable	24,093	9,347
Accrued salaries and commissions	23,850	15,584
Other	94,988	74,532
	$ 204,771	$ 149,451

6. BORROWINGS :

Borrowings consist of the following:

<TABLE>
<CAPTION>

	February 28,

(in thousands)	February 29, 2000 Current	Long-term	Total	1999 Total
<S>	<C>	<C>	<C>	<C>
Notes Payable:				
Senior Credit Facility:				
Revolving Credit Loans	$ 26,800	$ -	$ 26,800	$ 83,075
Other	-	-	-	4,653
	$ 26,800	$ -	$ 26,800	$ 87,728
Long-term Debt:				
Senior Credit Facility - Term Loans	$ 51,801	$ 518,249	$ 570,050	$ 625,630
Senior Notes	-	318,433	318,433	-
Senior Subordinated Notes	-	392,947	392,947	192,520
Other Long-term Debt	2,186	7,506	9,692	19,544
	$ 53,987	$ 1,237,135	$ 1,291,122	$ 837,694

</TABLE>

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

The 2000 Credit Agreement provides for a $380.0 million Tranche I Term Loan facility due in December 2004, a $320.0 million Tranche II Term Loan facility available for borrowing in British pound sterling due in December 2004, and a $300.0 million Revolving Credit facility (including letters of credit up to a maximum of $20.0 million) which expires in December 2004. The Tranche I Term Loan facility ($380.0 million) and the Tranche II Term Loan facility ((pound)193.4 million, or approximately $320.0 million) were fully drawn at closing. The Tranche I Term Loan facility requires quarterly repayments, starting at $12.0 million in March 2000 and increasing thereafter annually with final payments of $23.0 million in each quarter in 2004. On November 17, 1999, proceeds from the Sterling Senior Notes (as defined below) were used to repay a portion of the $320.0 million Tranche II Term Loan facility ((pound)73.0 million, or approximately $118.3 million). After this repayment, the required quarterly repayments of the Tranche II Term Loan facility were revised to (pound)0.6 million ($1.0 million) for each quarter in 2000, (pound)1.2 million ($1.9 million) for each quarter in 2001 and 2002, (pound)1.5 million ($2.4 million) for each quarter in 2003, and (pound)25.6 million ($40.4 million) for each quarter in 2004 (the foregoing U.S. dollar equivalents are as of February 29, 2000). On May 15, 2000, the Company issued (pound)80.0 million aggregate principal amount of 8 1/2% Series C Senior Notes. The proceeds of the offering were used to repay a portion of the Tranche II Term Loan (see Note 19 - Subsequent Event). There are certain mandatory term loan prepayments, including those based on sale of assets and issuance of debt and equity, in each case subject to baskets, exceptions and thresholds which are generally more favorable to the Company than those contained in its prior senior credit facility.

The rate of interest payable, at the Company's option, is a function of the London interbank offering rate ("LIBOR") plus a margin, federal funds rate plus a margin, or the prime rate plus a margin. The margin is adjustable based upon the Company's Debt Ratio (as defined in the 2000 Credit Agreement) and, with respect to LIBOR borrowings, ranges between 0.75% and 1.25% for Revolving Credit loans and 1.00% and 1.75% for Term Loans. As of February 29, 2000, the margin was 1.25% for Revolving Credit loans and 1.75% for Term Loans. In addition to interest, the Company pays a facility fee on the Revolving Credit commitments at 0.50% per annum as of February 29, 2000. This fee is based upon the Company's quarterly Debt Ratio and can range from 0.25% to 0.50%.

Certain of the Company's principal operating subsidiaries have guaranteed the Company's obligations under the 2000 Credit Agreement. The 2000 Credit Agreement is secured by (i) first priority pledges of 100% of the capital stock of Canandaigua Limited and all of the Company's domestic operating subsidiaries and (ii) first priority pledges of 65% of the capital stock of Matthew Clark and certain other foreign subsidiaries.

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

the making of certain investments, in each case subject to baskets, exceptions and thresholds which are generally more favorable to the Company than those contained in its prior senior credit facility. The primary financial covenants require the maintenance of a debt coverage ratio, a senior debt coverage ratio, a fixed charges ratio and an interest coverage ratio. Among the most restrictive covenants contained in the 2000 Credit Agreement is the senior debt coverage ratio.

As of February 29, 2000, under the 2000 Credit Agreement, the Company had outstanding term loans of $570.1 million bearing a weighted average interest rate of 7.95% and $26.8 million of revolving loans bearing a weighted average interest rate of 7.43%. The Company had average outstanding Revolving Credit Loans of approximately $73.0 million, $75.5 million, and $59.9 million for the years ended February 29, 2000, February 28, 1999, and February 28, 1998, respectively. Amounts available to be drawn down under the Revolving Credit Loans were $262.5 million and $212.9 million at February 29, 2000, and February 28, 1999, respectively. The average interest rate on the Revolving Credit Loans was 7.31%, 6.23%, and 6.57% for fiscal 2000, fiscal 1999, and fiscal 1998, respectively.

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

On November 17, 1999, the Company issued (pound)75.0 million (approximately $121.7 million upon issuance and $118.4 million as of February 29, 2000) aggregate principal amount of 8 1/2% Senior Notes due November 2009 ("Sterling Senior Notes"). The net proceeds of the offering ((pound)73.0 million, or approximately $118.3 million) were used to repay a portion of the Company's British pound sterling borrowings under its senior credit facility. Interest on the Sterling Senior Notes is payable semiannually on May 15 and November 15 of each year, beginning on May 15, 2000. The Sterling Senior Notes are redeemable at the option of the Company, in whole or in part, at any time. The Sterling Senior Notes are unsecured senior obligations and rank equally in right of payment to all existing and future unsecured senior indebtedness of the Company. The Sterling Senior Notes are guaranteed, on a senior basis, by certain of the Company's significant operating subsidiaries. In March 2000, the Company exchanged (pound)75.0 million aggregate principal amount of 8 1/2% Series B Senior Notes due in November 2009 (the "Sterling Series B Senior Notes") for the Sterling Senior Notes. The terms of the Sterling Series B Senior Notes are identical in all material respects to the Sterling Senior Notes.

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

On December 27, 1993, the Company issued $130.0 million aggregate principal amount of 8 3/4% Senior Subordinated Notes due in December 2003 (the "Original Notes"). Interest on the Original Notes is payable semiannually on June 15 and December 15 of each year. The Original 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 Original Notes are guaranteed, on a senior subordinated basis, by all of the Company's significant operating subsidiaries (other than Matthew Clark and its subsidiaries).

On October 29, 1996, the Company issued $65.0 million aggregate principal amount of 8 3/4% Series B Senior Subordinated Notes ($62.9 million, net of $2.1 million unamortized discount, with an effective rate of 9.76% as of February 29, 2000) due in December 2003 (the "Series B Notes"). In February 1997, the Company exchanged $65.0 million aggregate principal amount of 8 3/4% Series C Senior Subordinated Notes due in December 2003 (the "Series C Notes") for the Series B Notes. The terms of the Series C Notes are substantially identical in all material respects to the Original Notes.

TRUST INDENTURES -
The Company's various Trust Indentures relating to the senior notes and senior subordinated notes contain 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 ratio requiring a specified minimum.

DEBT PAYMENTS -
Principal payments required under long-term debt obligations (excluding unamortized discount) during the next five fiscal years and thereafter are as follows:

	(in thousands)
2001	$ 53,987
2002	83,575
2003	88,469
2004	294,753
2005	253,705
Thereafter	518,686
	$ 1,293,175

7. INCOME TAXES:

The provision for (benefit from) income taxes consists of the following:

	For the Year Ended February 29, 2000				For the Years Ended February 28,	
	Federal	State and Local	Foreign	Total	1999 Total	1998 Total
(in thousands)						
Current	$ 38,588	$ 6,091	$ 8,405	$ 53,084	$ 32,468	$ 28,476
Deferred	(10,804)	2,874	6,430	(1,500)	10,053	4,275
	$ 27,784	$ 8,965	$ 14,835	$ 51,584	$ 42,521	$ 32,751

The foreign provision for income taxes is based on foreign pretax earnings. Earnings of foreign subsidiaries would be subject to U.S. income taxation on repatriation to the U.S. The Company's consolidated financial statements fully provide for any related tax liability on amounts that may be repatriated.

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

<TABLE>
<CAPTION>

	For the Year Ended February 29,		For the Years Ended February 28,			
	2000		1999		1998	
	Amount	% of Pretax Income	Amount	% of Pretax Income	Amount	% of Pretax Income
(in thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Income tax provision at statutory rate	$ 45,136	35.0	$ 36,551	35.0	$ 27,958	35.0
State and local income taxes, net of Federal income tax benefit	3,077	2.4	6,977	6.7	4,793	6.0
Earnings of subsidiaries taxed at other than U.S. statutory rate	1,294	1.0	227	0.2	-	-
Miscellaneous items, net	2,077	1.6	(1,234)	(1.2)	-	-
	$ 51,584	40.0	$ 42,521	40.7	$ 32,751	41.0

</TABLE>

Deferred tax assets and liabilities reflect the future income tax effects of

temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates that apply to taxable income.

Significant components of deferred tax liabilities (assets) consist of the following:

	February 29, 2000	February 28, 1999
(in thousands)		
Depreciation and amortization	$ 127,436	$ 89,447
Effect of change in accounting method	11,200	16,546
Inventory reserves	4,542	6,975
Restructuring	(6,824)	(3,244)
Insurance accruals	(3,868)	(3,112)
Other accruals	(11,136)	(8,653)
	$ 121,350	$ 97,959

At February 29, 2000, the Company has U.S. Federal net operating loss carryforwards of $1.8 million to offset future taxable income that, if not otherwise utilized, will expire during fiscal 2011.

8. PROFIT SHARING AND RETIREMENT SAVINGS PLANS:

The Company's retirement and profit sharing plan, the Canandaigua Brands, Inc. 401(k) and Profit Sharing Plan (the "Plan"), covers substantially all employees, excluding those employees covered by collective bargaining agreements and Matthew Clark employees. The 401(k) portion of the Plan permits eligible employees to defer a portion of their compensation (as defined in the Plan) on a pretax basis. Participants may defer up to 12% of their compensation for the year, subject to limitations of the Plan. The Company makes a matching contribution of 50% of the first 6% of compensation a participant defers. The amount of the Company's contribution under the profit sharing portion of the Plan is in such discretionary amount as the Board of Directors may annually determine, subject to limitations of the Plan. Company contributions were $7.3 million, $6.8 million, and $5.9 million for the years ended February 29, 2000, February 28, 1999, and February 28, 1998, respectively.

On December 31, 1999, the Company's subsidiary, Matthew Clark, and the Trustees of the Matthew Clark Group Pension Plan and the Matthew Clark Executive Pension Plan (the "Plans") entered into an agreement to merge the Plans into the Matthew Clark Group Pension Plan effective December 31, 1999. The Matthew Clark Group Pension Plan is a defined benefit plan with assets held by a Trustee who administers funds separately from the Company's finances. As part of the acquisition of the Black Velvet Assets, the Company's subsidiary, Barton, acquired pension plans, which cover certain Canadian employees.

The following table summarizes the funded status of the Company's defined benefit pension plans and the related amounts that are primarily included in other assets in the Consolidated Balance Sheets.

<TABLE>
<CAPTION>

	February 29, 2000			February 28, 1999
	Matthew Clark	Barton	Total	Total
(in thousands)				
<S>	<C>	<C>	<C>	<C>
Change in benefit obligation:				
Benefit obligation at March 1	$ 163,680	$ -	$ 163,680	$ -
Acquisition	-	15,348	15,348	165,997
Service cost	4,299	336	4,635	1,335
Interest cost	10,494	711	11,205	2,671
Plan participants' contribution	1,507	-	1,507	481
Actuarial loss/(gain)	12,350	(2,222)	10,128	-
Benefits paid	(4,939)	(405)	(5,344)	(1,517)
Foreign currency exchange rate changes	(2,875)	513	(2,362)	(5,287)
Benefit obligation at last day of February	$ 184,516	$ 14,281	$ 198,797	$ 163,680

Change in plan assets:				
Fair value of plan assets at March 1	$ 194,606	$ -	$ 194,606	$ -
Acquisition	-	12,318	12,318	194,001
Actual return on plan assets	20,903	948	21,851	7,935
Plan participants' contributions	1,507	-	1,507	481
Employer contribution	-	670	670	-
Benefits paid	(4,939)	(431)	(5,370)	(1,517)
Foreign currency exchange rate changes	(3,198)	445	(2,753)	(6,294)
Fair value of plan assets at last day of February	$ 208,879	$ 13,950	$ 222,829	$ 194,606
Funded status of the plan as of last day of February:				
Funded status	$ 24,362	$ (330)	$ 24,032	$ 30,927
Unrecognized actuarial gain/(loss)	2,945	(2,369)	576	(3,950)
Prepaid (accrued) benefit cost	$ 27,307	$ (2,699)	$ 24,608	$ 26,977
Assumptions as of last day of February:				
Rate of return on plan assets	8.00%	8.50%		8.00%
Discount rate	6.00%	7.25%		6.50%
Increase in compensation levels	4.00%	-		4.50%
Components of net periodic benefit cost for the twelve months ended the last day of February:				
Service cost	$ 4,299	$ 336	$ 4,635	$ 1,335
Interest cost	10,494	711	11,205	2,671
Expected return on plan assets	(15,533)	(807)	(16,340)	(3,848)
Net periodic benefit (income) cost	$ (740)	$ 240	$ (500)	$ 158

</TABLE>

9. POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS:

In connection with the acquisition of the Black Velvet Assets, the Company's subsidiary, Barton, currently sponsors multiple non-pension postretirement and postemployment benefit plans for certain of its Canadian employees.

The status of the plans is as follows:

(in thousands)	
Change in benefit obligation:	
Benefit obligation at April 9, 1999	$ 698
Service cost	14
Interest cost	32
Benefits paid	(10)
Actuarial gain	(110)
Foreign currency exchange rate changes	23
Benefit obligation at February 29, 2000	$ 647
Funded status as of February 29, 2000:	
Funded status	$ (647)
Unrecognized net gain	(111)
Accrued benefit liability	$ (758)

Assumptions as of February 29, 2000:	
Discount rate	7.25%
Increase in compensation levels	4.00%
Components of net periodic benefit cost for the period ended February 29, 2000:	
Service cost	$ 14
Interest cost	32
Net periodic benefit cost	$ 46

At February 29, 2000, a 9.2% annual rate of increase in the per capita cost of covered health benefits was assumed for the first year. The rate was assumed to decrease gradually to 4.3% over seven years and to remain at this level thereafter. Assumed healthcare trend rates could have a significant effect on the amount reported for health care plans. A 1% change in assumed health care cost trend rate would have the following effects:

(in thousands)	1% Increase	1% Decrease
Effect on total service and interest cost components	$ 6	$ (5)
Effect on postretirement benefit obligation	$ 72	$ (73)

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, 2000, there were 15,069,418 shares of Class A Common Stock and 3,119,835 shares of Class B Convertible Common Stock outstanding, net of treasury stock.

STOCK REPURCHASE AUTHORIZATION -
In January 1996, the Company's Board of Directors authorized the repurchase of up to $30.0 million of its Class A Common Stock and Class B Convertible Common Stock. The Company was permitted to finance such purchases, which became treasury shares, through cash generated from operations or through the senior credit facility. Throughout the year ended February 28, 1997, the Company repurchased 787,450 shares of Class A Common Stock totaling $20.8 million. The Company completed its repurchase program during fiscal 1998, repurchasing 362,100 shares of Class A Common Stock for $9.2 million.

In June 1998, the Company's Board of Directors authorized the repurchase of up to $100.0 million of its Class A Common Stock and Class B Convertible Common Stock. The Company may finance such purchases, which will become treasury shares, through cash generated from operations or through the senior credit facility. During fiscal 1999, the Company repurchased 1,018,836 shares of Class A Common Stock for $44.9 million. No repurchases were made during fiscal 2000.

LONG-TERM STOCK INCENTIVE PLAN -
Under the Company's Long-Term Stock Incentive Plan, nonqualified stock options, stock appreciation rights, restricted stock and other stock-based awards may be granted to employees, officers and directors of the Company. At the Company's Annual Meeting of Stockholders held on July 20, 1999, stockholders approved the amendment to the Company's Long-Term Stock Incentive Plan to increase the aggregate number of shares of the Class A Common Stock available for awards under the plan from 4,000,000 shares to 7,000,000 shares. The exercise price, vesting period and term of nonqualified stock options granted are established by the committee administering the plan (the "Committee"). Grants of stock appreciation rights, restricted stock and other stock-based awards may contain such vesting, terms, conditions and other requirements as the Committee may establish. During fiscal 2000 and fiscal 1999, no stock appreciation rights or restricted stock were granted. At February 29, 2000, there were 3,557,568 shares available for future grant.

A summary of nonqualified stock option activity is as follows:

	Shares Under Option	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price

Balance, February 28, 1997	1,432,975	$ 18.85	51,425	$ 10.67
Options granted	569,400	$ 38.72		
Options exercised	(117,452)	$ 15.33		
Options forfeited/canceled	(38,108)	$ 17.66		
Balance, February 28, 1998	1,846,815	$ 25.23	360,630	$ 25.46
Options granted	728,200	$ 50.57		
Options exercised	(203,565)	$ 20.08		
Options forfeited/canceled	(116,695)	$ 37.13		
Balance, February 28, 1999	2,254,755	$ 33.26	492,285	$ 24.55
Options granted	819,800	$ 50.42		
Options exercised	(187,690)	$ 17.92		
Options forfeited/canceled	(148,615)	$ 44.95		
Balance, February 29, 2000	2,738,250	$ 38.81	737,455	$ 27.04

The following table summarizes information about stock options outstanding at February 29, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 4.44 - $11.50	12,150	2.3 years	$ 11.50	12,150	$ 11.50
$17.00 - $25.63	633,420	5.4 years	$ 17.28	365,280	$ 17.42
$26.75 - $31.25	335,180	6.5 years	$ 28.45	145,300	$ 27.50
$35.38 - $50.00	940,600	8.5 years	$ 45.41	185,325	$ 42.76
$51.00 - $59.56	816,900	8.9 years	$ 52.57	29,400	$ 51.74
	2,738,250	7.6 years	$ 38.81	737,455	$ 27.04

The weighted average fair value of options granted during fiscal 2000, fiscal 1999, and fiscal 1998 was $26.28, $26.21, and $20.81, respectively. The fair value of options is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 5.7% for fiscal 2000, 5.3% for fiscal 1999, and 6.4% for fiscal 1998; volatility of 40.0% for fiscal 2000, 40.6% for fiscal 1999, and 41.3% for fiscal 1998; expected option life of 7.0 years for fiscal 2000 and fiscal 1999, and 6.9 years for fiscal 1998. The dividend yield was 0% for fiscal 2000, fiscal 1999, and fiscal 1998. Forfeitures are recognized as they occur.

INCENTIVE STOCK OPTION PLAN -
Under the Company's Incentive Stock Option Plan, incentive stock options may be granted to employees, including officers, of the Company. Grants, in the aggregate, may not exceed 1,000,000 shares of the Company's Class A Common Stock. The exercise price of any incentive stock option may not be less than the fair market value of the Company's Class A Common Stock on the date of grant. The vesting period and term of incentive stock options granted are established by the Committee. The maximum term of incentive stock options is ten years. During fiscal 2000 and fiscal 1999, no incentive stock options were granted.

EMPLOYEE STOCK PURCHASE PLAN - The Company has 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 fiscal 2000, fiscal 1999, and fiscal 1998, employees purchased 31,062 shares, 49,850 shares, and 78,248 shares, respectively.

The weighted average fair value of purchase rights granted during fiscal 2000, fiscal 1999, and fiscal 1998 was $12.18, $12.35, and $11.90, respectively. The fair value of purchase rights is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 5.4% for fiscal 2000, 4.7% for fiscal 1999, and 5.3% for fiscal 1998; volatility of 33.6% for fiscal 2000, 33.5% for fiscal 1999, and 35.1% for fiscal 1998; expected purchase right life of 0.5 years for fiscal 2000, fiscal 1999, and fiscal 1998. The dividend yield was 0% for fiscal 2000, fiscal 1999, and fiscal 1998.

PRO FORMA DISCLOSURE -
The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its plans. The Company adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS No. 123"). Accordingly, no incremental compensation expense has been recognized for its stock-based compensation plans. Had the Company recognized the compensation cost based upon the fair value at the date

of grant for awards under its plans consistent with the methodology prescribed by SFAS No. 123, net income and earnings per common share would have been reduced to the pro forma amounts as follows:

<TABLE>
<CAPTION>

	For the Year Ended February 29,		For the Years Ended February 28,			
	2000		1999		1998	
	As Reported	Pro Forma	As Reported	Pro Forma	As Reported	Pro Forma
(in thousands, except per share data)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income	$ 77,375	$ 71,474	$ 50,472	$ 46,942	$ 47,130	$ 43,230
Earnings per common share:						
Basic	$ 4.29	$ 3.96	$ 2.76	$ 2.57	$ 2.52	$ 2.32
Diluted	$ 4.18	$ 3.86	$ 2.69	$ 2.50	$ 2.47	$ 2.26

</TABLE>

The pro forma effect on net income may not be representative of that to be expected in future years.

11. EARNINGS PER COMMON SHARE:

The following table presents earnings per common share as follows:

	For the Year Ended February 29,	For the Years Ended February 28,	
	2000	1999	1998
(in thousands, except per share data)			
Income before extraordinary item	$ 77,375	$ 61,909	$ 47,130
Extraordinary item, net of income taxes	-	(11,437)	-
Income applicable to common shares	$ 77,375	$ 50,472	$ 47,130
Weighted average common shares outstanding - basic	18,054	18,293	18,672
Stock options	445	461	433
Weighted average common shares outstanding - diluted	18,499	18,754	19,105
Earnings per common share:			
Basic:			
Income before extraordinary item	$ 4.29	$ 3.38	$ 2.52
Extraordinary item	-	(0.62)	-
Earnings per common share - basic	$ 4.29	$ 2.76	$ 2.52
Diluted:			
Income before extraordinary item	$ 4.18	$ 3.30	$ 2.47
Extraordinary item	-	(0.61)	-
Earnings per common share - diluted	$ 4.18	$ 2.69	$ 2.47

12. COMMITMENTS AND CONTINGENCIES:

OPERATING LEASES -
Future payments under noncancelable operating leases having initial or remaining terms of one year or more are as follows during the next five fiscal years and thereafter:

	(in thousands)
2001	$ 16,312
2002	14,867
2003	13,827
2004	12,936
2005	12,067
Thereafter	96,301
	$ 166,310

Rental expense was $17.4 million, $8.2 million, and $5.6 million for fiscal

2000, fiscal 1999, and fiscal 1998, respectively.

PURCHASE COMMITMENTS AND CONTINGENCIES -
The Company has agreements with suppliers to purchase various spirits of which certain agreements are denominated in British pound sterling and Canadian dollars. The maximum future obligation under these agreements, based upon exchange rates at February 29, 2000, aggregate $28.4 million for contracts expiring through December 2005.

All of the Company's imported beer products are marketed and sold pursuant to exclusive distribution agreements from the suppliers of these products. The Company's agreement to distribute Corona Extra and its other Mexican beer brands exclusively throughout 25 primarily western U.S. states expires in December 2006, with automatic five year renewals thereafter, subject to compliance with certain performance criteria and other terms under the agreement. The remaining agreements expire through December 2007. Prior to their expiration, these agreements may be terminated if the Company fails to meet certain performance criteria. At February 29, 2000, 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 previous acquisitions, the Company assumed purchase contracts with certain growers and suppliers. In addition, the Company has 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 eighteen 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 $126.8 million of grapes under these contracts during fiscal 2000. 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 $800.5 million.

The Company's aggregate obligations under bulk wine purchase contracts will be approximately $8.3 million over the remaining term of the contracts which expire through fiscal 2001.

EMPLOYMENT CONTRACTS -
The Company has employment contracts with certain of its executive officers and certain other management personnel with remaining terms of one year. 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 provide for severance payments in the event of specified termination of employment. The aggregate commitment for future compensation and severance, excluding incentive bonuses, was $4.2 million as of February 29, 2000, of which $2.0 million is accrued in other liabilities as of February 29, 2000.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS -
Approximately 31% of the Company's full-time employees are covered by collective bargaining agreements at February 29, 2000. Agreements expiring within one year cover approximately 18% of the Company's full-time employees.

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, results of operations or cash flows.

13. SIGNIFICANT CUSTOMERS AND CONCENTRATION OF CREDIT RISK:

Gross sales to the five largest customers of the Company represented 17.1%, 25.2%, and 26.4% of the Company's gross sales for the fiscal years ended February 29, 2000, February 28, 1999, and February 28, 1998, respectively. Gross sales to the Company's largest customer, Southern Wine and Spirits, represented 8.0%, 10.9%, and 12.1% of the Company's gross sales for the fiscal years ended February 29, 2000, February 28, 1999, and February 28, 1998, respectively. Accounts receivable from the Company's largest customer represented 8.6%, 8.5%, and 14.1% of the Company's total accounts receivable as of February 29, 2000, February 28, 1999, and February 28, 1998, respectively. Gross sales to the Company's five largest customers are expected to continue to represent a significant portion of the Company's revenues. The Company's arrangements with certain of its customers 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.

14. SUMMARIZED FINANCIAL INFORMATION - SUBSIDIARY GUARANTORS:

The following table presents summarized financial information for the Company,

the parent company, the combined subsidiaries of the Company which guarantee the Company's senior notes and senior subordinated notes ("Subsidiary Guarantors") and the combined subsidiaries of the Company which are not Subsidiary Guarantors, primarily Matthew Clark ("Subsidiary Nonguarantors"). The Subsidiary Guarantors are wholly owned and the guarantees are full, unconditional, joint and several obligations of each of the Subsidiary Guarantors. Separate financial statements for the Subsidiary Guarantors of the Company are not presented because the Company has determined that such financial statements would not be material to investors. The Subsidiary Guarantors comprise all of the direct and indirect subsidiaries of the Company, other than Matthew Clark, the Company's Canadian subsidiary, and certain other subsidiaries which individually, and in the aggregate, are inconsequential. There are no restrictions on the ability of the Subsidiary Guarantors to transfer funds to the Company in the form of cash dividends, loans or advances.

<TABLE>
<CAPTION>

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
(in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:					
February 29, 2000					
Current assets	$ 105,884	$ 611,646	$ 278,467	$ -	$ 995,997
Noncurrent assets	$ 913,026	$ 1,695,790	$ 25,628	$ (1,281,650)	$ 1,352,794
Current liabilities	$ 150,507	$ 84,860	$ 202,850	$ -	$ 438,217
Noncurrent liabilities	$ 1,230,139	$ 97,410	$ 62,185	$ -	$ 1,389,734
February 28, 1999					
Current assets	$ 114,243	$ 532,028	$ 209,468	$ -	$ 855,739
Noncurrent assets	$ 646,133	$ 396,125	$ 421,867	$ (526,088)	$ 938,037
Current liabilities	$ 157,648	$ 126,803	$ 130,821	$ -	$ 415,272
Noncurrent liabilities	$ 815,421	$ 73,178	$ 54,633	$ -	$ 943,232
INCOME STATEMENT DATA:					
For the year ended February 29, 2000					
Net sales	$ 620,631	$ 1,305,032	$ 761,762	$ (346,956)	$ 2,340,469
Gross profit	$ 174,231	$ 332,641	$ 215,588	$ -	$ 722,460
(Loss) income before income taxes	$ (192)	$ 92,433	$ 36,718	$ -	$ 128,959
Net (loss) income	$ (115)	$ 55,460	$ 22,030	$ -	$ 77,375
For the year ended February 28, 1999					
Net sales	$ 615,270	$ 1,080,466	$ 158,761	$ (357,154)	$ 1,497,343
Gross profit	$ 168,575	$ 237,437	$ 42,022	$ -	$ 448,034
Income before income taxes and extraordinary item	$ 4,849	$ 96,935	$ 2,646	$ -	$ 104,430
Net income	$ 2,861	$ 45,781	$ 1,830	$ -	$ 50,472
For the year ended February 28, 1998					
Net sales	$ 562,760	$ 985,757	$ 2,197	$ (337,926)	$ 1,212,788
Gross profit	$ 151,092	$ 191,658	$ 1,000	$ -	$ 343,750
Income (loss) before income taxes	$ 21,024	$ 59,285	$ (428)	$ -	$ 79,881
Net income (loss)	$ 12,404	$ 35,154	$ (428)	$ -	$ 47,130

</TABLE>

15. ACCOUNTING PRONOUNCEMENTS:

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS No. 133"), "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. SFAS No. 133 requires that every derivative be recorded as either an asset or liability in the balance sheet and measured at its fair value. SFAS No. 133 also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

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

16. BUSINESS SEGMENT INFORMATION:

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

Segment information is as follows:

<TABLE>
<CAPTION>

	For the Year Ended February 29,	For the Years Ended February 28,	
	2000	1999	1998
(in thousands)			
<S>	<C>	<C>	<C>
CANANDAIGUA WINE:			
Net sales:			
Branded:			
External customers	$ 623,796	$ 598,782	$ 570,807
Intersegment	5,524	-	-
Total Branded	629,320	598,782	570,807
Other:			
External customers	81,442	70,711	71,988
Intersegment	1,146	-	-
Total Other	82,588	70,711	71,988
Net sales	$ 711,908	$ 669,493	$ 642,795
Operating profit	$ 46,778	$ 46,283	$ 45,440
Long-lived assets	$ 192,828	$ 191,762	$ 185,317
Total assets	$ 639,687	$ 650,578	$ 632,636
Capital expenditures	$ 20,213	$ 25,275	$ 25,666
Depreciation and amortization	$ 20,828	$ 20,838	$ 21,189
BARTON:			
Net sales:			
Beer	$ 570,380	$ 478,611	$ 376,607
Spirits	267,762	185,938	191,190
Net sales	$ 838,142	$ 664,549	$ 567,797
Operating profit	$ 142,931	$ 102,624	$ 77,010
Long-lived assets	$ 78,876	$ 50,221	$ 51,574
Total assets	$ 684,228	$ 478,580	$ 439,317

Capital expenditures	$ 7,218	$ 3,269	$ 5,021
Depreciation and amortization	$ 14,452	$ 10,765	$ 10,455

<CAPTION>

	For the Year Ended February 29,	For the Years Ended February 28,	
	2000	1999	1998
(in thousands)			
<S>	<C>	<C>	<C>
MATTHEW CLARK:			
Net sales:			
Branded:			
External customers	$ 313,027	$ 64,879	$ -
Intersegment	75	-	-
Total Branded	313,102	64,879	-
Wholesale	416,644	93,881	-
Net sales	$ 729,746	$ 158,760	$ -
Operating profit	$ 48,473	$ 8,998	$ -
Long-lived assets	$ 158,119	$ 169,693	$ -
Total assets	$ 636,807	$ 631,313	$ -
Capital expenditures	$ 17,949	$ 10,444	$ -
Depreciation and amortization	$ 20,238	$ 4,836	$ -
FRANCISCAN:			
Net sales:			
External customers	$ 62,046	$ -	$ -
Intersegment	73	-	-
Net sales	$ 62,119	$ -	$ -
Operating profit	$ 12,708	$ -	$ -
Long-lived assets	$ 106,956	$ -	$ -
Total assets	$ 357,999	$ -	$ -
Capital expenditures	$ 10,741	$ -	$ -
Depreciation and amortization	$ 6,028	$ -	$ -
CORPORATE OPERATIONS AND OTHER:			
Net sales	$ 5,372	$ 4,541	$ 2,196
Operating loss	$ (15,849)	$ (12,013)	$ (10,380)
Long-lived assets	$ 6,192	$ 17,127	$ 7,144
Total assets	$ 30,070	$ 33,305	$ 18,602
Capital expenditures	$ 1,626	$ 10,869	$ 516
Depreciation and amortization	$ 3,177	$ 2,151	$ 1,517
INTERSEGMENT ELIMINATIONS:			
Net sales	$ (6,818)	$ -	$ -
CONSOLIDATED:			
Net sales	$ 2,340,469	$ 1,497,343	$ 1,212,788
Operating profit	$ 235,041	$ 145,892	$ 112,070
Long-lived assets	$ 542,971	$ 428,803	$ 244,035
Total assets	$ 2,348,791	$ 1,793,776	$ 1,090,555
Capital expenditures	$ 57,747	$ 49,857	$ 31,203
Depreciation and amortization	$ 64,723	$ 38,590	$ 33,161

</TABLE>

The Company's areas of operations are principally in the United States. Operations outside the United States consist of Matthew Clark's operations, which are primarily in the United Kingdom. No other single foreign country or geographic area is significant to the consolidated operations.

17. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

A summary of selected quarterly financial information is as follows:

<TABLE>
<CAPTION>

	QUARTER ENDED			
Fiscal 2000	May 31, 1999	August 31, 1999	November 30, 1999	February 29, 2000
Full Year				
- ----------				

(in thousands, except per share data)					
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 530,169	$ 621,580	$ 661,520	$ 527,200	$ 2,340,469
Gross profit	$ 156,123	$ 189,128	$ 209,687	$ 167,522	$ 722,460
Net income	$ 10,846	$ 21,101	$ 29,900	$ 15,528	$ 77,375
Earnings per common share: (1)					
Basic	$ 0.60	$ 1.17	$ 1.65	$ 0.86	$ 4.29
Diluted	$ 0.59	$ 1.14	$ 1.60	$ 0.84	$ 4.18

<CAPTION>

	QUARTER ENDED				
Fiscal 1999	May 31, 1998	August 31, 1998	November 30, 1998	February 28, 1999	Full Year
(in thousands, except per share data)					
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 312,928	$ 349,386	$ 375,586	$ 459,443	$ 1,497,343
Gross profit	$ 92,061	$ 103,236	$ 115,695	$ 137,042	$ 448,034
Income before extraordinary item	$ 13,099	$ 16,731	$ 20,161	$ 11,918	$ 61,909
Extraordinary item, net of income taxes (2)	$ -	$ -	$ -	$ (11,437)	$ (11,437)
Net income	$ 13,099	$ 16,731	$ 20,161	$ 481	$ 50,472
Earnings per common share: (1)					
Basic:					
Income before extraordinary item	$ 0.70	$ 0.90	$ 1.13	$ 0.67	$ 3.38
Extraordinary item	-	-	-	(0.64)	(0.62)
Earnings per common share - basic	$ 0.70	$ 0.90	$ 1.13	$ 0.03	$ 2.76
Diluted:					
Income before extraordinary item	$ 0.68	$ 0.88	$ 1.10	$ 0.65	$ 3.30
Extraordinary item	-	-	-	(0.62)	(0.61)
Earnings per common share - diluted	$ 0.68	$ 0.88	$ 1.10	$ 0.03	$ 2.69

<FN>
(1) The sum of the quarterly earnings per common share in fiscal 2000 and fiscal 1999 may not equal the total computed for the respective years as the earnings per common share are computed independently for each of the quarters presented and for the full year.

(2) Represents fees related to the replacement of the prior senior credit facility, including extinguishment of the term loan.
</FN>
</TABLE>

18. NONRECURRING CHARGES:

During fiscal 2000, the Company incurred nonrecurring charges of $5.5 million related to the closure of a cider production facility within the Matthew Clark operating segment in the U.K. ($2.9 million) and to a management reorganization within the Canandaigua Wine operating segment ($2.6 million). During fiscal 1999, the Company incurred nonrecurring charges of $2.6 million also related to the closure of the aforementioned Matthew Clark cider production facility.

19. SUBSEQUENT EVENT:

On May 15, 2000, the Company issued (pound)80.0 million (approximately $120.4 million) aggregate principal amount of 8 1/2% Series C Senior Notes due November 2009 at an issuance price of (pound)79.6 million (approximately $119.8 million, net of $0.6 million unamortized discount, with an effective rate of 8.6%)

("Sterling Series C Senior Notes"). The net proceeds of the offering ((pound)78.8 million, or approximately $118.6 million) were used to repay a portion of the Company's British pound sterling borrowings under its senior credit facility. After this repayment, the required quarterly repayments of the Tranche II Term Loan facility were revised to (pound)0.2 million ($0.3 million) for the remaining three quarters in 2000, (pound)0.4 million ($0.6 million) for each quarter in 2001 and 2002, (pound)0.5 million ($0.8 million) for each quarter in 2003, and (pound)8.5 million ($12.8 million) for each quarter in 2004. (The foregoing U.S. dollar equivalents are as of May 15, 2000.) Interest on the Sterling Series C Senior Notes is payable semiannually on May 15 and November 15 of each year, beginning on November 15, 2000. The Sterling Series C Senior Notes are redeemable at the option of the Company, in whole or in part, at any time. The Sterling Series C Senior Notes are unsecured senior obligations and rank equally in right of payment to all existing and future unsecured senior indebtedness of the Company. The Sterling Series C Senior Notes are guaranteed, on a senior basis, by certain of the Company's significant operating subsidiaries.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item (except for the information regarding executive officers required by Item 401 of Regulation S-K which is included in Part I hereof in accordance with General Instruction G(3)) is incorporated herein by reference to the Company's proxy statement to be issued in connection with the Annual Meeting of Stockholders of the Company to be held on July 18, 2000, under those sections of the proxy statement titled "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance", which proxy statement will be filed within 120 days after the end of the Company's fiscal year.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the Company's proxy statement to be issued in connection with the Annual Meeting of Stockholders of the Company to be held on July 18, 2000, under that section of the proxy statement titled "Executive Compensation" and that caption titled "Director Compensation" under "Election of Directors", which proxy statement will be filed within 120 days after the end of the Company's fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated herein by reference to the Company's proxy statement to be issued in connection with the Annual Meeting of Stockholders of the Company to be held on July 18, 2000, under those sections of the proxy statement titled "Beneficial Ownership" and "Stock Ownership of Management", which proxy statement will be filed within 120 days after the end of the Company's fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated herein by reference to the Company's proxy statement to be issued in connection with the Annual Meeting of Stockholders of the Company to be held on July 18, 2000, under that section of the proxy statement titled "Executive Compensation", which proxy statement will be filed within 120 days after the end of the Company's fiscal year.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following consolidated financial statements of the Company are submitted herewith:

Report of Independent Public Accountants

Consolidated Balance Sheets - February 29, 2000, and February 28, 1999

Consolidated Statements of Income for the years ended February 29, 2000, February 28, 1999, and February 28, 1998

Consolidated Statements of Changes in Stockholders' Equity for the years ended February 29, 2000, February 28, 1999, and February 28, 1998

Consolidated Statements of Cash Flows for the years ended February 29, 2000, February 28, 1999, and February 28, 1998

Notes to Consolidated Financial Statements

2. Financial Statement Schedules

The following consolidated financial information is submitted herewith:

Selected Quarterly Financial Information (unaudited)

All other schedules are not submitted because they are not applicable or not required under Regulation S-X or because the required information is included in the financial statements or notes thereto.

Individual financial statements of the Registrant have been omitted because the Registrant is primarily an operating company and no subsidiary included in the consolidated financial statements has minority equity interests and/or noncurrent indebtedness, not guaranteed by the Registrant, in excess of 5% of total consolidated assets.

3. Exhibits required to be filed by Item 601 of Regulation S-K

For the exhibits that are filed herewith or incorporated herein by reference, see the Index to Exhibits located on Page 81 of this Report.

(b) Reports on Form 8-K

The following Report on Form 8-K was filed by the Company with the Securities and Exchange Commission during the fourth quarter of the fiscal year ended February 29, 2000:

Form 8-K dated January 4, 2000. This Form 8-K reported information under Item 5 (Other Events) and included (i) the Company's Condensed Consolidated Balance Sheets as of November 30, 1999 (unaudited) and February 28, 1999 (audited); (ii) the Company's Condensed Consolidated Statements of Income for the three months ended November 30, 1999 (unaudited) and November 30, 1998 (unaudited); and (iii) the Company's Condensed Consolidated Statements of Income for the nine months ended November 30, 1999 (unaudited) and November 30, 1998 (unaudited).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 CANANDAIGUA BRANDS, INC.

By: /s/ Richard Sands

Richard Sands, Chairman of the Board, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Richard Sands --- Richard Sands, Chairman of the Board, President, and Chief	/s/ Thomas S. Summer --- Thomas S. Summer, Executive Vice President and Chief Financial

Executive Officer (Principal Executive Officer)
Dated: May 30, 2000

Officer (Principal Financial Officer and Principal Accounting Officer)
Dated: May 30, 2000

/s/ Robert Sands
Robert Sands, Director
Dated: May 30, 2000

/s/ George Bresler
George Bresler, Director
Dated: May 30, 2000

/s/ James A. Locke
James A. Locke, III, Director
Dated: May 30, 2000

/s/ Thomas C. McDermott
Thomas C. McDermott, Director
Dated: May 30, 2000

/s/ Paul L. Smith
Paul L. Smith, Director
Dated: May 30, 2000

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 BATAVIA WINE CELLARS, INC.

By: /s/ Ned Cooper
Ned Cooper, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Ned Cooper
Ned Cooper, President
(Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer
Thomas S. Summer, Treasurer
(Principal Financial Officer and Principal Accounting Officer)

Dated: May 30, 2000 /s/ Richard Sands
Richard Sands, Director

Dated: May 30, 2000 /s/ Robert Sands
Robert Sands, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 CANANDAIGUA WINE COMPANY, INC.

By: /s/ Jon Moramarco

Jon Moramarco, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000

/s/ Jon Moramarco

Jon Moramarco, President and Chief Executive Officer (Principal Executive Officer)

Dated: May 30, 2000

/s/ Thomas S. Summer

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

Dated: May 30, 2000

/s/ Richard Sands

Richard Sands, Director

Dated: May 30, 2000

/s/ Robert Sands

Robert Sands, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 CANANDAIGUA EUROPE LIMITED

By: /s/ Douglas Kahle

Douglas Kahle, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000

/s/ Douglas Kahle

Douglas Kahle, President (Principal Executive Officer)

Dated: May 30, 2000

/s/ Thomas S. Summer

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

Dated: May 30, 2000

/s/ Richard Sands

Richard Sands, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 CANANDAIGUA LIMITED

By: /s/ Robert Sands

Robert Sands, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Robert Sands

Robert Sands, Chief Executive Officer and Director (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Peter Aikens

Peter Aikens, Director

Dated: May 30, 2000 /s/ Anne Colquhoun

Anne Colquhoun, Director

Dated: May 30, 2000 /s/ Hugh Etheridge

Hugh Etheridge, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 POLYPHENOLICS, INC.

By: /s/ Howard Jacobson

Howard Jacobson, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Howard Jacobson

Howard Jacobson, President and Director (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 ROBERTS TRADING CORP.

By: /s/ Thomas S. Summer

Thomas S. Summer, President and

Treasurer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Richard Sands

Richard Sands, Director

Dated: May 30, 2000 /s/ Robert Sands

Robert Sands, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 CANANDAIGUA B.V.

By: /s/ Thomas S. Summer

Thomas S. Summer, Authorized Representative

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ G.A.L.R. Diepenhorst

G.A.L.R. Diepenhorst, Managing Director (Principal Executive Officer)

Dated: May 30, 2000 /s/ E.F. Switters

E.F. Switters, Managing Director (Principal Financial Officer and Principal Accounting Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

Thomas S. Summer, Authorized Representative in the United States

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 FRANCISCAN VINEYARDS, INC.

By: /s/ Agustin Francisco Huneeus

Agustin Francisco Huneeus, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Agustin Francisco Huneeus

Agustin Francisco Huneeus, President (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Richard Sands

Richard Sands, Director

Dated: May 30, 2000 /s/ Robert Sands

Robert Sands, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 ALLBERRY, INC.

By: /s/ Agustin Francisco Huneeus

Agustin Francisco Huneeus, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Agustin Francisco Huneeus

Agustin Francisco Huneeus, President (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Richard Sands

Richard Sands, Director

Dated: May 30, 2000 /s/ Robert Sands

Robert Sands, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 CLOUD PEAK CORPORATION

By: /s/ Agustin Francisco Huneeus

Agustin Francisco Huneeus,

President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Agustin Francisco Huneeus

Agustin Francisco Huneeus, President (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Richard Sands

Richard Sands, Director

Dated: May 30, 2000 /s/ Robert Sands

Robert Sands, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 M.J. LEWIS CORP.

By: /s/ Agustin Francisco Huneeus

Agustin Francisco Huneeus, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 s/ Agustin Francisco Huneeus

Agustin Francisco Huneeus, President (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Richard Sands

Richard Sands, Director

Dated: May 30, 2000 /s/ Robert Sands

Robert Sands, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 MT. VEEDER CORPORATION

By: /s/ Agustin Francisco Huneeus

Agustin Francisco Huneeus,
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Agustin Francisco Huneeus

Agustin Francisco Huneeus,
President (Principal Executive
Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Richard Sands

Richard Sands, Director

Dated: May 30, 2000 /s/ Robert Sands

Robert Sands, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 BARTON INCORPORATED

By: /s/ Alexander L. Berk

Alexander L. Berk, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Alexander L. Berk

Alexander L. Berk, President,
Chief Executive Officer and
Director (Principal Executive
Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Troy Christensen

Troy Christensen, Director

Dated: May 30, 2000 /s/ Edward L. Golden

Edward L. Golden, Director

Dated: May 30, 2000 /s/ William F. Hackett

William F. Hackett, Director

Dated: May 30, 2000 /s/ Elizabeth Kutyla

Elizabeth Kutyla, Director

Dated: May 30, 2000 /s/ Richard Sands

Richard Sands, Director

Dated: May 30, 2000 /s/ Robert Sands

Robert Sands, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 BARTON BRANDS, LTD.

By: /s/ Edward L. Golden

Edward L. Golden, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Edward L. Golden

Edward L. Golden, President and Director (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Alexander L. Berk

Alexander L. Berk, Director

Dated: May 30, 2000 /s/ Troy J. Christensen

Troy J. Christensen, Director

Dated: May 30, 2000 /s/ Elizabeth Kutyla

Elizabeth Kutyla, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 BARTON BEERS, LTD.

By: /s/ Richard Sands

Richard Sands, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Richard Sands

Richard Sands, Chief Executive Officer and Director (Principal

Executive Officer)

Dated: May 30, 2000 /s/ Thomas S.Summer

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

Dated: May 30, 2000 /s/ Alexander L. Berk

Alexander L. Berk, Director

Dated: May 30, 2000 /s/ Troy J. Christensen

Troy J. Christensen, Director

Dated: May 30, 2000 /s/ William F. Hackett

William F. Hackett, Director

Dated: May 30, 2000 /s/ Elizabeth Kutyla

Elizabeth Kutyla, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 BARTON BRANDS OF CALIFORNIA, INC.

By: /s/ Alexander L. Berk

Alexander L. Berk, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Alexander L. Berk

Alexander L. Berk, President and
Director (Principal Executive
Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Troy J. Christensen

Troy J. Christensen, Director

Dated: May 30, 2000 /s/ Edward L. Golden

Edward L. Golden, Director

Dated: May 30, 2000 /s/ Elizabeth Kutyla

Elizabeth Kutyla, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 BARTON BRANDS OF GEORGIA, INC.

By: /s/ Alexander L. Berk

Alexander L. Berk, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Alexander L. Berk

Alexander L. Berk, President and Director (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Troy J. Christensen

Troy J. Christensen, Director

Dated: May 30, 2000 /s/ Edward L. Golden

Edward L. Golden, Director

Dated: May 30, 2000 /s/ Elizabeth Kutyla

Elizabeth Kutyla, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 BARTON CANADA, LTD.

By: /s/ Alexander L. Berk

Alexander L. Berk, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Alexander L. Berk

Alexander L. Berk, President and Director (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Troy J. Christensen

Troy J. Christensen, Director

Dated: May 30, 2000 /s/ Edward L. Golden

Edward L. Golden, Director

Dated: May 30, 2000 /s/ Elizabeth Kutyla

Elizabeth Kutyla, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 BARTON DISTILLERS IMPORT CORP.

By: /s/ Alexander L. Berk

Alexander L. Berk, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Alexander L. Berk

Alexander L. Berk, President and Director (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Troy J. Christensen

Troy J. Christensen, Director

Dated: May 30, 2000 /s/ Edward L. Golden

Edward L. Golden, Director

Dated: May 30, 2000 /s/ Elizabeth Kutyla

Elizabeth Kutyla, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 BARTON FINANCIAL CORPORATION

By: /s/ Troy J. Christensen

Troy J. Christensen, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ Troy J. Christensen

Troy J. Christensen, President, Secretary and Director (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Charles T. Schlau

Charles T. Schlau, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 STEVENS POINT BEVERAGE CO.

By: /s/ James P. Ryan

James P. Ryan, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ James P. Ryan

James P. Ryan, President, Chief Executive Officer and Director (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Alexander L. Berk

Alexander L. Berk, Director

Dated: May 30, 2000 /s/ Troy J. Christensen

Troy J. Christensen, Director

Dated: May 30, 2000 /s/ William F. Hackett

William F. Hackett, Director

Dated: May 30, 2000 /s/ Elizabeth Kutyla

Elizabeth Kutyla, Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 30, 2000 MONARCH IMPORT COMPANY

By: /s/ James P. Ryan

James P. Ryan, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Dated: May 30, 2000 /s/ James P. Ryan

James P. Ryan, Chief Executive Officer (Principal Executive Officer)

Dated: May 30, 2000 /s/ Thomas S. Summer

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

Dated: May 30, 2000 /s/ Alexander L. Berk

Alexander L. Berk, Director

Dated: May 30, 2000 /s/ Troy J. Christensen

Troy J. Christensen, Director

Dated: May 30, 2000 /s/ William F. Hackett

William F. Hackett, Director

Dated: May 30, 2000 /s/ Elizabeth Kutyla

Elizabeth Kutyla, Director

INDEX TO EXHIBITS

Exhibit No.
- ---

2.1 Asset Purchase Agreement among Barton Incorporated (a wholly-owned subsidiary of the Company), 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 Company's Current Report on Form 8-K, dated August 29, 1995 and incorporated herein by reference).

2.2 Recommended Cash Offer, by Schroders on behalf of Canandaigua Limited, a wholly-owned subsidiary of the Company, to acquire Matthew Clark plc (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K dated December 1, 1998 and incorporated herein by reference).

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

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

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

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

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

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

4.2 First Supplemental Indenture, dated as of August 3, 1994, among the Company, Canandaigua West, Inc. (a subsidiary of the Company now known as Canandaigua Wine Company, Inc.) and The Chase Manhattan Bank (as successor to Chemical Bank) (filed as Exhibit 4.5 to the Company's Registration Statement on Form S-8 (Registration No. 33-56557) and incorporated herein by reference).

4.3 Second Supplemental Indenture, dated August 25, 1995, among the Company, V Acquisition Corp. (a subsidiary of the Company now known as The Viking Distillery, Inc.) and The Chase Manhattan Bank (as successor to Chemical Bank) (filed as Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1995 and incorporated herein by reference).

4.4 Third Supplemental Indenture, dated as of December 19, 1997, among the Company, Canandaigua Europe Limited, Roberts Trading Corp. and The Chase Manhattan Bank (filed as Exhibit 4.4 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1998 and incorporated herein by reference).

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

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

4.7 Sixth Supplemental Indenture, dated as of July 28, 1999, among the Company, Barton Canada, Ltd., Simi Winery, Inc., Franciscan Vineyards, Inc., Allberry, Inc., M.J. Lewis Corp., Cloud Peak Corporation, Mt. Veeder Corporation, SCV-EPI Vineyards, Inc., and The Chase Manhattan Bank, as Trustee (filed as Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1999 and incorporated herein by reference).

4.8 Indenture with respect to the 8 3/4% Series C Senior Subordinated Notes due 2003, dated as of October 29, 1996, among the Company, its Subsidiaries and Harris Trust and Savings Bank (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-4 (Registration No. 333-17673) and incorporated herein by reference).

4.9 First Supplemental Indenture, dated as of December 19, 1997, among the Company, Canandaigua Europe Limited, Roberts Trading Corp. and Harris Trust and Savings Bank (filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1998 and incorporated herein by reference).

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

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

4.12 Fourth Supplemental Indenture, dated as of July 28, 1999, among the Company, Barton Canada, Ltd., Simi Winery, Inc., Franciscan Vineyards, Inc., Allberry, Inc., M.J. Lewis Corp., Cloud Peak Corporation, Mt. Veeder Corporation, SCV-EPI Vineyards, Inc., and Harris Trust and Savings Bank, as Trustee (filed as Exhibit 4.12 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1999 and incorporated herein by reference).

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

4.14 Supplemental Indenture No. 1, dated as of February 25, 1999, by and among the Company, as Issuer, its principal operating

subsidiaries, as Guarantors, and Harris Trust and Savings Bank, as Trustee (filed as Exhibit 99.2 to the Company's Current Report on Form 8-K dated February 25, 1999 and incorporated herein by reference).

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

4.16 Supplemental Indenture No. 3, dated as of August 6, 1999, by and among the Company, Canandaigua B.V., Barton Canada, Ltd., Simi Winery, Inc., Franciscan Vineyards, Inc., Allberry, Inc., M.J. Lewis Corp., Cloud Peak Corporation, Mt. Veeder Corporation, SCV-EPI Vineyards, Inc., and Harris Trust and Savings Bank, as Trustee (filed as Exhibit 4.20 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1999 and incorporated herein by reference).

4.17 Supplemental Indenture No. 4, dated as of May 15, 2000 by and among the Company, as Issuer, its principal operating subsidiaries, as Guarantors, and Harris Trust and Savings Bank, as Trustee (filed herewith).

4.18 Credit Agreement, dated as of October 6, 1999, between the Company, certain principal subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent, The Bank of Nova Scotia acts as Syndication Agent, and Credit Suisse First Boston and Citicorp USA, Inc. acts as Co-Documentation Agents (filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1999 and incorporated herein by reference).

4.19 Indenture with respect to 8 1/2% Senior Notes due 2009, dated as of November 17, 1999, among the Company, as Issuer, certain principal subsidiaries, as Guarantors, and Harris Trust and Savings Bank, as Trustee (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-4 (Registration No. 333-9436902) and incorporated herein by reference).

10.1 Barton Incorporated Management Incentive Plan (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).

10.2 Marvin Sands Split Dollar Insurance Agreement (filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).

10.3 Employment Agreement between Barton Incorporated and Alexander L. Berk dated as of September 1, 1990 as amended by Amendment No. 1 to Employment Agreement between Barton Incorporated and Alexander L. Berk dated November 11, 1996 (filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1998 and incorporated herein by reference).

10.4 Amendment No. 2 to Employment Agreement between Barton Incorporated and Alexander L. Berk dated October 20, 1998 (filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1999 and incorporated herein by reference).

10.5 Long-Term Stock Incentive Plan, which amends and restates the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 1997 and incorporated herein by reference).

10.6 Amendment Number One to the Company's Long-Term Stock Incentive Plan (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1997 and incorporated herein by reference).

10.7 Amendment Number Two to the Company's Long-Term Stock Incentive Plan (filed as Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1999 and incorporated herein by reference).

10.8 Incentive Stock Option Plan of the Company (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1997 and incorporated herein by reference).

10.9 Amendment Number One to the Incentive Stock Option Plan of the Company (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1997 and incorporated herein by reference).

10.10 Annual Management Incentive Plan of the Company (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1997 and incorporated herein by reference).

10.11 Amendment Number One to the Annual Management Incentive Plan of the Company (filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1998 and incorporated herein by reference).

10.12 Lease, effective December 25, 1997, by and among Matthew Clark Brands Limited and Pontsarn Investments Limited (filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1999 and incorporated herein by reference).

10.13 Supplemental Executive Retirement Plan of the Company (filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1999 and incorporated herein by reference).

10.14 First Amendment to the Supplemental Executive Retirement Plan of the Company (filed as Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 1999 and incorporated herein by reference).

10.15 Credit Agreement, dated as of October 6, 1999, between the Company, certain principal subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent, The Bank of Nova Scotia acts as Syndication Agent, and Credit Suisse First Boston and Citicorp USA, Inc. acts as Co-Documentation Agents (filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1999 and incorporated herein by reference).

10.16 Letter Agreement between the Company and Thomas S. Summer, dated March 10, 1997, addressing compensation (filed herewith).

10.17 Service Agreement, as amended, between Matthew Clark plc and Peter Aikens, dated September 27, 1991 (filed herewith).

11.1 Statement re Computation of Per Share Earnings (filed herewith).

21.1 Subsidiaries of Company (filed herewith).

23.1 Consent of Arthur Andersen LLP (filed herewith).

27.1 Financial Data Schedule for the fiscal year ended February 29, 2000 (filed herewith).

99.1 1989 Employee Stock Purchase Plan of the Company, as amended by Amendment Number 1 through Amendment Number 5 (filed as Exhibit 99.1 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1998 and incorporated herein by reference).

99.2 Amendment Number 6 to the 1989 Employee Stock Purchase Plan of the Company (filed as Exhibit 99.2 to the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 1999 and incorporated herein by reference).

EXHIBIT 4.17

CANANDAIGUA BRANDS, INC.,

as Issuer,

the Guarantors named herein

and

HARRIS TRUST AND SAVINGS BANK,

as Trustee

Supplemental Indenture No. 4

Dated as of May 15, 2000

(pound)300,000,000.00

8 1/2% Series C Senior Notes due 2009

CROSS-REFERENCE TABLE

TIA Section	Indenture Section	Supplemental Indenture Section
310(a)(1)	11.5	
(a)(2)	11.5	
(a)(3)	N.A.	N.A.
(a)(4)	N.A.	N.A.
(b)	11.4, 11.5	
(c)	N.A.	N.A.
311(a)	11.9(a), (c)	
(b)	11.9(b), (c)	
(c)	N.A.	N.A.
312(a)	11.11	2.06
(b)	11.11	
(c)	11.10(a)	
313(a)	N.A.	N.A.
(b)(1)	11.10(b)	
(b)(2)	11.10(c)	
(c)	11.10(c)	
(d)	11.10(c)	
314(a)	4.02; 4.07	4.6
(b)	N.A.	N.A.
(c)(1)	3.8	
(c)(2)	3.8	
(c)(3)	N.A.	N.A.
(d)	N.A.	N.A.
(e)	3.8	11.05
(f)	N.A.	N.A.
315(a)	11.1(a), (b)	
(b)	11.3	
(c)	11.1(a)	
(d)	11.1(a), 11.1(b)	
(e)	7.7	
316(a) (last sentence)		2.10
(a)(1)(A)	7.6	
(a)(1)(B)	7.1, 7.5	6.03
(a)(2)		8.02
(b)	7.7	
(c)	N.A.	N.A.
317(a)(1)	7.2	
(a)(2)	7.2	
(b)		2.05
318(a)	3.4	

N.A. means Not Applicable

NOTE: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of this Indenture.

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SUPPLEMENTAL INDENTURE NO. 4, dated as of May 15, 2000 (the "Supplemental Indenture"), between CANANDAIGUA BRANDS, INC., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), the guarantors named herein and from time to time parties hereto, and HARRIS TRUST AND SAVINGS BANK, an Illinois banking corporation, as Trustee (herein called the "Trustee").

RECITALS OF THE COMPANY

WHEREAS, the Company has heretofore delivered to the Trustee an Indenture, dated as of February 25, 1999 (the "Indenture"), a form of which has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, as an exhibit to the Company's Registration Statement on Form S-3 (Registration No. 333-91587), as supplemented by Supplemental Indenture No. 3 thereto, dated as of August 6, 1999, among the Company, certain of the Guarantors and the Trustee, providing for the issuance from time to time of Debt Securities of the Company.

WHEREAS, Sections 2.1 and 2.2 of the Indenture provide for various matters with respect to any series of Debt Securities issued under the Indenture to be established in an indenture supplemental to the Indenture.

WHEREAS, Section 12.1 of the Indenture provides for the Company and the Trustee to enter into an indenture supplemental to the Indenture to establish the form or terms of Debt Securities of any series as provided by Sections 2.1 and 2.2 of the Indenture.

WHEREAS, all the conditions and requirements necessary to make this Supplemental Indenture, when duly executed and delivered, a valid and binding agreement in accordance with its terms and for the purposes herein expressed, have been performed and fulfilled.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the series of Debt Securities provided for herein by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE 1

RELATION TO INDENTURE; DEFINITIONS

Section 1.01. Relation to Indenture.

This Supplemental Indenture constitutes an integral part of the Indenture.

Section 1.02. Definitions.

For all purposes of this Supplemental Indenture, except as otherwise expressly provided for or unless the context otherwise requires:

(1) Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Indenture;

(2) All references herein to Articles and Sections, unless otherwise

specified, refer to the corresponding Articles and Sections of this Supplemental Indenture; and

(3) To the extent terms defined herein differ from the Indenture the terms defined herein will govern.

"144A Global Note(s)" means one or more Note(s) in the form set forth in Exhibit A, bearing the Private Placement Legend and sold in reliance on Rule 144A.

"Acquired Indebtedness" means Indebtedness of a Person (i) existing at the time such Person becomes a Restricted 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 Restricted 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 Restricted Subsidiary.

"Additional Amounts" has the meaning set forth in Section 4.09.

"Additional Interest" means any amounts required to be paid by the Company to Holders of Restricted Notes pursuant to a valid registration rights agreement among the Company, the Guarantors and the initial purchasers of such Restricted Notes.

"Additional Notes" means, subject to the Company's compliance with Section 4.10, 8 1/2% Series C Senior Notes Due 2009, issued from time to time after May 15, 2000 under the terms of this Supplemental Indenture and the Indenture, including, without limitation any Notes issued in an exchange offer registered under the Securities Act for the Series B Senior Notes (other than Notes issued pursuant to Sections 2.07, 2.08, 2.11, 3.06 and 4.16 of this Supplemental Indenture or Section 12.5 of the Indenture).

"Adjusted Gilt Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Gilt Issue, assuming a price for the Comparable Gilt Issue (expressed as a percentage of its principal amount) equal to the Comparable Gilt Price for such redemption date.

"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; (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 is 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.

"Applicable Procedures" means, with respect to any transfer, exchange or other transaction involving a Global Note or beneficial interest therein, the rules and provisions of DTC and the "Operating Procedures of the Euroclear System," and "Terms and Conditions Governing Use of Euroclear," "General Terms and Conditions of Clearstream" and "Customer Handbook" of Clearstream, in each case, to the extent applicable to such transaction and as in effect at the time of such transaction.

"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 Re-

stricted Subsidiary; (ii) all or substantially all of the properties and assets of any division or line of business of the Company or its Restricted Subsidiaries; or (iii) any other properties or assets of the Company or any Restricted 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 5.01(a) or (B) that is of the Company to any Restricted Subsidiary, or of any Subsidiary to the Company or any Subsidiary in accordance with the terms of this Supplemental Indenture and the Indenture or (y) transfers of properties and assets in any given fiscal year with an aggregate Fair Market Value of less than $3,000,000.

"Asset Swap" means the execution of a definitive agreement, subject only to customary closing conditions that the Company in good faith believes

will be satisfied, for a substantially concurrent purchase and sale, or exchange, of Productive Assets between the Company or any of its Restricted Subsidiaries and another Person or group of affiliated Persons; it being understood that an Asset Swap may include a cash equalization payment made in connection therewith provided that such cash payment, if received by the Company or its Subsidiaries, shall be deemed to be proceeds received from an Asset Sale and applied in accordance with Section 4.14.

"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.

"Book-Entry Interest" means an indirect beneficial interest in a Global Note shown on, and transferred only through, records maintained in book-entry form by DTC, or Euroclear and Clearstream.

"Borrowing Base" means the sum of (i) 85% of accounts receivable of the Company and its Subsidiaries and (ii) 50% of the net book value of the inventory of the Company and its Subsidiaries, in each case, as determined on a consolidated basis in accordance with GAAP.

"Business Day" means a day that, in the City of New York and London, is not a day upon which banking institutions are authorized or required by law, or by executive order issued by a governmental authority or agency regulating such banking institutions, to close.

"Capital Lease Obligation" means any obligations of the Company and its Restricted 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.

"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, con-

tract 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 4.11 (and such amount shall be treated as a Restricted Payment subject to the provisions set forth in Section 4.11) 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 in Section 5.01.

"Change of Control Offer" shall have the meaning set forth in Section 4.16(a).

"Change of Control Purchase Date" shall have the meaning set forth in Section 4.16(a).

"Change of Control Purchase Price" shall have the meaning set forth in Section 4.16(a).

"Clearstream" means Clearstream Banking, formerly Cedelbank, societe anonyme.

"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 Supplemental 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.

"Common Depositary" shall have the meaning set forth in Section 2.01.

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

"Comparable Gilt Issue" means a United Kingdom Government Obligation selected by the Quotation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"Comparable Gilt Price" means, with respect to any redemption date, (i) the average of the Reference Gilt Dealer Quotations for such redemption date, after excluding the highest and lowest such Refer-

ence Gilt Dealer Quotations, or (ii) if the Trustee obtains fewer than three such Reference Gilt Dealer Quotations, the average of all such Quotations.

"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 Restricted 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 and its Restricted Subsidiaries 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 Restricted 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 Restricted 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 and its

Restricted Subsidiaries during such period and (ii) all capitalized interest of the Company and its Restricted Subsidiaries, in each case as determined in accordance with GAAP on a Consolidated basis. Whenever pro forma effect is to be given to an acquisition or disposition of assets for the purpose of calculating the Consolidated Fixed Charge Coverage Ratio, the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection with such acquisition or disposition of assets shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act, as in effect on the date of such calculation.

"Consolidated Net Income (Loss)" of the Company means, for any period, the Consolidated net income (or loss) of the Company and its Restricted 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 Restricted 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 Restricted Subsidiaries; (iii) net income (or loss) of any Person combined with the Company or any of its Restricted 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 Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by that Restricted 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 Restricted Subsidiary or its stockholders. Whenever pro forma effect is to be given to an acquisition or disposition of assets for the purpose of calculating the Consolidated Fixed Charge Coverage Ratio, the amount of income or

earnings related to such assets shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act, as in effect on the date of such calculation.

"Consolidated Net Tangible Assets" means with respect to any Person, as of any date of determination, the book value of such Person's total assets, less goodwill, deferred financing costs and other intangibles and less accumulated amortization, shown on the most recent balance sheet of such Person, determined on a consolidated basis in accordance with GAAP.

"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 Restricted Subsidiaries for such period, as determined in accordance with GAAP on a Consolidated basis (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 October 6, 1999, between the Company, the Subsidiaries of the Company identified on the signature pages thereof, the lenders named therein and The Chase Manhattan Bank, as administrative agent, including any deferrals, renewals, extensions, replacements, refinancings or refundings thereof or amendments, modifications or supplements thereto and any agreements therefor (including any of the foregoing that increase the principal amount of Indebtedness or the commitments to lend thereunder and have been made in compliance with the provisions of Section 4.10; 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 Section 4.10), whether by or with the same or any other lender, creditor, group of lenders or group of creditors, and including related notes, guarantees and note agreements and other instruments and agreements executed in connection therewith.

"Custodian" shall have the meaning set forth in Section 2.01.

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

"Definitive Notes" means the Restricted Definitive Notes and the Unrestricted Definitive Notes.

"Depositary" means any of the DTC, Euroclear or Clearstream.

"Designation" has the meaning set forth in Section 4.19.

"Designation Amounts" has the meaning set forth in Section 4.19.

"Domestic Restricted Subsidiary" means a Restricted Subsidiary of the Company organized under the laws of the United States or any political subdivision thereof or the operations of which are located substantially inside the United States.

"DTC" means the Depository Trust Company.

"DTC Global Note" means a Global Note held in the name of Cede & Co. on behalf of DTC.

"Euroclear" means Morgan Guaranty Trust Company of New York (Brussels office) as operator of the Euroclear system.

"Excess Proceeds" has the meaning set forth in Section 4.14(b).

"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.

"Foreign Restricted Subsidiary" means a Restricted Subsidiary of the Company not organized under the laws of the United States or any political subdivision thereof and the operations of which are located substantially outside of the United States.

"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 Supplemental Indenture.

"Global Notes" or "Global Securities" means the 144A Global Note(s), the Regulation S Global Note(s) and any Unrestricted Global Notes.

"Guarantee" means the guarantee by each Guarantor of the Company's Indenture Obligations pursuant to a guarantee given in accordance with this Supplemental Indenture, including the Guarantees by the Guarantors and any Guarantee delivered pursuant to the provisions of Section 4.15.

"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 1.01 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 this Supplemental Indenture as guarantors and each other Subsidiary required to become a Guarantor after the Issue Date, pursuant to Section 4.15.

"Hedging Agreement" means, with respect to any Person, all interest rate swap or similar agreements or foreign currency or commodity hedge, exchange or similar agreements of such Person.

"Hedging Obligations" means, with respect to any Person, the Obligations of such Person under Hedging Agreements.

"Holders" mean the registered holders of the Notes.

"Incur" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, guarantee or otherwise become liable in respect of such Indebtedness or other obligation or the recording, as required pursuant to GAAP or otherwise, of any such Indebtedness or other obligation on the balance sheet of such Person (and "Incurrence," "Incurred" and "Incurring" shall have meanings correlative to the foregoing). Indebtedness of any Acquired Person or any of its Subsidiaries existing at the time such Acquired Person becomes a Subsidiary (or is merged into or consolidated with the Company or any Subsidiary), whether or not such Indebtedness was Incurred in connection with, as a result of, or in contemplation of, such Acquired Person becoming a Subsidiary (or being merged into or consolidated with the Company or any Subsidiary), shall be deemed Incurred at the time any such Acquired Person becomes a Subsidiary or merges into or consolidates with the Company or any Subsidiary.

"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 Hedging Obligations 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 Supplemental 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 this Supplemental Indenture and 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 this Supplemental Indenture and the Indenture, the Notes and the performance of all other obligations to the Trustee and the Holders under this Supplemental Indenture and the Indenture and the Notes, according to the terms hereof or thereof.

"Insolvency or Liquidation Proceeding" means, with respect to any Person, any liquidation, dissolution or winding up of such Person, or any bankruptcy, reorganization, insolvency, receivership or similar proceeding with respect to such Person, whether voluntary or involuntary.

"Interest Payment Date" means each semiannual interest payment date on May 15 and November 15 of each year, commencing on May 15, 2000.

"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.

"Investment Grade" means a rating of (i) BBB- or higher by S&P and Ba1 or higher by Moody's or (ii) Baa3 or higher by Moody's and BB+ or higher by

S&P.

"Issue Date" means May 15, 2000.

"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 this Supplemental Indenture and 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.

"Moody's" means Moody's Investor Services, Inc. or any successor thereto.

"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 Restricted 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 Restricted 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 Restricted 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 Restricted 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 in Section 4.11, 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 Restricted Subsidiary), net of attorneys' fees, accountants' fees and brokerage, consultation, underwriting and other fees and ex-

penses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Note Amount" has the meaning specified in Section 4.14(c) hereof.

"Notes" means (pound)80.0 million aggregate principal amount of the Company's 8 1/2% Series C Senior Notes Due 2009, issued pursuant to this Supplemental Indenture on the Issue Date and any Additional Notes, treated as a single class of securities, as amended or supplemented from time to time in accordance with the terms of this Supplemental Indenture and the Indenture.

"Obligations" means any principal, interest (including, without limitation, Post-Petition Interest), penalties, fees, indemnifications, reimbursement obligations, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offer" has the meaning set forth in Section 4.14(c) hereof.

"Offer Date" has the meaning set forth in Section 4.14(c) hereof.

"Offered Price" has the meaning set forth in Section 4.14(c) hereof.

"Officer" means, with respect to any Person, the chairman of the board, president or any vice president (regardless of vice presidential designation), chief financial officer, treasurer, any assistant treasurer, secretary or assistant secretary of such Person.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, President or any Vice President (regardless of Vice Presidential designation), and by its Chief Financial Officer, Treasurer, any Assistant Treasurer, Secretary or Assistant Secretary of the Company, in their capacities as such officers of the Company and delivered to the Trustee. Each such

certificate shall include the statements provided in Section 11.05, if and to the extent required by the provisions thereof.

"Opinion of Counsel" means an opinion in writing signed by legal counsel (who may be an employee of the Company) acceptable in form and substance to the Trustee and delivered to the Trustee. Such opinion shall include the statements provided for in Section 11.05, if and to the extent required by the provisions thereof.

"Other Indebtedness" has the meaning set forth in Section 4.15 hereof.

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

"Pari Passu Offer" has the meaning set forth in Section 4.14(c) hereof.

"Participant" means, with respect to DTC, Euroclear or Clearstream, Persons who have accounts with DTC, Euroclear or Clearstream, respectively (and with respect to DTC, shall include Euroclear and Clearstream).

"Permitted Holders" means as of the date of determination (i) Marilyn Sands, Richard Sands and Robert Sands; (ii) family members or the relatives of the Persons described in clause (i) or the Mac and Sally Sands Foundation, Incorporated; (iii) any trusts created for the benefit of the Persons described in clauses (i), (ii) or (v) or for the benefit of Andrew Stern or any trust for the benefit of any such trust; (iv) any partnerships that are controlled by (and a majority of the partnership interests in which are owned by) any of the Persons described in clauses (i), (ii), (iii) or (v) or by any partnership that satisfies the conditions of this clause (iv); or (v) in the case of Marvin Sands and in the event of the incompetence or death of any of the per-

sons 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 Indebtedness" has the meaning set forth in Section 4.10.

"Permitted Investment" means (i) Investments in any Wholly Owned Restricted Subsidiary or any Person which, as a result of such Investment, becomes a Wholly Owned Restricted Subsidiary; (ii) Indebtedness of the Company or a Restricted 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 Restricted Subsidiary in connection with an Asset Sale permitted under Section 4.14 to the extent such Investments are non-cash proceeds as permitted under such covenant; (v) guarantees of Indebtedness otherwise permitted by this Supplemental Indenture and the Indenture; (vi) Investments in existence on the date of this Supplemental Indenture; and (vii) Investments in joint ventures in an aggregate amount not to exceed at any one time the greater of (x) $50.0 million and (y) 5.0% of Consolidated Net Tangible Assets.

"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.

"Post-Petition Interest" means, with respect to any Indebtedness of any Person, all interest accrued or accruing on such Indebtedness after the commencement of any Insolvency or Liquidation Proceeding against such Person in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing such Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such Insolvency or Liquidation Proceeding.

"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 Issue Date, and including, without limitation, all classes and series of preferred or preference stock.

"Principal Paying Agent" has the meaning provided in Section 2.03.

"Private Placement Legend" has the meaning provided in Section 2.16.

"Productive Assets" means assets of a kind used or usable by the Company and its Restricted Subsidiaries in their respective businesses

(including, without limitation, contracts, leases, licenses or other agreements of value to the Company or any of its Restricted Subsidiaries), provided, however, that productive assets to be acquired by the Company or any Restricted Subsidiary shall be, in the good faith judgment of management of the Company or such Restricted Subsidiary, assets which are reasonably related, ancillary or complementary to the business of the Company and its Restricted Subsidiaries as conducted on the Issue Date.

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

"Qualified Institutional Buyer" shall have the meaning specified in Rule 144A promulgated under the Securities Act.

"Quotation Agent" means the Reference Gilt Dealer appointed by the Company.

"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 (other than as a result of a change of control provision substantially similar to that contained in Section 4.16) 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.

"Redemption Date" when used with respect to any Note to be redeemed means the date fixed for such redemption pursuant to the terms of this Supplemental Indenture and the Indenture.

"Redemption Price" means, with respect to any Note to be redeemed, the price fixed for such redemption pursuant to the terms of this Supplemental Indenture and the Indenture.

"Reference Gilt Dealer" means each of (x) Barclays Bank PLC and its respective successors; provided, however, that if the foregoing shall cease to be a primary United Kingdom Government Obligations dealer in London (a "Primary U.K. Government Obligations Dealer"), the Company shall substitute therefor another Primary U.K. Government Obligations Dealer; and (y) any other Primary U.K. Government Obligations Dealer selected by the Company.

"Reference Gilt Dealer Quotations" means, with respect to each Reference Gilt Dealer and any redemption date, the average, as determined by the Company, of the bid and asked prices for the Comparable Gilt Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Gilt Dealer at 11:00 a.m., London time, on the third business day preceding such redemption date.

"Registrar" has the meaning set forth in Section 2.03.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note(s)" means one or more Notes in the form set forth in Exhibit A, bearing the Private Placement Legend and sold in reliance on Regulation S.

"Responsible Officer" means, with respect to the Trustee, any officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend issued in registered form without coupons in a principal amount of (pound)1,000 or integral multiples thereof.

"Restricted Definitive Notes" means the Restricted Definitive Notes and any other Notes that require the Private Placement Legend (or a substantially similar legend) as are in definitive form.

"Restricted Global Notes" means the 144A Global Note(s), the Regulation S Global Note(s) and any other Notes that require the Private Placement Legend (or a substantially similar legend) held in global form.

"Restricted Notes" means the Restricted Global Note(s) and the Restricted Definitive Notes.

"Restricted Payment" has the meaning set forth in Section 4.11.

"Restricted Subsidiary" means any Subsidiary of the Company that has not been designated by the Board of Directors of the Company, by a resolution of the Board of Directors of the Company delivered to the Trustee, as an Unrestricted Subsidiary pursuant to Section 4.19. Any such designation may be revoked by a resolution of the Board of Directors of the Company delivered to the Trustee, subject to the provisions of such covenant.

"Restricted Security" has the meaning set forth in Rule 144(a)(3) promulgated under the Securities Act; provided that the Trustee shall be entitled to request and conclusively rely upon an Opinion of Counsel with respect to whether any Note is a Restricted Security.

"Rule 144A" means Rule 144A under the Securities Act.

"Sale and Leaseback Transaction" means any transaction or series of related transactions pursuant to which the Company or a Restricted 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.

"Series B Senior Notes" means such of the Company's 8 1/2% Series B Senior Notes Due 2009, issued pursuant to an indenture, dated as of November 17, 1999, among the Company, the Guarantors and the Trustee, that are outstanding on the Issue Date.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. or any successor thereto.

"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.

"Sterling" or "(pound)" means the lawful currency of the United Kingdom that is legal tender for the payment of public and private debts, as in effect from time to time.

"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 the United Kingdom, or an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the United States of America or the United Kingdom, (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 or any successor rating agency or "A-1" (or higher) according to 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" or "TIA" means the Trust Indenture Act of 1939, as amended.

"United Kingdom Government Obligations" means direct non-callable obligations of the United Kingdom for the payment of which the full faith and credit of the United Kingdom is pledged.

"Unrestricted Definitive Note" means one or more Notes in the form set forth in Exhibit B that do not and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means one or more Notes in the form set forth in Exhibit A that do not and are not required to bear the Private

Placement Legend.

"Unrestricted Notes" means the Unrestricted Global Notes and the Unrestricted Definitive Notes.

"Unrestricted Subsidiary" means any Subsidiary of the Company designated as such pursuant to Section 4.19. Any such designation may be revoked by a resolution of the Board of Directors of the Company delivered to the Trustee, subject to the provisions of Section 4.19.

"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 Restricted Subsidiary" means any Restricted Subsidiary all the Capital Stock of which (other than directors' qualifying shares and up to 5% of the issued and outstanding Capital Stock which may be owned by executive officers of such Subsidiary) is owned by the Company or another Wholly Owned Restricted Subsidiary.

Section 1.03. Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the portion of such provision required to be incorporated herein in order for this Indenture to be qualified under the TIA is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes and the Guarantees.

"indenture securityholder" means a Holder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor on the indenture securities" means the Company or any other obligor on the Notes.

All other terms used in this Indenture that are defined by the TIA, defined in the TIA by reference to another statute or defined by Commission rule have the meanings therein assigned to them.

Section 1.04. Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it herein, whether defined expressly or by reference;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular; and

(5) words used herein implying any gender shall apply to every gender.

ARTICLE 2

THE NOTES

The following provisions of this Article Two shall apply to the Notes (but not with respect to any other series of Debt Securities) and shall replace in its entirety the provisions set forth in Article II of the Indenture (but not with respect to any other series of Debt Securities).

Section 2.01. Form and Dating.

(a) Global Notes. Notes issued and sold pursuant to an effective registration statement under the Securities Act, issued pursuant to an effective exchange offer registration statement under the Securities Act for the Company's outstanding Series B Senior Notes or issued in accordance with Section 2.07(b)(iii) and 2.07(e), shall be issued in the form of Unrestricted Global Notes and deposited with Citibank N.A., London, as custodian (in such capacity, the "Custodian") on behalf of DTC or with Citibank N.A., London, as common

depositary (in such capacity, the "Common Depositary") on behalf of Euroclear and Clearstream, as the case may be. Notes offered and sold to Qualified Institutional Buyers in reliance on Rule 144A shall be issued initially in the form of a 144A Global Note, which shall be duly executed by the Company and authenticated by the Trustee as hereinafter provided and deposited with the Custodian on behalf of DTC. Notes offered and sold in reliance on Regulation S shall be issued initially in the form of a Regulation S Global Note, which shall be duly executed by the Company and authenticated by the Trustee as hereinafter provided and deposited with the Common Depositary on behalf of Euroclear and Clearstream.

Each Global Note shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and shall provide that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges, transfers of interests therein, redemptions and repurchases in accordance with the terms of this Supplemental Indenture and the Indenture; provided that, the maximum principal amount of all Notes shall never exceed (pound)300.0 million issued and outstanding at any one time except as provided in Section 2.08. Any endorsement of the Schedule to a Global Note to reflect the amount of any increase or decrease in the principal amount of outstanding Notes represented thereby shall be made by the Registrar in accordance with Sections 2.07, 3.07, 3.08, 4.14 and 4.16 hereof.

Except as set forth in Section 2.07(a) hereof, the Global Notes may be transferred, in whole and not in part, only to a successor of the relevant Depositary on whose behalf such note is held.

(b) Definitive Notes. Definitive Notes issued upon transfer of a Book-Entry Interest or a Definitive Note, or in exchange for a Book-Entry Interest or a Definitive Note, shall be issued in accordance with this Supplemental Indenture and the Indenture, duly executed by the Company and authenticated by the Trustee as hereinafter provided.

(c) Book-Entry Provisions. None of the Depositaries or any of their respective Participants shall have any rights either under this Supplemental Indenture or the Indenture or under any Global Note with respect to such Global Note held on their behalf by the Custodian or the Common Depositary. 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 Custodian or the Common Depositary or impair, as between the Custodian or the Common Depositary and the Depositaries and their respective Participants, the operation of customary practices of such Depositary governing the exercise of the rights of an owner of a beneficial interest in any Global Note.

(d) Note Forms. The provisions of the form of Notes contained in Exhibits A and B hereto are incorporated herein by reference. The Notes issued on the Issue Date will be issued in the form of Exhibit A and title thereto will pass by delivery. Additional Notes may be issued in the form of either Exhibit A or Exhibit B, as the case may be. Notes will be issued in denominations of (pound)l,000 and integral multiples thereof. In no event will Definitive Notes in bearer form be issued.

(e) Dating. Each Note shall be dated the date of its authentication.

Section 2.02. Execution and Authentication.

An Officer shall execute the Notes on behalf of the Company by manual or facsimile signature. The Company's seal may but need not be impressed, affixed, imprinted or reproduced on the Notes.

If the Officer whose signature is on a Note no longer holds that office at the time the Trustee authenticates the Note or at any time thereafter, the Note shall be valid nevertheless.

A Note shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Note. Such signature shall be conclusive evidence that the Note has been authenticated under this Supplemental Indenture and the Indenture.

The Trustee shall authenticate Notes on the Issue Date in an aggregate principal amount not to exceed (pound)80.0 million and thereafter, from time to time, in an aggregate principal amount not to exceed (pound)300.0 million at any one time outstanding, in each case, upon receipt of an Officers' Certificate signed by an Officer directing the Trustee to authenticate the Notes and certifying that all conditions precedent to the issuance of the Notes contained herein have been complied with.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so.

Each reference in this Supplemental Indenture or the Indenture to authentication by the Trustee includes authentication by such agent. Such authenticating agent shall have the same rights as the Trustee in any dealings hereunder with the Company or with any of the Company's Affiliates.

Section 2.03. Registrar and Paying Agents.

(a) The Company shall maintain (i) an office or agency in London where Notes may be presented for registration of transfer or for exchange (the "Registrar"), (ii) an office or agency in each of London (the "Principal Paying Agent") and, if and for so long as any Notes are listed on the Luxembourg Stock Exchange, Luxembourg (the "Luxembourg Paying Agent") where Definitive Notes may be presented for payment and (iii) an office or agency in the City of New York where notices and demands to or upon the Company in respect of the Notes and this Supplemental Indenture and the Indenture may be served.

The Company may change the Principal Paying Agent or the Registrar or appoint additional Registrars or additional Paying Agents and the terms "Registrar" and "Paying Agent" shall include any such additional Registrar or Paying Agent, as applicable. The Company shall enter into an appropriate agency agreement with any Agent not a party to this Supplemental Indenture and the agreement shall implement the provisions of this Supplemental Indenture and the Indenture that relate to such Agent and, to the extent applicable, shall incorporate the provisions of the TIA. Without limiting the foregoing, each such agreement appointing a Principal Paying Agent must contain provisions substantially to the effect of Section 2.07 hereof. The Company shall notify the Trustee of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent or fails to give the foregoing notice, the Trustee shall act as such and shall be entitled to appropriate compensation in accordance with Section 11.2 of the Indenture.

The Registrar shall keep a register (the "Register") of any Definitive Notes and of their transfer and exchange.

The Company hereby initially appoints (i) the corporate trust office of the Trustee, located at 430 Park Avenue, New York, New York 10022, as agent for service of notices and demands in connection with the Notes and this Supplemental Indenture and the Indenture; (ii) the corporate trust office of Citibank N.A., London, located at P.O. Box 18055, 5 Carmelite Street, London EC4Y 0PA, as Registrar and Principal Paying Agent; and (iii) the corporate trust office of Paribas Luxembourg, located at 10-A Boulevard Royal, L-2093 Luxembourg, as the Luxembourg Paying Agent.

(b) (i) For so long as holders of Book-Entry Interests hold such interests through a DTC Global Note and the rules of DTC require that payments made through the facilities of DTC be made in U.S. dollars, the Paying Agent shall, unless otherwise instructed pursuant to paragraph (b)(ii) below, convert all payments received from the Company in Sterling in respect of any DTC Global Note into U.S. dollars. The aggregate amount of any such payment to be made in U.S. dollars in respect of the DTC Global Notes shall be credited to the Paying Agent's account in Sterling and such amount, less any amount to be paid in Sterling as contemplated in Section 2.03(b) (ii) shall be converted by the Paying Agent into U.S. dollars (the "Sterling Conversion Amount"). The resulting Sterling Conversion Amount shall be paid to DTC or its designated assign for payment through DTC's settlement system to the relevant Participants. All costs of the Paying Agent of any such conversions and payment shall be borne by the Company. Any such conversion shall be based on Citibank, N.A.'s ("Citibank") in-house mid-market agency GBP/USD rate of exchange prevailing as at 11:00 a.m. New York City time on the day which is two business days prior to the relevant payment date. If such exchange rate bid quotation is not available from Citibank, the Paying Agent shall endeavor to obtain a bid quotation from a leading foreign exchange bank in New York City selected by the Paying Agent for such purpose. If no bid quotation from a leading foreign exchange bank is available, such payments will be made in Sterling to the account or accounts specified by or on behalf of DTC to the Paying Agent.

(ii) Notwithstanding the foregoing, the Paying Agent shall not convert amounts received in Sterling into U.S. dollars and shall make payments of principal, premium, if any, and interest and any other amounts owing under this Supplemental Indenture, the Indenture or the Notes in Sterling with respect to any Book-Entry Interest holders in a DTC Global Note that have caused DTC through the relevant DTC Participant

to notify the Paying Agent of such holder's election to receive all or a portion of such payment in Sterling, provided such notification includes wire transfer instruction to a Sterling account. Such election in respect of any payment must be made by the holder at the time and in the manner required by the DTC procedures applicable from time to time and shall, in accordance with such procedures, be irrevocable and shall relate only to such payment.

(iii) Notwithstanding the foregoing, Book-Entry Interest holders in Global Notes held on behalf of Euroclear or Clearstream will receive payments of principal, premium, if any, and interest and any other amounts owing under this Supplemental Indenture, the Indenture or the Notes in Sterling through the settlement systems of Euroclear or Clearstream, as the case may be.

Section 2.04. Holders to Be Treated as Owners; Payments of Interest.

(a) The Company, the Paying Agents, the Registrar, the Trustee and any agent of the Company, the Paying Agents, the Registrar or the Trustee may deem and treat the person in whose name any Definitive Note is registered as the absolute owner of such Note for the purpose of receiving payment of or on account of the Principal of and, subject to the provisions of this Supplemental Indenture and the Indenture, interest, Additional Amounts and Additional Interest and any other amounts due on such Definitive Note and for all other purposes; and neither the Company, any Paying Agent, the Registrar, the Trustee nor any agent of the Company, any Paying Agent, the Registrar or the Trustee shall be affected by any notice to the contrary. The Company, the Paying Agents, the Registrar, the Trustee and any agent of the Company, the Paying Agents, the Registrar or the Trustee may treat the Holder of any Global Note as the absolute owner thereof for the purposes of receiving payment of or on account of the Principal of and, subject to the provisions of this Supplemental Indenture and the Indenture, interest, Additional Amounts and Additional Interest and any other amounts due on, such Global Note and for all other purposes; and neither the Company, the Paying Agents, the Registrar, the Trustee, nor any agent of the Company, the Paying Agents, the Registrar or the Trustee shall be affected by any notice to the contrary. All such payments so made to any such Person, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any Note.

(b) The Person in whose name any Definitive Note is registered at the close of business on any record date with respect to any Interest Payment Date shall be entitled to receive the interest, Additional Amounts and Additional Interest, if any, payable on such Interest Payment Date notwithstanding any transfer or exchange of such Definitive Note subsequent to the record date and prior to such Interest Payment Date, except if and to the extent the Company shall default in the payment of the interest, Additional Amounts or Additional Interest due on such Interest Payment Date, in which case such defaulted interest, Additional Amounts or Additional Interest shall be paid in accordance with Section 2.13. The term "record date" as used with respect to any Interest Payment Date for the Notes shall mean the date specified as such in the terms of the Notes. Payments of interest, Additional Amounts and Additional Interest on the Global Note will be made to the Holder of the Global Note on each Interest Payment Date; provided that, in the event of an exchange or transfer of a Book-Entry Interest in a Global Note for Definitive Notes subsequent to a record date or any special record date and prior to or on the related Interest Payment Date or other payment date under Section 2.13, any payment of the interest, Additional Amounts or Additional Interest payable on such payment date with respect to any such Definitive Note shall be made to the Holder of the Global Note, notwithstanding Section 2.13 or any other provision hereof to the contrary.

Section 2.05. Paying Agent to Hold Money in Trust.

Each Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, interest, Additional Amounts or Additional Interest, if any, on the Notes, and the Company and the Paying Agents shall notify the Trustee of any

default by the Company (or any other obligor on the Notes) in making any such payment. Money held in trust by any Paying Agent need not be segregated except as required by law and in no event shall any Paying Agent be liable for any interest on any money received by it hereunder. The Company at any time may require the Paying Agents to pay all money held by them to the Trustee and account for any funds disbursed and the Trustee may at any time during the continuance of any Event of Default specified in Section 6.01(a) or (b), upon written request to such Paying Agents, require such Paying Agents to pay forthwith all money so held by it to the Trustee and to account for any funds disbursed. Upon making such payment, a Paying Agent shall have no further liability for the money delivered to the Trustee.

If the Company acts as its own Paying Agent for the Notes, it will, on or before each due date of the principal of, premium, if any, interest, Additional Amounts or Additional Interest, if any, on the Notes, set aside and segregate and held in trust for the benefit of the holders of the Notes a sum sufficient to pay such principal of, premium, if any, interest, Additional Amounts or Additional Interest, if any, and will notify the Trustee of such action or any failure to take such action.

Section 2.06. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it from the Registrar of the names and addresses of the Holders of Definitive Notes, if any. If the Trustee is not the Registrar, the Company shall furnish to the Trustee and each Paying Agent at least five Business Days before each Interest Payment Date, and at such other times as they may request in writing, a list in such form and as of such date as they may reasonably require of the names and addresses of the Holders of Definitive Notes, if any.

Section 2.07. Transfer and Exchange; Book-Entry Provisions.

(a) Transfer and Exchange of Global Notes. Transfer of the Global Notes shall be by delivery. Global Notes may be exchanged or replaced, in whole or in part, as provided in Sections 2.08 and 2.11. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to Section 2.08 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for Definitive Notes other than as provided in this Section 2.07(a) and in the Notes, subject to compliance with Section 2.07(c).

Owners of Book-Entry Interests shall receive Definitive Notes: (i) in whole (but not in part), if any of DTC, Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearance system satisfactory to the Trustee is available; (ii) in part, if an Event of Default occurs and is continuing, upon the request delivered in writing to DTC, Euroclear and/or Clearstream, the Trustee, the Common Depositary or the Custodian; (iii) in whole (but not in part) at any time if the Company in its sole discretion determines that the Global Notes should be exchanged for Definitive Notes; or (iv) in whole (but not in part), if the Custodian or Common Depositary is at any time unwilling or unable to continue as Custodian or Common Depositary, as the case may be, and a successor Custodian or Common Depositary, as the case may be, is not appointed by the Company within 90 days.

In such an event, the Registrar, subject to compliance with Section 2.07(c), shall issue Definitive Notes, registered in the name or names and issued in any approved denominations requested by or on behalf of DTC, Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and bearing the Private Placement Legend unless that legend is not required by applicable law.

(b) Transfer and Exchange of Book-Entry Interests between Global Notes. In all cases, transfers of Book-Entry Interests between Global Notes shall require compliance with subparagraph (i) below, as well as one or more of the other following subparagraphs, as applicable:

(i) General Provisions Applicable to Transfers and Exchanges of Book-Entry Interests between Global Notes. In connection with all transfers and exchanges of Book-Entry Interests (other than transfers of Book-Entry Interests in connection with which the transferee takes delivery thereof in the form of a Book-Entry Interest in the same Global Note or transfers or exchanges resulting in the delivery of one or more Definitive Notes), the transferor of such Book-Entry Interest must deliver to the Principal Paying Agent (1) a written and/or electronic order from a Participant or an indirect participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to debit or cause to be debited a Book-Entry Interest in a Global Note in an amount equal to the Book-Entry Interest to be transferred or exchanged, (2) a written and/or electronic order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a Book-Entry Interest in another Global Note in an amount equal to the Book-Entry Interest to be transferred or exchanged and (3) written and/or electronic instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase.

The requirements of this Section 2.07(b)(i) shall be deemed to have been satisfied in connection with any exchange offer for Notes outstanding under this Supplemental Indenture and the Indenture upon receipt by the Principal Paying Agent of instructions contained in a letter of transmittal delivered by any Holder tendering Book-Entry Interests in a Restricted Global Note in such exchange offer.

(ii) Transfer of Book-Entry Interests in a Restricted Global Note to Another Restricted Global Note. A Book-Entry Interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a Book-Entry Interest in a different Restricted Global Note if the transfer complies with the requirements of Section 2.07(b)(i) above

and the Principal Paying Agent receives the following:

(A) if the transferee will take delivery in the form of a Book-Entry Interest in a 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit D hereto, including the certifications in item (1) or (3) thereof, together, in the case of (3), such additional documentation as may be required by the Trustee and the Company pursuant to the penultimate sentence of the Private Placement Legend, and

(B) if the transferee will take delivery in the form of a Book-Entry Interest in a Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit D hereto, including the certifications in item (2) thereof.

Upon satisfaction of the conditions set forth in this Section 2.07(b)(ii), the Principal Paying Agent shall (i) instruct the relevant Depositary to deliver the relevant Global Note(s) to it, (ii) endorse the Schedule to the relevant Global Note(s) to reflect the relevant increase or decrease in the principal amount of such Global Note resulting from the applicable transfer, and (iii) thereafter, return the Global Notes to the relevant Depositary, together with all information regarding the Participant accounts to be credited and debited in connection with such transfer.

(iii) Transfer and Exchange of Book-Entry Interests in a Restricted Global Note for Book-Entry Interests in an Unrestricted Global Note. A Book-Entry Interest in any Restricted Global Note may be exchanged by any holder thereof for a Book-Entry Interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a Book-Entry Interest in an Unre-

stricted Global Note if the exchange or transfer complies with the requirements of Section 2.07(b)(i) above and such transfer is effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act and the transferor delivers a certificate in the form of Exhibit D hereto including the certifications contained in item (4) thereof.

Upon satisfaction of the conditions set forth in this Section 2.07(b)(iii), the Principal Paying Agent shall (i) instruct the relevant Depositary to deliver the relevant Global Note(s) to it, (ii) endorse the Schedule to the relevant Global Note(s) to reflect the relevant increase or decrease in the principal amount of such Global Note resulting from the applicable transfer, and (iii) thereafter, return the Global Notes to the relevant Depositary, together with all information regarding the Participant accounts to be credited and debited in connection with such exchange or transfer.

If any such transfer or exchange is effected pursuant to this Section 2.07(b)(iii) at a time when an Unrestricted Global Note has not yet been issued, the Principal Paying Agent shall so inform the Trustee and the Company and, thereafter, the Company shall issue and, upon receipt of an authentication order in the form of an Officers' Certificate from the Company in accordance with Section 2.02 hereof, the Trustee shall authenticate, one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of Book-Entry Interests to be transferred or exchanged.

(c) Exchange of Book-Entry Interests for Definitive Notes. In all cases in connection with an exchange of a Book-Entry Interest for a Definitive Note (which in any event is limited to the circumstances contemplated by Section 2.07(a)), the Principal Paying Agent and the Registrar must receive (1) a written and/or electronic order from a Participant or an Indirect Participant given to the relevant Depositary in accordance with the Applicable Procedures directing such Depositary to debit or cause to be debited a Book-Entry Interest in an amount equal to the Book-Entry Interest to be exchanged, (2) a written order directing the Registrar to issue or cause to be issued a Definitive Note in an amount equal to the Book-Entry Interest to be exchanged and (3) instructions containing information regarding the Person in whose name such Definitive Note shall be registered to effect the exchange referred to above.

(i) Book-Entry Interests in Restricted Global Notes to Restricted Definitive Notes. A holder of a Book-Entry Interest in a Restricted Global Note may exchange such Book-Entry Interest for a Restricted Definitive Note if the exchange complies with the first paragraph of this Section 2.07(c) and the Principal Paying Agent receives a certificate from such holder in the form of Exhibit E hereto, including the certifications in item (1)(a) thereof;

Upon satisfaction of the conditions set forth in this Section 2.07(c)(i), the Principal Paying Agent shall (i) instruct the Custodian or the Common

Depositary, as the case may be, to deliver the relevant Global Note(s) to it, (ii) endorse the Schedule to the relevant Global Note(s) to reflect the relevant decrease in the principal amount of such Global Note resulting from the applicable transfer or exchange, (iii) thereafter, return the Global Note to the Custodian or the Common Depositary, as the case may be, together with all information regarding the Participant accounts to be debited in connection with such exchange or transfer and (iv) deliver to the Registrar instructions received by it that contain information regarding the Person in whose name Definitive Notes shall be registered to effect such exchange.

The Company shall issue and, upon receipt of an authentication order in the form of an Officers' Certificate from the Company in accordance with Section 2.02 hereof, the Trustee shall authenticate, one or more Definitive Notes in an aggregate principal amount equal to the aggregate principal amount of Book-Entry Interests so exchanged and in the names set forth in the instructions received by the Registrar.

(ii) Book-Entry Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. A holder of a Book-Entry Interest in an Unrestricted Global Note may exchange such Book-Entry Interest for a Definitive Note that does not bear the Private Placement Legend if the exchange complies with the first paragraph of this Section 2.07(c). Upon satisfaction of the conditions set forth in this Section 2.07(c)(ii), the Principal Paying Agent shall (i) instruct the Custodian or the Common Depositary, as the case may be, to deliver the relevant Global Note(s) to it, (ii) endorse the Schedule to the relevant Global Note(s) to reflect the relevant decrease in the principal amount of such Global Note resulting from the exchange, (iii) thereafter, return the Global Note to the Custodian or the Common Depositary, as the case may be, together with all information regarding the Participant accounts to be debited in connection with such exchange and (iv) deliver to the Registrar instructions received by it that contain information regarding the Person in whose name Definitive Notes shall be registered to effect such exchange.

The Company shall issue and, upon receipt of an authentication order in the form of an Officers' Certificate from the Company in accordance with Section 2.02 hereof, the Trustee shall authenticate, one or more Definitive Notes in an aggregate principal amount equal to the aggregate principal amount of Book-Entry Interests so exchanged and in the names set forth in the instructions received by the Registrar.

Book-Entry Interests in an Unrestricted Global Note cannot be exchanged for a Book-Entry Interest in a Restricted Global Note, nor can such Book Entry Interests be transferred to Persons who take delivery thereof in the form of a Restricted Definitive Note.

(d) Transfer and Exchange of Definitive Notes for Definitive Notes. In all cases in connection with any transfer or exchange of Definitive Notes, the Holder of such Notes shall surrender to the Registrar the Definitive Notes for transfer or exchange duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.07(d). Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.07(d), the Registrar shall register the transfer or exchange of Definitive Notes.

(i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit D hereto, including the certifications in item (1) thereof; and

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit D hereto, including the certifications in item (2) thereof.

(ii) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if any such transfer is effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act and the transferor delivers a certificate in the form of Exhibit D hereto including the certifications

contained in item (4) thereof.

(iii) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, consisting of the Note duly endorsed or accompanied by a written instrument of transfer, in form satisfactory to the Company and the Registrar, duly executed by the Holder or his attorney duly authorized in writing, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(e) Exchange Offers. Upon the occurrence of an exchange offer for Notes outstanding under this Supplemental Indenture pursuant to an effective registration statement under the Securities Act, the Company shall issue and, upon receipt of an authentication order in the form of an Officers' Certificate in accordance with Section 2.02, the Trustee shall authenticate (i) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the Book-Entry Interests in the Restricted Global Notes tendered for acceptance by Persons that certify or are deemed to have certified that (x) they are not broker-dealers that acquired the Book-Entry Interests tendered in the exchange offer directly from the Company or an Affiliate of the Company, (y) they are not participating in a distribution of the Notes to be received in the exchange offer and (z) they are not affiliates (as defined in Rule 144) of the Company, that are accepted for exchange by the Company in the exchange offer and (ii) Unrestricted Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes tendered for acceptance by Persons who certify to the effect set forth in (i) that are accepted for exchange by the Company in the exchange offer.

In addition, the Principal Paying Agent shall (i) endorse the Schedule to the Unrestricted Global Notes issued pursuant to the preceding paragraph to reflect the principal amount of Restricted Global Notes tendered in such exchange offer, (ii) deliver such Unrestricted Global Notes to the Custodian and the Common Depositary, as the case may be, (iii) instruct the Custodian and the Common Depositary to deliver the relevant Restricted Global Note(s), (iv) endorse the Schedule to such Restricted Global Note(s) to reflect the decrease in principal amount resulting from such exchange offer, and (v) thereafter, return the Restricted Global Notes to the Custodian and the Common Depositary, as the case may be, together with all information regarding the Participant accounts to be debited in connection with such exchange offer.

(f) Cancellation of Global Notes. At such time as all Book-Entry Interests therein have been exchanged for Definitive Notes, a Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.12 hereof.

(g) General Provisions Relating to all Transfers and Exchanges.

(i) Title to Global Notes will pass by delivery. To permit registration of transfers and exchanges of Definitive Notes, the Company shall execute and, upon the Company's order, the Trustee shall authenticate Definitive Notes at the Registrar's request.

(ii) No service charge shall be made to a Holder for any registration of transfer or exchange of any Definitive Note, but the Company may require payment of a sum sufficient to cover any stamp or transfer tax, duty or governmental charge payable in connection therewith (other than any such stamp or transfer taxes, duties or similar governmental charge payable upon exchange, redemption or purchase pursuant to Sections 2.11, 3.06, 3.07, 3.08, 4.14 and 4.16 of this Supplemental Indenture and Section 12.5 of the Indenture).

(iii) All Global Notes and Definitive Notes issued upon any transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Supplemental Indenture and the Indenture, as the Global Notes or Definitive Notes surrendered upon such transfer or exchange.

(iv) The Company shall not be required to register the transfer of any Definitive Notes:

(1) for a period of 15 calendar days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 calendar days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 calendar days prior to the record date with respect to any interest payment date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Excess Proceeds Offer.

(v) Prior to due presentment for the registration of a transfer of any Definitive Note, the Trustee, the Paying Agents, the Registrar, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owners of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and neither the Trustee, the Paying Agents, the Registrar, any Agent nor the Company shall be affected by notice to the contrary.

(vi) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

Section 2.08. Replacement Notes.

If a mutilated Definitive Note is surrendered to the Registrar or the Trustee, if a mutilated Global Note is surrendered to the Principal Paying Agent or the Trustee, or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Note in such form as the Notes mutilated, lost, destroyed or wrongfully taken if, in the case of a lost, destroyed or wrongfully taken Note, the Holder of such Note furnishes to the Company, the Trustee, the Principal Paying Agent (in the case of a Global Note) and/or the Registrar (in the case of a Definitive Note), evidence reasonably acceptable to them of the ownership and the destruction, loss or theft of such Note. If required by the Trustee, the Principal Paying Agent (in the case of a Global Note), the Registrar (in the case of a Definitive Note) or the Company, an indemnity bond shall be posted, sufficient in the judgment of each to protect the Company, the Principal Paying Agent (in the case of a Global Note), the Registrar (in the case of a Definitive Note) and the Trustee from any loss that any of them may suffer if such Note is replaced. The Company may charge such Holder for the Company's exceptional out-of-pocket expenses in replacing such Note and the Registrar or Principal Paying Agent, as the case may be, may charge the Company for its expenses in replacing such Note. Every replacement Note shall constitute an additional obligation of the Company.

Section 2.09. Outstanding Notes.

The Notes outstanding at any time are all Notes that have been authenticated by the Trustee except for (a) those canceled by it, (b) those delivered to it for cancellation, (c) to the extent set forth in Article Nine, on or after the date on which the conditions set forth in Article Nine have been satisfied, those Notes theretofore authenticated and delivered by the Trustee hereunder and (d) those described in this Section 2.09 as not outstanding. Subject to Section 2.10, a Note does not cease to be outstanding because the Company or one of its Affiliates holds the Note.

If a Note is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser in whose hands such Note is a legal, valid and binding obligation of the Company.

If the appropriate Paying Agent holds, in its capacity as such, on any Maturity Date or on any optional redemption date, money sufficient to pay all accrued interest, Additional Amounts, if any, Additional Interest, if any, and Principal with respect to the Notes payable on that date and is authorized and not prohibited from paying such money to the Holders thereof pursuant to the terms of this Supplemental Indenture and the Indenture, then on and after that date such Notes shall cease to be outstanding and interest on the Notes shall cease to accrue.

Section 2.10. Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any declaration of acceleration or notice of default or direction, waiver or consent or any amendment, modification or other change to this Supplemental Indenture or the Indenture, Notes owned by the Company or an Affiliate of the Company shall be disregarded as though they were not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent or any amendment, modification or other change to this Supplemental Indenture or the Indenture, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded.

Section 2.11. Temporary Notes.

In the event that Definitive Notes are to be issued pursuant to

Section 2.07(a) hereto, until Definitive Notes are prepared and ready for delivery, the Company may prepare and the Trustee shall upon receipt of a written order of the Company authenticate temporary Notes. Temporary Notes shall be substantially in the form of Definitive Notes but may have variations that the Company considers appropriate for temporary Notes. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Definitive Notes in exchange for temporary Notes. Until such exchange, temporary Notes shall be entitled to the same rights, benefits and privileges as Definitive Notes.

Section 2.12. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and each Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange, payment, redemption or purchase. The Trustee shall cancel all Notes surrendered for registration of transfer, exchange, payment, redemption, replacement, cancellation or purchase and shall dispose of canceled Notes in accordance with its policy of disposal, unless the Company directs the Trustee to return such Notes to the Company, and, if so disposed, shall deliver a certificate of disposition thereof to the Company. The Company may not reissue or resell, or issue new Notes to replace, Notes that the Company has redeemed, paid or purchased, or that have been delivered to the Trustee for cancellation.

Section 2.13. Defaulted Interest.

If the Company defaults on a payment of interest, Additional Amounts or Additional Interest on the Notes, it shall pay the defaulted interest, Additional Amounts or Additional Interest, plus (to the extent permitted by law) any interest payable (at the rate borne by the Notes) on the defaulted interest, Additional Amounts or Additional Interest, in accordance with the terms hereof, to (a) the Persons who are Holders of Definitive Notes, if any, on a subsequent special record date, which date shall be at least five Business Days prior to the payment date for such defaulted interest, Additional Amounts or Additional Interest, and (b) if a Global Note is still outstanding, to the Holder of such Global Note on such payment date. The Company shall

fix such special record date and payment date in a manner satisfactory to the Trustee. At least 15 days before such special record date, the Company shall mail to each Holder of Definitive Notes, if any, and if any Global Note is still outstanding, to the applicable Depositary, a notice that states the special record date, if any, the payment date and the amount of defaulted interest, Additional Amounts or Additional Interest, and interest payable on such defaulted interest, if any, to be paid.

Section 2.14. CUSIP and ISIN Number; Common Code.

The Company may use a "CUSIP" number and may use an "ISIN" number and a common code, and if so, such CUSIP or ISIN number and common code shall be included in notices of redemption, repurchase or exchange as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number or common code printed in the notice or on the Notes, and that reliance may be placed only on any other identification numbers printed on the Notes. The Company will promptly notify the Trustee, each Paying Agent and the Registrar of any change in the CUSIP or ISIN number and the common code.

Section 2.15. Deposit of Moneys; Payments by Principal Paying Agent.

Prior to 10:00 a.m. London time on each Interest Payment Date, Redemption Date or Maturity (unless the Company and the Principal Paying Agent shall agree to another time), the Company shall deposit with the Principal Paying Agent in immediately available funds, an amount in Sterling sufficient to make cash payments, if any, due on such Interest Payment Date, Redemption Date or Maturity, as the case may be.

Principal of, premium, if any, interest, Additional Interest, if any, and Additional Amounts, if any, on any Global Notes shall be payable at the corporate trust office or agency of the Paying Agent in London or Luxembourg maintained for such purposes. The Company shall pay such amounts in Sterling. All payments on the Global Notes shall be made by check or by transfer of immediately available funds to an account of the Holder of the Global Notes in accordance with instructions given by the Holder.

Principal of, premium, if any, interest, Additional Interest, if any, and Additional Amounts, if any, on any Definitive Notes shall be payable at the corporate trust office or agency of the Registrar maintained for such purposes. In addition, interest on Definitive Notes may be paid by check mailed to the person entitled thereto as shown on the register for such Definitive Notes. The Company shall pay such amounts with respect to Definitive Notes in Sterling.

Section 2.16. Restrictive Legends.

Each Restricted Global Note and Restricted Definitive Note shall bear the following legend (the "Private Placement Legend") on the face thereof unless otherwise agreed to by the Company and the Holder thereof:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT 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) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT WITHIN

> TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS SECURITY IN VIOLATION OF THE FOREGOING RESTRICTIONS.

Section 2.17. Substitution of Currency.

If the United Kingdom adopts the Euro, it will replace Sterling as the legal tender in the United Kingdom and, as provided below, result in the effective redenomination of the Notes into Euros and the regulations of the European Commission relating to the Euro shall apply to the Notes. The circumstances and consequences described in this Section 2.17 entitle neither the Company, the Guarantors nor any Holder to early redemption, rescission, notice or repudiation of the terms and conditions of the Notes or this Supplemental Indenture and the Indenture or to raise other defenses or to request any compensation claim, nor will they affect any of the other obligations of the Company or the Guarantors under the Notes and under this Supplemental Indenture and the Indenture.

The Company, the Guarantors and the Trustee shall, without the consent of the Holders, on or after the Specified Date (as defined below) make such modifications to the Notes and this Supplemental Indenture or the Indenture as may be necessary in order to facilitate payment of interest in Euros, redemption of the Notes at the Euro-equivalent of the Sterling principal amount of the Notes and associated reconventioning, renominalisation and related matters as may be proposed by the Company (and confirmed by an independent financial institution approved by the Trustee to be in conformity with then applicable market conventions). For this purpose, "Specified Date" means the date on which the United Kingdom participates in the third stage of European Economic and Monetary Union pursuant to the treaty (the "Treaty") establishing the European Community or otherwise participates in European Economic and Monetary Union in a manner with an effect similar to such third stage.

ARTICLE 3

REDEMPTION

The following redemption provisions shall apply to the Notes (but not with respect to any other series of Debt Securities), and shall replace in its entirety Article V of the Indenture (but not with respect to any other series of Debt Securities).

Section 3.01. Notices to Trustee.

If the Company elects to redeem Notes pursuant to Section 3.07, at least 60 days prior to the Redemption Date or during such other period as the Trustee may agree to, the Company shall notify the Trustee in writing of the Redemption Date, the principal amount of Notes to be redeemed and the Redemption Price, and deliver to the Trustee an Officers' Certificate stating that such redemption will comply with the conditions contained herein.

Section 3.02. Selection of Notes to Be Redeemed.

In the event that less than all of the Notes are to be redeemed at any time pursuant to an optional redemption, selection of such Notes for redemption will be made by the Trustee in compliance with the requirements of the Luxembourg Stock Exchange or, if the Notes are not then listed on the Luxembourg Stock Exchange, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate (subject to the procedures of DTC, Euroclear or Clearstream, as the case may be); provided, however, that no Notes of a principal amount of (pound)1,000 or less shall be redeemed in part. A new Note in a principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note.

Section 3.03. Notice of Redemption.

The Notes will be redeemable in whole or in part upon not less than 30 nor more than 60 days' prior written notice. Such notice of redemption shall, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange shall so require, be published in the Luxembourger Wort or another newspaper having a general circulation in Luxembourg. Notices to Holders of Definitive Notes shall also be mailed by first class mail at least 30 but not more than 60 calendar days before the Redemption Date to each Holder at its address appearing in the Register. For so long as any of the Notes are represented by the Global Notes, notice to Holders shall (in addition to publication as described above) also be given by substantially concurrent delivery of the relevant notice to DTC, Euroclear and/or Clearstream (as the case may be) for communication to the holders of the Book-Entry Interests.

The notice shall identify the Notes to be redeemed (including the CUSIP/ISIN number(s) thereof) and shall state:

(1) the Redemption Date;

(2) the Redemption Price and the amount of accrued interest, if any, to be paid;

(3) the name, address and telephone number of the Paying Agent;

(4) that Notes called for redemption must be surrendered to the Paying Agent at the address specified to collect the Redemption Price plus accrued interest, if any;

(5) that, unless the Company defaults in making the redemption payment, interest on Notes called for redemption ceases to accrue on and after the Redemption Date and the only remaining right of the Holders is to receive payment of the Redemption Price plus accrued interest to the Redemption Date upon surrender of the Notes to the Paying Agent;

(6) the subparagraph of the Notes pursuant to which the Notes called for redemption are being redeemed; and

(7) if fewer than all the Notes are to be redeemed, the identification of the particular Notes (or portion thereof equal to (pound)1,000 in principal amount or any integral multiple thereof) to be redeemed, as well as the aggregate principal amount of Notes to be redeemed and the aggregate principal amount of Notes to be outstanding after such partial redemption and that, on and after the Redemption Date, upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion thereof will be issued.

Section 3.04. Effect of Notice of Redemption.

Once the notice of redemption described in Section 3.03 is published and delivered or mailed, as the case may be, Notes called for redemption become due and payable on the Redemption Date and at the Redemption Price, including any premium, plus accrued interest to the Redemption Date, if any. Upon surrender to the Paying Agent, such Notes shall be paid at the Redemption Price, including any premium, plus accrued interest to the Redemption Date, if any; provided that if the Redemption Date is after a Record Date and on or prior to the Interest Payment Date, the accrued interest shall be payable to the Holder of any redeemed Definitive Notes registered on the relevant Record Date.

Section 3.05. Deposit of Redemption Price.

On or prior to 5:00 p.m., London time, on the Business Day prior to each Redemption Date (unless the Company and the Principal Paying Agent shall agree to another time), the Company shall have deposited with the Principal Paying Agent in immediately available funds Sterling sufficient to pay the Redemption Price of and accrued interest on all Notes to be redeemed on that date.

On and after any Redemption Date, if Sterling sufficient to pay the Redemption Price of and accrued interest on Notes called for redemption shall

have been made available in accordance with the preceding paragraph, the Notes called for redemption will cease to accrue interest and the only right of the Holders of such Notes will be to receive payment of the Redemption Price of and, subject to the proviso in Section 3.04, accrued and unpaid interest on such Notes to the Redemption Date. If any Note called for redemption shall not be so paid, interest will continue to accrue and be paid, from the Redemption Date until such redemption payment is made, on the unpaid principal of the Note and any interest not paid on such unpaid principal, in each case, at the rate and in the manner provided for in Section 2.13.

Section 3.06. Notes Redeemed in Part.

Upon surrender of a Note that is redeemed in part, the Trustee shall authenticate for a Holder a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07. Optional Redemption.

The Notes will be redeemable, in whole or in part, at the option of the Company at any time at a redemption price equal to the greater of (i) 100% of the principal amount of such Notes, and (ii) as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Gilt Rate plus 50 basis points, plus, in each case, accrued interest thereon to the date of redemption.

Section 3.08. Tax Redemption.

(a) The Notes of any Holder will be subject to redemption as a whole, but not in part, at the option of the Company (a "Tax Redemption") at any time upon not less than 30 nor more than 60 days' notice mailed to such Holder of Notes to be redeemed, at 100% of the principal amount thereof on the Redemption Date, plus accrued and unpaid interest, if any, to the Redemption Date, in the event the Company or any Guarantor has become or would be obligated to pay, on any date on which any amount would be payable with respect to such Notes or any Guarantee, any Additional Amounts as a result of any change in or amendment to the laws, policies or treaties (including any regulation or ruling promulgated thereunder) of the United States of America or any jurisdiction in which any Guarantor is incorporated (or any prefecture, territory or taxing authority thereof or therein), or any change in or amendment to any official position or administration or assessing practices regarding the application or interpretation of such laws, policies, treaties, rulings or regulations, which change or amendment is announced or becomes effective on of after November 17, 1999; provided, however, that (i) no notice or redemption shall be given earlier than 60 days prior to the earliest date on which the Company or such Guarantor would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, (ii) if the Company elects to exercise its Tax Redemption option, it shall consummate any such Tax Redemption within 180 days following the date on which the amount to which the payment of such Additional Amounts relates would be payable to such Holder and (iii) upon the exercise by the Company of its Tax Redemption option at any time such that, after giving effect to the exercise of such Tax Redemption option, less than a majority of the aggregate principal amount of the Notes originally issued remains outstanding (the "Tax Redemption Offer Triggering Event"), prior to the consummation of such Tax Redemption the Company shall make an offer to purchase from all Holders (the "Tax Redemption Offer"), upon not less than 30 nor more than 60 days' notice, the Notes of such Holders at 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the Redemption Date (the "Tax Redemption Offer Purchase Price"); provided, further, that, prior to any such Tax Redemption, (i) the Company will deliver to the Trustee a copy of the written opinion of independent counsel to the effect that the Company has or will become obligated to pay Additional Amounts as a result of such change, amendment, administration, application or interpretation and (ii) the Company will use reasonable efforts to cause the reduction or elimination of the obligation to pay any such Additional Amounts.

(b) Within 30 days of any Tax Redemption Offer Triggering Event, the Company shall (a) cause a notice of the Tax Redemption Offer to be sent at least once to the Dow Jones News Service or similar business news service in the United States, (b) cause a notice to be published in a leading Luxembourg newspaper (so long as the Notes are then listed on the Luxembourg Stock Exchange) and (c) send by first-class mail, postage prepaid, to the Trustee and to each Holder, at the address appearing in the register maintained by the Registrar or the Principal Paying Agent, a notice stating:

(i) that the Tax Redemption Offer is being made pursuant to this covenant and that all Notes tendered will be accepted for payment;

(ii) the Tax Redemption Offer Purchase Price and the 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 (the "Tax Redemption Offer Payment Date"));

(iii) that any Note not tendered will continue to accrue interest;

(iv) that, unless the Company defaults in the payment of the Tax Redemption Offer Purchase Price, any Notes accepted for payment pursuant to the Tax Redemption Offer shall cease to accrue interest after the Tax Redemption Offer Payment Date;

(v) that Holders accepting the offer to have their Notes purchased pursuant to a Tax Redemption Offer will be required to surrender the Notes to the Principal Paying Agent at the address

specified in the notice prior to the close of business on the Business Day preceding the Tax Redemption Offer Payment Date;

(vi) that Holders will be entitled to withdraw their acceptance if the Principal Paying Agent receives, not later than the close of business on the third Business Day preceding the Tax Redemption Offer Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have such Notes purchased;

(vii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered;

(viii) any other procedures that a Holder must follow to accept a Tax Redemption Offer or effect withdrawal of such acceptance; and

(ix) the name and address of the Principal Paying Agent.

On the Tax Redemption Offer Payment Date, the Company shall, to the extent lawful,

(i) accept for payment Notes or portions thereof properly tendered pursuant to the Tax Redemption Offer,

(ii) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so tendered, and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the Notes or portions thereof tendered to the Company.

The Principal Paying Agent shall promptly mail to each Holder so accepted payment in an amount equal to the purchase price for such Notes, and the Company shall execute and issue, and the Trustee shall promptly authenticate and mail to such Holder, a new Note equal in principal amount to any unpurchased portion of the Notes surrendered; provided that each such new Note shall be issued in an original principal amount in denominations of (pound)1,000 and integral multiples thereof.

ARTICLE 4

COVENANTS

The following covenants shall apply to the Notes (but not with respect to any other series of Debt Securities), and are in addition to the covenants set forth in Article IV of the Indenture. With respect to the Notes (but not with respect to any other series of Debt Securities), to the extent inconsistent with the covenants contained in Article IV of the Indenture the covenants set forth below in this Supplemental Indenture shall govern.

Section 4.01. Payment of Notes

The Company will pay the principal, premium, if any, interest (including any Additional Interest) and Additional Amounts (if any) on the Notes on the dates and in the manner provided in the Notes, this Supplemental Indenture and the Indenture. An installment of principal or interest shall be considered paid in full

on the date it is due if the Trustee or Paying Agent holds, for the benefit of the Holders, on that date Sterling designated for and sufficient to pay such installment in full and is not prohibited from paying such money to the Holders pursuant to the terms of this Supplemental Indenture or the Indenture.

The Company will pay interest on overdue principal and interest on overdue interest, to the extent lawful as provided for in Section 2.13.

Section 4.02. 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 Section 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 4.03. Waiver of Stay, Extension or Usury Laws.

The Company and the Guarantors each covenant (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead (as a defense or otherwise) or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law which would prohibit or forgive the Company or any Guarantor from paying all or any portion of the principal of, premium, if any, interest, on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Supplemental Indenture and the Indenture; and (to the extent that they may lawfully do so) the Company and the Guarantors each hereby expressly waive 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.

Section 4.04. Statement by Officers.

Within 120 days after the close of each fiscal year, the Company will file with the Trustee a brief certificate from the chief executive officer, chief financial officer or treasurer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Supplemental Indenture and the Indenture. For purposes of this paragraph, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Supplemental Indenture and the Indenture.

Section 4.05. Corporate Existence.

Subject to Article Five hereof, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the rights (charter and statutory) and franchises of the Company and each Guarantor; provided, however, that the Company shall not be required to preserve any such right or franchise if the Company shall determine that the preservation thereof is no longer desir-

able in the conduct of the business and its Guarantors as a whole and that the loss thereof is not disadvantageous in any material respect to the Holders.

Section 4.06. Maintenance of Office or Agency.

The Company shall maintain the offices and agencies specified in Section 2.03 as well as an agent for receipt of service of legal process (which may be the Company itself), which agent shall have an office located in the State of New York.

Section 4.07. Compliance with Laws.

The Company will comply, and will cause each of its Subsidiaries to comply, with all applicable statutes, rules, regulations, orders and restrictions of the United States of America, all states and municipalities thereof, and of any governmental department, commission, board, regulatory authority, bureau, agency and instrumentality of the foregoing, in respect of the conduct of their respective businesses and the ownership of their respective properties, except for such noncompliances as would not in the aggregate have a material adverse effect on the financial condition or results of operations of the Company and its Subsidiaries taken as a whole.

Section 4.08. Maintenance of Properties and Insurance.

The Company will cause all material properties owned by the Company or any Restricted Subsidiary or used or held for use in the conduct of its business or the business of any Restricted 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 Restricted Subsidiary and not reasonably expected to have a material adverse effect on the ability of the Company to perform its obligations hereunder.

Section 4.09. Payment of Taxes and Other Claims; Additional Amounts.

(a) 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 Restricted Subsidiary shown to be due on any return of the Company or any Restricted Subsidiary or otherwise assessed or upon the income, profits or property of the Company or any Restricted 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 Restricted Subsidiary, except for any Lien permitted to be incurred under Section 4.13, 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.

(b) (i) All payments made by the Company or any Guarantor under or with respect to the Notes or any Guarantee will be made free and clear of and without withholding or deduction for or on account

of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the government of the United States of America or of any state, prefecture or territory thereof or by any authority or agency therein or thereof having power to tax (hereinafter, "Taxes"), unless the Company or such Guarantor is required to withhold or deduct Taxes by law, regulation or governmental policy or by the interpretation or administration thereof. If the Company or any Guarantor is required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Notes or any Guarantee, the Company or such Guarantor will pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by each Holder (including Additional Amounts) after such withholding or deduction will not be less than the amount the Holder would have received if such Taxes had not been withheld or deducted; provided that no Additional Amounts will be payable with respect to a payment made to a Holder and no reimbursement shall be made to a Holder for Taxes paid by such Holder (each such Holder, an "Excluded Holder") with respect to any Tax imposed, levied, payable or due (i) by reason of the Holder's or beneficial owner's present or former connection with the United States of America or any other jurisdiction in which any Guarantor is incorporated or any prefecture or territory thereof, other than through the mere receipt or holding of Notes or by reason of the receipt of payments thereunder; (ii) by reason of the failure of the Holder or beneficial owner of Notes to satisfy any certification, identification, information or other reporting requirements which the Holder or such beneficial owner is legally required to satisfy, whether imposed by statute, treaty, regulation, administrative practice or otherwise, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes; or (iii) by reason of the presentation (where presentation is required in order to receive payment) of such Notes for payment more than 30 days after the date such payment became due and payable or was duly provided for under the terms of the Notes, whichever is later. The obligation of the Company or such Guarantor to pay Additional Amounts or to reimburse a Holder for Taxes paid by such Holder in respect of Taxes shall not apply with respect to: (x) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes; (y) any Tax which is payable otherwise than by deduction or withholding from payments made under or with respect to the Notes or any Guarantee; or (z) Taxes imposed on or with respect to any payment by the Company or such Guarantor to the Holder or beneficial owner if such Holder or beneficial owner is a fiduciary or partnership or person other than the sole beneficial

owner of such payment to the extent that such Taxes would not have been imposed on a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment had such beneficiary, settlor, member or beneficial owner been the Holder of such Note. The Company or such Guarantor will also (i) make such withholding or deduction compelled by applicable law and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company or such Guarantor will, upon written request of a Holder, furnish to each such Holder certified copies of tax receipts evidencing the payment of any Taxes by the Company or such Guarantor in such form as provided in the normal course by the taxing authority imposing such Taxes and as is reasonably available to the Company or such Guarantor, within 60 days after the later of the date of receipt of such written request and the date of receipt of such evidence. If notwithstanding the Company's or such Guarantor's efforts to obtain such receipts, the same are not obtainable, the Company or such Guarantor will promptly provide such Holder with other evidence reasonably satisfactory to such Holder of such payments by the Company or such Guarantor. If the Company conducts business in any jurisdiction (the "Taxing Jurisdiction") other than the United States of America, or if any Guarantor conducts business in any Taxing Jurisdiction other than the jurisdiction under which such Guarantor is incorporated, in a manner which causes Holders to be liable for taxes on payments under the Notes or any Guarantee for which they would not have been so liable but for such conduct of business in the Taxing Jurisdiction, the provision of the Notes described above shall be considered to apply to such Holders as if references in such provision to "Taxes" included taxes imposed by way of deduction or withholding by such Taxing Jurisdiction and references to Excluded Holder shall be deemed to include Holders or beneficial owners having a present or former connection with such Taxing Jurisdiction or any state, prefecture or territory thereof. The Company or such Guarantor will, upon written request of any Holder (other than an Excluded Holder), reimburse each such Holder for the amount of (i) any Taxes so levied or imposed and paid by such Holder as a result of payments made under or with respect to the Notes and (ii) any Taxes so levied or imposed with respect to any reimbursement under the foregoing clause (i) and paid by such Holder so that the net amount

received by such Holder (net of payments made under or with respect to the Notes) after such reimbursement will not be less than the net amount the Holder would have received if Taxes on such reimbursement had not been imposed. Neither the Company nor any Guarantor will take any action or fail to act in any manner which will have the effect of requiring the payment of any Additional Amounts such that the Company may exercise its option to effect a Tax Redemption; provided, however, that the Company and its Subsidiaries will not be required to change their jurisdiction or alter their operations in any manner and will not be required to take any other unreasonable act thereunder.

(ii) At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or any Guarantor will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it shall be promptly thereafter), the Company or such Guarantor will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to Holders on the payment date. Whenever in this Supplemental Indenture and the Indenture there is mentioned, in any context, the payment of principal, interest, if any, or any other amount payable under or with respect to any Note, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Section 4.10. Limitation on Indebtedness.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including any Acquired Indebtedness), except that the Company and any Guarantor may Incur Indebtedness (including any Acquired Indebtedness) and any Restricted 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 Restricted 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 Restricted 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, 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 equal to at least 2.00:1.00.

(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 Restricted Subsidiary under the Credit Agreement in an aggregate principal amount at any one time outstanding not to exceed an amount equal to the greater of (x) $1.0 billion, minus the amount of any repayment of such Indebtedness under the Credit Agreement pursuant to Section 4.10, and (y) the Borrowing Base;

(ii) Indebtedness of the Company pursuant to the Notes outstanding on the Issue Date and other Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date (other than Indebtedness under the Credit Agreement);

(iii) Indebtedness of any Guarantor pursuant to a Guarantee;

(iv) Indebtedness of the Company owing to a Restricted Subsidiary; provided that any Indebtedness of the Company owing to a Restricted Subsidiary that is not a Guarantor is made pursuant to an intercompany note in the form attached to this Supplemental Indenture as Exhibit F 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 Restricted 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 Restricted Subsidiary owing to the Company or a Wholly Owned Restricted Subsidiary; provided that, with respect to Indebtedness owing to a Wholly Owned Restricted Subsidiary that is not a Guarantor, (x) any such Indebtedness is made pursuant to an intercompany note in the form attached to this Supplemental Indenture as Exhibit F 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 Restricted Subsidiary shall become due and payable to the payment and performance of such Wholly Owned Restricted 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 Restricted 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 Restricted Subsidiary which has Indebtedness owing to the Company or any other Restricted Subsidiary, ceases to be a Restricted Subsidiary shall be deemed to be the Incurrence of Indebtedness by such Restricted Subsidiary that is not permitted by this clause (v);

(vi) guarantees of any Restricted Subsidiary made in accordance with the provisions of Section 4.15 of this Supplemental Indenture;

(vii) Hedging Obligations of the Company or any Guarantor entered into in the ordinary course of business (and not for speculative purposes) designed to protect against fluctuations in: (x) interest rates in respect of Indebtedness of the Company or any of its Restricted 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, (y) currencies or (z) commodities;

(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 $75.0 million outstanding at any one time in the aggregate.

Section 4.11. Limitation on Restricted Payments.

(a) The Company will not, and will not permit any Restricted 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 Restricted 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 Subordinated Indebtedness;

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

(v) Incur, create or assume any guarantee of Indebtedness of any Affiliate (other than a Wholly Owned Restricted 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 Restricted 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 4.10; and (3) the aggregate amount of all such Restricted Payments declared or made after the date of this Supplemental 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 December 1, 1998 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); plus

(B) the aggregate Net Cash Proceeds received after November 17, 1999 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); plus

(C) the aggregate Net Cash Proceeds received after November 17, 1999 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; plus

(D) the aggregate Net Cash Proceeds received after November 17, 1999 by the Company from debt securities or Redeemable Capital Stock that has 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; plus

(E) in the event the Company or any Restricted Subsidiary has made since November 17, 1999 or makes an Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, an amount equal to the Company's or any Restricted Subsidiary's existing Investment in such Person that was previously treated as a Restricted Payment; plus

(F) so long as the Designation thereof was treated as a Restricted Payment made after November 17, 1999, with respect to any Unrestricted Subsidiary that has been redesignated as a Restricted Subsidiary after the Issue Date in accordance with Section 4.19, an amount equal to the Company's Investment in such Unrestricted Subsidiary (provided that such amount shall not in any case exceed the Designation Amount with respect to such Restricted Subsidiary upon its Designation); plus

(G) $50.0 million; minus

(H) the Designation Amount (measured as of the date of Designation) with respect to any Subsidiary of the Company which has been designated as an Unrestricted Subsidiary after November 17, 1999 in accordance with Section 4.19; minus

(I) all Restricted Payments made after November 17, 1999 (other than Permitted Payments made and calculated on the basis set forth below).

(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 4.11 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 4.11;

(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 or in which 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 4.11;

(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 Cash 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 4.11;

(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 (x) 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 (y) 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 4.12. Limitation on Transactions with Affiliates.

The Company will not, and will not permit any of its Restricted 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 Restricted Subsidiary) unless (i) such transaction or series of transactions is in writing on terms that are no less favorable to the Company or such Restricted 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 $10.0 million, 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 $25.0 million, the Company delivers to the Trustee an opinion of either an independent investment banking firm of national standing in the United States or an independent public accounting firm of national standing in the United States, stating that the transaction or series of transactions is fair to the Company or such Restricted 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 4.13. Limitations on Liens.

The Company will not, and will not permit any Restricted 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 Supplemental Indenture or acquired after the date of this Supplemental 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 Issue Date;

(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 or 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 Restricted 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 Restricted Subsidiaries; (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; or (9) standard custodial, bailee or depository arrangements (including (x) in respect of deposit accounts with banks and other financial institutions

and (y) standard customer agreements in respect of accounts for the purchase and sale of securities and other property with brokerage firms or other types of financial institutions);

(c) any Lien now or hereafter existing on property of the Company or any Guarantor securing Indebtedness outstanding under the Credit Agreement;

(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 Restricted Subsidiary, in each case which Indebtedness is permitted under the provisions of Section 4.10; 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 Restricted 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 4.14. Limitation on Sale of Assets.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale (other than an Asset Swap permitted by clause (g) below of this Section 4.14) unless (i) at least 75% of the proceeds from such Asset Sale are received in cash; provided, however, that the amount of (A) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet or the notes thereto) of the Company or any Restricted Subsidiary that are assumed by the transferee in such Asset Sale and from which the Company or such Restricted Subsidiary is released and (B) any

notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are immediately converted by the Company or such Restricted Subsidiary into cash, shall be deemed cash for purposes of this Section 4.14, and (ii) the Company or such Restricted 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 secured Indebtedness then outstanding as required by the terms thereof, or the Company determines not to apply such Net Cash Proceeds to the permanent repayment of such secured Indebtedness or if no such secured 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 Restricted Subsidiaries as existing at such time or reasonably related thereto. The amount of such Net Cash Proceeds neither used to permanently repay or prepay secured Indebtedness nor used or invested as set forth in this paragraph constitutes "Excess Proceeds."

(c) When the aggregate amount of Excess Proceeds equals $10.0 million 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 this Supplemental Indenture in the maximum principal amount (expressed as a multiple of (pound)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 below) 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 this Supplemental 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 Restricted 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) 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 (pound)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.

(e) 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.

(f) 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 Supplemental 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 this Supplemental Indenture 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.

(g) The Company will not, and will not permit any Restricted Subsidiary to, engage in any Asset Swaps, unless: (i) at the time of entering into such Asset Swap, and immediately after giving effect to such Asset Swap, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; (ii) in the event such Asset Swap involves an aggregate amount in excess of $10.0 million, the terms of such Asset Swap have been approved by a majority of the members of the board of directors of the Company which determination shall include a determination that the Fair Market Value of the assets being received in such swap are at least equal to the Fair Market Value of the assets being swapped and (iii) in the event such Asset Swap involves an aggregate amount in excess of $20.0 million, the Company has also received a written opinion from an independent investment banking firm of nationally recognized standing or an independent public accounting firm of nationally recognized standing that such Asset Swap is fair to the Company or such Restricted Subsidiary, as the case may be, from a financial point of view.

(h) Subject to paragraphs (c) and (f) above, within 30 days after the date on which the amount of Excess Proceeds equals or exceeds $10.0 million, the Company shall send or cause to be sent by first-class mail, postage prepaid, to the Trustee and to each Holder of the Notes, at its address appearing in the Register, in the case of Definitive Notes, or the books and records of the Principal Paying Agent, in the case of Global Notes, a notice stating or including:

(1) that the Holder has the right to require the Company to repurchase, subject to proration, such Holder's Notes at the Offered Price;

(2) the Offer Date;

(3) the instructions a Holder must follow in order to have its Notes 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 4.02), (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 Notes purchased hereunder will be required to surrender such Notes 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 Notes purchased pursuant to this Section 4.14 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 Note in respect of which such notice of withdrawal is being submitted, (3) the principal amount of the Note (which shall be (pound)1,000 or an integral multiple thereof) delivered for purchase by the Holder as to which its election is to be withdrawn, (4) a statement that such Holder is withdrawing its election to have such principal amount of such Note purchased, and (5) the principal amount, if any, of such Note (which shall be (pound)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 Notes 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 2.05) 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 Notes 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 Notes or portions thereof accepted for payment by the Company.

Subject to applicable escheat laws, as provided in the Notes, 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 Offering 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 Notes 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) Notes 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 Notes 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 Note 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 Note for purchase in accordance with the foregoing provisions, such Note 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 Notes, registered as such on the relevant record dates according to the terms and the provisions of Section 2.04 of this Supplemental Indenture; provided, further, that Notes to be purchased are subject to proration in the event the Excess Proceeds are less than the aggregate Offered Price of all Notes tendered for purchase, with such adjustments as may be appropriate by the Trustee so that only Notes in denominations of (pound)1,000 or integral multiples thereof, shall be purchased. If any Note 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 Note. Any Note 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 note registrar designated pursuant to Section 2.03 of this Supplemental Indenture or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the note 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 Note, without service charge, one or more new Notes 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 Note so surrendered that is not purchased.

Section 4.15. Limitation on Guarantees by Restricted Subsidiaries.

In the event the Company (i) organizes or acquires any Domestic Restricted Subsidiary after November 17, 1999 that is not a Guarantor and causes or permits such Restricted Subsidiary to, directly or indirectly, guarantee the payment of any Indebtedness ("Other Indebtedness") of the Company or any Guarantor or (ii) causes or permits any Foreign Restricted Subsidiary that is not a Guarantor to, directly or indirectly, guarantee the payment of any Other Indebtedness, then, in each case the Company shall cause such Restricted Subsidiary to simultaneously execute and deliver a supplemental indenture to the

Supplemental Indenture and the Indenture pursuant to which it will become a Guarantor under the Supplemental Indenture and the Indenture; provided, however, that in the event a Domestic Restricted Subsidiary is acquired in a transaction in which a merger agreement is entered into, such Domestic Restricted Subsidiary shall not be required to execute and deliver such supplemental indenture until the consummation of the merger contemplated by any such merger agreement; provided, further, that if such Other Indebtedness is (i) Indebtedness that is ranked pari passu in right of payment with the Notes or the Guarantees of such Restricted Subsidiary, as the case may be, the Guarantee of such Restricted Subsidiary shall be pari passu in right of payment with the guarantee of the Other Indebtedness; or (ii) Subordinated Indebtedness, the Guarantees of such Restricted Subsidiary shall be senior in right of payment to the guarantee of the Other Indebtedness (which guarantee of such Subordinated Indebtedness shall provide that such guarantee is subordinated to the Guarantees of such Subsidiary to the same extent and in the same manner as the Other Indebtedness is subordinated to the Notes or the Guarantee of such Restricted Subsidiary, as the case may be).

If the Notes are defeased in accordance with the terms of Article Nine of this Supplemental Indenture, or if, subject to the requirements of Article Five of this Supplemental Indenture, all or substantially all of the assets of any Guarantor or all of the Capital Stock of any Guarantor are sold (including by issuance or otherwise) by the Company in a transaction constituting an Asset Sale, and if (x) the Net Cash Proceeds from such Asset Sale are used in accordance with Section 4.14 or (y) the Company delivers to the Trustee an Officers' Certificate to the effect that the Net Cash Proceeds from such Asset Sale shall be used in accordance with Section 4.14 and within the time limits specified by such Section, then such Guarantor or the Guarantors, as the case may be (in the event of a defeasance of the Notes or sale or other disposition of all of the Capital Stock of such Guarantor), or the corporation acquiring such assets (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) shall be released and discharged of its Guarantee obligations in respect of this Supplemental Indenture and the Indenture and the Notes.

Any Guarantor that is designated an Unrestricted Subsidiary pursuant to and in accordance with Section 4.19 shall upon such Designation be released and discharged of its Guarantee obligations in respect of this Supplemental Indenture and the Indenture and the Notes and any Unrestricted Subsidiary whose Designation is revoked pursuant to Section 4.19 will be required to become a Guarantor in accordance with Article Ten. In the case where a Guarantor is released and discharged of its Guarantee, the Company will, if listed on the Luxembourg Stock Exchange, inform the Luxembourg Stock Exchange and notify Holders in accordance with Section 10.02.

In addition, a Guarantee of a Guarantor shall be released upon the sale or transfer of all or substantially all of the assets or all of the Capital Stock of such Guarantor; provided, that either (i) such sale or transfer complies with the provisions set forth in Section 4.14 or (ii) such sale or transfer need not comply with the provisions set forth in Section 4.14 because the assets or Capital Stock so sold or transferred does not constitute an "Asset Sale" by operation of the provisions of clause (y) of the last sentence of the definition of Asset Sale.

Section 4.16. Purchase of Notes upon a Change of Control.

(a) 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 (pound)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 in subsection (b) 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, give written notice (a "Change of Control Purchase Notice") of such Change of Control to each Holder by first-class mail, postage prepaid, at its address appearing in the Register, in the case of Definitive Notes, or in the books and records of the Principal Paying Agent, in the case of Global Notes and publish such notice in a leading Luxembourg newspaper, if the Company is then listed on the Luxembourg Stock Exchange 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 Notes 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 4.19), (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 4.16 and that all Notes 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 2.03;

(8) that Notes 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 2.03 to collect payment;

(9) that the Change of Control Purchase Price for any Note 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 Notes and Change of Control Purchase Notice;

(11) that any Note 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 Notes 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 Notes, the Holder of the Note in respect of which such proper tender was made shall (unless the tender of such Note is properly withdrawn) thereafter be entitled to receive solely the Change of Control Purchase Price with respect to such Note. Upon surrender of any such Note for purchase in accordance with the foregoing provisions, such Note 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 Notes registered as such on the relevant record dates according to the terms and the provisions of Section 2.04. If any Note 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 Note. Holders electing to have Notes purchased will be required to surrender such Notes 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 Note 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 note registrar designated pursuant to Section 2.03 or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the note 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 Note, without service charge, one or more new Notes 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 Note so surrendered that is not purchased.

(d) The Company shall (i) not later than the Change of Control Purchase Date, accept for payment Notes or portions thereof tendered pursuant to the Change of Control Offer, (ii) not later than 5:00 p.m. (London time) on the day preceding Change of Control Purchase Date (unless the Company and the

Principal Paying Agent agree to a different time), deposit with the Principal Paying Agent an amount of cash sufficient to pay the aggregate Change of Control Purchase Price of all the Notes 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 Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to Holders of Notes so accepted payment in an amount equal to the Change of Control Purchase Price of the Notes 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 Note equal in principal amount to any unpurchased portion of the Note surrendered. Any Notes 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 4.16, 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 Note 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 2.03 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 Note in respect of which such notice of withdrawal is being submitted;

(3) the principal amount of the Note (which shall be (pound)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 Note (which shall be (pound)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 Notes, 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 Notes 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 Supplemental 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 4.17. Limitation on Restricted Subsidiary Capital Stock.

The Company will not permit any Restricted 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 Restricted Subsidiary, (ii) Capital Stock issued by a Person prior to the time (A) such Person becomes a Restricted Subsidiary, (B) such Person merges with or into a Restricted Subsidiary or (C) a Restricted 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), and (iii) Capital Stock issued or sold by a Restricted Subsidiary where, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary.

Section 4.18. Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries.

The Company will not, and will not permit any of its Restricted 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 Restricted 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 Restricted Subsidiary of the Company, (iii) make any Investment in the Company or a Restricted Subsidiary of the Company or (iv) transfer any of its properties or assets to the Company or any Restricted Subsidiary, except (a) any encumbrance or restriction pursuant to an agreement in effect on the date of this Supplemental Indenture; (b) any encumbrance or restriction, with respect to a Restricted Subsidiary that was not a Restricted Subsidiary of the Company on the date of this Supplemental Indenture, in existence at the time such Person becomes a Restricted 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 Restricted 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 this Supplemental Indenture and the 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 4.14 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 4.19. Designation of Unrestricted Subsidiaries.

The Company may designate after the Issue Date any Subsidiary of the Company as an "Unrestricted Subsidiary" under this Supplemental Indenture and the Indenture (a "Designation") only if:

(i) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation;

(ii) at the time of and after giving effect to such Designation, the Company could Incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) under the Consolidated Fixed Charge Coverage Ratio of the first paragraph of Section 4.10(a); and

(iii) the Company would be permitted to make an Investment (other than a Permitted Investment) at the time of Designation (assuming the effectiveness of such Designation) pursuant to Section 4.11(a) above in an amount (the "Designation Amount") equal to the amount of the Company's Investment in such Subsidiary on such date.

Neither the Company nor any Restricted Subsidiary shall at any time (x) provide credit support for, subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, or guarantee, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness) or (y) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary. For purposes of the foregoing, the Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to include the Designation of all of the Subsidiaries of such Subsidiary.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") only if:

(i) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation; and

(ii) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of this Supplemental Indenture and the Indenture.

All Designations and Revocations must be evidenced by resolutions of the Board of Directors of the Company, delivered to the Trustee certifying compliance with the foregoing provisions.

Section 4.20. [Intentionally Omitted]

Section 4.21. Waiver of Certain Covenants.

The Company may omit in a particular instance to comply with any covenant or condition set forth in Sections 4.01 through 4.21, if, before or after the time for such compliance, the Holders of not less than a majority in aggregate principal amount of the Notes 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.

Section 4.22. Limitation of Applicability of Certain Covenants if Notes Rated Investment Grade.

Notwithstanding the foregoing, the Company's and its Restricted Subsidiaries' obligations to comply with the provisions of this Supplemental Indenture described in Sections 4.10, 4.11, 4.12, 4.17, 4.18, 4.19 and 5.01(a)(iv) will terminate and cease to have any further effect from and after the first date when the Notes are rated Investment Grade.

ARTICLE 5

SUCCESSOR CORPORATION

The provisions of this Article 5 shall apply to the Notes (but not with respect to any other series of Debt Securities), and shall replace in its entirety Section 10.1 of the Indenture as it applies to the Notes (but not with respect to any other series of Debt Securities). To the extent that any provisions of this Article 5 are inconsistent with or conflict with any provisions of Article X of the Indenture, the provisions of this Article 5 shall govern (but not with respect to any other series of Debt Securities).

Section 5.01. 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 Restricted 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 Restricted 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 Restricted 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 this Supplemental 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 Supplemental Indenture and 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 this Supplemental Indenture and the Indenture) could incur $1.00 of additional Indebtedness under Section 4.10 (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 Supplemental Indenture and the Indenture and the Notes;

(vi) if any of the property or assets of the Company or any of its Restricted Subsidiaries would thereupon become subject to any Lien, the provisions of Section 4.13 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 Supplemental Indenture and the Indenture and that all conditions precedent therein or 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 satis-

factory to the Trustee, all the obligations of such Guarantor under its Guarantee and this Supplemental Indenture 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 this Supplemental Indenture and the Indenture, and thereafter all obligations of the predecessor shall terminate.

The provisions of this Section 5.01(b) shall not apply to any transaction (including any Asset Sale made in accordance with Section 4.14) with respect to any Guarantor (i) if the Guarantee of such Guarantor is released in connection with such transaction in accordance with the last sentence of Section 4.15 or (ii) if such transaction need not comply with the provisions set forth in Section 4.14 because the properties or assets so sold, assigned, conveyed, transferred, leased or otherwise disposed of do not constitute an "Asset Sale" by operation of the provisions of clause (y) of the last sentence of the definition of Asset Sale.

Section 5.02. 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 (except, in the case of a Guarantor, pursuant to a transaction set forth in the last paragraph of Section 5.01(b)) in accordance with Section 5.01, 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 Supplemental Indenture and the Indenture, the Notes 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 Notes and/or in the Guarantees, as the case may be. When a successor assumes all the obligations of its predecessor under this Supplemental Indenture and the Indenture, the Notes 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 Notes or a Guarantee, as the case may be.

ARTICLE 6

DEFAULTS AND REMEDIES

The provisions of this Article 6 shall apply to the Notes (but not with respect to any other series of Debt Securities), and shall replace in its entirety Section 7.1 of the Indenture as it applies to the Notes (but not with respect to any other series of Debt Securities). To the extent that the provisions of this Article 6 are inconsistent with or conflict with any provisions of Article VII of the Indenture, the provisions of this Article 6 shall govern (but not with respect to any other series of Debt Securities).

Section 6.01. Events of Default.

Whenever used herein or in the Indenture, an "Event of Default" 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 this Article Six 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 Note 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 Note 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 Supplemental Indenture or the 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 Notes, 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 Five; (iii) the Company shall have failed to make or consummate an Offer in accordance with the provisions of Section 4.14; or (iv) the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of Section 4.16;

(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 $10.0 million 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 Supplemental Indenture or the Indenture and any such Guarantee;

(f) one or more judgments, orders or decrees for the payment of money in excess of $15.0 million 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 $10.0 million 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 6.02. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Sections 6.01(h) and (i)) 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 the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding 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). If an Event of Default specified in clause (h) or (i) of Section 6.01 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.

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 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 Section 11.2 of 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;

(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 as provided in Section 6.03; 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 6.03. Waiver of Past Defaults and Events of Default.

Subject to Sections 2.10 and 6.02 hereof, the Holders of a majority in principal amount of the Notes then outstanding have the right to waive past Defaults under this Supplemental Indenture and the Indenture except a Default in the payment of the principal of, or interest or premium, if any, on any Note as specified in clauses (a) and (b) of Section 6.01 or in respect of a covenant or a provision which cannot be modified or amended without the consent of all Holders as provided for in Section 8.02. The Company shall deliver to the Trustee an Officers' Certificate stating that the requisite percentage of Holders have consented to such waiver and attaching copies of such consents. In case of any such waiver, the Company, the Trustee and the Holders shall be restored to their former positions and rights hereunder and under the Notes, respectively. This paragraph of this Section 6.03 shall be in lieu of ss. 316(a)(1)(B) of the TIA and ss. 316(a)(1)(B) of the TIA is hereby expressly excluded from this Supplemental Indenture and the Indenture and the Notes, as permitted by the TIA.

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 Supplemental Indenture and the Indenture, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

ARTICLE 7

[INTENTIONALLY OMITTED]

ARTICLE 8

SUPPLEMENTAL INDENTURES

The following provisions of this Article 8 shall apply to the Notes (but not with respect to any other series of Debt Securities), and shall replace in their entirety Sections 12.1 and 12.2 of the Indenture (but not with respect to any other series of Debt Securities). To the extent that the provisions of this Article 8 are inconsistent with or conflict with any provisions of Article XII of the Indenture, the provisions of this Article 8 shall govern (but not with respect to any other series of Debt Securities).

Section 8.01. 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 Notes, and the assumption by any such successor of the covenants of the Company or such Guarantor or obligor herein and in the Notes and in any Guarantee;

(b) to add to the covenants of the Company, any Guarantor or any other obligor upon the Notes 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 Notes, as applicable, herein, in the Notes 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 Notes or in any Guarantee, or to make any other provisions with respect to matters or questions arising under this Supplemental Indenture and the Indenture, the Notes 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 Supplemental Indenture and the Indenture under the Trust Indenture Act, as contemplated by Section 12.4 of the Indenture or otherwise;

(e) to add a Guarantor pursuant to the requirements of Section 4.15;

(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 Supplemental Indenture and the Indenture or otherwise.

Section 8.02. 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 Notes, 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 Supplemental Indenture and the Indenture or of modifying in any manner the rights of the Holders under this Supplemental Indenture and the Indenture, the Notes or any Guarantee; provided, however, that no such supplemental indenture, agreement or instrument shall, without the consent of the Holder of each outstanding Note affected thereby:

(a) 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 (or, in the case of redemption, on or after the redemption date thereof);

(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 4.14 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 4.16, including amending, changing or modifying any definitions with respect thereto;

(c) reduce the percentage in principal amount of the 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 of compliance with certain provisions of this Supplemental Indenture and the Indenture or certain defaults hereunder and their consequences provided for in this Supplemental Indenture and the Indenture or with respect to any Guarantee;

(d) modify any of the provisions of this Section 8.02, Section 4.21 or Section 6.03, except to increase any such percentage or to provide that certain other provisions of this Supplemental Indenture and the Indenture cannot be modified or waived without the consent of the Holder of each Note affected thereby;

(e) except as otherwise permitted under Article Five, consent to the assignment or transfer by the Company or any Guarantor of any of its rights and obligations under this Supplemental Indenture and the Indenture; or

(f) amend or modify any of the provisions of this Supplemental Indenture and the Indenture to cause the Notes or any Guarantee to be subordinate to any other Indebtedness.

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 8.02 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.

ARTICLE 9

DISCHARGE OF INDENTURE; DEFEASANCE

The following provisions of this Article Nine shall apply to the Notes (but not with respect to any other series of Debt Securities) and shall

replace in its entirety the provisions set forth in Article VI of the Indenture (but not with respect to any other series of Debt Securities).

Section 9.01. Satisfaction and Discharge of Supplemental Indenture and the Indenture.

This Supplemental Indenture and the Indenture (solely with respect to the Notes and not with respect to any other series of Debt Securities) shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes 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 Supplemental Indenture and the Indenture (solely with respect to the Notes and not with respect to any other series of Debt Securities), when

(a) either

(1) all the Notes theretofore authenticated and delivered (other than (i) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.08 or (ii) all Notes for whose payment in Sterling 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 3.05) have been delivered to the Trustee canceled or for cancellation; or

(2) all such Notes not theretofore delivered to the Trustee canceled 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 such purpose an amount in Sterling sufficient to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee canceled 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 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 relating to the satisfaction and discharge of this Supplemental Indenture and 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, this Supplemental Indenture or 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.

Opinions of Counsel required to be delivered under this Section 9.01 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 Supplemental Indenture and the Indenture, the obligations of the Company to the Trustee under Section 11.2 of the Indenture and, if Sterling shall have been deposited with the Trustee pursuant to subclause (2) of Subsection (a) of this Section 9.01, the obligations of the Trustee under Section 2.05 and Section 9.02 of this Supplemental Indenture shall survive.

Section 9.02. Application of Trust Money.

Subject to the provisions of Section 2.05, all Sterling deposited with the Trustee pursuant to Section 9.01 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Supplemental Indenture and the 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 Notes for whose payment such Sterling 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.

Section 9.03. Termination of the Company's Obligation.

The Company may, provided that no Default or Event of Default has occurred and is continuing or would arise therefrom (or, with respect to a Default or Event of Default specified in Section 6.01(h) or (i), occurs at any time on or prior to the 91st calendar day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 91st day)), terminate its and its Restricted Subsidiaries' substantive obligations in respect of Article Four of this Supplemental Indenture (other than Sections 4.01, 4.02, 4.04 and 4.06), Article Five hereof and Article Nine hereof (other than Sections 9.01, 9.02 and 9.03) and any Event of Default specified in Section 6.01(c) or (d) by (i) depositing with the Trustee, under the terms of an irrevocable trust agreement for the benefit of the Holders, cash in Sterling or United Kingdom Government Obligations (or a combination thereof) sufficient in the opinion of an internationally recognized firm of independent public accountants (without reinvestment) to pay all remaining Indebtedness on the Notes, (ii) delivering to the Trustee opinions of counsel in the United States and the United Kingdom reasonably acceptable to the Trustee confirming that the holders of the Notes will not recognize income, gain or loss for United States federal income tax purposes or United Kingdom income tax purposes as a result of such termination and will be subject to United States federal income tax and United Kingdom income tax on the same amounts, in the same manner and at the same times as would have been the case if such termination had not occurred, (iii) delivering 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 over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others, (iv) delivering to the Trustee Opinions of Counsel to the effect that (A) the trust funds will not be subject to any rights of holders of Indebtedness of the Company other than the Notes and (B) assuming no intervening bankruptcy of the Company between the date of deposit and the 91st day following the deposit and that no Holder of the Notes is an insider of the Company, 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, (v) delivering to the Trustee Opinions of Counsel to the effect that the Company's exercise of its option under this Section 9.03 will not result in any of the Company, the Trustee or the trust created by the Company's deposit of funds pursuant to this provision becoming or being deemed to be an "investment company" under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and (vi) delivering to the Trustee an Officers' Certificate and Opinions of Counsel each stating compliance with all conditions precedent provided for herein. In addition, the Company may, provided that no Default or Event of Default has occurred and is continuing or would arise therefrom (or, with respect to a Default or Event of Default specified in Section 6.01(h) or (i), occurs at any time on or prior to the 91st calendar day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 91st day)) and provided that no default under any Indebtedness would arise therefrom, terminate all of its and the Guarantors' substantive obligations in respect of the Notes (including its obligations to pay the principal of and interest on the Notes and the Guarantors' Guarantee thereof) by (i) depositing with the Trustee, under the terms of an irrevocable trust agreement, cash in Sterling or United Kingdom Government Obligations sufficient (without reinvestment) to pay all remaining Indebtedness on the Notes, (ii) delivering to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming 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 Supplemental 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 shall confirm that, the holders of the Notes will not recognize income, gain or loss for United States federal income tax and United Kingdom income tax purposes as a result of such termination and will be subject to United States federal income tax and United Kingdom income tax on the same amounts, in the same manner and at the same times as would have been the case had such termination not occurred, (iv) delivering 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 over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others, (v) delivering to the Trustee Opinions of Counsel to the effect that (A) the trust funds will not be subject to any rights of holders of Indebtedness of the Company other than the Notes and (B) assuming no intervening bankruptcy of the Company between the date of deposit and the 91st day following the deposit and that no Holder of the Notes is an insider of the Company, 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, (vi) delivering to the Trustee Opinions of Counsel to the effect that the Company's exercise of its option under this Section 9.03 will not result in any of the Company, the Trustee or the trust created by the Company's deposit of funds pursuant to this provision becoming or being deemed to be an "investment company" under the Investment Company Act and (vii) delivering to the Trustee an

Officers' Certificate and Opinions of Counsel each stating compliance with all conditions precedent provided for herein.

Notwithstanding the foregoing paragraph, the Company's obligations in Sections 2.02, 2.07, 2.08, 2.11, 2.13, 4.01, 4.06, 6.01, 9.02, 9.05 and 9.06 of this Supplemental Indenture and Sections 4.1, 11.2 and 11.6 of the Indenture shall survive until the Notes are no longer outstanding. Thereafter, the Company's obligations in Sections 9.02, 9.05 and 9.06 of this Supplemental Indenture shall survive.

After such delivery or irrevocable deposit and delivery of an Officers' Certificate and Opinion of Counsel, the Trustee upon request shall acknowledge in writing the discharge of the Company's and the Guarantors' obligations under the Notes, this Supplemental Indenture and the Indenture except for those surviving obligations specified above.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the United Kingdom Government Obligations deposited pursuant to this Section 9.03 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 outstanding Notes.

Section 9.04. Application of Trust Money.

The Trustee shall hold in trust money or United Kingdom Government Obligations deposited with it pursuant to Section 9.03, and shall apply the deposited money and the proceeds from United Kingdom Government Obligations in accordance with this Supplemental Indenture and the Indenture solely to the payment of principal of and interest on the Notes.

Section 9.05. Repayment to Company.

Subject to Section 11.2 of the Indenture and Section 9.03 of this Supplemental Indenture, the Trustee shall promptly pay to the Company upon written request any excess money held by it at any time. The Trustee shall pay to the Company upon written request any money held by it for the payment of principal or interest that remains unclaimed for two years; provided, however, that the Trustee before being required to make any payment may at the expense of the Company cause to be published once in a newspaper of general circulation in The City of New York and London, England or mail to each Holder entitled to such money notice that such money remains unclaimed and that, after a date specified therein which shall be at least 30 days from the date of such publication or mailing, any unclaimed balance of such money then remaining shall be repaid to the

Company. After payment to the Company, Holders entitled to money must look solely to the Company for payment as general creditors unless an applicable abandoned property law designates another person and all liability of the Trustee or Paying Agent with respect to such money shall thereupon cease.

Section 9.06. Reinstatement.

If the Trustee is unable to apply any money or United Kingdom Government Obligations in accordance with Section 9.03 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and the Guarantors' obligations under this Supplemental Indenture and the Indenture, the Notes and the Guarantees shall be revived and reinstated as though no deposit had occurred pursuant to Section 9.03 until such time as the Trustee is permitted to apply all such money or United Kingdom Government Obligations in accordance with Section 9.03; provided, however, that if the Company has made any payment of interest on or principal of any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or United Kingdom Government Obligations held by the Trustee.

ARTICLE 10

GUARANTEES

The provisions of this Article 10 shall apply to the Notes (but not with respect to any other series of Debt Securities), and shall replace in its entirety Article XIV of the Indenture as it applies to the Notes (but not with respect to any other series of Debt Securities).

Section 10.01. Guarantors' Guarantee.

For value received, each of the Guarantors, in accordance with this Article Ten, 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 10.02. 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 Supplemental Indenture and the Indenture including those set forth in Article Five hereof. 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 Supplemental Indenture and the Indenture and the Notes 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 Sterling.

(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 Notes.

(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 4.15.

(e) Except as provided herein, the provisions of this Article Ten 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 10.03. Guarantee Absolute.

The obligations of the Guarantors hereunder are independent of the obligations of the Company under the Notes and this Supplemental Indenture and the 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 Supplemental Indenture and the Indenture or the Notes, or any agreement or instrument relating to either 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 Supplemental Indenture and the Indenture or the Notes, 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 Notes or of any Person liable directly as surety or otherwise by operation of law or otherwise for the Notes, 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 10.14, 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 10.14, 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 Notes, 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 10.04. 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 Supplemental Indenture and the Indenture and the Notes. 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 10.05. 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 Supplemental Indenture and the Indenture or the Notes 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 Supplemental Indenture and the Indenture and the Notes 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 10.06. 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 Ten 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 9.01 shall apply to the Notes and the Guarantors shall be responsible for the payment thereof to the Trustee or the Holders upon demand.

Section 10.07. Fraudulent Conveyance; Subrogation.

(a) Any term or provision of this Guarantee to the contrary notwithstanding, (i) 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 and (ii) with respect to the liability of Canandaigua B.V. only, the liability of Canandaigua B.V. under its Guarantee shall not exceed the net intrinsic value of Canandaigua B.V. without leaving the other creditors of Canandaigua B.V. unpaid.

(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 Ten.

Section 10.08. Guarantee Is Additional 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 10.09. No Recourse Against Others.

A director, officer, employee, stockholder or incorporator, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or this Supplemental Indenture and the Indenture or for any claim based on, in respect of or by reason of such obligations or their creations. Each Holder by accepting a Note waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

Section 10.10. No Bar to Further Actions.

Except as provided by law, no action or proceeding brought or instituted under Article Ten 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 this Article Ten and the Guarantee by reason of any further default or defaults under this Article Ten and the Guarantee or in the payment of any of the Indenture Obligations owing by the Company.

Section 10.11. 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 Ten and the 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 Ten shall limit the right of the Trustee or the Holders to take any action to accelerate the maturity of the Notes pursuant to Article Six or to pursue any rights or remedies hereunder or under applicable law.

Section 10.12. Trustee's Duties; Notice to Trustee.

(a) Any provision in this Article Ten or elsewhere in this Supplemental Indenture or the 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 Supplemental Indenture and the 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 10.13. Successors and Assigns.

All terms, agreements and conditions of this Article Ten shall extend to and be binding upon each Guarantor and its successors and permitted assigns and shall inure 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 Five.

Section 10.14. 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 Ten. 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 Supplemental Indenture and the Indenture and the Notes, 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 4.15.

Section 10.15. Execution of Guarantee.

To evidence the Guarantee, each Guarantor hereby agrees to execute the guarantee substantially in the form set forth in Exhibit C hereto, to be endorsed on each Note authenticated and delivered by the Trustee and that this Supplemental Indenture shall be executed on behalf of each Guarantor by one if its Officers, or one of its other officers (or officer's of the Company) or any other person (through power of attorney or otherwise) in each case duly authorized by such Guarantor's board of directors. The signature of any of these officers on the Notes may be manual or facsimile.

ARTICLE 11

MISCELLANEOUS

Section 11.01. Ratification of the Indenture.

Except as expressly modified or amended hereby, the Indenture continues in full force and effect and is in all respects confirmed and preserved.

Section 11.02. Notices.

Any notices or other communications required or permitted hereunder shall be in writing, and shall be sufficiently given if made by hand delivery, by telex, by telecopier or registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to the Company:

Canandaigua Brands, Inc.
300 WillowBrook Office Park
Fairport, New York 14450
Attention: David Sorce,
Vice President and Corporate Counsel
Fax: (716) 218-2165

Copy to:

McDermott Will & Emery
227 West Monroe Street
Chicago, Illinois 60606
Attention: Bernard Kramer, Esq.
Fax: (312) 984-7700

If to the Trustee:

Harris Trust and Savings Bank
2 North LaSalle
Chicago, Illinois 60602
Attention: Daniel G. Donovan
Fax: (312) 827-8542

The Company or the Trustee by written notice to the others may designate additional or different addresses for subsequent notices or communications. Any notice or communication to the Company or the Trustee, shall be deemed to have been given or made as of the date so delivered if personally delivered; when answered back, if telexed; when receipt is acknowledged, if telecopied; and five (5) calendar days after mailing if sent by mail, postage prepaid (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee).

All notices to the Holders will be valid if (i) (A) so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Stock Exchange shall so require, published in the Luxemburger Wort or another newspaper having general circulation in Luxembourg and (B) (in addition to

publication as described above) also given by substantially concurrent delivery of the relevant notice to DTC, Euroclear and/or Cedelbank (as the case may be) for communication to the holders of the Book-Entry Interests, or (ii) in the case of a Holder of a Definitive Registered Note, including any notice delivered in connection with TIA ss. 310(b), TIA ss. 313(c), TIA ss. 314(a) and TIA ss. 315(b), mailed to such Holders by first-class mail at their respective addresses as they appear in the Register (and, if and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Stock Exchange shall require, published in a newspaper having general circulation in Luxembourg). If publication as provided above is not practicable, notice will be given in such

other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Copies of any such communication or notice to a Holder shall also be mailed to the Trustee, the Registrar and each Agent at the same time. To the extent required by the Trust Indenture Act, any notice or communication shall also be mailed to any Person described in TIA ss. 313(c).

Failure to deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. Except for a notice to the Trustee, which is deemed given only when received, and except as otherwise provided in this Supplemental Indenture or the Indenture, if a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Section 11.03. Governing Law.

This Supplemental Indenture, the Notes and the Guarantees will be 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. This Supplemental Indenture is subject to the provisions of the TIA, and shall, to the extent applicable, be governed by such provisions.

Section 11.04. Counterparts.

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.05. Table of Contents, Headings, etc.

The table of contents, cross-reference sheet and headings of the Articles and Sections of this Supplemental Indenture and the Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 11.06. Separability.

Each provision of this Supplemental Indenture shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purpose of this Supplemental Indenture and the Indenture or the Notes 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 11.07. Benefits of Supplemental Indenture and the Indenture.

Nothing in this Supplemental Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders of Notes, any benefit or any legal or equitable right, remedy or claim under this Supplemental Indenture and the Indenture.

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed all as of the date and year first written above.

CANANDAIGUA BRANDS, INC.

By: /s/ Thomas S. Summer

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

BATAVIA WINE CELLARS, INC.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Treasurer

BARTON INCORPORATED

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President

BARTON BRANDS, LTD.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President

BARTON BEERS, LTD.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President

BARTON BRANDS OF CALIFORNIA, INC.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President

BARTON BRANDS OF GEORGIA, INC.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President

BARTON DISTILLERS IMPORT CORP.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President

BARTON FINANCIAL CORPORATION

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President

STEVENS POINT BEVERAGE CO.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President

CANANDAIGUA LIMITED

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Finance Director
(Principal Financial Officer and
Principal Accounting Officer)

MONARCH IMPORT COMPANY

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President

CANANDAIGUA WINE COMPANY, INC.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Treasurer

CANANDAIGUA EUROPE LIMITED

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Treasurer

ROBERTS TRADING CORP.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: President and Treasurer

POLYPHENOLICS, INC.

By: /s/ Thomas S. Summer

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

FRANCISCAN VINEYARDS, INC.

By: /s/ Thomas S. Summer

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

ALLBERRY, INC.

By: /s/ Thomas S. Summer

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

CLOUD PEAK CORPORATION

By: /s/ Thomas S. Summer

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

M.J. LEWIS CORP.

By: /s/ Thomas S. Summer

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

MT. VEEDER CORPORATION

By: /s/ Thomas S. Summer

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

CANANDAIGUA B.V.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Authorized Representative

BARTON CANADA, LTD.

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Vice President

HARRIS TRUST AND SAVINGS BANK,
as Trustee

By:/s/ D. G. Donovan

Name: D. G. Donovan
Title: Assistant Vice President

EXHIBIT A

[CUSIP/ISIN No.:]

{Face of Note}

THIS NOTE IS A GLOBAL NOTE 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 NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF [ ], OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 2.01 AND 2.07 OF SUPPLEMENTAL INDENTURE NO. 4.(1)

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.(2)

CANANDAIGUA BRANDS, INC.

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8 1/2% SERIES C SENIOR NOTE DUE 2009

[CUSIP/ISIN] NO.

No. C- (pound)

CANANDAIGUA BRANDS, 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 Kingdom pounds sterling on November 15, 2009, at the office or agency of the Company referred to below, and to pay interest thereon from May 15, 2000, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on May 15 and November 15, in each year, commencing November 15, 2000,

- ----------

(1) Include this legend on any Global Security.

(2) Include this legend on any Global Security issued to Cede & Co. as nominee of The Depository Trust Company.

at the rate of 8 1/2% per annum, in United Kingdom pounds sterling, until the principal hereof is paid or duly provided for. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

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 Note (or one or more predecessor Notes) is registered at the close of business on the regular record date for such interest, which shall be May 1 or November 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 Notes, 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 Note (or one or more predecessor Notes) 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 Notes 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 Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Subject to the terms of Supplemental Indenture No. 4 hereinafter referred to, payment of the principal of, premium, if any, and interest on this Note will be made at the office or agency of the Company maintained for that purpose, in such coin or currency of the United Kingdom 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 Note, by wire or book entry transfer to the Depository Trust Company, Morgan Guaranty Trust Company of New York, Brussels office, as the operator of the Euroclear System or Clearstream Banking or their respective nominees, or (ii) in all other cases, by check mailed to the address of the Person entitled thereto as such address shall appear on the 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 Note 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 Note 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 Ten of Supplemental Indenture No. 4 hereinafter referred to 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 Note 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 BRANDS, INC.

By:

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 8 1/2% Series C Senior Notes due 2009 referred to in the within-mentioned Indenture.

As Trustee, Harris Trust and Savings Bank

By:

Name:
Title:

{Reverse of Note}

CANANDAIGUA BRANDS, INC.

8 1/2% SENIOR NOTE DUE 2009

This Note is one of a duly authorized issue of Notes of the Company designated as its 8 1/2% Senior Notes due 2009 (herein called the "Notes"), limited in aggregate principal amount to (pound)300,000,000, issued under an indenture (the "Base Indenture"), dated as of February 25, 1999, among the Company, certain of the Guarantors and Harris Trust and Savings Bank, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), as supplemented by Supplemental Indenture No. 3 ("Supplemental Indenture No. 3"), dated as of August 6, 1999, among the Company, certain of the Guarantors and the Trustee, as further supplemented by Supplemental Indenture No. 4 ("Supplemental Indenture No. 4" and together with the Base Indenture and Supplemental Indenture No. 3, the "Indenture"), dated as of May 15, 2000, among the Company, the Guarantors and the Trustee and all further 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 Notes, and of the terms upon which the Notes are, and are to be, authenticated and delivered. Capitalized terms used herein without definition have the meanings assigned to

such terms in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Notes or (b) certain restrictive covenants and related Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Notes will be redeemable, in whole or in part, at the option of the Company at any time at a redemption price equal to the greater of (i) 100% of the principal amount of such Notes, and (ii) as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Gilt Rate plus 50 basis points, plus, in each case, accrued interest thereon to the date of 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 Notes in an amount of (pound)1,000 or integral multiples of (pound)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 repay secured 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 Notes and certain indebtedness ranking pari passu to the Notes.

The Notes of any Holder will be subject to a Tax Redemption at 100% of the principal amount thereof on the Redemption Date, plus accrued and unpaid interest, if any, to the Redemption Date under the circumstances and subject to the limitations described in the Indenture.

In the case of any redemption or repurchase of Notes in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the redemption date will be available to the Holders of such

Notes of record as of the close of business on the relevant regular record date referred to on the face hereof. Notes (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 Note in accordance with the Indenture in part only, a new Note or Notes 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 Notes 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 Notes 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 Notes at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Notes at the time Outstanding, on behalf of the Holders of all the Notes, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and the Notes and the Guarantees and their consequences. Any such consent or waiver by or on behalf of the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, any Guarantor or any other obligor on the Notes (in the event such Guarantor or other obligor is obligated to make payments in respect of the Notes), which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Note at the times, place, and rate, and in the coin or currency, herein prescribed.

This Global Note will be exchangeable for Definitive Notes only (i) (in whole but not in part) if either DTC, the Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease

business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available, or (ii) (in part) if an Event of Default under the Indenture occurs and is continuing, upon the request delivered in writing to DTC, Euroclear and/or Clearstream, the Trustee, the Common Depositary or the Custodian by the owner of a Book-Entry Interest (as defined in the Indenture), (iii) (in whole but not in part) if at any time the Company in its sole discretion determines that this Global Note should be exchanged for Definitive Notes or (iv) (in whole but not in part) if either the Custodian or the Common Depositary is at any time unwilling or unable to continue as the Common Depositary or the Custodian, as the case may be, and a successor Common Depositary or Custodian, as the case may be, is not able to be appointed by the Company within 90 days. Thereupon (in the case of (i), (ii) and (iv) above, the holder of this Global Note (acting on the instructions of (a) holder(s) of (a) Book-Entry Interest(s) may give notice to the Company and (in the case of (iii) above) the Company may give notice to the Trustee and the Holders, of its intention to exchange this Global Note for Definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of this Global Note may or, in the case of (iii) above, shall surrender this Global Security to or to the order of the Principal Paying Agent. In exchange for this Global Security the Company will deliver, or procure the delivery of, Definitive Notes in registered form in denominations of (pound)1,000 each or any integral multiple thereof in exchange for the whole or, in the case of (ii) above, the relevant part of this Global Note).

"Exchange Date" means a day specified in the notice requiring exchange falling not more than 60 days after that on which such notice is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the city in which the relevant clearing system is located.

Upon (i) any exchange of a part of this Global Note for all or a part another Global Note or for Definitive Notes or (ii) the purchase by or on behalf of the Company, or any Subsidiary of the Company and cancellation of a part of this Global Note in accordance with the Section 2.12 of Supplemental Indenture No. 4, the portion of the principal amount hereof so exchanged or so purchased and canceled shall be endorsed by or on behalf of the Principal Paying Agent on behalf of the Company on Part II of the Schedule hereto, whereupon the principal amount of this Global Note shall be reduced by the principal amount so exchanged or so purchased and canceled and endorsed. Upon the exchange of the whole of this Global Note for another Global Note or for Definitive Notes, this Global Note shall be surrendered to or to the order of the Principal Paying Agent and canceled and, if the holder of this Global Note requests, returned to it together with any relevant Definitive Notes, if applicable.

The Notes in certificated form are issuable only in registered form without coupons in denominations of (pound)1,000 and any integral multiple thereof.

No service charge shall be made for any registration of transfer or exchange of Notes, 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 Note 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 Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

THIS NOTE 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.

FORM OF TRANSFER NOTICE

I or we assign and transfer this Note 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 Note 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 Note)

{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}

THE SCHEDULES

PART I

PAYMENTS OF PRINCIPAL, PREMIUM AND INTEREST

The following payments on this Global Note have been made:

Date made	Interest paid (pound)	Premium paid (pound)	Principal paid (pound)	Remaining principal amount of this Global Note following such payment (pound)	Notation made on behalf of the Company
____	________	__________	_________	___________________	______________
____	________	__________	_________	___________________	______________
____	________	__________	_________	___________________	______________
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____	________	__________	_________	___________________	______________

PART II

EXCHANGES
AND PURCHASES AND CANCELLATIONS

The following exchanges of a part of this Global Note for a like part of another Global Note, of this Global Note for Definitive Notes and purchases and cancellations of a part of this Global Note have been made:

<TABLE>
<CAPTION>

Date made	Part of principal amount of this Global Note exchanged for a like part of another Global Note or vice versa or of this Global Note for Definitive Notes (pound)	Part of principal amount of this Global Note purchased and canceled (pound)	Aggregate principal amount of this Global Note following such exchange or purchase and cancellation (pound)	Notation made on behalf of the Company (pound)
<S>	<C>	<C>	<C>	<C>

</TABLE>

EXHIBIT B

{Face of Note}

CANANDAIGUA BRANDS, INC.

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8 1/2% SERIES C SENIOR NOTE DUE 2009

No. C- (pound)

CANANDAIGUA BRANDS, 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 Kingdom pounds sterling on November 15, 2009, at the office or agency of the Company referred to below, and to pay interest thereon from May 15, 2000 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on May 15 and November 15, in each year, commencing November 15, 2000, at the rate of 8 1/2% per annum, in United Kingdom pounds sterling, until the principal hereof is paid or duly provided for. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

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 Note (or one or more predecessor Notes) is registered

at the close of business on the regular record date for such interest, which shall be May 1 or November 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 Notes, 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 Note (or one or more predecessor Notes) 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 Notes 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 Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Subject to the terms of Supplemental Indenture No. 4 hereinafter referred to, payment of the principal of, premium, if any, and interest on this Note will be made at the office or agency of the Company maintained for that purpose, in such coin or currency of the United Kingdom 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 Note, by wire or book entry transfer to the Depository Trust Company, Morgan Guaranty Trust Company of New York, Brussels office, as the operator of the Euroclear System or Clearstream Banking or their respective nominees, or (ii) in all other cases, by check mailed to the address of the Person entitled thereto as such address shall appear on the 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 Note 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 Note 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 Ten of Supplemental Indenture No. 4 hereinafter referred to 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 Note 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 BRANDS, INC.

By:

Name:
Title:

Attest:

- ----------
Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 8 1/2% Series C Senior Notes due 2009 referred to in the within-mentioned Indenture.

As Trustee, Harris Trust and Savings Bank

By:

Name:
Title:

{Reverse of Note}

CANANDAIGUA BRANDS, INC.

8 1/2% SENIOR NOTE DUE 2009

This Note is one of a duly authorized issue of Notes of the Company designated as its 8 1/2% Senior Notes due 2009 (herein called the "Notes"), limited in aggregate principal amount to (pound)300,000,000, issued under an indenture (the "Base Indenture"), dated as of February 25, 1999, among the Company, certain of the Guarantors and Harris Trust and Savings Bank, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), as supplemented by Supplemental Indenture No. 3 ("Supplemental Indenture No. 3"), dated as of August 6, 1999, among the Company, certain of the Guarantors and the Trustee, as further supplemented by Supplemental Indenture No. 4 (the "Supplemental Indenture No. 4" and together with the Base Indenture and Supplemental Indenture No. 3, the "Indenture"), dated as of May 15, 2000, among the Company, the Guarantors and the Trustee and all further 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 Notes, and of the terms upon which the Notes are, and are to be, authenticated and delivered. Capitalized terms used herein without definition have the meanings assigned to such terms in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Notes or (b) certain restrictive covenants and related Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Notes will be redeemable, in whole or in part, at the option of the Company at any time at a redemption price equal to the greater of (i) 100% of the principal amount of such Notes, and (ii) as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Gilt Rate plus 50 basis points, plus, in each case, accrued interest thereon to the date of 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 Notes in an amount of (pound)1,000 or integral multiples of (pound)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 repay secured 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 Notes and certain indebtedness ranking pari passu to the Notes.

The Notes of any Holder will be subject to a Tax Redemption at 100% of the principal amount thereof on the Redemption Date, plus accrued and unpaid interest, if any, to the Redemption Date under the circumstances and subject to the limitations described in the Indenture.

In the case of any redemption or repurchase of Notes in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the redemption date will be available to the Holders of such

Notes of record as of the close of business on the relevant regular record date referred to on the face hereof. Notes (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 Note in accordance with the Indenture in part only, a new Note or Notes 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 Notes 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 Notes 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 Notes at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Notes at the time Outstanding, on behalf of the Holders of all the Notes, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and the Notes and the Guarantees and their consequences. Any such consent or waiver by or on behalf of the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, any Guarantor or any other obligor on the Notes (in the event such Guarantor or other obligor is obligated to make payments in respect of the Notes), which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Note at the times, place, and rate, and in the coin or currency, herein prescribed.

The Notes in certificated form are issuable only in registered form without coupons in denominations of (pound)1,000 and any integral multiple thereof.

No service charge shall be made for any registration of transfer or exchange of Notes, 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 Note 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 Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

THIS NOTE 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.

FORM OF TRANSFER NOTICE

I or we assign and transfer this Note 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 Note 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 Note)

{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 C

GUARANTEES

For value received, each of the undersigned hereby unconditionally guarantees, jointly and severally, to the holder of this Note the payment of principal of, premium, if any, and interest on the Note 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 Note, if lawful, and the payment or

performance of all other obligations of the Company under the Indenture or the Notes, to the holder of this Note and the Trustee, all in accordance with and subject to the terms and limitations of this Note and Article Ten of Supplemental Indenture No. 4. These Guarantees will not become effective until the Trustee duly executes the certificate of authentication on this Note.

Dated:_____

BATAVIA WINE CELLARS, INC.

By:

BARTON INCORPORATED

By:

BARTON BRANDS, LTD.

By:

BARTON BEERS, LTD.

By:

BARTON BRANDS OF CALIFORNIA, INC.

By:

BARTON BRANDS OF GEORGIA, INC.

By:

BARTON DISTILLERS IMPORT CORP.

By:

BARTON FINANCIAL CORPORATION

By:

STEVENS POINT BEVERAGE CO.

By:

CANANDAIGUA LIMITED

By:

MONARCH IMPORT COMPANY

By:

CANANDAIGUA WINE COMPANY, INC.

By:

CANANDAIGUA EUROPE LIMITED

By:

ROBERTS TRADING CORP.

By:

POLYPHENOLICS, INC.

By:

FRANCISCAN VINEYARDS, INC.

By:

ALLBERRY, INC.

By:

CLOUD PEAK CORPORATION

By:

M.J. LEWIS CORP.

By:

MT. VEEDER CORPORATION

By:

CANANDAIGUA B.V.

By:

BARTON CANADA, LTD.

By:

EXHIBIT D

FORM OF CERTIFICATE OF TRANSFER

Re: Canandaigua Brands, Inc. ("the Company")
8 1/2% Series C Senior Notes due 2009 (the "Notes")

Reference is hereby made to the Indenture, dated as of February 25, 1999 (the "Base Indenture"), among the Company, the Guarantors party thereto and Harris Trust and Savings Bank, as trustee (the "Trustee"), as Supplemented by Supplemental Indenture No. 3 ("Supplemental Indenture No. 3"), dated as of August 6, 1999, among the Company, the Guarantors party thereto and the Trustee and as further supplemented by Supplemental Indenture No. 4 ("Supplemental Indenture No. 4" and, together with the Base Indenture and Supplemental Indenture No. 3, the "Indenture"), among the Company, the Guarantors and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "Transferor") owns and proposes

to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in a principal amount at maturity of $ _____ (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. |_| Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Definitive Note pursuant to Rule 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the Book-Entry Interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the Book-Entry Interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred Book-Entry Interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

2. |_| Check if Transferee will take delivery of a Book-Entry Interest in the Regulation S Global Note or a Definitive Note pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act and (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred Book-Entry Interest or Definitive Note

will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

3. |_| Check and complete if Transferee will take delivery of a Book-Entry Interest in the 144A Global Note or a Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S. The Transfer is being effected in compliance with the transfer restrictions applicable to Book-Entry Interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) |_| such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

- or -

(b) |_| such Transfer is being effected to the Company or a subsidiary thereof.

4. |_| Check if Transferee will take delivery of a Book-Entry Interest in an Unrestricted Global Note or an Unrestricted Definitive Note. The Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred Book-Entry Interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

_____

[Insert Name of Transferor]

By:_____
Name:
Title:

Dated:

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) or (b)]

(a) |_| a Book-Entry Interest in the:

(i) |_| 144A Global Note (ISIN _____; Common Code _____), held through Participant Account _____, or

(ii) |_| Regulation S Global Note (ISIN _____; Common Code _____), held through Participant Account _____, or

(b) |_| a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE OF (a) or (b)]

(a) |_| a Book-Entry Interest in the:

(i) |_| 144A Global Note (ISIN _____; Common Code _____), held through Participant Account _____, or

(ii) |_| Regulation S Global Note (ISIN _____; Common Code _____), held through Participant Account _____, or

(iii) |_| Unrestricted Global Note (ISIN _____; Common Code _____), held through Participant Account_____.

(b) |_| a Restricted Definitive Note; or

(c) |_| a Unrestricted Definitive Note.

EXHIBIT E

FORM OF CERTIFICATE OF EXCHANGE
(BETWEEN BOOK-ENTRY INTERESTS AND DEFINITIVE NOTES)

Re: Canandaigua Brands, Inc. ("the Company")
8 1/2% Series C Senior Notes due 2009 (the "Notes")

Reference is hereby made to the Indenture, dated as of February 25, 1999 (the "Base Indenture"), among the Company, the Guarantors party thereto and Harris Trust and Savings Bank, as trustee (the "Trustee"), as Supplemented by Supplemental Indenture No. 3 ("Supplemental Indenture No. 3"), dated as of August 6, 1999, among the Company, the Guarantors party thereto and the Trustee and as further supplemented by Supplemental Indenture No. 4 ("Supplemental Indenture No. 4" and, together with the Base Indenture and Supplemental Indenture No. 3, the "Indenture"), among the Company, the Guarantors and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] specified on Annex A hereto, in a principal amount at maturity of $_____ (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Book-Entry Interests in Restricted Global Notes for Restricted Definitive Notes or Book-Entry Interests in Restricted Global Notes

In connection with the Exchange of the Owner's Book-Entry Interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with

the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

The Owner requests that Definitive Notes be registered in the following name:

_____

_____

and sent to the Owner at the following address:

_____

_____

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Owner]

By: _____
Name:
Title:

Dated:

EXHIBIT F

[FORM OF]
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 to all Loans (plus accrued interest thereon) at any time and from time to time made hereunder which has not been previously paid.

Reference is hereby made to the Indenture, dated as of February 25, 1999 (the "Base Indenture"), among the Company, the Guarantors party thereto and Harris Trust and Savings Bank, as trustee (the "Trustee"), as Supplemented by Supplemental Indenture No. 3 ("Supplemental Indenture No. 3"), dated as of August 6, 1999, among the Company, the Guarantors party thereto and the Trustee and as further supplemented by Supplemental Indenture No. 4 ("Supplemental Indenture No. 4" and, together with the Base Indenture and Supplemental Indenture No. 3, the "Indenture"), among the Company, the Guarantors and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

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 Notes, the Guarantees or any other Indebtedness ranking pari passu with the Notes, 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 Notes, 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 Notes.

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 Notes or any other Indebtedness ranking pari passu with or senior to, the Notes 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

Date	Amount of Borrowing/ Principal	Maturity of Borrowing/ Principal	Amount Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

EXHIBIT 10.16

[LOGO] Canandaigua Wine Company

March 10, 1997

Mr. Thomas S. Summer
2332 Bryden Rd.
Columbus, OH 43209

Dear Tom:

I am pleased to submit to you, the following employment offer for a position at Canandaigua Wine Company, Inc. (the "Company"). As we discussed the position would be Senior Vice President and Chief Financial Officer reporting to me, President and Chief Executive Officer of the Company.

With respect to your compensation, the following describes the package:

1. Starting biweekly salary of $8,654.00, subject to all withholdings and deductions required by law.

2. You will be eligible for a discretionary bonus with a target of 45% of your annualized compensation and a maximum amount of 67.5% of your annualized compensation. The amount and specific terms of the bonus shall be determined by the President and Chief Executive Officer of the Company. Notwithstanding the foregoing, in no event, shall your bonus for this fiscal year constitute less than 30% of your earned base salary specified in Section 1 hereof.

3. A grant of 50,000 options to purchase Company Class A stock if your employment commences as provided in Section 10(i) or 40,000 of such options if your employment commences as provided in Section 10(ii). These options will have an exercise price as of the date of grant which shall be your first day of employment and shall be subject to the terms of Exhibit A attached hereto. If the price of the stock is higher on your first day of employment than on the date of your execution of this Agreement, the number of options shall be increased by a fraction the numerator of which is the stock price on your first day of employment and the denominator of which is the stock price on the date of your execution of this Agreement. In such event, the vesting schedule will be adjusted pro rata with the schedule in Exhibit A.

Canandaigua Wine Company, Inc. 116 Buffalo Street, Canandaigua,
New York 14424-1086
Telephone (716) 394-7900 / Telex 856762 (CDGWINE) / Corp. Fax (716) 394-6017 /
Winery Fax (716) 394-4839

Currently the Company issues options to senior executives on a discretionary basis. The Company is considering an option grant plan for its senior executives. This plan may contemplate the granting of options equaling 125% of annual earned salary and bonus if any. If, during your employment in the capacity herein provided, such a plan is proposed to the Board and the Board were to approve such a plan, subject to all the terms and conditions of such a plan, it is currently contemplated that you would be eligible therefor.

4. On your first day of employment, you will receive a $50,000 bonus (pretax amount) subject to all withholdings and deductions required by law. If you were to terminate your employment with the Company at any time during the first twelve month period of your employment, except under the conditions of Section 8(ii) or (iii) hereof, you will reimburse to the Company an amount constituting a percentage of the $50,000 calculated on a pretax basis equal to the percentage of the period remaining in the twelve months.

5. Participation in all existing employee benefit plans as you become eligible per the terms of such plans as amended, added to or discontinued from time to time in the sole discretion of the Company, such as health care, disability insurance, life insurance, profit sharing, 401K and stock purchase plan.

6. You will be eligible for four (4) weeks vacation during each calendar year

until such time you are eligible for more vacation under our vacation policy as such policy is amended from time to time.

7. Relocation expenses will be reimbursed as per the Company's most inclusive option under its relocation policy.

8. In the event that the Company (i) terminates your employment without cause, (ii) demotes you without cause resulting in your voluntary resignation from the Company's employment within 30 days thereof or (iii) materially diminishes your responsibilities without cause resulting in your resignation from the Company's employment within 30 days thereof, the Company shall provide you with severance compensation ("Severance") equal to your then current base compensation (excluding bonus) for a period of twelve months, subject to your entering into the Company's standard form of Severance Agreement. In addition to the foregoing, should there be a change in control as defined in Section 16(i) or (ii) of the Company's Stock Option and Stock Appreciation Right Plan resulting in the occurrence of items (i), (ii) or (iii) above you will be entitled to receive the Severance, subject to your entering into the Company's standard form of Severance Agreement. For purposes hereof, "cause" shall be defined as gross insubordination, a criminal act of moral turpitude or theft.

Canandaigua Wine Company, Inc. 116 Buffalo Street, Canandaigua,
New York 14424-1086
Telephone (716) 394-7900 / Telex 856762 (CDGWINE) / Corp. Fax (716) 394-6017 /
Winery Fax (716) 394-4839

9. This offer is subject to the terms of the Canandaigua Wine Employment Application ("Application"). In the event there is any inconsistency between this letter of agreement and the Application, the terms of this letter shall govern.

10. You shall have the option to commence your employment with the Company on: (i) April 9, 1997, or (ii) a later date not beyond April 23, 1997.

Lastly, by executing this letter of agreement, you acknowledge and agree that your employment with the Company is at will and can be terminated with or without cause and with or without notice. Notwithstanding this, any such termination without cause shall not affect the Company's obligations under Sections 3 and 8 hereof. You further understand and agree that this letter of agreement constitutes the entire agreement of the parties; is governed by New York State law; there are no other written or oral agreements of the parties and that this letter of agreement cannot be modified or amended except in writing executed by you and the President of the Company.

We look forward to your joining the Company.

Sincerely,

CANANDAIGUA WINE COMPANY, INC.

/s/ Richard Sands

Richard Sands
President

AGREED TO:

/s/ Thomas S. Summer
- --------------------------
Thomas S. Summer

Att.

RS/kjm

Canandaigua Wine Company, Inc. 116 Buffalo Street, Canandaigua,
New York 14424-1086
Telephone (716) 394-7900 / Telex 856762 (CDGWINE) / Corp. Fax (716) 394-6017 /
Winery Fax (716) 394-4839

EXHIBIT 10.17

Matthew Clark plc
Whitchurch Lane, Bristol BS14 OJZ
Tel: 01275 830345 Telex: 445565 Fax: 01275 890697

ATC/MCS/2000

P Aikens Esq
Princes Lodge
Shepton Mallet
BA4 5HN

24 June 1999

Dear Peter,

Further to our recent discussions, I am writing to confirm that, with immediate effect, the terms of your Service Agreement dated 27th September 1991 and varied by letters dated 19th August 1993 and 9th July 1996 be further varied to continue your employment without providing for its termination due to retirement.

Accordingly Clause 2(B) of said Service Agreement is hereby deleted, together with the reference to your retirement at aged 62 years, contained in said letter of 9th July 1996.

Further, the Company will continue to contribute to your personal pension plans at the rate of 36% of your basic salary, as the agreed alternative to contributions to the Matthew Clark Pension Plan.

Lastly, to the extent your Service Agreement provides that various matters, including but not limited to, decisions relating to your employment and compensation are to be made by the Company or the Board, such decisions shall be subject to ratification by appropriate officers of Canandaigua Brands, Inc. ("CBI") or may be made in the first instance by CBI at its option.

In all other respects the terms and conditions of your employment remain unaltered.

Yours sincerely,

/s/ Anne T. Colquhoun

Company Secretary

Agreed

P. Aikens

Peter Aikens 24th June 1999

MATTHEW CLARK plc
Whitchurch Lane, Briustol BS14 OJZ
Tel: 01275 830345 Telex: 445565 Fax: 01275 890697

Our ref. MNFC/KC/118

9th July, 1996

Mr. P. Aikens
Princes Lodge,
Shepton Mallet,
Somerset,
BA4 5HN

Dear Peter,

Following the decisions of the meeting of the Remuneration Committee today in

respect of your Service Agreement with the Company, I am writing to confirm that, with immediate effect, its' term be varied as follows.

The agreement currently provides for not less than thirty-six months notice. This letter confirms that this period of notice will be changed to twenty-four months. The notice from you to the Company of six months remains unchanged.

The normal retirement date stated in the agreement is at aged 60 years. This letter confirms that this has been extended to at aged 62 years.

I would be grateful if you would acknowledge acceptance of the above by signing and returning a copy of this letter to me.

Yours sincerely,

/s/ Michael Cottrell

Michael Cottrell
Chairman
- --------

[LOGO]

MATTHEW CLARK plc

The Clock House, London Road, Guildford, Surrey GU1 1UW
Telephone [Illegible] Facsimile [Illegible]

19 August 1993

AC/A349

P Aikens Esq
Old Meadows
3 Alders Road
Reigate, Surrey
RG2 OEA

Dear Peter,

Following our recent discussions, I am writing to confirm that with immediate effect, the terms of your Service Agreement, dated 27 September 1991 will be varied in respect of notice of termination of employment.

The contract currently provides for not less than twenty four months of notice of termination to you from the Company. This letter confirms that this period of notice will be increased to thirty six months. The notice from you to the Company will remain unchanged.

I would be grateful if you would acknowledge acceptance of the above by signing and returning a copy of this letter to me.

Yours sincerely

/s/ Michael Cottrell

M N F Cottrell

I agree to the change in my Service Agreement as detailed in the above letter.

Signature /s/ P Aikens Date: 23 August 1993

DATED 27th SEPTEMBER 1991

MATTHEW CLARK PLC

- and -

PETER AIKENS

SERVICE AGREEMENT

SLAUGHTER AND MAY
35 Basinghall Street
London EC2V 5DB.

T H I S A G R E E M E N T is made on 27th Sept 1991

B E T W E E N

(1) MATTHEW CLARK plc (registered in England No. 163952) whose registered office is at The Clock House London Road Guildford Surrey GU1 1UW ("the Company")

and

(2) PETER AIKENS of Old Meadows 3 Alders Road, Reigate Surrey RH2 OEA ("the Executive")

W H E R E B Y IT IS AGREED as follows: -

1. Definitions

In this Agreement:

"Associated Company" means a company which is from time to time a subsidiary or a holding company of the Company or a subsidiary (other than the Company) of a holding company of the Company. In this definition "subsidiary" and "holding company" have the same meanings as in Section 736 of the Companies Act 1985, as originally enacted.

"the Board" means the Board of Directors from time to time of the Company.

2. Term of Appointment

(A) The Executive shall serve the Company as Chief Executive or

in such other capacity of a like status as the Company may require unless and until his employment shall be terminated by the Company giving to the Executive not less than 24 months' notice in writing or the Executive giving to the Company (at any time) not less than 6 months' notice in writing.

(B) The Executive's employment shall in any event terminate on the date on which the Executive reaches the age of 60

3. Powers and Duties

(A) The Executive shall exercise such powers and perform such duties in relation to the business of the Company or any Associated Company as may from time to time be vested in or assigned to him by the Company. The Executive shall comply with all reasonable directions from, and all regulations of, the Company.

(B) The Executive, who shall work such hours as may reasonably be required for the proper performance of his duties, shall devote the whole of his time, attention and abilities during those hours to carrying out his duties in a proper, loyal and efficient manner.

(C) The Executive shall travel to such places as the Company may from time to time require.

(D) The Executive's normal place of work shall be at the Company's premises in London Road, Guildford, Surrey or at such other place within the United Kingdom as the Company may from time to time determine. This does not exclude any statutory redundancy

entitlements.

(E) The Company shall be under no obligation to vest in or assign to the Executive any powers or duties or to provide any work for the Executive, and the Company may at any time or from

time to time during any period of notice as specified in Clause 2(A) of this Agreement or in circumstances in which it reasonably believes that the Executive is guilty of misconduct or in breach of this Agreement in order that the circumstances giving rise to that belief may be investigated suspend the Executive from the performance of his duties or exclude him from any premises of the Company and need not give any reason for so doing. Salary will not cease to be payable by reason only of such suspension or exclusion.

4. Salary

(A) The Executive shall be paid monthly in arrears for his services during his employment a salary at the rate of 230,000 pounds sterling per annum or at such higher rate or rates as the Board may from time to time determine and notify to the Executive in writing.

(B) The Executive shall also be paid such bonuses as the Board, in its absolute discretion, may from time to time determine.

(C) At least once in each 12 months the Company shall review, but shall not be obliged to increase, the salary payable under this Agreement.

(D) The Executive shall not be entitled to any other salary or fees as an ordinary or executive director or employee of the Company or any Associated Company and the Executive shall, as the Company may direct, either waive his right to any such salary or fees or account for the same to the Company.

5. Pensions

The Executive may join the Matthew Clark Pension Plan subject to the trust deed and rules, which are available for inspection at the Company Secretary's office at any time upon reasonable

notice. His contributions to the Scheme will be deducted from salary.

A contracting out certificate issued by the Occupational Pensions Board is in force in respect of the employment under this Agreement.

6. Car

The Company shall provide for the Executive (subject to his being qualified to drive) a motor car of a make and model selected by the Company (which in the reasonable opinion of the board having regard to the Company's car policy from time to time in force, is commensurate with the status of the executive) and shall bear or reimburse all of its costs. The Executive shall take good care of the car, procure that the provisions of any policy of insurance are observed and return the car to the Company's registered office or such other place as may be notified to him immediately upon the termination of his employment.

7. Other Benefits

(A) The Company shall provide for the Executive membership for himself, his spouse and dependant children up to the age of 18 years in a private medical expenses insurance scheme approved by the Company subject always to the rules of such scheme;

(B) If the Executive becomes a member of the Matthew Clark Pension Plan he shall be entitled subject to the rules thereof to receive life insurance cover as a benefit thereof. Payment of Life Insurance cover for Executives who are not members of the Company's pension plan is only undertaken at the sole discretion of the Chairman of the Board.

8. Medical Examination

The Executive shall at the expense of the Company submit annually to a medical examination by a registered medical practitioner nominated by the Company and shall authorise such medical practitioner to disclose and discuss with the Company's medical adviser the results of the examination and the matters which arise from it so that the Company's medical adviser

can notify the Company of any matters he considered might impair the Executive from properly discharging his duties.

9. Expenses

The Company shall reimburse to the Executive on production of receipts if requested all reasonable travelling, hotel, entertainment and other out-of-pocket expenses which he may from time to time be authorised to incur in the execution of his duties hereunder.

10. Holidays

In addition to bank and other public holidays the Executive will be entitled to twenty five working days paid holiday in every calendar year to be taken at such time or times as may be approved by the Chief Executive. Holidays not taken in the calendar year of entitlement or by the termination of employment will be lost and upon termination by dismissal with cause the Executive will not be entitled to any pay in lieu of holiday.

11. Inventions and Improvements

(A) It shall be part of the normal duties of the Executive at all times:-

(i) to consider in what manner and by what new methods or devices the products, services, processes, equipment or systems of the Company, or any Associated Company, with

which he is concerned or for which he is responsible might be improved; and

(ii) promptly to give the Secretary of the Company full details of any invention or improvement which he may from time to time make or discover in the course of his duties; and

(iii) to further the interests of the Company's undertaking with regard thereto.

Subject to the Patents Act 1977, the Company shall be entitled free of charge to the sole ownership of any such invention or improvement and to the exclusive use thereof.

(B) The Executive shall forthwith and from time to time both during his employment and thereafter at the request and cost of the Company apply for and execute and do all such documents acts and things as may in the opinion of the Board be necessary or conducive to obtain letters patent or other protection for any such invention or improvement in any part of the world and to vest such letters patent or other protection in the Company or its nominees.

(C) The Executive hereby irrevocably authorises the Company for the purposes of this Clause to make use of the name of the Executive and to sign and to execute any documents or do any thing on his behalf (or where permissible to obtain the patent or other protection in its own name or in that of its nominees).

(D) The Executive shall not knowingly do anything to imperil the validity of any patent or protection or any application therefor but shall at the cost of the Company render all possible assistance to the Company, or any Associated Company, both in obtaining and in maintaining such patents or other protection.

(E) The Executive shall not either during his employment or thereafter exploit or assist others to exploit any invention or improvement which he may from time to time make or discover in the course of his duties or (unless the same shall have become public knowledge) make public or disclose any such invention or improvement or give any information in respect of it except to the Company or as it may direct.

12. Confidential Information etc.

The Executive shall not, either during his employment or thereafter, use to the detriment or prejudice of the Company or any Associated Company or, except in the proper course of his duties, divulge to any person any trade secret or any other confidential information concerning the business or affairs of the Company or any Associated Company which may have come to his knowledge during his employment.

13. Non-Solicitation

The Executive will not for a period of twelve months after the termination of his employment with the Company (howsoever caused) wither personally or by an agent directly or indirectly:

(i) either on his own account or for any other person, firm or company or in association with or in the employment of any other person, firm or company solicit or serve or interfere with or endeavour to entice away from the Company or any Associated Company any person firm or company who within twelve months prior to or at the date of such termination was a customer of or in the habit of dealing with the Company or any Associated Company and with whom the Executive had contact or about whom he became aware or informed in the course of his employment; or

(ii) either on his own account or for any other person firm or company solicit or interfere with or endeavour to entice away from the Company any employee director or consultant of the Company or any Associated Company; or

(iii) represent himself as being in any way connected with or interested in the business of the Company or any Associated Company.

14. Non-Competition

(A) The Executive shall not during his employment hereunder without prior consent in writing of the Company be directly or indirectly engaged, concerned or interested in any other business which:-

(i) is wholly or partly in competition with any business carried on by the Company or any Associated Company or any of the foregoing by itself or themselves or in partnership, common ownership or as a joint venture with any third party; or

(ii) as regards any goods or services is a supplier to or customer of any such company;

PROVIDED THAT the Executive may hold directly or through nominees up to five per cent. of the issued shares, debentures or other securities of any class of any company whose shares are listed on a Recognised Investment Exchange or in respect of which dealing takes place in the Stock Exchange of Great Britain and Northern Ireland Limited or the Unlisted Securities Market or the Third Market. The prior written consent of the Board shall be required before the Executives shall hold in excess of five per cent. of the issued shares debentures or other securities of any class of any one such company.

(B) The Executive will not for a period of three months after the termination of his employment with the Company (howsoever caused) either personally or by an agent directly or indirectly either on his own account or for any other person, firm or company or in association with or in the employment of any other person, firm or company be engaged in or concerned directly or indirectly in any executive, technical or advisory capacity in any business concern (of whatever kind) which is in competition with the business of the Company or any Associated Company. This clause shall not restrain the Executive from being engaged or concerned in any business concern in so far as the Executive's duties or work shall relate solely:-

(i) to geographical areas where the business concern is not in competition with the Company or any Associated Company; or

(ii) to services or activities of a kind with which the Executive was not concerned to a material extent during his employment with the Company or any Associated Company.

15. Return of Papers etc.

The Executive shall promptly whenever requested by the Company and in any event upon the termination of his employment deliver up to the Company all lists of clients or customers, correspondence and all other documents, papers and records which may have been prepared by him or have come into his possession, custody or control in the course of his employment, and the Executive shall not be entitled to and shall not retain any copies thereof. Title and copyright therein shall vest in the Company.

16. Directorship

(A) The removal of the Executive from the office of Director of the Company or the failure of the Company in general meeting to re-elect the Executive as a Director of the Company if under the Articles of Association for the time being of the company he shall be obliged to retire by rotation or otherwise shall terminate his employment under this Agreement. Such termination shall be taken to be a breach by the Company of this Agreement unless at the time of removal or failure to re-elect the Company was entitled to terminate the Executive's employment in accordance with Clause 18. The Executive shall not during his employment resign his office as a Director of the Company or any Associated Company or do anything which could cause him to be disqualified from continuing to act as such a Director.

(B) Upon the termination of his employment howsoever arising and without prejudice to any rights which he may have under this Agreement the Executive shall forthwith resign from office as a Director of the Company and any Associated Company in default of which the Company is hereby irrevocably authorised to appoint some person in his name and on his behalf to sign and do any documents or things necessary to give effect thereto.

17. Sickness

(A) If the Executive shall be prevented by illness or other incapacity from properly performing his duties hereunder he shall report this fact forthwith to the Chairman of the Board and shall state, if known, the expected date of his resumption of normal duties. If the Executive is so prevented for eight or more consecutive days (including Saturdays and Sundays) he shall provide a medical practitioner's statement on the ninth day and weekly thereafter. Immediately following his return to work after a period of absence the Executive shall complete a self-certification form detailing the reason for his absence.

(B) Subject to the Executive's compliance with the provisions of sub-clause (A) above and the Executive having completed three months' continuous employment with the Company and subject to the Executive undergoing a medical examination by the Company Doctor if so required by the Chairman of the Board, the Company shall pay to the executive his full remuneration hereunder for up to 26 weeks absence in any period of twelve months and thereafter such remuneration, if any, as the Chairman of the Board shall in his discretion from time to time allow provided that there shall be deducted from or set off against such remuneration any statutory sick pay to which the Executive is entitled.

18. Termination of Employment

If the Executive:-

(i) shall be or become incapacitated from any cause whatsoever from efficiently performing his duties hereunder for six consecutive months or for one hundred and thirty working days in aggregate in any period of twelve consecutive months; or

(ii) shall have an order under Section 252 of the Insolvency Act 1986 made in respect of him or if an interim receiver of his property is appointed under Section 286 of that Act; or

(iii) shall be or become prohibited by law from being a Director; or

(iv) shall be guilty of misconduct or shall commit any serious or persistent breach of any of his obligations to the Company or any Associated Company (whether under this Agreement or otherwise); or

(v) shall refuse or neglect to comply with any lawful orders given to him by the Company

then the Company shall be entitled by notice in writing to the Executive to terminate forthwith his employment under this Agreement. The Executive shall have no claim against the Company by reason of such termination.

Any delay or forbearance by the Company in exercising any right of termination shall not constitute a waiver of it.

19. Miscellaneous Matters

(A) The Executive's employment with the Company (formerly called Matthew Clark & Sons (Holdings) plc) which began on 1st May 1990 counts as part of the Executive's continuous period of employment with the Company for the purpose of the Employment Protection (Consolidation) Act 1978.

(B) The Executive is subject to the Company's Disciplinary Rules from time to time in force.

(C) If the Executive has a grievance relating to his employment he should first apply in person to the Chairman of the Company. If the matter is not then settled the Executive may apply to the Board.

20. Notices

Any notice may be given personally to the Executive or to the Secretary of the Company (as the case may be) or may be posted to the Company (for the attention of its Secretary) at its registered office for the time being or to the Executive either at his address given above or at his last known address. Any such notice sent by post shall be deemed served forty-eight hours after it is posted and in proving such service it shall be sufficient to prove that the notice was properly addressed and put in the post.

21. Other Agreements

The Executive acknowledges and warrants that there are no agreements or arrangements whether written, oral or implied between the Company or any Associated Company and the Executive relating to the employment of the Executive other than those expressly set out in this Agreement and that he is not entering into this Agreement in reliance on any representation not expressly set out herein.

I N W I T N E S S whereof this Agreement has been signed by or on behalf of the parties hereto the day and year first before written.

SIGNED by) /s/ Francis Gordon Clark
on behalf of the company)
in the presence of :-) /s/ Susanna Heinneman

SIGNED by the Executive) /s/ P Aikens 27/9/91
in the presence of :-) /s/ Unknown 27/9/91

TGMB0058.91D

[Logo]

Matthew Clark and Sons
(Holdings) Plc.
Registered Office: 183-185 Central Street, London EC1V 8DR
Telephone: 01-253 7646 Telex: 24357 Facsimile: 01-251 0263
Registered in England 163952

Peter Aikens Esq
Old Meadows
3 Alders Road
Reigate
RH2 OEA

22nd March 1990

Dear Peter:

Thank you for returning your acceptance of our offer of the position of Chief Executive of the Group. As agreed on the telephone I confirm that, should you decide to take out a personal pension plan, the company will pay into such plan the equivalent percentage of your basic salary which would apply were you a member of the Company Pension Scheme in every year that you make a contribution to that plan. Therefore should the company decide not to make a payment to its own scheme in any year (take a pension holiday) it will make a contribution to your personal plan in that year.

Yours sincerely,

F.W. Gordon Clark

Directors: F.W. Gordon Clark, Chairman, C.S. Gordon Clark, G.L. Gordon Clark, OBE, J.V.M. Gordon Clark, FCA, Secretary, M. Cowen, B.N.A. Hardman, P.D. Kelley, FCA, Mrs. M. Maxwell, I.E. Thomas, BSc, ACA, R.H. Walters

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Matthew Clark and Sons
[Logo] (Holdings) Plc.
==========
Registered Office: 183-185 Central Street, London EC1V 8DR
Telephone: 01-253 7646 Telex: 24357 Facsimile: 01-251 0263
Registered in England 163952

PRIVATE AND STRICTLY CONFIDENTIAL
- ---------------------------------

Peter Aikens Esq
Old Meadows 16th March 1990
3 Alders Road
Reigate
RH2 OEA

Dear Mr Aikens,

Following the conversations we have had with you recently, I am delighted to offer you the position as a director of Matthew Clark and Sons (Holdings) Plc. For an appointment of this seniority we would normally expect the candidate to undergo a medical examination. However, since you have told me that you recently had a BUPA examination, I would be happy to accept this if you could provide me with a copy of the report as agreed. Should this not be forthcoming, I would ask you to arrange with Michael Cottrell for you to have another examination.

We all look forward to working with you and we believe that you will play a very significant role in the future development of the Group.

1. Position

Your position will be that of Chief Executive of the Group reporting to myself as Chairman and to the Group Board.

2. Responsibilities

You will be responsible for the executive management of the Group and for all management matters affecting its interests, within strategies, policies and plans agreed by the Board and subject to established levels of authority. In particular, you will be responsible for the profit performance of the Group and for the achievement of business plans.

3. Base Salary

Your base salary will be (pound) 95,000 p.a. Salaries are reviewed annually on the May 1st. The first renewal date for your salary will be May 1st, 1991.

Directors: F.W. Gordon Clark, Chairman, C.S. Gordon Clark, G.L. Gordon Clark, OBE, J.V.M. Gordon Clark, FCA, Secretary, M. Cowen, B.N.A. Hardman, P.D. Kelley, FCA, Mrs. M. Maxwell, I.E. Thomas, BSc, ACA, R.H. Walters

4. Performance Related Bonus

This will be payable on the Group's pre-tax profit achievement measured against the budgeted result.

However, for your first financial year, i.e. 1990/91, we will guarantee you a (pound) 20,000 bonus. In subsequent years, your bonus will be governed according to the rules currently in place for members of the Plc Board.

5. Company Car

You will be provided with a company car, the make and model to be agreed with the Chairman, by May 1992. In the interim period the company agrees to purchase your present car, a Mercedes 420SE, at its market value as at 1st May 1990.

6. Holidays

You are entitled to 25 working days per annum with additional days for long service in line with company policy.

7. Pension Scheme

It is likely that the most advantageous arrangement for you may be a personal pension plan. The Company undertakes to pay into such a plan the equivalent percentage of your basic salary which would apply were you a member of the Company pension scheme.

8. Share Options

These are issued at the discretion of the Board. It is our intention to issue you with 50,000 share options during a permitted period within twelve months after you join. In addition you may subscribe up to (pound) 100 per month to the Company's Share Save Scheme.

9. Period of Notice

Your contract of employment may be terminated by the Company at any time by giving twenty-four months notice in writing. You may terminate the same contract by giving the Company twelve months notice in writing at any time. We will arrange for a full Service Agreement to be drawn up.

10. Health Insurance and Screening

The company's WPA health insurance scheme will cover you and your wife and children up to the age of twenty-one.

11. Sick Pay

This will be paid in line with Company policy up to twenty-six weeks.

I note that you are currently negotiating your pension arrangements with Elders and that you expect these to be finalised within the next ten days. You do not expect to have to work out three months' notice with them and hope to be able to join us by the end of April 1990.

Both on a professional and personal basis I am very pleased to make you this offer and those of my colleagues who have met you are enthusiastic about what they see as your potential to do well in this business and to provide strong leadership to the Group.

I would be grateful if you were to sign both copies of this letter at the foot of this page and return one copy to me, indicating your acceptance.

Yours sincerely,

/s/ F.W. Gordon Clark

F.W. Gordon Clark

I have read the above letter of offer and understood its terms and conditions, which I accept.

Signed Peter Aikens Dated 20 March 1990

EXHIBIT 11.1

<TABLE>

CANANDAIGUA BRANDS, INC. AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE

(in thousands, except per share data)

<CAPTION>

	For the Year Ended February 29,		For the Years Ended February 28,			
	2000		1999		1998	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
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Income before extraordinary item	$ 77,375	$ 77,375	$ 61,909	$ 61,909	$ 47,130	$ 47,130
Extraordinary item, net of income taxes	--	--	(11,437)	(11,437)	--	--
Income applicable to common shares	$ 77,375	$ 77,375	$ 50,472	$ 50,472	$ 47,130	$ 47,130
Shares:						
Weighted average common shares outstanding	18,054	18,054	18,293	18,293	18,672	18,672
Adjustments:						
Stock options	--	445	--	461	--	433
Adjusted weighted average common shares outstanding	18,054	18,499	18,293	18,754	18,672	19,105
Earnings per common share:						
Income before extraordinary item	$ 4.29	$ 4.18	$ 3.38	$ 3.30	$ 2.52	$ 2.47
Extraordinary item	--	--	(0.62)	(0.61)	--	--
Earnings per common share	$ 4.29	$ 4.18	$ 2.76	$ 2.69	$ 2.52	$ 2.47

</TABLE>

EXHIBIT 21.1

SUBSIDIARIES OF CANANDAIGUA BRANDS, INC.

PLACE OF INCORPORATION	SUBSIDIARY
New York	Batavia Wine Cellars, Inc.
New York	Canandaigua Wine Company, Inc.
New York	Canandaigua Europe Limited
Netherlands	Canandaigua B.V.
England and Wales	Canandaigua Limited
New York	Polyphenolics, Inc.
New York	Roberts Trading Corp.
Delaware	Franciscan Vineyards, Inc.
California	Allberry, Inc.
California	Cloud Peak Corporation
California	M.J. Lewis Corp.
California	Mt. Veeder Corporation
Delaware	Barton Incorporated
Delaware	Barton Brands, Ltd.
Maryland	Barton Beers, Ltd.
Connecticut	Barton Brands of California, Inc.
Georgia	Barton Brands of Georgia, Inc.
Illinois	Barton Canada, Ltd.
New York	Barton Distillers Import Corp.
Delaware	Barton Financial Corporation
Canada	Schenley Distilleries Inc. / Les Distilleries Schenley Inc.
Wisconsin	Stevens Point Beverage Co.
Illinois	Monarch Import Company
England and Wales	Matthew Clark plc
England and Wales	Freetraders Group Limited
England and Wales	Matthew Clark Wholesale Limited
England and Wales	Matthew Clark Brands Limited
England and Wales	The Gaymer Group Europe Limited

EXHIBIT 23.1

[LOGO]
ARTHUR ANDERSEN

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statements on Form S-8 file numbers 33-26694, 33-56557 and 333-88391 and Form S-3 file number 333-91587.

/s/ Arthur Andersen LLP

Rochester, New York
May 30, 2000

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This schedule contains summary financial information extracted from the
Company's February 29, 2000 Form 10-K and is qualified in its entirety by
reference to such financial statements.
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