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 28, 1999

OR

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

For the transition period from ______________ to ______________

COMMISSION FILE NO. 0-7570

(State or other jurisdiction of incorporation or organization)	(Exact name of registrant as specified in its charter)	(I.R.S. Employer Identifiection No.)
DELAWARE	CANANDAIGUA BRANDS, INC.	16-0716709
	AND ITS SUBSIDIARIES:	
NEW YORK	BATAVIA WINE CELLARS, INC.	16-1222994
NEW YORK	CANANDAIGUA WINE COMPANY, INC.	16-1462887
NEW YORK	CANANDAIGUA EUROPE LIMITED	16-1195581
ENGLAND AND WALES	CANANDAIGUA LIMITED	----
NEW YORK	POLYPHENOLICS, INC.	16-1546354
NEW YORK	ROBERTS TRADING CORP.	16-0865491
DELAWARE	BARTON INCORPORATED	36-3500366
DELAWARE	BARTON BRANDS, LTD.	36-3185921
MARYLAND	BARTON BEERS, LTD.	36-2855879
CONNECTICUT	BARTON BRANDS OF CALIFORNIA, INC.	06-1048198
GEORGIA	BARTON BRANDS OF GEORGIA, INC.	58-1215938
NEW YORK	BARTON DISTILLERS IMPORT CORP.	13-1794441
DELAWARE	BARTON FINANCIAL CORPORATION	51-0311795
WISCONSIN	STEVENS POINT BEVERAGE CO.	39-0638900
ILLINOIS	MONARCH IMPORT COMPANY	36-3539106
GEORGIA	THE VIKING DISTILLERY, INC.	58-2183528

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

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

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

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

Class A Common Stock (Par Value $.01 Per Share) of Canandaigua Brands, Inc.
(Title of Class)

Class B Common Stock (Par Value $.01 Per Share) of Canandaigua Brands, Inc.
(Title of Class)

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 ___

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 14, 1999, was $841,819,702.

The number of shares outstanding with respect to each of the classes of common stock of Canandaigua Brands, Inc., as of May 14, 1999, is set forth below (all of the Registrants, other than Canandaigua Brands, Inc., are direct or indirect wholly-owned subsidiaries of Canandaigua Brands, Inc.):

CLASS	NUMBER OF SHARES OUTSTANDING
Class A Common Stock, Par Value $.01 Per Share	17,640,877
Class B Common Stock, Par Value $.01 Per Share	3,189,599

DOCUMENTS INCORPORATED BY REFERENCE

The proxy statement of Canandaigua Brands, Inc. to be issued for the annual meeting of stockholders to be held July 20, 1999, 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 1999", "Fiscal 1998" and "Fiscal 1997" 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 Adam's Media Handbook Advance, NACM, AC Nielsen, The U.S. Wine Market: Impact Databank Review and Forecast and the Zenith Guide. 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 the United States 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 Matthew Clark Acquisition (as defined below) 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 Company is a Delaware corporation organized in 1972 as the successor to a business founded in 1945 by Marvin Sands, Chairman of the Board of the Company. The Company has aggressively pursued growth in recent years through acquisitions, brand development, new product offerings and new distribution agreements. The Matthew Clark Acquisition and the Black Velvet Acquisition (as defined below) 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 over 170 national and regional branded products to more than 1,000 wholesale distributors in the United States. The Company also distributes its own branded products and those of other companies to more than 16,000 customers in the United Kingdom. The Company operates 20 production facilities in the United States, Canada and the United Kingdom and purchases products for resale from other producers.

RECENT ACQUISITIONS

MATTHEW CLARK ACQUISITION

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

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 Acquisition"). 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 Diageo to provide packaging and distilling services for various brands retained by Diageo.

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 are being integrated with the Company's existing spirits business.

RECENT DEVELOPMENTS-PENDING ACQUISITIONS OF SIMI WINERY AND FRANCISCAN ESTATES

SIMI WINERY

On April 1, 1999, the Company entered into a definitive agreement with Moet Hennessy, Inc. to purchase all of the outstanding capital stock of Simi Winery, Inc. ("Simi"). (The acquisition of the capital stock of Simi is hereafter referred to as the "Simi Acquisition.") The Simi Acquisition includes the Simi winery (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.

FRANCISCAN ESTATES

On April 21, 1999, the Company entered into (i) a definitive purchase agreement with Franciscan Vineyards, Inc. ("Franciscan") and its shareholders to, among other matters, purchase all of the outstanding capital stock of Franciscan and (ii) definitive purchase agreements with certain parties related to Franciscan to acquire certain vineyards and related vineyard assets (collectively, the "Franciscan Acquisition"). Pursuant to the Franciscan Acquisition, the Company will: (i) acquire the Franciscan Oakville Estate, Estancia and Mt. Veeder brands; (ii) acquire wineries located in Rutherford, Monterey and Mt. Veeder, California; (iii) acquire vineyards in the Napa Valley, Alexander Valley, Monterey and Paso Robles appellations and additionally, will enter into long-term grape contracts with certain parties related to Franciscan to purchase additional grapes grown in the Napa and Alexander Valley appellations; (iv) acquire distribution rights to the Quintessa and Veramonte brands; and (v)

acquire equity interests in entities that own the Veramonte brand, the Veramonte winery (which is located in the Casablanca Valley, Chile) and vineyards also located in the Casablanca Valley. Franciscan's net sales for its fiscal year ended December 31, 1998, were approximately $50 million on volume of approximately 600,000 cases.

Franciscan is one of the foremost super-premium and ultra-premium wine companies in California. While the super-premium and ultra-premium wine categories represented only 9% of the total wine market by volume in 1997, they accounted for more than 25% of sales dollars. More importantly, super-premium and ultra-premium wine sales grew at an annual rate of 10% between 1995 and 1997, and by more than 18% in 1998. Given its fiscal 1998 volume of approximately 600,000 cases sold, Franciscan has recorded a three-year compound annual growth rate of more than 17%.

When completed, the Simi and Franciscan Acquisitions will establish the Company as a leading producer and marketer of super-premium and ultra-premium wine. The Simi and Franciscan operations complement each other and offer synergies in the areas of sales and distribution, grape usage and capacity utilization. Together, Simi and Franciscan represent the sixth largest presence in the super-premium and ultra-premium wine categories. The Company intends to operate Simi and Franciscan, and their properties, together as a separate business segment. 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.

The agreements for the Simi and Franciscan Acquisitions are subject to certain customary conditions prior to closing, which the Company expects will be satisfied. The Company cannot guarantee, however, that those transactions will be completed upon the agreed upon terms, or at all.

PRIOR ACQUISITIONS

The Company made a series of significant acquisitions between 1991 and 1995, commencing with the acquisition of the Cook's, Cribari, Dunnewood and other wine brands and related wine production facilities in 1991. In 1993, the Company diversified into the imported beer and distilled spirits categories by acquiring Barton Incorporated, through which the Company acquired distribution rights with respect to Corona Extra and other Modelo brands, St. Pauli Girl and other imported beer brands, and the Barton, Ten High, Montezuma and other distilled spirits brands. Also in 1993, the Company acquired the Paul Masson, Taylor California Cellars and other wine brands and related production facilities. In 1994, the Company acquired the Almaden, Inglenook and other wine brands, a grape juice concentrate business and related facilities. In 1995, the Company acquired the Mr. Boston, Canadian LTD, Skol, Old Thompson, Kentucky Tavern, Glenmore and di Amore distilled spirits brands; the rights to the Fleischmann's and Chi-Chi's distilled spirits brands under long-term license agreements; the U.S. rights to the Inver House, Schenley and El Toro distilled spirits brands; and related production facilities and assets.

Through these 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 the United States and the United Kingdom. The Company reports its operating results in four segments: Canandaigua Wine (branded 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); 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 15 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 65 countries from the United States. Canandaigua Wine sells table wine, dessert wine, sparkling wine and brandy. Its leading brands include Inglenook, Almaden, Paul Masson, Arbor Mist, 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 five of the top 25 imported beer brands in the United States: Corona Extra, Modelo Especial, Corona Light, Pacifico and St. Pauli Girl. Corona Extra is the number one imported beer nationwide. Barton's other imported beer brands include Negra Modelo from Mexico, 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 fifteen 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

The Company acquired Matthew Clark in the fourth quarter of Fiscal 1999. 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 UK'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 a 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.

CORPORATE OPERATIONS AND OTHER

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

MARKETING AND DISTRIBUTION

UNITED STATES

The Company's products are distributed and sold throughout the United States through over 1,000 wholesalers, as well as through state alcoholic beverage control agencies. Both Canandaigua Wine and Barton 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 1999, the Company increased its advertising expenditures to put more emphasis on consumer advertising for certain wine brands, including newly introduced brands, and 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 UK-produced branded products are 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 thirteen 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, 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 (1) 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 (2) 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 subsidiearies 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. The Company's agreement for the importation of St. Pauli Girl expires in June 2003. The Company's agreement for the importation of Tetley's English Ale expires in December 2007. The Company's agreement for the exclusive importation of Tsingtao throughout the entire United States expires in December 1999 and, subject to compliance with certain performance criteria and other terms under the agreement, will be automatically renewed until December 2002. Prior to their expiration, these agreements may be terminated if the Company fails to meet certain performance criteria. The Company believes it is currently in compliance with its 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 most of the brands that it 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 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. 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 eighteen 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 Black Velvet Acquisition, 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 are 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.

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 and Monterey regions of California and in New York State. The Company enters into written purchase agreements with a majority of these growers on a year-to-year basis. The Company currently owns or leases approximately 4,200 acres of vineyards, either fully bearing or under development, in California and New York. 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, 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 in order 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 2,300 full-time employees in the United States at the end of April 1999, of which approximately 870 were covered by collective bargaining agreements. Additional workers may be employed by the Company during the grape crushing season.

The Company had approximately 1,700 full-time employees in the United Kingdom at the end of April 1999, of which approximately 420 were covered by collective bargaining agreements. Additional workers may be employed during the peak season.

The Company had approximately 230 full-time employees in Canada at the end of April 1999, of which approximately 185 were covered by collective bargaining agreements.

The Company considers its employee relations generally to be good.

ITEM 2. PROPERTIES

Through the Company's four 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 Monterey Cellars 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 Monterey Cellars 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 Acquisition, 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.

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

CORPORATE OPERATIONS AND OTHER

The Company maintains its corporate headquarters in offices leased in Fairport, New York.

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
Marvin Sands	75	Chairman of the Board
Richard Sands	48	President and Chief Executive Officer

Robert Sands	40	Chief Executive Officer, International, Executive Vice President and General Counsel; and President and Chief Executive Officer of Canandaigua Wine Company, Inc.
Peter Aikens	60	President and Chief Executive Officer of Matthew Clark plc
Alexander L. Berk	49	President and Chief Executive Officer of Barton Incorporated
George H. Murray	52	Senior Vice President and Chief Human Resources Officer
Thomas S. Summer	45	Senior Vice President and Chief Financial Officer

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

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

Robert Sands was appointed Chief Executive Officer, International in December 1998 and was appointed Executive Vice President and General Counsel in October 1993. He was elected a director of the Company in January 1990 and served as Vice President and General Counsel from June 1990 through October 1993. From June 1986 until his appointment as Vice President and General Counsel, Mr. Sands was employed by the Company as General Counsel. In addition, since the departure in April 1999 of the former President of Canandaigua Wine Company, Inc., a wholly-owned subsidiary of the Company, Mr. Sands has assumed, on an interim basis, the position of President and Chief Executive Officer of that company. In this capacity, Mr. Sands is in charge of the Canandaigua Wine segment, until a permanent successor is appointed. He is a son of Marvin Sands and 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.

George H. Murray joined the Company in April 1997 as Senior Vice President and Chief Human Resources Officer. 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. 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

The Company's Class A Common Stock (the "Class A Stock") and Class B Common Stock (the "Class B Stock") trade on the Nasdaq Stock Market (registered trademark) under the symbols "CBRNA" and "CBRNB," respectively. 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 as reported on the Nasdaq Stock Market (registered trademark).

CLASS A STOCK

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Fiscal 1998				
High	$ 32 1/4	$ 42 3/4	$ 53 1/2	$ 58 1/2
Low	$ 21 7/8	$ 29 3/8	$ 39 1/2	$ 43 3/4
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

CLASS B STOCK

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Fiscal 1998				
High	$ 37	$ 43	$ 54 5/8	$ 57 3/4
Low	$ 27	$ 35 1/2	$ 40 3/4	$ 45
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

At May 14, 1999, the number of holders of record of Class A Stock and Class B Stock of the Company were 977 and 290, 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 bank credit agreement, 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 and its indenture for its $200 million 8 1/2% Senior Subordinated Notes due March 2009 restrict the payment of cash dividends.

ITEM 6. SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED FEBRUARY 28,			FOR THE SIX MONTHS ENDED FEBRUARY 29,	FOR THE YEARS ENDED AUGUST 31,	
(in thousands, except per share data)	1999	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gross sales	$ 1,984,801	$1,632,357	$1,534,452	$ 738,415	$1,185,074	$ 861,059
Less-excise taxes	(487,458)	(419,569)	(399,439)	(203,391)	(278,530)	(231,475)
Net sales	1,497,343	1,212,788	1,135,013	535,024	906,544	629,584
Cost of product sold	(1,049,309)	(869,038)	(812,812)	(389,281)	(657,883)	(458,311)
Gross profit	448,034	343,750	322,201	145,743	248,661	171,273
Selling, general and administrative expenses	(299,526)	(231,680)	(208,991)	(112,411)	(159,196)	(121,388)
Nonrecurring charges	(2,616)	--	--	(2,404)	(2,238)	(24,005)
Operating income	145,892	112,070	113,210	30,928	87,227	25,880
Interest expense, net	(41,462)	(32,189)	(34,050)	(17,298)	(24,601)	(18,056)

Income before taxes and extraordinary item	104,430	79,881	79,160	13,630	62,626	7,824
Provision for income taxes	(42,521)	(32,751)	(32,977)	(6,221)	(24,008)	(2,640)
Income before extraordinary item	61,909	47,130	46,183	7,409	38,618	5,184
Extraordinary item, net of income taxes	(11,437)	--	--	--	--	--
Net income	$ 50,472	$ 47,130	$ 46,183	$ 7,409	$ 38,618	$ 5,184
Earnings per common share:						
Basic:						
Income before extraordinary item	$ 3.38	$ 2.52	$ 2.39	$ 0.38	$ 2.06	$ 0.34
Extraordinary item	(0.62)	--	--	--	--	--
Earnings per common share - basic	$ 2.76	$ 2.52	$ 2.39	$ 0.38	$ 2.06	$ 0.34
Diluted:						
Income before extraordinary item	$ 3.30	$ 2.47	$ 2.37	$ 0.37	$ 2.03	$ 0.33
Extraordinary item	(0.61)	--	--	--	--	--
Earnings per common share - diluted	$ 2.69	$ 2.47	$ 2.37	$ 0.37	$ 2.03	$ 0.33
Total assets	$ 1,793,776	$1,090,555	$1,043,281	$1,045,590	$ 770,004	$ 814,718
Long-term debt	$ 831,689	$ 309,218	$ 338,884	$ 327,616	$ 198,859	$ 289,122

</TABLE>

For the fiscal years ended February 28, 1999 and 1998, 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 28, 1999, 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.

All periods presented have been restated to reflect the Company's change in inventory valuation method from LIFO to FIFO (see Note 1 in the Notes to Consolidated Financial Statements as of February 28, 1999, under Item 8 of this Annual Report on Form 10-K).

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 28, 1999 ("Fiscal 1999"), compared to the year ended February 28, 1998 ("Fiscal 1998"), and Fiscal 1998 compared to the year ended February 28, 1997 ("Fiscal 1997"), and (ii) financial liquidity and capital resources for Fiscal 1999. 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 the United States and the United Kingdom. The Company reports its operating results in four segments: Canandaigua Wine (branded 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); and Corporate Operations and Other (primarily corporate related items).

During the fourth quarter of Fiscal 1999, the Company changed its method of determining the cost of inventories from the last-in, first-out ("LIFO") method to the first-in, first-out ("FIFO") method. All previously reported results have been restated to reflect the retroactive application of this accounting change as required by generally accepted accounting principles. For further discussion of the impact of this accounting change, see Note 1 to the Company's consolidated financial statements located in Item 8 of this Annual Report on Form 10-K.

RECENT ACQUISITIONS

On December 1, 1998, the Company acquired control of Matthew Clark and has since acquired all of Matthew Clark's outstanding shares. 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. (See also the discussions regarding Matthew Clark under Item 1 "Business" of this Annual Report on Form 10-K.) The results of operations of Matthew Clark have been included in the consolidated results of operations of the Company since the date of acquisition, December 1, 1998.

On April 9, 1999, in an asset acquisition, the Company acquired several well-known Canadian whisky brands, including Black Velvet, production facilities located in Alberta and Quebec, Canada, case goods and bulk whisky inventories and other related assets from affiliates of Diageo plc. In connection with the transaction, the Company also entered into multi-year agreements with Diageo to provide packaging and distilling services for various brands retained by Diageo. The 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 Matthew Clark and Black Velvet Acquisitions are significant and the Company expects them to have a material impact on the Company's future results of operations.

RECENT DEVELOPMENTS - PENDING ACQUISITIONS OF SIMI AND FRANCISCAN

On April 1, 1999, the Company entered into a definitive agreement with Moet Hennessy, Inc. to purchase all of the outstanding capital stock of Simi. The Simi Acquisition includes the Simi winery, equipment, vineyards, inventory and worldwide ownership of the Simi brand name.

On April 21, 1999, the Company entered into definitive purchase agreements with Franciscan and its shareholders, and certain parties related to Franciscan to, among other matters, purchase all of the outstanding capital stock of Franciscan and acquire certain vineyards and related vineyard assets. Pursuant to the Franciscan Acquisition, the Company will: (i) acquire the Franciscan Oakville Estate, Estancia and Mt. Veeder brands; (ii) acquire wineries located in Rutherford, Monterey and Mt. Veeder, California; (iii) acquire vineyards in the Napa Valley, Alexander Valley, Monterey and Paso Robles appellations and additionally, will enter into long-term grape contracts with certain parties related to Franciscan to purchase additional grapes grown in the Napa and Alexander Valley appellations; (iv) acquire distribution rights to the Quintessa and Veramonte brands; and (v) acquire equity interests in entities that own the Veramonte brand and the Veramonte winery and certain vineyards located in the Casablanca Valley, Chile.

The agreements for the Simi and Franciscan Acquisitions are subject to certain customary conditions prior to closing, which the Company expects will be satisfied. The Company cannot guarantee, however, that those transactions will be completed upon the agreed upon terms, or at all.

RESULTS OF OPERATIONS

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)%
Net sales	$ 669,493	$ 642,795	4.2 %
Barton:			
Beer	$ 478,611	$ 376,607	27.1 %
Spirits	185,938	191,190	(2.7)%
Net sales	$ 664,549	$ 567,797	17.0 %
Matthew Clark:			
Branded	$ 64,879	$ --	--
Wholesale	93,881	--	--
Net sales	$ 158,760	$ --	--
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, particulary 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 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	--	--
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 bank 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.

FISCAL 1998 COMPARED TO FISCAL 1997

NET SALES

The following table sets forth the net sales (in thousands of dollars) by operating segment of the Company for Fiscal 1998 and Fiscal 1997.

	Fiscal 1998 Compared to Fiscal 1997		
	Net Sales		
	1998	1997	%Increase/ (Decrease)
Canandaigua Wine:			
Branded	$ 570,807	$ 537,745	6.1 %
Other	71,988	112,546	(36.0)%
Net sales	$ 642,795	$ 650,291	(1.2)%
Barton:			

Beer	$ 376,607	$ 298,925	26.0 %
Spirits	191,190	185,289	3.2 %
Net sales	$ 567,797	$ 484,214	17.3 %
Corporate Operations and Other	$ 2,196	$ 508	332.3 %
Consolidated Net Sales	$1,212,788	$1,135,013	6.9%

Net sales for Fiscal 1998 increased to $1,212.8 million from $1,135.0 million for Fiscal 1997, an increase of $77.8 million, or 6.9%.

Canandaigua Wine

Net sales for Canandaigua Wine for Fiscal 1998 decreased to $642.8 million from $650.3 million for Fiscal 1997, a decrease of $7.5 million, or 1.2%. This decrease resulted primarily from lower sales of grape juice concentrate, bulk wine and other branded wine products, partially offset by an increase in table wine sales and brandy sales.

Barton

Net sales for Barton for Fiscal 1998 increased to $567.8 million from $484.2 million for Fiscal 1997, an increase of $83.6 million, or 17.3%. This increase resulted primarily from additional beer sales, largely Mexican beer, and additional spirits sales.

GROSS PROFIT

The Company's gross profit increased to $343.8 million for Fiscal 1998 from $322.2 million for Fiscal 1997, an increase of $21.5 million, or 6.7%. The dollar increase in gross profit resulted primarily from increased beer sales, higher average selling prices and cost structure improvements related to

branded wine sales, higher average selling prices in excess of cost increases related to grape juice concentrate sales and higher average selling prices and increased volume related to branded spirits sales. These increases were partially offset by lower sales volume of grape juice concentrate and bulk wine. As a percent of net sales, gross profit decreased slightly to 28.3% for Fiscal 1998 from 28.4% for Fiscal 1997.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to $231.7 million for Fiscal 1998 from $209.0 million for Fiscal 1997, an increase of $22.7 million, or 10.9%. The dollar increase in selling, general and administrative expenses resulted principally from marketing and selling costs associated with the Company's branded sales volume, and a one-time charge for separation costs related to an organizational change within the Barton segment. Selling, general and administrative expenses as a percent of net sales increased to 19.1% for Fiscal 1998 as compared to 18.4% for Fiscal 1997. The increase in percent of net sales resulted from the one-time charge for separation costs and from a change in the sales mix in the Canandaigua Wine segment towards branded products, which have a higher percent of marketing and selling costs relative to sales.

OPERATING INCOME

The following table sets forth the operating profit/(loss) (in thousands of dollars) by operating segment of the Company for Fiscal 1998 and Fiscal 1997.

	Fiscal 1998 Compared to Fiscal 1997		
	Operating Profit/(Loss)		
	1998	1997	%Increase/ (Decrease)
Canandaigua Wine	$ 45,440	$ 51,525	(11.8)%
Barton	77,010	73,073	5.4 %
Corporate Operations and Other	(10,380)	(11,388)	8.9 %
Consolidated Operating Profit	$112,070	$113,210	(1.0)%

As a result of the above factors, operating income decreased to $112.1 million for Fiscal 1998 from $113.2 million for Fiscal 1997, a decrease of $1.1

million, or 1.0%.

INTEREST EXPENSE, NET

Net interest expense decreased to $32.2 million for Fiscal 1998 from $34.1 million for Fiscal 1997, a decrease of $1.9 million or 5.5%. The decrease was primarily due to a decrease in the Company's average borrowings which was partially offset by an increase in the average interest rate.

PROVISION FOR INCOME TAXES

The Company's effective tax rate for Fiscal 1998 decreased to 41.0% from 41.7% for Fiscal 1997 as Fiscal 1997 reflected a higher effective tax rate in California caused by statutory limitations on the Company's ability to utilize certain deductions.

NET INCOME

As a result of the above factors, net income increased to $47.1 million for Fiscal 1998 from $46.2 million for Fiscal 1997, an increase of $0.9 million, or 2.1%.

For financial analysis purposes only, the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") for Fiscal 1998 were $145.2 million, an increase of $0.2 million over EBITDA of $145.0 million for Fiscal 1997. 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 1999 CASH FLOWS

OPERATING ACTIVITIES

Net cash provided by operating activities for Fiscal 1999 was $107.3 million, which resulted from $112.3 million in net income adjusted for noncash items, less $5.0 million representing the net change in the Company's operating assets and liabilities. The net change in operating assets and liabilities resulted primarily from post acquisition activity attributable to the Matthew Clark Acquisition resulting in a decrease in other accrued expenses and liabilities and accounts payable, partially offset by a decrease in accounts receivable.

INVESTING ACTIVITIES AND FINANCING ACTIVITIES

Net cash used in investing activities for Fiscal 1999 was $382.4 million, which resulted primarily from net cash paid of $332.2 million for the Matthew Clark Acquisition and $49.9 million of capital expenditures, including $7.0 million for vineyards.

Net cash provided by financing activities for Fiscal 1999 was $301.0 million, which resulted primarily from proceeds of $635.1 million from issuance of long-term debt, including $358.1 million of long-term debt incurred to acquire Matthew Clark. This amount was partially offset by principal

payments of $264.1 million of long-term debt, repurchases of $44.9 million of the Company's Class A Common Stock, payment of $17.1 million of long-term debt issuance costs and repayment of $13.9 million of net revolving loan borrowings.

As of February 28, 1999, under the 1998 Credit Agreement, the Company had outstanding term loans of $625.6 million bearing interest at 7.6%, $83.1 million

of revolving loans bearing interest at 7.3%, undrawn revolving letters of credit of $4.0 million, and $212.9 million in revolving loans available to be drawn.

Total debt outstanding as of February 28, 1999, amounted to $925.4 million, an increase of $500.2 million from February 28, 1998. The ratio of total debt to total capitalization increased to 68.0% as of February 28, 1999, from 50.0% as of February 28, 1998.

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 bank credit agreement. The repurchased shares will become treasury shares. As of May 28, 1999, 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.

THE COMPANY'S CREDIT AGREEMENT

On December 14, 1998, the Company, its principal operating subsidiaries (other than Matthew Clark and its subsidiaries), and a syndicate of banks, for which The Chase Manhattan Bank acts as administrative agent, entered into a First Amended and Restated Credit Agreement (the "1998 Credit Agreement"), effective as of November 2, 1998, which amends and restates in its entirety the credit agreement entered into between the Company and The Chase Manhattan Bank on November 2, 1998. The 1998 Credit Agreement includes both US 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) with the proceeds available for repayment of all outstanding principal and accrued interest on all loans under the Company's bank credit agreement dated as of December 19, 1997, payment of the purchase price for the Matthew Clark shares, repayment of Matthew Clark's credit facilities, funding of permitted acquisitions, payment of transaction expenses and ongoing working capital needs of the Company.

The 1998 Credit Agreement provides for a $350.0 million Tranche I Term Loan facility due in December 2004, a $200.0 million Tranche II Term Loan facility due in June 2000, a $150.0 million Tranche III Term Loan facility due in December 2005, 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. Portions of the Tranche I Term Loan facility and the Revolving Credit facility are available for borrowing in British pound sterling. A brief description of the 1998 Credit Agreement is contained in Note 6 to the Company's consolidated financial statements located in Item 8 of this Annual Report on Form 10-K.

The Company expects to finance the purchase price for the Simi and Franciscan Acquisitions with borrowings under an amendment to the 1998 Credit Agreement.

SENIOR SUBORDINATED NOTES

As of February 28, 1999, 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 "$200 Million Notes"). The Company used the proceeds from the sale of the $200 Million Notes to fund the Black Velvet Acquisition ($185.5 million) and to pay the fees and expenses related thereto with the remainder of the net proceeds to be used for general corporate purposes or to fund future acquisitions. The $200 Million 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 $200 Million Notes using the proceeds of certain equity offerings completed before March 1, 2002. A brief description of the $200 Million Notes is contained in Note 17 to the Company's consolidated financial statements located in Item 8 of this Annual Report on Form 10-K.

CAPITAL EXPENDITURES

During Fiscal 1999, the Company incurred $49.9 million for capital expenditures, including $7.0 million related to vineyards. The Company plans to spend approximately $49.6 million for capital expenditures, exclusive of

vineyards, in fiscal 2000. In addition, the Company continues to consider the purchase, lease and development of vineyards. See "Business - Sources and Availability of Raw Materials" under Item 1 of this Annual Report on Form 10-K. The Company may incur additional expenditures for vineyards if opportunities become available. 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 and blends of which certain agreements are denominated in British pound sterling. The future obligations under these agreements, based upon exchange rates at February 28, 1999, aggregate approximately $17.2 million for contracts expiring through December 2002.

At February 28, 1999, the Company had open currency forward contracts to purchase various foreign currencies of $12.4 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 PRONOUNCEMENT

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS No. 133"), "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. SFAS No. 133 requires that every derivative be recorded as either an asset or liability in the balance sheet 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. The Company is required to adopt SFAS No. 133 on a prospective basis for interim periods and fiscal years beginning March 1, 2000. The Company believes the effect of adoption on its financial statements will not be material based on the Company's current risk management strategies.

YEAR 2000 ISSUE

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

Pursuant to the Company's readiness programs, all major categories of information technology systems and non-information technology systems (i.e., equipment with embedded microprocessors) in use by the Company, including manufacturing, sales, financial and human resources, have been inventoried and assessed. In addition, plans have been developed for the required systems modifications or replacements. With respect to its information technology systems, the Company has completed the entire assessment phase and approximately 75% of the remediation phase. With respect to its non-information technology systems, the Company has completed the entire assessment phase and approximately 64% of the remediation phase. Selected areas, both internal and external, are being tested to assure the integrity of the Company's remediation programs. The testing is expected to be completed by September 1999. The Company plans to have all internal mission-critical information technology and non-information technology systems Year 2000 compliant by September 1999.

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

related to the Company's significant customers and suppliers are expected to be completed by September 1999. The Company's key financial institutions have been surveyed and it is the Company's understanding that they are or will be Year 2000 compliant on or before December 31, 1999.

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

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

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

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

EURO CONVERSION ISSUES

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

ITEM 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 $844.6 million at February 28, 1999. A hypothetical 1% increase from prevailing interest rates at February 28, 1999, would result in a decrease in fair value of long-term debt by approximately $7.7 million. Also, a hypothetical 1% increase

from prevailing interest rates at February 28, 1999, would result in an approximate increase in cash required for interest on variable interest rate debt during the next five fiscal years as follows:

2000	$ 6.2 million
2001	$ 5.1 million
2002	$ 3.8 million
2003	$ 3.4 million
2004	$ 2.9 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 28, 1999, 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. The Company uses local currency borrowings to hedge its earnings and cash flow exposure to adverse changes in foreign currency exchange rates. At February 28, 1999, 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 28, 1999, 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 28, 1999

Page

The following information is presented in this Annual Report on Form 10-K:

	Page
Report of Independent Public Accountants	28
Consolidated Balance Sheets - February 28, 1999 and 1998	29
Consolidated Statements of Income for the years ended February 28, 1999, 1998 and 1997	30
Consolidated Statements of Changes in Stockholders' Equity for the years ended February 28, 1999, 1998 and 1997	31
Consolidated Statements of Cash Flows for the years ended February 28, 1999, 1998 and 1997	32
Notes to Consolidated Financial Statements	33
Selected Financial Data	14
Selected Quarterly Financial Information (unaudited)	52

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.

ARTHUR ANDERSEN LLP

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 28, 1999

and 1998, 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 28, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canandaigua Brands, Inc. and subsidiaries as of February 28, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended February 28, 1999 in conformity with generally accepted accounting principles.

As explained in Note 1 to the financial statements, the Company has given retroactive effect to the change in accounting for inventories from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method.

/s/ Arthur Andersen LLP

Rochester, New York
April 22, 1999

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

	February 28, 1999	February 28, 1998
ASSETS		
CURRENT ASSETS:		
Cash and cash investments	$ 27,645	$ 1,232
Accounts receivable, net	260,433	142,615
Inventories, net	508,571	411,424
Prepaid expenses and other current assets	59,090	26,463
Total current assets	855,739	581,734
PROPERTY, PLANT AND EQUIPMENT, net	428,803	244,035
OTHER ASSETS	509,234	264,786
Total assets	$ 1,793,776	$ 1,090,555
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 87,728	$ 91,900
Current maturities of long-term debt	6,005	24,118
Accounts payable	122,746	52,055
Accrued Federal and state excise taxes	49,342	17,498
Other accrued expenses and liabilities	149,451	104,896
Total current liabilities	415,272	290,467
LONG-TERM DEBT, less current maturities	831,689	309,218
DEFERRED INCOME TAXES	88,179	59,237
OTHER LIABILITIES	23,364	6,206
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.01 par value- Authorized, 1,000,000 shares; Issued, none in 1999 and 1998	--	--
Class A Common Stock, $.01 par value- Authorized, 120,000,000 shares; Issued, 17,915,359 shares in 1999 and 17,604,784 shares in 1998	179	176
Class B Convertible Common Stock,		

	1999	1998
$.01 par value- Authorized, 20,000,000 shares; Issued, 3,849,173 shares in 1999 and 3,956,183 shares in 1998	39	40
Additional paid-in capital	239,912	231,687
Retained earnings	281,081	230,609
Accumulated other comprehensive income- Cumulative translation adjustment	(4,173)	--
	517,038	462,512
Less-Treasury stock-		
Class A Common Stock, 3,168,306 shares in 1999 and 2,199,320 shares in 1998, at cost	(79,559)	(34,878)
Class B Convertible Common Stock, 625,725 shares in 1999 and 1998, at cost	(2,207)	(2,207)
	(81,766)	(37,085)
Total stockholders' equity	435,272	425,427
Total liabilities and stockholders' equity	$ 1,793,776	$ 1,090,555

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 Years Ended February 28,		
	1999	1998	1997
<S>	<C>	<C>	<C>
GROSS SALES	$ 1,984,801	$ 1,632,357	$ 1,534,452
Less - Excise taxes	(487,458)	(419,569)	(399,439)
Net sales	1,497,343	1,212,788	1,135,013
COST OF PRODUCT SOLD	(1,049,309)	(869,038)	(812,812)
Gross profit	448,034	343,750	322,201
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(299,526)	(231,680)	(208,991)
NONRECURRING CHARGES	(2,616)	--	--
Operating income	145,892	112,070	113,210
INTEREST EXPENSE, net	(41,462)	(32,189)	(34,050)
Income before taxes and extraordinary item	104,430	79,881	79,160
PROVISION FOR INCOME TAXES	(42,521)	(32,751)	(32,977)
Income before extraordinary item	61,909	47,130	46,183
EXTRAORDINARY ITEM, NET OF INCOME TAXES	(11,437)	--	--
NET INCOME	$ 50,472	$ 47,130	$ 46,183
SHARE DATA:			
Earnings per common share:			
Basic:			
Income before extraordinary item	$ 3.38	$ 2.52	$ 2.39
Extraordinary item	(0.62)	--	--
Earnings per common share - basic	$ 2.76	$ 2.52	$ 2.39
Diluted:			
Income before extraordinary item	$ 3.30	$ 2.47	$ 2.37
Extraordinary item	(0.61)	--	--
Earnings per common share - diluted	$ 2.69	$ 2.47	$ 2.37
Weighted average common shares outstanding:			
Basic	18,293	18,672	19,333
Diluted	18,754	19,105	19,521

<FN>

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

</FN>

</TABLE>

<TABLE>

CANANDAIGUA BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)

<CAPTION>

	Common Stock Class A	Common Stock Class B	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Restricted Stock	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, February 29, 1996	$174	$40	$221,133	$137,296	$ -	$ (7,441)	$ -	$351,202
Net income and comprehensive income for fiscal 1997	-	-	-	46,183	-	-	-	46,183
Conversion of 35,500 Class B Convertible Common shares to Class A Common shares	-	-	-	-	-	-	-	-
Exercise of 3,750 Class A stock options	-	-	17	-	-	-	-	17
Employee stock purchases of 37,768 treasury shares	-	-	884	-	-	114	-	998
Repurchase of 787,450 Class A Common shares	-	-	-	-	-	(20,765)	-	(20,765)
Acceleration of 18,500 Class A stock options	-	-	248	-	-	-	-	248
Tax benefit on Class A stock options exercised	-	-	27	-	-	-	-	27
Tax benefit on disposition of employee stock purchases	-	-	27	-	-	-	-	27
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)	-		

	Class A Common	Class B Common	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Unearned Compensation	Total
							-	(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
	====	===	========	========	=======	========	=======	========

<FN>

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

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<TABLE>

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

<CAPTION>

	For the Years Ended February 28,		
	1999	1998	1997
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 50,472	$ 47,130	$ 46,183
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property, plant and equipment	27,282	23,847	22,359
Extraordinary item, net of income taxes	11,437	-	-
Amortization of intangible assets	11,308	9,314	9,480
Deferred tax provision	10,053	4,275	18,630
Loss (gain) on sale of assets	1,193	(3,001)	(3,371)
Amortization of discount on long-term debt	388	352	112
Stock-based compensation expense	144	1,747	275
Change in operating assets and liabilities, net of effects from purchase of business:			
Accounts receivable, net	44,081	749	3,523
Inventories, net	1,190	(60,659)	(15,137)
Prepaid expenses and other current assets	(14,115)	(4,354)	3,271
Accounts payable	(17,560)	(3,288)	(431)
Accrued Federal and state excise taxes	17,124	440	(2,641)
Other accrued expenses and liabilities	(31,807)	14,655	24,617
Other assets and liabilities, net	(3,945)	(2,452)	898
Total adjustments	56,773	(18,375)	61,585
Net cash provided by operating activities	107,245	28,755	107,768
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of business, net of cash acquired	(332,216)	-	-
Purchases of property, plant and equipment	(49,857)	(31,203)	(31,649)
Purchase of joint venture minority interest	(716)	-	-
Proceeds from sale of assets	431	12,552	9,174
Payment of accrued earn-out amounts	-	-	(13,848)
Net cash used in investing activities	(382,358)	(18,651)	(36,323)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt, net of discount	635,090	140,000	61,668
Exercise of employee stock options	4,083	1,776	17
Proceeds from employee stock purchases	1,840	1,256	998
Principal payments of long-term debt	(264,101)	(186,367)	(50,842)
Purchases of treasury stock	(44,878)	(9,233)	(20,765)
Payment of issuance costs of long-term debt	(17,109)	(1,214)	(1,550)
Net (repayment of) proceeds from notes payable	(13,907)	34,900	(54,300)
Net cash provided by (used in) financing activities	301,018	(18,882)	(64,774)
Effect of exchange rate changes on cash and cash investments	508	-	-
NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS	26,413	(8,778)	6,671
CASH AND CASH INVESTMENTS, beginning of year	1,232	10,010	3,339
CASH AND CASH INVESTMENTS, end of year	$ 27,645	$ 1,232	$ 10,010
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	$ 36,257	$ 33,394	$ 32,615
Income taxes	$ 40,714	$ 32,164	$ 4,411
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Fair value of assets acquired, including cash acquired	$ 740,880	$ -	$ -
Liabilities assumed	(382,759)	-	-
Cash paid	358,121	-	-
Less - cash acquired	(25,905)	-	-
Net cash paid for purchase of business	$ 332,216	$ -	$ -
Goodwill reduction on settlement of disputed final closing net current asset statement for Vintners Acquisition	$ -	$ -	$ 5,894

<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 28, 1999

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 principally a producer and supplier of wine and an importer and producer of beer and distilled spirits in the United States. It maintains a portfolio of over 170 national and regional brands of beverage alcohol which are distributed by over 1,000 wholesalers throughout the United States and selected international markets. The Company is also a leading United Kingdom-based producer of its own brands of cider, wine and bottled water and 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 28, 1999 and 1998, 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 28, 1999 and 1998, the Company had letters of credit outstanding totaling approximately $4.0 million and $3.9 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 as of February 28:

<TABLE>
<CAPTION>

	1999			1998		
(in thousands)	Notional Amount	Carrying Amount	Fair Value	Notional Amount	Carrying Amount	Fair Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Liabilities:						
Notes payable	$ --	$ 87,728	$ 87,728	$ --	$ 91,900	$ 91,900
Long-term debt, including current portion	$ --	$837,694	$844,568	$ --	$333,336	$340,934
Derivative Instruments:						
Foreign exchange hedging agreements:						
Currency forward contracts	$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 28, 1999, hedge purchase commitments denominated in foreign currencies and mature within twelve months.

INVENTORIES -
During the fourth quarter of fiscal 1999, the Company changed its method of determining the cost of inventories from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method. The primary reasons for the change in accounting method are: management's belief that the FIFO method of accounting better matches revenues and expenses of the Company, and therefore, will result in a better measurement of operating results; and the FIFO method of accounting will provide improved financial comparability to other publicly-traded companies in the industry. All previously reported results have been restated to reflect the retroactive application of this accounting change as required by generally accepted accounting principles. The effect of this change was to increase current assets, current liabilities and retained earnings by $17.4 million, $7.1 million, and $10.3 million, respectively, as of February 28, 1998. The effect of the change increased net income for the year ended February 28, 1998, by $2.9 million, or $0.15 per share on a diluted basis, and increased net income for the year ended February 28, 1997, by $18.5 million, or $0.95 per share on a diluted basis. The effect of the change on the first quarter of fiscal 1999 was to decrease net income $0.5 million, or $0.02 per share on a diluted basis. The effect of the change on the second and third quarters of fiscal 1999 was to increase net income $1.0 million, or $0.05 per share on a diluted basis, and $0.5 million, or $0.03 per share on a diluted basis, respectively.

Elements of cost include materials, labor and overhead and consist of the following as of February 28:

(in thousands)	1999	1998
Raw materials and supplies	$ 32,388	$ 14,439
Wine and distilled spirits in process	344,175	304,037
Finished case goods	132,008	92,948
	$508,571	$411,424

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 work in process 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 28, 1999, the weighted average remaining useful life of these assets is approximately 38 years. The face value of the officers' life insurance policies totaled $2.9 million at both February 28, 1999 and 1998.

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 1999.

ADVERTISING AND PROMOTION COSTS -
The Company generally expenses advertising and promotion costs as incurred, shown or distributed. Prepaid advertising costs at February 28, 1999 and 1998, are not material. Advertising and promotion expense for the years ended February 28, 1999, 1998, and 1997, were approximately $173.1 million, $111.7 million and $101.3 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 28, 1999 and 1998.

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. Prior year financial statements have been reclassified to conform with the SFAS No. 130 requirements.

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.

2. ACQUISITIONS:

MATTHEW CLARK ACQUISITION -
On December 1, 1998, the Company acquired control of Matthew Clark plc (Matthew Clark) and has since acquired all of Matthew Clark's outstanding shares (the Matthew Clark Acquisition). The total purchase price, including assumption of indebtedness, for the acquisition of Matthew Clark shares was approximately $475.0 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 a First Amended and Restated Credit Agreement (the "1998 Credit Agreement"), effective as of November 2, 1998, between the

Company and The Chase Manhattan Bank, as administrative agent, and a syndicate of banks who are parties to the 1998 Credit Agreement.

The Matthew Clark Acquisition was accounted for using the purchase method; accordingly, the Matthew Clark assets were recorded at fair market value 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), 99.3 million British pound sterling ($164.3 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 the acquisition.

During fiscal 1999, the Company incurred and paid approximately $2.6 million 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 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 following table sets forth unaudited pro forma results of operations of the Company for the years ended February 28, 1999 and 1998. The unaudited pro forma fiscal 1999 results of operations give effect to the Matthew Clark Acquisition as if it occurred on March 1, 1998. The unaudited pro forma fiscal 1998 results of operations give effect to the Matthew Clark Acquisition as if it occurred on March 1, 1997. The unaudited pro forma fiscal 1999 and fiscal 1998 results of operations are presented after giving effect to certain adjustments for depreciation, amortization of goodwill, interest expense on the acquisition financing and related income tax effects. The unaudited pro forma results of operations are based upon currently available information and upon certain assumptions that the Company believes are reasonable under the circumstances. The unaudited pro forma results of operations do not purport to present what the Company's results of operations would actually have been if the aforementioned transactions had in fact occurred on such date or at the beginning of the period indicated, nor do they project the Company's financial position or results of operations at any future date or for any future period.

	1999	1998
(in thousands, except per share data)		
Net sales	$ 2,017,497	$ 1,883,813
Income before extraordinary item	$ 49,126	$ 55,879
Extraordinary item, net of income taxes	$ (11,437)	$ --
Net income	$ 37,689	$ 55,879
Earnings per common share:		
Basic:		
Income before extraordinary item	$ 2.68	$ 2.99
Extraordinary item	(0.62)	--
Earnings per common share - basic	$ 2.06	$ 2.99
Diluted:		
Income before extraordinary item	$ 2.62	$ 2.92
Extraordinary item	(0.61)	--
Earnings per common share - diluted	$ 2.01	$ 2.92
Weighted average common shares outstanding:		
Basic	18,293	18,672
Diluted	18,754	19,105

3. PROPERTY, PLANT AND EQUIPMENT:

The major components of property, plant and equipment are as follows as of February 28:

	1999	1998
(in thousands)		
Land	$ 25,700	$ 15,103
Buildings and improvements	104,152	74,706
Machinery and equipment	380,069	244,204
Motor vehicles	20,191	5,316
Construction in progress	35,468	17,485
	565,580	356,814
Less - Accumulated depreciation	(136,777)	(112,779)
	$ 428,803	$ 244,035

4. OTHER ASSETS:

The major components of other assets are as follows as of February 28:

	1999	1998
(in thousands)		
Goodwill	$ 311,908	$ 150,595
Distribution rights, agency license agreements and trademarks	179,077	119,346
Other	53,779	23,686
	544,764	293,627
Less - Accumulated amortization	(35,530)	(28,841)
	$ 509,234	$ 264,786

5. OTHER ACCRUED EXPENSES AND LIABILITIES:

The major components of other accrued expenses and liabilities are as follows as of February 28:

	1999	1998
(in thousands)		
Accrued advertising and promotions	$ 38,604	$ 16,048
Accrued salaries and commissions	15,584	23,704
Other	95,263	65,144
	$149,451	$104,896

6. BORROWINGS:

Borrowings consist of the following as of February 28:

<TABLE>
<CAPTION>

	1999			1998
(in thousands)	Current	Long-term	Total	Total
<S>	<C>	<C>	<C>	<C>
Notes Payable:				
Senior Credit Facility:				
Revolving Credit Loans	$ 83,075	$ --	$ 83,075	$ 91,900
Other	4,653	--	4,653	--
	$ 87,728	$ --	$ 87,728	$ 91,900
Long-term Debt:				
Senior Credit Facility:				
Term Loan, variable rate, aggregate proceeds of $140,000, due in installments through June 2003	$ --	$ --	$ --	$ 140,000
Tranche I Term Loan, variable rate, aggregate proceeds of $275,630 (denominated in British pound sterling), due in installments beginning December 1999 through December 2004	4,934	270,696	275,630	--
Tranche II Term Loan, variable rate, aggregate proceeds of $200,000, due in June 2000	--	200,000	200,000	--
Tranche III Term Loan, variable rate, aggregate proceeds of $150,000, due in installments beginning December 1999 through December 2005	375	149,625	150,000	--
Senior Subordinated Notes:				
8.75% currently redeemable due December 2003	--	130,000	130,000	130,000
8.75% Series C currently redeemable, due December 2003 (less unamortized discount of $2,480 - effective rate 9.76%)	--	62,520	62,520	62,132
Other Long-term Debt	696	18,848	19,544	1,204
	$ 6,005	$ 831,689	$ 837,694	$ 333,336

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</TABLE>

SENIOR CREDIT FACILITY - On December 14, 1998, the Company, its principal operating subsidiaries (other than Matthew Clark and its subsidiaries), and a syndicate of banks (the Syndicate Banks), for which The Chase Manhattan Bank acts as administrative agent, entered into the 1998 Credit Agreement, effective as of November 2, 1998, which amends and restates in its entirety the credit agreement entered into between the Company and The Chase Manhattan Bank on November 2, 1998. The 1998 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) with the proceeds available for repayment of all outstanding principal and accrued interest on all loans under the Company's bank credit agreement dated as of December 19, 1997, payment of the purchase price for the Matthew Clark shares, repayment of Matthew Clark's credit facilities, funding of permitted acquisitions, payment of transaction expenses and ongoing working capital needs of the Company. The Company incurred an extraordinary loss of $19.3 million ($11.4 million after taxes) in the fourth quarter of 1999 resulting from fees related to the replacement of the bank credit agreement, including extinguishment of the Term Loan.

The 1998 Credit Agreement provides for a $350.0 million Tranche I Term Loan facility due in December 2004, a $200.0 million Tranche II Term Loan facility due in June 2000, a $150.0 million Tranche III Term Loan facility due in December 2005, 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. Portions of the Tranche I Term Loan facility and the Revolving Credit facility are available for borrowing in British pound sterling.

The Tranche I Term Loan facility requires quarterly repayments, starting at $6.3 million in December 1999, increasing annually thereafter with a balloon payment at maturity of approximately $110.0 million. The Tranche II Term Loan facility requires no principal payments prior to the stated maturity. The Tranche III Term Loan facility requires quarterly repayments, starting at $0.4 million in December 1999 and increasing to approximately $18.0 million in March 2004. There are certain mandatory term loan prepayments, including those based on excess cash flow, sale of assets, issuance of debt or equity, and fluctuation in the U.S. dollar/British pound sterling exchange rate, in each case subject to baskets and thresholds which (other than with respect to those pertaining to fluctuations in the U.S. dollar/British pound sterling exchange rate, which were inapplicable under the previous bank credit agreement) are generally more favorable to the Company than those contained in its previous bank credit agreement.

The rate of interest payable, at the Company's option, is a function of the London interbank offering rate (LIBOR) plus a margin, federal funds rate plus a margin, or the prime rate plus a margin. The margin is adjustable based upon the Company's Debt Ratio (as defined in the 1998 Credit Agreement). The initial margin on LIBOR borrowings ranges between 1.75% and 2.50% and (other than for the Tranche II Term Loan facility) may be reduced after November 30, 1999, to between 1.125% and 1.50%, depending on the Company's Debt Ratio. Conversely, if the Debt Ratio of the Company should increase, the margin would be adjusted upwards to between 2.0% and 2.75% for LIBOR based borrowings. In addition to interest, the Company pays a facility fee on the Revolving Credit commitments, initially at 0.50% per annum and subject to reduction after November 30, 1999, to 0.375%, depending on the Company's Debt Ratio.

Each of the Company's principal operating subsidiaries (other than Matthew Clark and its subsidiaries) has guaranteed the Company's obligation under the 1998 Credit Agreement, and the Company and those subsidiaries have given security interests to the Syndicate Banks in substantially all of their assets. The Company and its subsidiaries are subject to customary secured lending covenants including those restricting additional liens, incurring additional indebtedness, the sale of assets, the payment of dividends, transactions with affiliates and the making of certain investments. 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 1998 Credit Agreement is the requirement to maintain a fixed charges ratio of not less than 1.0 at the last day of each fiscal quarter for the most recent four quarters.

As of February 28, 1999, under the 1998 Credit Agreement, the Company had outstanding term loans of $625.6 million bearing interest at 7.62% and $83.1 million of revolving loans bearing interest at 7.25%. The Company had average outstanding Revolving Credit Loans of approximately $75.5 million, $59.9 million and $88.8 million for the years ended February 28, 1999, 1998 and 1997, respectively. Amounts available to be drawn down under the Revolving Credit Loans were $212.9 million and $89.2 million at February 28, 1999 and 1998, respectively. The average interest rate on the Revolving Credit Loans was 6.23%, 6.57% and 6.58% for fiscal 1999, fiscal 1998, and fiscal 1997, respectively.

SENIOR SUBORDINATED NOTES -
On December 27, 1993, the Company issued $130.0 million aggregate principal amount of 8.75% 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 1998 Credit Agreement. 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).

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

On October 29, 1996, the Company issued $65.0 million aggregate principal amount of 8.75% Series B Senior Subordinated Notes due in December 2003 (the Series B Notes). In February 1997, the Company exchanged $65.0 million aggregate principal amount of 8.75% 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.

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

	(in thousands)
2000	$ 6,005
2001	224,972
2002	35,963
2003	42,876
2004	244,826
Thereafter	285,532
	$ 840,174

7. INCOME TAXES:

The provision for income taxes consists of the following for the years ended February 28:

<TABLE>
<CAPTION>

	1999				1998	1997	
	Federal	State and Local	Foreign	Total	Total	Total	
(in thousands)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
Current income tax provision	$ 23,827	$ 8,539	$ 102	$ 32,468	$ 28,476	$ 14,347	
Deferred income tax provision	5,732	2,195	2,126	10,053	4,275	18,630	
	$ 29,559	$ 10,734	$ 2,228	$ 42,521	$ 32,751	$ 32,977	$

</TABLE>

A reconciliation of the total tax provision to the amount computed by applying the expected U.S. Federal income tax rate to income before provision for income taxes is as follows for the years ended February 28:

<TABLE>
<CAPTION>

	1999		1998		1997	
	Amount	% of Pretax Income	Amount	% of Pretax Income	Amount	% of Pretax Income
(in thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>

Computed "expected" tax provision	$ 36,551	35.0	$ 27,958	35.0	$ 27,706	35.0
State and local income taxes, net of Federal income tax benefit	6,977	6.7	4,793	6.0	5,462	6.9
Miscellaneous items, net	(1,007)	(1.0)	-	-	(191)	(0.2)
	$ 42,521	40.7	$ 32,751	41.0	$ 32,977	41.7

</TABLE>

Deferred tax liabilities (assets) are comprised of the following as of February 28:

(in thousands)	1999	1998
Depreciation and amortization	$ 89,447	$ 70,303
LIFO reserve	16,546	6,469
Inventory reserves	6,975	6,974
Other accruals	(15,009)	(18,193)
	$ 97,959	$ 65,553

At February 28, 1999, the Company has state and U.S. Federal net operating loss (NOL) carryforwards of $5.4 million and $2.7 million, respectively, to offset future taxable income that, if not otherwise utilized, will expire as follows: state NOLs of $0.6 million and $4.8 million during fiscal 2002 and fiscal 2003, respectively, and Federal NOL of $2.7 million during fiscal 2011.

8. PROFIT SHARING RETIREMENT PLANS AND RETIREMENT SAVINGS PLAN:

Effective March 1, 1998, the Company's existing retirement savings and profit sharing retirement plans and the Barton profit sharing and 401(k) plan were merged into the Canandaigua Brands, Inc. 401(k) and Profit Sharing Plan (the Plan). The Plan covers substantially all employees, excluding those employees covered by collective bargaining agreements 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 10% of their compensation for the year, subject to limitations of the Plan. The Company makes a matching contribution of 50% of the first 6% of compensation a participant defers. The amount of the Company's contribution under the profit sharing portion of the Plan is in such discretionary amount as the Board of Directors may annually determine, subject to limitations of the Plan. Company contributions were $6.8 million, $5.9 million and $5.7 million for the years ended February 28, 1999, 1998 and 1997, respectively.

The Company's subsidiary, Matthew Clark, currently provides for two pension plans: the Matthew Clark Group Pension Plan; and the Matthew Clark Executive Pension Plan (the Plans). The Plans are defined benefit plans with assets held by a Trustee who administers funds separately from the Company's finances. The following table summarizes the funded status of the Company's pension plans and the related amounts that are primarily included in "other assets" in the Consolidated Balance Sheets.

(in thousands)	
Change in benefit obligation:	
Benefit obligation at December 1, 1998	$ 165,997
Service cost	1,335
Interest cost	2,671
Plan participants' contributions	481
Benefits paid	(1,517)
Foreign currency exchange rate changes	(5,287)
Benefit obligation at February 28, 1999	$ 163,680
Change in plan assets:	
Fair value of plan assets at December 1, 1998	$ 194,001
Actual return on plan assets	7,935
Plan participants' contributions	481
Benefits paid	(1,517)
Foreign currency exchange rate changes	(6,294)
Fair value of plan assets at February 28, 1999	$ 194,606
Funded status of the plan as of February 28, 1999:	
Funded status	$ 30,927
Unrecognized actuarial loss	(3,950)
Prepaid benefit cost	$ 26,977

Assumptions as of February 28, 1999:

Rate of return on plan assets	8.0%
Discount rate	6.5%
Increase in compensation levels	4.5%

Components of net periodic benefit cost for the three month period ended February 28, 1999:	
Service cost	$ 1,335
Interest cost	2,671
Expected return on plan assets	(3,848)
Net periodic benefit cost	$ 158

9. 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 28, 1999, there were 14,747,053 shares of Class A Common Stock and 3,223,448 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 bank credit agreement. 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 bank credit agreement. During fiscal 1999, the Company repurchased 1,018,836 shares of Class A Common Stock for $44.9 million.

INCREASE IN NUMBER OF AUTHORIZED SHARES OF CLASS A COMMON STOCK-
In July 1998, the stockholders of the Company approved an increase in the number of authorized shares of Class A Common Stock from 60,000,000 shares to 120,000,000 shares, thereby increasing the aggregate number of authorized shares of the Company to 141,000,000 shares.

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. Grants, in the aggregate, may not exceed 4,000,000 shares of the Company's Class A Common Stock. 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 1999 and fiscal 1998, no stock appreciation rights were granted. During fiscal 1999, no restricted stock was granted and during fiscal 1998, 25,000 shares of restricted Class A Common Stock were granted. At February 28, 1999, there were 1,228,753 shares available for future grant.

A summary of nonqualified stock option activity is as follows:

	Shares Under Option	Weighted Avg. Exercise Price	Options Exercisable	Weighted Avg. Exercise Price
Balance, February 29, 1996	1,093,725	$ 28.70	28,675	$ 4.44
Options granted	1,647,700	$ 22.77		
Options exercised	(3,750)	$ 4.44		

Options forfeited/canceled	(1,304,700)	$ 32.09		
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

The following table summarizes information about stock options outstanding at February 28, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Avg. Remaining Contractual Life	Weighted Avg. Exercise Price	Number Exercisable	Weighted Avg. Exercise Price
$ 4.44 - $11.50	21,525	2.7 years	$ 9.64	21,525	$ 9.64
$17.00 - $25.63	817,015	6.5 years	$ 17.25	256,775	$ 17.57
$26.75 - $31.25	340,440	7.5 years	$ 28.47	106,400	$ 27.37
$35.38 - $57.13	1,075,775	9.2 years	$ 47.41	107,585	$ 41.39
	2,254,755	7.9 years	$ 33.26	492,285	$ 24.55

The weighted average fair value of options granted during fiscal 1999, fiscal 1998 and fiscal 1997 was $26.21, $20.81 and $10.27, 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 5.3% for fiscal 1999, 6.4% for fiscal 1998 and 6.6% for fiscal 1997; volatility of 40.6% for fiscal 1999, 41.3% for fiscal 1998 and 42.7% for fiscal 1997; expected option life of 7.0 years for fiscal 1999, 6.9 years for fiscal 1998 and 4.7 years for fiscal 1997. The dividend yield was 0% for fiscal 1999, 1998 and 1997. 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 1999 and fiscal 1998, 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 1999, fiscal 1998 and fiscal 1997, employees purchased 49,850, 78,248 and 37,768 shares, respectively.

The weighted average fair value of purchase rights granted during fiscal 1999, fiscal 1998 and fiscal 1997 was $12.35, $11.90 and $8.41, 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 4.7% for fiscal 1999, 5.3% for fiscal 1998 and 5.6% for fiscal 1997; volatility of 33.5% for fiscal 1999, 35.1% for fiscal 1998 and 65.4% for fiscal 1997; expected purchase right life of 0.5 years for fiscal 1999, 0.5 years for fiscal 1998 and 0.8 years for fiscal 1997. The dividend yield was 0% for fiscal 1999, 1998 and 1997.

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 for the years ended February 28:

<TABLE>
<CAPTION>

(in thousands, except per share data)	1999 As Reported	1999 Pro Forma	1998 As Reported	1998 Pro Forma	1997 As Reported	1997 Pro Forma
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income	$ 50,472	$ 46,942	$ 47,130	$ 43,230	$ 46,183	$ 43,546
Earnings per common share:						
Basic	$ 2.76	$ 2.57	$ 2.52	$ 2.32	$ 2.39	$ 2.25
Diluted	$ 2.69	$ 2.50	$ 2.47	$ 2.26	$ 2.37	$ 2.23

</TABLE>

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

10. EARNINGS PER COMMON SHARE:

The following table presents earnings per common share for the years ended February 28:

(in thousands, except per share data)	1999	1998	1997
Income before extraordinary item	$ 61,909	$ 47,130	$ 46,183
Extraordinary item, net of income taxes	(11,437)	--	--
Income applicable to common shares	$ 50,472	$ 47,130	$ 46,183
Weighted average common shares outstanding - basic	18,293	18,672	19,333
Stock options	461	433	188
Weighted average common shares outstanding - diluted	18,754	19,105	19,521
Earnings per common share:			
Basic:			
Income before extraordinary item	$ 3.38	$ 2.52	$ 2.39
Extraordinary item	(0.62)	--	--
Earnings per common share - basic	$ 2.76	$ 2.52	$ 2.39
Diluted:			
Income before extraordinary item	$ 3.30	$ 2.47	$ 2.37
Extraordinary item	(0.61)	--	--
Earnings per common share - diluted	$ 2.69	$ 2.47	$ 2.37

11. COMMITMENTS AND CONTINGENCIES:

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

	(in thousands)
2000	$ 13,292
2001	11,478
2002	10,576
2003	10,109
2004	9,624
Thereafter	102,122
	$157,201

Rental expense was approximately $8.2 million, $5.6 million and $4.7 million for fiscal 1999, fiscal 1998 and fiscal 1997, respectively.

PURCHASE COMMITMENTS AND CONTINGENCIES -
The Company has agreements with three suppliers to purchase blended Scotch whisky through December 2002. The purchase prices under the agreements are denominated in British pound sterling. Based upon exchange rates at February 28, 1999, the Company's aggregate future obligation is approximately $17.2 million for the contracts expiring through December 2002.

At February 28, 1999, the Company had two agreements with Diageo plc (Diageo) to purchase Canadian blended whisky through September 1, 2000, with a maximum obligation of approximately $4.9 million. The Company also had an agreement with Diageo to purchase Canadian new distillation whisky through December 1999 at purchase prices of approximately $1.4 million to $1.7 million. These agreements have been superseded as a result of the Company's definitive agreement with Diageo. See Note 17 - Subsequent Events. At February 28, 1999, the Company also had an agreement with a different supplier to purchase Canadian new distillation whisky through December 2005, with a maximum obligation of approximately $6.4 million.

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 states was renewed effective November 22, 1996, and expires 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 28, 1999, 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 nineteen 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 $126.6 million of grapes under these contracts during fiscal 1999. 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 $846.4 million.

The Company's aggregate obligations under bulk wine purchase contracts will be approximately $40.6 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 ranging up to two years. These agreements provide for minimum salaries, as adjusted for annual increases, and may include incentive bonuses based upon attainment of specified management goals. In addition, these agreements provide for severance payments in the event of specified termination of employment. The aggregate commitment for future compensation and severance, excluding incentive bonuses, was approximately $6.4 million as of February 28, 1999, of which approximately $1.8 million is accrued in other liabilities as of February 28, 1999.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS -
Approximately 32% of the Company's full-time employees are covered by collective bargaining agreements at February 28, 1999. Agreements expiring within one year cover approximately 5% 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.

12. SIGNIFICANT CUSTOMERS AND CONCENTRATION OF CREDIT RISK:

Gross sales to the five largest customers of the Company represented 25.2%, 26.4% and 22.9% of the Company's gross sales for the fiscal years ended February 28, 1999, 1998 and 1997, respectively. Gross sales to the Company's largest customer, Southern Wine and Spirits, represented 10.9%, 12.1% and 10.5% of the Company's gross sales for the fiscal years ended February 28, 1999, 1998 and 1997, respectively. Accounts receivable from the Company's largest customer represented 8.5%, 14.1% and 11.3% of the Company's total accounts receivable as of February 28, 1999, 1998 and 1997, 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.

13. SUMMARIZED FINANCIAL INFORMATION - SUBSIDIARY GUARANTORS:

The following table presents summarized financial information for the Company, the parent company, the combined subsidiaries of the Company which guarantee the Company's senior subordinated notes (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 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>

(in thousands)	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
BALANCE SHEET DATA:					
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
February 28, 1998					
Current assets	$102,869	$ 478,013	$ 852	$ --	$ 581,734
Noncurrent assets	$481,574	$ 395,225	$ 93	$(368,071)	$ 508,821
Current liabilities	$180,420	$ 109,339	$ 708	$ --	$ 290,467
Noncurrent liabilities	$312,877	$ 61,784	$ --	$ --	$ 374,661
INCOME STATEMENT DATA:					
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 taxes and extraordinary item	$ 4,849	$ 96,935	$ 2,646	$ --	$ 104,430
Net income	$ 2,861	$ 45,781	$ 1,830	$ --	$ 50,472

<CAPTION>

	Parent Company	Subsidiary Guarantors	Subsidiary Nonguarantors	Eliminations	Consolidated
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 taxes	$ 21,024	$ 59,285	$ (428)	$ --	$ 79,881
Net income (loss)	$ 12,404	$ 35,154	$ (428)	$ --	$ 47,130
For the year ended February 28, 1997					
Net sales	$552,424	$ 907,387	$ 508	$(325,306)	$1,135,013
Gross profit	$127,289	$ 195,841	$ (929)	$ --	$ 322,201
Income (loss) before taxes	$ 2,581	$ 78,672	$ (2,093)	$ --	$ 79,160
Net income (loss)	$ 1,506	$ 45,898	$ (1,221)	$ --	$ 46,183

</TABLE>

14. ACCOUNTING PRONOUNCEMENT:

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 (SFAS No. 133), "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. SFAS No. 133 requires that every derivative be recorded as either an asset or liability in the balance sheet 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. The Company is required to adopt SFAS No. 133 on a prospective basis for interim periods and fiscal years beginning March 1, 2000. The Company believes the effect of adoption on its financial statements will not be material based on the Company's current risk management strategies.

15. BUSINESS SEGMENT INFORMATION:

Effective March 1, 1998, the Company has adopted the provisions of Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement establishes annual and interim reporting standards for an enterprise's operating segments and related disclosures about its products, services, geographic areas and major customers. Adoption of this statement had no impact on the Company's consolidated financial position, results of operations or cash flows. Comparative information for earlier years has been restated. The restatement of comparative information for interim periods in the initial year of adoption is to be reported for interim periods in the second year of application. The Company reports its operating results in four segments: Canandaigua Wine (branded 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); 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 for the years ended February 28, 1999, 1998 and 1997, is as follows:

(in thousands)	1999	1998	1997
CANANDAIGUA WINE:			
Net sales:			
Branded	$ 598,782	$ 570,807	$ 537,745
Other	70,711	71,988	112,546
Net sales	$ 669,493	$ 642,795	$ 650,291
Operating profit	$ 46,283	$ 45,440	$ 51,525
Long-lived assets	$ 191,762	$ 185,317	$ 185,298
Total assets	$ 650,578	$ 632,636	$ 608,759
Capital expenditures	$ 25,275	$ 25,666	$ 24,452
Depreciation and amortization	$ 20,838	$ 21,189	$ 19,955
BARTON:			
Net sales:			
Beer	$ 478,611	$ 376,607	$ 298,925
Spirits	185,938	191,190	185,289
Net sales	$ 664,549	$ 567,797	$ 484,214
Operating profit	$ 102,624	$ 77,010	$ 73,073
Long-lived assets	$ 50,221	$ 51,574	$ 51,504
Total assets	$ 478,580	$ 439,317	$ 410,351
Capital expenditures	$ 3,269	$ 5,021	$ 4,988
Depreciation and amortization	$ 10,765	$ 10,455	$ 9,453
MATTHEW CLARK:			
Net sales:			
Branded	$ 64,879	$ --	$ --
Wholesale	93,881	--	--
Net sales	$ 158,760	$ --	$ --
Operating profit	$ 8,998	$ --	$ --
Long-lived assets	$ 169,693	$ --	$ --
Total assets	$ 631,313	$ --	$ --
Capital expenditures	$ 10,444	$ --	$ --
Depreciation and amortization	$ 4,836	$ --	$ --

(in thousands)	1999	1998	1997
CORPORATE OPERATIONS AND OTHER:			
Net sales	$ 4,541	$ 2,196	$ 508
Operating loss	$ (12,013)	$ (10,380)	$ (11,388)
Long-lived assets	$ 17,127	$ 7,144	$ 12,750
Total assets	$ 33,305	$ 18,602	$ 24,171
Capital expenditures	$ 10,869	$ 516	$ 2,209
Depreciation and amortization	$ 2,151	$ 1,517	$ 2,431

CONSOLIDATED:			
Net sales	$1,497,343	$1,212,788	$1,135,013
Operating profit	$ 145,892	$ 112,070	$ 113,210
Long-lived assets	$ 428,803	$ 244,035	$ 249,552
Total assets	$1,793,776	$1,090,555	$1,043,281
Capital expenditures	$ 49,857	$ 31,203	$ 31,649
Depreciation and amortization	$ 38,590	$ 33,161	$ 31,839

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.

16. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

A summary of selected quarterly financial information is as follows:

<TABLE>
<CAPTION>

Fiscal 1999 (1)	QUARTER ENDED 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: (3)					
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

</TABLE>

<TABLE>
<CAPTION>

Fiscal 1998 (1)	QUARTER ENDED May 31, 1997	August 31, 1997	November 30, 1997	February 28, 1998	Full Year
(in thousands, except per share data)					
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$306,011	$301,524	$322,703	$282,550	$1,212,788
Gross profit	$ 83,108	$ 85,324	$ 96,184	$ 79,134	$ 343,750
Net income	$ 11,448	$ 12,698	$ 16,540	$ 6,444	$ 47,130
Earnings per common share: (3)					
Basic	$ 0.61	$ 0.68	$ 0.89	$ 0.34	$ 2.52
Diluted	$ 0.60	$ 0.67	$ 0.86	$ 0.33	$ 2.47

<FN>
(1) Restated for the change in accounting for inventories from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method.
(2) Represents fees related to the replacement of the bank credit facility, including extinguishment of the term loan.
(3) The sum of the quarterly earnings per common share in fiscal 1999 and fiscal 1998 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.
</FN>
</TABLE>

17. SUBSEQUENT EVENTS:

DEBT OFFERING -
On March 4, 1999, the Company issued $200.0 million aggregate principal amount of 8 1/2% Senior Subordinated Notes due March 2009 (the $200 Million Notes). The net proceeds of the offering (approximately $195.0 million) were used to fund the acquisition of the Black Velvet Canadian Whisky brand and other assets from affiliates of Diageo plc (see Acquisitions below) and to pay the fees and expenses related thereto with the remainder of the net proceeds to be used for

general corporate purposes or to fund future acquisitions. Interest on the $200 Million Notes is payable semiannually on March 1 and September 1 of each year, beginning September 1, 1999. The $200 Million 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 $200 Million Notes using the proceeds of certain equity offerings completed before March 1, 2002. The $200 Million Notes are unsecured and subordinated to the prior payment in full of all senior indebtedness of the Company, which includes the 1998 Credit Agreement. The $200 Million Notes are guaranteed, on a senior subordinated basis, by certain of the Company's significant operating subsidiaries.

The Indenture and Supplemental Indenture governing the $200 Million Notes contains certain covenants, including, but not limited to, (i) limitation on indebtedness; (ii) limitation on restricted payments; (iii) limitation on transactions with affiliates; (iv) limitation on senior subordinated indebtedness; (v) limitation on liens; (vi) limitation on sale of assets; (vii) limitation on guarantees by certain subsidiaries for indebtedness; (viii) limitation on certain subsidiary capital stock; (ix) limitation on the creation of any restriction on the ability of the Company's subsidiaries to make distributions and other payments; and (x) 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.

ACQUISITIONS-

On April 9, 1999, in an asset acquisition, the Company acquired several well-known Canadian whisky brands, including Black Velvet, production facilities located in Alberta and Quebec, Canada, case goods and bulk whisky inventories and other related assets from affiliates of Diageo plc. 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 Diageo to provide packaging and distilling services for various brands retained by Diageo. The purchase price was approximately $185.5 million and was financed by the proceeds from the sale of the $200 Million Notes.

On April 1, 1999, the Company entered into a definitive agreement with Moet Hennessy, Inc. to purchase all of the outstanding capital stock of Simi Winery, Inc. (the Simi Acquisition). The Simi Acquisition includes the Simi winery, equipment, vineyards, inventory and worldwide ownership of the Simi brand name. The Simi Acquisition

is expected to close in the second quarter of fiscal 2000 and the purchase price is expected to be financed through the Company's bank credit facility.

On April 21, 1999, the Company entered into definitive purchase agreements with Franciscan Vineyards, Inc. (Franciscan) and its shareholders, and certain parties related to Franciscan to, among other matters, purchase all of the outstanding capital stock of Franciscan and acquire certain vineyards and related vineyard assets (collectively, the Franciscan Acquisition). Pursuant to the Franciscan Acquisition, the Company will: (i) acquire the Franciscan Oakville Estate, Estancia and Mt. Veeder brands; (ii) acquire wineries located in Rutherford, Monterey and Mt. Veeder, California; (iii) acquire vineyards in the Napa Valley, Alexander Valley, Monterey and Paso Robles appellations and additionally, will enter into long-term grape contracts with certain parties related to Franciscan to purchase additional grapes grown in the Napa and Alexander Valley appellations; (iv) acquire distribution rights to the Quintessa and Veramonte brands; and (v) acquire equity interests in entities that own the Veramonte brand and the Veramonte winery and certain vineyards located in the Casablanca Valley, Chile. The Franciscan Acquisition is expected to close in the second quarter of fiscal 2000 and the purchase price is expected to be financed through the Company's bank credit facility.

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 20, 1999, 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 20, 1999, 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 20, 1999, 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 20, 1999, 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 28, 1999 and 1998

Consolidated Statements of Income for the years ended February 28, 1999, 1998 and 1997

Consolidated Statements of Changes in Stockholders' Equity for the years ended February 28, 1999, 1998 and 1997

Consolidated Statements of Cash Flows for the years ended February 28, 1999, 1998 and 1997

Notes to Consolidated Financial Statements

2. Financial Statement Schedules

The following consolidated financial information is submitted herewith:

Selected Financial Data

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

The following exhibits are filed herewith or incorporated herein by reference, as indicated:

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

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

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

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

2.5 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).

2.6 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).

2.7 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).

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 herewith).

4.7 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).

4.8 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).

4.9 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).

4.10 Third Supplemental Indenture, dated as of December 11, 1998, among the Company, Canandaigua B.V., Canandaigua Limited and Harris Trust and Savings Bank (filed herewith).

4.11 First Amended and Restated Credit Agreement, dated as of November 2, 1998, between the Company, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (filed as Exhibit

4.1 to the Company's Current Report on Form 8-K dated December 1, 1998 and incorporated herein by reference).

4.12 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).

4.13 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).

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 Letter agreement, effective as of October 7, 1995, as amended, addressing compensation, between the Company and Daniel Barnett (filed as Exhibit 10.23 to the Company's Transition Report on Form 10-K for the Transition Period from September 1, 1995 to February 29, 1996 and incorporated herein by reference).

10.4 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).

10.5 Amendment No. 2 to Employment Agreement between Barton Incorporated and Alexander L. Berk dated October 20, 1998 (filed herewith).

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

10.7 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).

10.8 Amendment Number One to the Long-Term Stock Incentive Plan of the Company (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).

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

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

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

10.12 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).

10.13 Lease, effective December 25, 1997, by and among Matthew Clark Brands Limited and Pontsarn Investments Limited (filed herewith).

10.14 Supplemental Executive Retirement Plan of the Company (filed herewith).

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

18.1 Letter re Change in Accounting Principles (filed herewith).

21.1 Subsidiaries of Company (filed herewith).

23.1 Consent of Arthur Andersen LLP (filed herewith).

27.1 Financial Data Schedule for fiscal year ended February 28, 1999 (filed herewith).

27.2 Restated Financial Data Schedule for the fiscal quarter ended November 30, 1998 (filed herewith).

27.3 Restated Financial Data Schedule for the fiscal quarter ended August 31, 1998 (filed herewith).

27.4 Restated Financial Data Schedule for the fiscal quarter ended May 31, 1998 (filed herewith).

27.5 Restated Financial Data Schedule for the fiscal year ended February 28, 1998 (filed herewith).

27.6 Restated Financial Data Schedule for the fiscal quarter ended November 30, 1997 (filed herewith).

27.7 Restated Financial Data Schedule for the fiscal quarter ended August 31, 1997 (filed herewith).

27.8 Restated Financial Data Schedule for the fiscal quarter ended May 31, 1997 (filed herewith).

27.9 Restated Financial Data Schedule for the fiscal year ended February 28, 1997 (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 herewith).

(b) Reports on Form 8-K

The following Reports on Form 8-K were filed by the Company with the Securities and Exchange Commission during the fourth quarter of the fiscal year ended February 28, 1999:

(i) Form 8-K dated December 1, 1998. This Form 8-K reported information under Item 2 (Acquisition or Disposition of Assets) and Item 7 (Financial Statements and Exhibits). The following financial statements were filed with this Form 8-K:

The Matthew Clark plc Balance Sheets, as of 30 April 1998 and 1997, and the related Consolidated Profit and Loss Accounts and Consolidated Cash Flow Statements for each of the three years in the period ended 30 April 1998, and the report of KPMG Audit Plc, independent auditors, thereon, together with the notes thereto.

The pro forma condensed combined balance sheet (unaudited) as of August 31, 1998, and the pro forma condensed combined statement of income (unaudited) for the year ended February 28, 1998, and the pro forma condensed combined statement of income (unaudited) for the six months ended August 31, 1998, and the notes thereto.

(ii) Form 8-K/A dated December 1, 1998. This Form 8-K/A reported information under Item 7 (Financial Statements and Exhibits). The following financial statements were filed with this Form 8-K/A:

The Matthew Clark plc Balance Sheets, as of 30 April 1998 and 1997, and the related Consolidated Profit and Loss Accounts and Consolidated Cash Flow Statements for each of the three years in the period ended 30 April 1998, and the report of KPMG Audit Plc, independent auditor, thereon, together with the notes thereto.

The Matthew Clark plc Balance Sheets (unaudited), as of October 31, 1998 and 1997 and the related Consolidated Profit and Loss Accounts (unaudited) and Consolidated Cash Flow Statements (unaudited) for the six month periods ended October 31, 1998 and 1997, together with the notes thereto.

The pro forma condensed combined balance sheet (unaudited) as of November 30, 1998, the pro forma combined statement of income (unaudited) for the year ended February 28, 1998, the pro forma combined statement of income (unaudited) for the nine months ended November 30, 1998, and the notes thereto, and the pro forma combined statement of income (unaudited) for the twelve months ended November 30, 1998, and the notes thereto.

(iii) Form 8-K dated December 2, 1998. This Form 8-K reported information under Item 5 (Other Events).

(iv) Form 8-K dated February 22, 1999. This Form 8-K reported information under Item 5 (Other Events).

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: June 1, 1999 CANANDAIGUA BRANDS, INC.

By:/s/ Richard Sands

Richard Sands, 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, President, Chief Executive Officer and Director (Principal Executive Officer) Dated: June 1, 1999	/s/ Thomas S. Summer Thomas S. Summer, Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) Dated: June 1, 1999
/s/ Marvin Sands Marvin Sands, Chairman of the Board Dated: June 1, 1999	/s/ Robert Sands Robert Sands, Director Dated: June 1, 1999
/s/ George Bresler George Bresler, Director Dated: June 1, 1999	/s/ James A. Locke James A. Locke, III, Director Dated: June 1, 1999
/s/ Thomas C. McDermott Thomas C. McDermott, Director Dated: June 1, 1999	/s/ Paul L. Smith Paul L. Smith, Director Dated: June 1, 1999

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: June 1, 1999 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: June 1, 1999	/s/ Ned Cooper Ned Cooper, President (Principal Executive Officer)
Dated: June 1, 1999	/s/ Thomas S. Summer Thomas S. Summer, Treasurer (Principal Financial Officer and Principal Accounting Officer)
Dated: June 1, 1999	/s/ Richard Sands Richard Sands, Director
Dated: June 1, 1999	/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: June 1, 1999 CANANDAIGUA WINE COMPANY, INC.

By: /s/ Robert Sands

Robert Sands, 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: June 1, 1999 /s/ Robert Sands

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

Dated: June 1, 1999 /s/ Thomas S. Summer

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

Dated: June 1, 1999 /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: June 1, 1999 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: June 1, 1999 /s/ Douglas Kahle

Douglas Kahle, President
(Principal Executive Officer)

Dated: June 1, 1999 /s/ Thomas S. Summer

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

Dated: June 1, 1999 /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: June 1, 1999 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: June 1, 1999

/s/ Robert Sands

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

Dated: June 1, 1999

/s/ Thomas S. Summer

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

Dated: June 1, 1999

/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: June 1, 1999

POLYPHENOLICS, INC.

By: /s/ Richard Keeley

Richard Keeley, 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: June 1, 1999

/s/ Richard Keeley

Richard Keeley, President and Director (Principal Executive Officer)

Dated: June 1, 1999

/s/ Thomas S. Summer

Thomas S. Summer, Vice President and Treasurer (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: June 1, 1999

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: June 1, 1999

/s/ Thomas S. Summer

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

Officer)

Dated: June 1, 1999 /s/ Richard Sands

Richard Sands, Director

Dated: June 1, 1999 /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: June 1, 1999 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: June 1, 1999 /s/ Alexander L. Berk

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

Dated: June 1, 1999 /s/ Raymond E. Powers

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

Dated: June 1, 1999 /s/ Edward L. Golden

Edward L. Golden, Director

Dated: June 1, 1999 /s/ William F. Hackett

William F. Hackett, Director

Dated: June 1, 1999 /s/ Richard Sands

Richard Sands, Director

Dated: June 1, 1999 /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: June 1, 1999 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: June 1, 1999

/s/ Edward L. Golden

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

Dated: June 1, 1999

/s/ Raymond E. Powers

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

Dated: June 1, 1999

/s/ Alexander L. Berk

Alexander L. Berk, 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: June 1, 1999

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: June 1, 1999

/s/ Richard Sands

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

Dated: June 1, 1999

/s/ Raymond E. Powers

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

Dated: June 1, 1999

/s/ Alexander L. Berk

Alexander L. Berk, Director

Dated: June 1, 1999

/s/ William F. Hackett

William F. Hackett, 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: June 1, 1999

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: June 1, 1999	/s/ Alexander L. Berk Alexander L. Berk, President and Director (Principal Executive Officer)
Dated: June 1, 1999	/s/ Raymond E. Powers Raymond E. Powers, Executive Vice President, Treasurer, Assistant Secretary and Director (Principal Financial Officer and Principal Accounting Officer)
Dated: June 1, 1999	/s/ Edward L. Golden Edward L. Golden, 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: June 1, 1999

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: June 1, 1999	/s/ Alexander L. Berk Alexander L. Berk, President and Director (Principal Executive Officer)
Dated: June 1, 1999	/s/ Raymond E. Powers Raymond E. Powers, Executive Vice President, Treasurer, Assistant Secretary and Director (Principal Financial Officer and Principal Accounting Officer)
Dated: June 1, 1999	/s/ Edward L. Golden Edward L. Golden, 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: June 1, 1999

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: June 1, 1999 /s/ Alexander L. Berk

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

Dated: June 1, 1999 /s/ Raymond E. Powers

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

Dated: June 1, 1999 /s/ Edward L. Golden

Edward L. Golden, 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: June 1, 1999 BARTON FINANCIAL CORPORATION

By: /s/ Raymond E. Powers

Raymond E. Powers, 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: June 1, 1999 /s/ Raymond E. Powers

Raymond E. Powers, President, Secretary and Director (Principal Executive Officer)

Dated: June 1, 1999 /s/ Charles T. Schlau

Charles T. Schlau, 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: June 1, 1999 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: June 1, 1999 /s/ James P. Ryan

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

Dated: June 1, 1999 /s/ Raymond E. Powers

Raymond E. Powers, Executive Vice President, Treasurer, Assistant

Secretary and Director (Principal Financial Officer and Principal Accounting Officer)

Dated: June 1, 1999 /s/ Alexander L. Berk

Alexander L. Berk, Director

Dated: June 1, 1999 /s/ William F. Hackett

William F. Hackett, 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: June 1, 1999 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: June 1, 1999 /s/ James P. Ryan

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

Dated: June 1, 1999 /s/ Raymond E. Powers

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

Dated: June 1, 1999 /s/ Alexander L. Berk

Alexander L. Berk, Director

Dated: June 1, 1999 /s/ William F. Hackett

William F. Hackett, 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: June 1, 1999 THE VIKING DISTILLERY, 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: June 1, 1999 /s/ Alexander L. Berk

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

Dated: June 1, 1999

/s/ Raymond E. Powers

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

Dated: June 1, 1999

/s/ Edward L. Golden

Edward L. Golden, Director

INDEX TO EXHIBITS

EXHIBIT NO.

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

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

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

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

2.5 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).

2.6 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).

2.7 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).

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 herewith).

4.7 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).

4.8 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).

4.9 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).

4.10 Third Supplemental Indenture, dated as of December 11, 1998, among the Company, Canandaigua B.V., Canandaigua Limited and Harris Trust and Savings Bank (filed herewith).

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

4.12 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).

4.13 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).

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 Letter agreement, effective as of October 7, 1995, as amended, addressing compensation, between the Company and Daniel Barnett (filed as Exhibit 10.23 to the Company's Transition Report on Form 10-K for the Transition Period from September 1, 1995 to February 29, 1996 and incorporated herein by reference).

10.4 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).

10.5 Amendment No. 2 to Employment Agreement between Barton Incorporated and Alexander L. Berk dated October 20, 1998 (filed herewith).

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

10.7 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).

10.8 Amendment Number One to the Long-Term Stock Incentive Plan of the Company (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).

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

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

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

10.12 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).

10.13 Lease, effective December 25, 1997, by and among Matthew Clark Brands Limited and Pontsarn Investments Limited (filed herewith).

10.14 Supplemental Executive Retirement Plan of the Company (filed herewith).

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

18.1 Letter re Change in Accounting Principles (filed herewith).

21.1 Subsidiaries of Company (filed herewith).

23.1 Consent of Arthur Andersen LLP (filed herewith).

27.1 Financial Data Schedule for fiscal year ended February 28, 1999 (filed herewith).

27.2 Restated Financial Data Schedule for the fiscal quarter ended November 30, 1998 (filed herewith).

27.3 Restated Financial Data Schedule for the fiscal quarter ended August 31, 1998 (filed herewith).

27.4 Restated Financial Data Schedule for the fiscal quarter ended May 31, 1998 (filed herewith).

27.5 Restated Financial Data Schedule for the fiscal year ended February 28, 1998 (filed herewith).

27.6 Restated Financial Data Schedule for the fiscal quarter ended November 30, 1997 (filed herewith).

27.7 Restated Financial Data Schedule for the fiscal quarter ended August 31, 1997 (filed herewith).

27.8 Restated Financial Data Schedule for the fiscal quarter ended May 31, 1997 (filed herewith).

27.9 Restated Financial Data Schedule for the fiscal year ended February 28, 1997 (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 herewith).

EXHIBIT 4.10

THIRD SUPPLEMENTAL INDENTURE (the "Supplement"), dated as of December 11, 1998, is entered into by and among CANANDAIGUA BRANDS, INC. (formerly known as Canandaigua Wine Company, Inc.), a Delaware corporation (the "Company"), and CANANDAIGUA BV, a private company with limited liability incorporated under the laws of the Netherlands, and CANANDAIGUA LIMITED, a corporation formed under the laws of England and Wales, both wholly owned subsidiaries of the Company (individually and collectively the "New Guarantor"), and HARRIS TRUST AND SAVINGS BANK , as Trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE NEW GUARANTOR

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of October 29, 1996, as supplemented, among the Company, the Guarantors and the Trustee (the "Indenture") providing for the issuance by the Company of $65,000,000 aggregate principal amount of the Company's 8 3/4% Senior Subordinated Notes due 2003 (the "Securities") and pursuant to which the Guarantors have agreed to guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations.

WHEREAS, the New Guarantor has become a Subsidiary and pursuant to Section 1014(b) of the Indenture is obligated to enter into the Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to Section 901(e) of the Indenture, the Company, the New Guarantor and the Trustee may enter into this Supplement without the consent of any Holder;

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

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

ARTICLE ONE
THE NEW GUARANTEE

Section 1.01. For value received, the New Guarantor, in accordance with Article Fourteen of the Indenture, hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if the New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonably legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The

agreements made and obligations assumed hereunder by the New Guarantor shall constitute and shall be deemed to constitute a Guarantee under the Indenture and for all purposes of the Indenture as if it was originally named therein as a Guarantor.

Section 102. The New Guarantee shall be automatically and unconditionally released and discharged upon the occurrence of the events set forth in Section 1014(c) of the Indenture.

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

ARTICLE TWO
MISCELLANEOUS

Section 201. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indenture shall have the meanings assigned to them in the Indenture. Except as supplemented hereby, the Indenture (including the Guarantees incorporated therein) and the Securities are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 202. This Supplement shall be effective as of the close of business on the date hereof.

Section 203. The recitals contained herein shall be taken as the statements of the Company and the New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 204. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indenture and its construction.

Section 2.05. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

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

CANANDAIGUA BRANDS, INC.

[Corporate Seal]

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Senior Vice President

Attest:

/s/ David S. Sorce
- ---------------------------
Title: Assistant Secretary

CANANDAIGUA BV

[Corporate Seal]

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Authorized Attorney for Managing Director

Attest:

/s/ David S. Sorce
- ----------------------------
Title:

CANANDAIGUA LIMITED

[Corporate Seal]

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Director

Attest:

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

HARRIS TRUST AND SAVINGS BANK

[Corporate Seal]

By: /s/ J. Bartolini

Name: J. Bartolini
Title: Vice President

Attest:

/s/ Signature Illegible
- ---------------------------
Title: Assistant Secretary

EXHIBIT 4.10

THIRD SUPPLEMENTAL INDENTURE (the "Supplement"), dated as of December 11, 1998, is entered into by and among CANANDAIGUA BRANDS, INC. (formerly known as Canandaigua Wine Company, Inc.), a Delaware corporation (the "Company"), and CANANDAIGUA BV, a private company with limited liability incorporated under the laws of the Netherlands, and CANANDAIGUA LIMITED, a corporation formed under the laws of England and Wales, both wholly owned subsidiaries of the Company (individually and collectively the "New Guarantor"), and HARRIS TRUST AND SAVINGS BANK , as Trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE NEW GUARANTOR

WHEREAS, the Company, the Guarantors and the Trustee have executed and delivered an Indenture, dated as of October 29, 1996, as supplemented, among the Company, the Guarantors and the Trustee (the "Indenture") providing for the issuance by the Company of $65,000,000 aggregate principal amount of the Company's 8 3/4% Senior Subordinated Notes due 2003 (the "Securities") and pursuant to which the Guarantors have agreed to guarantee, jointly and severally, the full and punctual payment and performance when due of all Indenture Obligations.

WHEREAS, the New Guarantor has become a Subsidiary and pursuant to Section 1014(b) of the Indenture is obligated to enter into the Supplement thereby guaranteeing the punctual payment and performance when due of all Indenture Obligations;

WHEREAS, pursuant to Section 901(e) of the Indenture, the Company, the New Guarantor and the Trustee may enter into this Supplement without the consent of any Holder;

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

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

ARTICLE ONE
THE NEW GUARANTEE

Section 1.01. For value received, the New Guarantor, in accordance with Article Fourteen of the Indenture, hereby absolutely, unconditionally and irrevocably guarantees (the "New Guarantee"), jointly and severally among itself and the Guarantors, to the Trustee and the Holders, as if the New Guarantor was the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of the New Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonably legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this New Guarantee). The

agreements made and obligations assumed hereunder by the New Guarantor shall constitute and shall be deemed to constitute a Guarantee under the Indenture and for all purposes of the Indenture as if it was originally named therein as a Guarantor.

Section 102. The New Guarantee shall be automatically and unconditionally released and discharged upon the occurrence of the events set forth in Section 1014(c) of the Indenture.

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

ARTICLE TWO
MISCELLANEOUS

Section 201. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indenture shall have the meanings assigned to them in the Indenture. Except as supplemented hereby, the Indenture (including the Guarantees incorporated therein) and the Securities are in all respects ratified and confirmed and all the terms and provisions thereof shall remain in full force and effect.

Section 202. This Supplement shall be effective as of the close of business on the date hereof.

Section 203. The recitals contained herein shall be taken as the statements of the Company and the New Guarantor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplement.

Section 204. This Supplement shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indenture and its construction.

Section 2.05. This Supplement may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

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

CANANDAIGUA BRANDS, INC.

[Corporate Seal]

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Senior Vice President

Attest:

/s/ David S. Sorce
- ---------------------------
Title: Assistant Secretary

CANANDAIGUA BV

[Corporate Seal]

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Authorized Attorney for Managing Director

Attest:

/s/ David S. Sorce
- ----------------------------
Title:

CANANDAIGUA LIMITED

[Corporate Seal]

By: /s/ Thomas S. Summer

Name: Thomas S. Summer
Title: Director

Attest:

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

HARRIS TRUST AND SAVINGS BANK

[Corporate Seal]

By: /s/ J. Bartolini

Name: J. Bartolini
Title: Vice President

Attest:

/s/ Signature Illegible
- ---------------------------
Title: Assistant Secretary

EXHIBIT 10.14

CANANDAIGUA BRANDS, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

CANANDAIGUA BRANDS, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Section 1

INTRODUCTION

1.1 THE SERP AND ITS EFFECTIVE DATE. The Canandaigua Brands, Inc. Supplemental Executive Retirement Plan (the "SERP") is hereby established by Canandaigua Brands, Inc. (the "Company") effective March 1, 1998, as provided herein.

1.2 PURPOSE. The Company maintains the Canandaigua Brands, Inc. 401(k) and Profit Sharing Plan (the "Plan"). Code Section 401(a)(17) limits to $160,000 (in 1997 and 1998, as adjusted in subsequent years as provided by the Secretary of the Treasury) the amount of compensation which may be taken into account for a Plan Year under a qualified plan ("Compensation Limit"). In addition other, limits may apply to limit or reduce the contributions which a participant may receive under the Plan.

However, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), permits the provision of benefits under an unfunded plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The purpose of the SERP is to provide benefits to those employees of the Company or a Related Business, as selected by the Company from year to year, which would be provided under the Plan with respect to Plan Years beginning on March 1, 1997, in the amount of Employer Basic Contributions which could not be provided under the Plan because of the Compensation Limit determined without regard to the Code Section 415 Limits. In addition, the Company may from time to time determine to credit to the SERP Accounts of specified employees such amounts' with respect to other limited or reduced contributions (other than elective contributions) under the Plan as it shall determine.

1.3 DEFINED TERMS. Except as otherwise indicated capitalized terms used in this plan document which are not defined herein have the same meaning as the same term in the Plan.

Section 2

PARTICIPATION AND BENEFITS

2.1 ELIGIBILITY FOR BENEFITS. The Company in its discretion shall select the employees of the Company or a Related Business who shall receive Annual Benefit Credits as defined in Section 2.2, under the SERP for a Plan Year ("Active Participant"). The

Company in its discretion may designate an employee as an Active Participant for the purpose of receiving credits with respect to the reduction of some types of contributions under the Plan and not others and need not credit all Active Participants with credits for the same types of reduced or limited Plan contributions. A person who becomes an Active Participant shall remain a participant ("Participant") for purposes of receiving distributions, maintaining account balances and being credited with net earnings, gains and losses until all amounts credited to his account under the Plan ("SERP Account") have been distributed whether or not such person is selected as an Active Participant for a subsequent Plan Year.

2.2 AMOUNT OF BENEFIT CREDITS. As determined by the Company in accordance with Section 2.1, the amount credited to an Active Participant's SERP Account for a Plan Year ("Annual Benefit Credits") shall equal (a) the amount, if any, of Employer Basic Contributions the Active Participant would have received under the Plan for that Plan Year if he had received Employer Basic Contributions with respect to his base compensation above the Compensation Limit at the same rate that he received Employer Basic Contributions under the Plan with respect to his Compensation not greater than the Compensation Limit and (b) such other amounts as the Company shall from time to time, in its discretion, determine to credit

to the Active Participant's SERP Account with respect to other limited or reduced contributions (other than elective contributions) under the Plan. The payment of Annual Benefit Credits of an Active Participant shall be an obligation of the Company.

2.3 SERP ACCOUNTS AND INCOME CREDITS. Effective from March 1, 1998, through the last business day through and including November 30, 1998, each Participant's SERP Account shall be credited with interest of 6 percent per year, calculated as if the Participant's Annual Benefit Credits with respect to the year beginning on March 1, 1997, had been credited to the Participant's SERP Account on March 1, 1998. Annual Benefit Credits credited to a Participant's SERP Account with respect to periods beginning the first business day after the date of execution hereof, shall be credited with net earnings, gains and losses as of each Valuation Date ("Income Credits") in an amount equal to the amount which such account would have earned, gained or lost if at all times from the first business date such Annual Benefit Credits were credited to the Participant's SERP Account and such amounts were fully invested as provided in the following paragraph. The payment of Income Credits shall be an obligation of the Company.

From time to time the Company shall determine the method of determining Participants' Income Credits under the SERP. The Company may, in its discretion, determine Income Credits by

treating the Participants' Annual Benefit Credits and Income Credits as if invested in a manner, designated by the Company or by permitting Participants' to self-direct the manner in which their Income Credits are to be determined from among such investment options and in accordance with such rules and procedures as the Company shall from time to time determine. Any changes which the Company shall make in the method for determining Income Credits shall be determined and announced to Participants in advance of the date it becomes effective and shall represent a rate which the Company could, ignoring the effect of federal, state and local income taxes, replicate by investing its assets in available markets if it chose to do so.

2.4 VESTING. Except as otherwise provided herein, a Participant shall be vested in his SERP Account to the same extent that he is vested in his contributions of the same type (e.g. Employer Basic Contributions and New Matching Contributions) under the Plan.

2.5 PAYMENT OF BENEFITS. Payments of the amount credited to a Participant's SERP Account, including the total of all Benefit Creditors, Income Credits and other earnings, shall be made as follows:

(a) DISTRIBUTIONS. Except as provided in Section 2.5(b) a Participant's SERP Account shall be paid to him in a lump sum in cash promptly after his Termination Date.

In the event that a Participant is an employee of a Related Business, other than the Company, and 50 percent or more of the combined voting power of the Related Business becomes owned by an entity or person that is not a Related Business or substantially all of the assets of a Related Business are sold, conveyed or otherwise transferred to a person or entity that is not a Related Business, the Participant shall be 100% vested in his SERP Account and the Participant's entire SERP Account shall be distributed to his promptly in the form of a lump sum distribution. Notwithstanding the preceding sentence, such vesting and distribution shall only occur if the Company or an entity that is a Related Business after such transaction does not employ Participant after such sale, transfer or change in ownership.

(b) CHANGE OF CONTROL. Notwithstanding anything in this Section 2.5 to the contrary, in the event of the occurrence of a Change of Control with respect to the Company all Participants shall be 100% vested in their SERP Accounts, the SERP shall be terminated and the entire SERP Account of each Participant, whether or not in pay status, shall be distributed to the Participant promptly in the form of a lump

sum distribution. For this purpose a "Change of Control" shall mean: (i) the purchase or other acquisition by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 ("Act"), or any comparable successor provisions, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of more than 50 percent of the combined voting power of the Company's then outstanding voting securities entitled to vote generally, or (ii) the approval by the stockholders of the Company of a reorganization, merger, or consolidation, in each case, with respect to which persons who were stockholders of the Company and who own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of such entity immediately prior to such reorganization, merger, or consolidation do not immediately thereafter own more than 50 percent of the combined voting power entitled to vote generally in the election of

directors of the reorganized, merged or consolidated Company's then outstanding securities, or (iii) a liquidation or dissolution of the Company or the sale of all or substantially all of the Company's assets.

For the purpose hereof, a Change of Control shall not occur upon:

(1) the transfer of voting securities of the Company;

(i) among or between persons or members of their immediate family or trusts or other entities controlled by or operated for the benefit of such persons or members of their immediate family who own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of the Company; or

(ii) among or between the Company and a Related Business or two or more Related Businesses; or

(2) the reorganization, merger or consolidation of the Company with a Related Business or sale of all or substantially all of Company's assets to a Related Business.

For purposes of this Section 2.5(b), the term, immediate family, shall include the spouse and the lineal ascendants and descendants of an individual and the spouses of such lineal ascendants and descendants and the other individuals who share a common parent or grandparent with such individual and the spouses of such individuals. Adopted children shall be considered as the descendants of their adoptive parents

and their parents' parents in the same manner as would be the biological children of such parents.

2.6 BENEFICIARY DESIGNATION. A Participant's SERP Account shall be paid to the beneficiary designated by the Participant to receive his SERP Account hereunder. Such distribution shall be made in a lump sum distribution. If the Participant fails to effectively designate a beneficiary hereunder, including if the Participant's designated beneficiary predeceases him, upon the Participant's death his SERP Account shall be paid to the person or entity which is his beneficiary under the Plan whether by designation of the Participant or by the terms of the Plan.

2.7 VALUATION OF ACCOUNTS. The value of a Participant's SERP Account shall be paid in cash and shall be valued as of the Valuation Date on which such distribution is made based upon the value which the SERP Account would have if at all times it were earning the rate of return specified by the Company or were fully invested in the investment options designated by the Company or selected by the Participant, pursuant to Section 2.3.

2.8 FUNDING. Benefits payable under the SERP to any person shall be paid directly by the Company. The Company shall not be required to fund, or otherwise segregate assets to be used for payment of benefits under the SERP. While the Company may make investments in amounts equal or unequal to amounts payable hereunder, the Company shall not be under any obligation to make such investments and any such investments shall remain an asset of the Company subject to the claims of its general creditors. Notwithstanding the foregoing, the Company may maintain one or more trusts to hold assets to be used for payment of benefits under the SERP; provided that the assets of each trust shall be subject to the creditors of the Company in the event the Company becomes Insolvent as defined in such trust. Any payments by such a trust of benefits provided to a Participant under the SERP shall be considered payment by the Company and shall discharge the Company of any further liability under the SERP to the extent of the payments made by such trust.

Section 3

MISCELLANEOUS

3.1 PLAN ADMINISTRATION. The SERP shall be administered by a committee consisting of one or more individuals appointed by the Board of Directors ("Committee"). The Committee shall have, to the extent appropriate, the same powers, rights, duties and obligations with respect to the SERP as the Committee under the Plan has with respect to the Plan. In the event that the Board of Directors does not appoint a Committee, the Company shall act as the Committee.

3.2 EMPLOYMENT RIGHTS. Establishment of the SERP shall not be construed to give any employee the right to be retained in the service of the Company or a Related Business or to any benefits not specifically provided by the SERP.

3.3 INTERESTS NOT TRANSFERABLE. Except as to withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time under the SERP shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or other legal process, or encumbrance

of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefits, whether currently or thereafter payable, shall be void. No benefit shall, in any manner, be liable for or subject to the debts or liabilities of any person entitled to such benefits. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber his benefits under the SERP, or if by reason of his bankruptcy or other event happening at any time, such benefits would devolve upon any other person or would not be enjoyed by the person entitled thereto under the SERP, then the Company, in its discretion, may terminate the interest in any such benefits of the person entitled thereto under the SERP and hold or apply them to or for the benefit of such person entitled thereto under the SERP or his spouse, children or other dependents, or any of them, in such manner as the Company may deem proper.

3.4 UNCLAIMED AMOUNTS. Unclaimed amounts shall consist of the amounts of the SERP Accounts of a Participant which cannot be distributed because of the Committee's inability to locate the payee, after a reasonable search, within a period of two (2) years after the payment of benefits becomes due. Unclaimed amounts shall be forfeited at the end of such two-year period. These forfeitures will reduce the obligations of the Company under the SERP. After an unclaimed amount has been forfeited, the Participant or beneficiary, as applicable, shall have no further right to his SERP Account.

3.5 CONTROLLING LAW. The law of the State of New York, except its law with respect to choice of law, shall be controlling in all matters relating to the SERP to the extent not preempted by ERISA.

3.6 GENDER AND NUMBER. Words in the masculine gender shall include the feminine, and the plural shall include the singular and the singular shall include the plural.

3.7 ACTION BY AN EMPLOYER. Except as otherwise specifically provided herein, any action required of or permitted by the Company under the SERP shall be by resolution of the Board of

Directors of the Company or person(s) authorized by resolution of the Board of Directors of the Company.

Section 4

AMENDMENT AND TERMINATION

4.1 COMPANY AUTHORITY TO AMEND. The Company intends the SERP to be permanent, but reserves the right at any time by action of its Board of Directors to modify, amend or terminate the SERP, notwithstanding that an amendment may change the timing or the optional form of benefit elected by a Participant or the timing or optional form of benefit in which a Participant's or beneficiary's benefits would otherwise have been paid under Section 2; provided however, that if a Participant has a SERP Account, benefits provided under Section 2.1 shall constitute an irrevocable obligation of the Company as applicable, to the same extent that such Account, had it been an account under the Plan, would have been an irrevocable obligation of the Plan.

Executed in multiple originals this 14th day of January, 1999.

CANANDAIGUA BRANDS, INC.

By: /s/ George H. Murray

Its: Senior Vice President and Chief Human Resources Officer

2181398.08

EXHIBIT 10.14

CANANDAIGUA BRANDS, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

CANANDAIGUA BRANDS, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Section 1

INTRODUCTION

1.1 THE SERP AND ITS EFFECTIVE DATE. The Canandaigua Brands, Inc. Supplemental Executive Retirement Plan (the "SERP") is hereby established by Canandaigua Brands, Inc. (the "Company") effective March 1, 1998, as provided herein.

1.2 PURPOSE. The Company maintains the Canandaigua Brands, Inc. 401(k) and Profit Sharing Plan (the "Plan"). Code Section 401(a)(17) limits to $160,000 (in 1997 and 1998, as adjusted in subsequent years as provided by the Secretary of the Treasury) the amount of compensation which may be taken into account for a Plan Year under a qualified plan ("Compensation Limit"). In addition other, limits may apply to limit or reduce the contributions which a participant may receive under the Plan.

However, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), permits the provision of benefits under an unfunded plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The purpose of the SERP is to provide benefits to those employees of the Company or a Related Business, as selected by the Company from year to year, which would be provided under the Plan with respect to Plan Years beginning on March 1, 1997, in the amount of Employer Basic Contributions which could not be provided under the Plan because of the Compensation Limit determined without regard to the Code Section 415 Limits. In addition, the Company may from time to time determine to credit to the SERP Accounts of specified employees such amounts' with respect to other limited or reduced contributions (other than elective contributions) under the Plan as it shall determine.

1.3 DEFINED TERMS. Except as otherwise indicated capitalized terms used in this plan document which are not defined herein have the same meaning as the same term in the Plan.

Section 2

PARTICIPATION AND BENEFITS

2.1 ELIGIBILITY FOR BENEFITS. The Company in its discretion shall select the employees of the Company or a Related Business who shall receive Annual Benefit Credits as defined in Section 2.2, under the SERP for a Plan Year ("Active Participant"). The

Company in its discretion may designate an employee as an Active Participant for the purpose of receiving credits with respect to the reduction of some types of contributions under the Plan and not others and need not credit all Active Participants with credits for the same types of reduced or limited Plan contributions. A person who becomes an Active Participant shall remain a participant ("Participant") for purposes of receiving distributions, maintaining account balances and being credited with net earnings, gains and losses until all amounts credited to his account under the Plan ("SERP Account") have been distributed whether or not such person is selected as an Active Participant for a subsequent Plan Year.

2.2 AMOUNT OF BENEFIT CREDITS. As determined by the Company in accordance with Section 2.1, the amount credited to an Active Participant's SERP Account for a Plan Year ("Annual Benefit Credits") shall equal (a) the amount, if any, of Employer Basic Contributions the Active Participant would have received under the Plan for that Plan Year if he had received Employer Basic Contributions with respect to his base compensation above the Compensation Limit at the same rate that he received Employer Basic Contributions under the Plan with respect to his Compensation not greater than the Compensation Limit and (b) such other amounts as the Company shall from time to time, in its discretion, determine to credit

to the Active Participant's SERP Account with respect to other limited or reduced contributions (other than elective contributions) under the Plan. The payment of Annual Benefit Credits of an Active Participant shall be an obligation of the Company.

2.3 SERP ACCOUNTS AND INCOME CREDITS. Effective from March 1, 1998, through the last business day through and including November 30, 1998, each Participant's SERP Account shall be credited with interest of 6 percent per year, calculated as if the Participant's Annual Benefit Credits with respect to the year beginning on March 1, 1997, had been credited to the Participant's SERP Account on March 1, 1998. Annual Benefit Credits credited to a Participant's SERP Account with respect to periods beginning the first business day after the date of execution hereof, shall be credited with net earnings, gains and losses as of each Valuation Date ("Income Credits") in an amount equal to the amount which such account would have earned, gained or lost if at all times from the first business date such Annual Benefit Credits were credited to the Participant's SERP Account and such amounts were fully invested as provided in the following paragraph. The payment of Income Credits shall be an obligation of the Company.

From time to time the Company shall determine the method of determining Participants' Income Credits under the SERP. The Company may, in its discretion, determine Income Credits by

treating the Participants' Annual Benefit Credits and Income Credits as if invested in a manner, designated by the Company or by permitting Participants' to self-direct the manner in which their Income Credits are to be determined from among such investment options and in accordance with such rules and procedures as the Company shall from time to time determine. Any changes which the Company shall make in the method for determining Income Credits shall be determined and announced to Participants in advance of the date it becomes effective and shall represent a rate which the Company could, ignoring the effect of federal, state and local income taxes, replicate by investing its assets in available markets if it chose to do so.

2.4 VESTING. Except as otherwise provided herein, a Participant shall be vested in his SERP Account to the same extent that he is vested in his contributions of the same type (e.g. Employer Basic Contributions and New Matching Contributions) under the Plan.

2.5 PAYMENT OF BENEFITS. Payments of the amount credited to a Participant's SERP Account, including the total of all Benefit Creditors, Income Credits and other earnings, shall be made as follows:

(a) DISTRIBUTIONS. Except as provided in Section 2.5(b) a Participant's SERP Account shall be paid to him in a lump sum in cash promptly after his Termination Date.

In the event that a Participant is an employee of a Related Business, other than the Company, and 50 percent or more of the combined voting power of the Related Business becomes owned by an entity or person that is not a Related Business or substantially all of the assets of a Related Business are sold, conveyed or otherwise transferred to a person or entity that is not a Related Business, the Participant shall be 100% vested in his SERP Account and the Participant's entire SERP Account shall be distributed to his promptly in the form of a lump sum distribution. Notwithstanding the preceding sentence, such vesting and distribution shall only occur if the Company or an entity that is a Related Business after such transaction does not employ Participant after such sale, transfer or change in ownership.

(b) CHANGE OF CONTROL. Notwithstanding anything in this Section 2.5 to the contrary, in the event of the occurrence of a Change of Control with respect to the Company all Participants shall be 100% vested in their SERP Accounts, the SERP shall be terminated and the entire SERP Account of each Participant, whether or not in pay status, shall be distributed to the Participant promptly in the form of a lump

sum distribution. For this purpose a "Change of Control" shall mean: (i) the purchase or other acquisition by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 ("Act"), or any comparable successor provisions, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of more than 50 percent of the combined voting power of the Company's then outstanding voting securities entitled to vote generally, or (ii) the approval by the stockholders of the Company of a reorganization, merger, or consolidation, in each case, with respect to which persons who were stockholders of the Company and who own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of such entity immediately prior to such reorganization, merger, or consolidation do not immediately thereafter own more than 50 percent of the combined voting power entitled to vote generally in the election of

directors of the reorganized, merged or consolidated Company's then outstanding securities, or (iii) a liquidation or dissolution of the Company or the sale of all or substantially all of the Company's assets.

For the purpose hereof, a Change of Control shall not occur upon:

(1) the transfer of voting securities of the Company;

(i) among or between persons or members of their immediate family or trusts or other entities controlled by or operated for the benefit of such persons or members of their immediate family who own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of the Company; or

(ii) among or between the Company and a Related Business or two or more Related Businesses; or

(2) the reorganization, merger or consolidation of the Company with a Related Business or sale of all or substantially all of Company's assets to a Related Business.

For purposes of this Section 2.5(b), the term, immediate family, shall include the spouse and the lineal ascendants and descendants of an individual and the spouses of such lineal ascendants and descendants and the other individuals who share a common parent or grandparent with such individual and the spouses of such individuals. Adopted children shall be considered as the descendants of their adoptive parents

and their parents' parents in the same manner as would be the biological children of such parents.

2.6 BENEFICIARY DESIGNATION. A Participant's SERP Account shall be paid to the beneficiary designated by the Participant to receive his SERP Account hereunder. Such distribution shall be made in a lump sum distribution. If the Participant fails to effectively designate a beneficiary hereunder, including if the Participant's designated beneficiary predeceases him, upon the Participant's death his SERP Account shall be paid to the person or entity which is his beneficiary under the Plan whether by designation of the Participant or by the terms of the Plan.

2.7 VALUATION OF ACCOUNTS. The value of a Participant's SERP Account shall be paid in cash and shall be valued as of the Valuation Date on which such distribution is made based upon the value which the SERP Account would have if at all times it were earning the rate of return specified by the Company or were fully invested in the investment options designated by the Company or selected by the Participant, pursuant to Section 2.3.

2.8 FUNDING. Benefits payable under the SERP to any person shall be paid directly by the Company. The Company shall not be required to fund, or otherwise segregate assets to be used for payment of benefits under the SERP. While the Company may make investments in amounts equal or unequal to amounts payable hereunder, the Company shall not be under any obligation to make such investments and any such investments shall remain an asset of the Company subject to the claims of its general creditors. Notwithstanding the foregoing, the Company may maintain one or more trusts to hold assets to be used for payment of benefits under the SERP; provided that the assets of each trust shall be subject to the creditors of the Company in the event the Company becomes Insolvent as defined in such trust. Any payments by such a trust of benefits provided to a Participant under the SERP shall be considered payment by the Company and shall discharge the Company of any further liability under the SERP to the extent of the payments made by such trust.

Section 3

MISCELLANEOUS

3.1 PLAN ADMINISTRATION. The SERP shall be administered by a committee consisting of one or more individuals appointed by the Board of Directors ("Committee"). The Committee shall have, to the extent appropriate, the same powers, rights, duties and obligations with respect to the SERP as the Committee under the Plan has with respect to the Plan. In the event that the Board of Directors does not appoint a Committee, the Company shall act as the Committee.

3.2 EMPLOYMENT RIGHTS. Establishment of the SERP shall not be construed to give any employee the right to be retained in the service of the Company or a Related Business or to any benefits not specifically provided by the SERP.

3.3 INTERESTS NOT TRANSFERABLE. Except as to withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time under the SERP shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or other legal process, or encumbrance

of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefits, whether currently or thereafter payable, shall be void. No benefit shall, in any manner, be liable for or subject to the debts or liabilities of any person entitled to such benefits. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber his benefits under the SERP, or if by reason of his bankruptcy or other event happening at any time, such benefits would devolve upon any other person or would not be enjoyed by the person entitled thereto under the SERP, then the Company, in its discretion, may terminate the interest in any such benefits of the person entitled thereto under the SERP and hold or apply them to or for the benefit of such person entitled thereto under the SERP or his spouse, children or other dependents, or any of them, in such manner as the Company may deem proper.

3.4 UNCLAIMED AMOUNTS. Unclaimed amounts shall consist of the amounts of the SERP Accounts of a Participant which cannot be distributed because of the Committee's inability to locate the payee, after a reasonable search, within a period of two (2) years after the payment of benefits becomes due. Unclaimed amounts shall be forfeited at the end of such two-year period. These forfeitures will reduce the obligations of the Company under the SERP. After an unclaimed amount has been forfeited, the Participant or beneficiary, as applicable, shall have no further right to his SERP Account.

3.5 CONTROLLING LAW. The law of the State of New York, except its law with respect to choice of law, shall be controlling in all matters relating to the SERP to the extent not preempted by ERISA.

3.6 GENDER AND NUMBER. Words in the masculine gender shall include the feminine, and the plural shall include the singular and the singular shall include the plural.

3.7 ACTION BY AN EMPLOYER. Except as otherwise specifically provided herein, any action required of or permitted by the Company under the SERP shall be by resolution of the Board of

Directors of the Company or person(s) authorized by resolution of the Board of Directors of the Company.

Section 4

AMENDMENT AND TERMINATION

4.1 COMPANY AUTHORITY TO AMEND. The Company intends the SERP to be permanent, but reserves the right at any time by action of its Board of Directors to modify, amend or terminate the SERP, notwithstanding that an amendment may change the timing or the optional form of benefit elected by a Participant or the timing or optional form of benefit in which a Participant's or beneficiary's benefits would otherwise have been paid under Section 2; provided however, that if a Participant has a SERP Account, benefits provided under Section 2.1 shall constitute an irrevocable obligation of the Company as applicable, to the same extent that such Account, had it been an account under the Plan, would have been an irrevocable obligation of the Plan.

Executed in multiple originals this 14th day of January, 1999.

CANANDAIGUA BRANDS, INC.

By: /s/ George H. Murray

Its: Senior Vice President and Chief Human Resources Officer

2181398.08

EXHIBIT 10.14

CANANDAIGUA BRANDS, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

CANANDAIGUA BRANDS, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Section 1

INTRODUCTION

1.1 THE SERP AND ITS EFFECTIVE DATE. The Canandaigua Brands, Inc. Supplemental Executive Retirement Plan (the "SERP") is hereby established by Canandaigua Brands, Inc. (the "Company") effective March 1, 1998, as provided herein.

1.2 PURPOSE. The Company maintains the Canandaigua Brands, Inc. 401(k) and Profit Sharing Plan (the "Plan"). Code Section 401(a)(17) limits to $160,000 (in 1997 and 1998, as adjusted in subsequent years as provided by the Secretary of the Treasury) the amount of compensation which may be taken into account for a Plan Year under a qualified plan ("Compensation Limit"). In addition other, limits may apply to limit or reduce the contributions which a participant may receive under the Plan.

However, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), permits the provision of benefits under an unfunded plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The purpose of the SERP is to provide benefits to those employees of the Company or a Related Business, as selected by the Company from year to year, which would be provided under the Plan with respect to Plan Years beginning on March 1, 1997, in the amount of Employer Basic Contributions which could not be provided under the Plan because of the Compensation Limit determined without regard to the Code Section 415 Limits. In addition, the Company may from time to time determine to credit to the SERP Accounts of specified employees such amounts' with respect to other limited or reduced contributions (other than elective contributions) under the Plan as it shall determine.

1.3 DEFINED TERMS. Except as otherwise indicated capitalized terms used in this plan document which are not defined herein have the same meaning as the same term in the Plan.

Section 2

PARTICIPATION AND BENEFITS

2.1 ELIGIBILITY FOR BENEFITS. The Company in its discretion shall select the employees of the Company or a Related Business who shall receive Annual Benefit Credits as defined in Section 2.2, under the SERP for a Plan Year ("Active Participant"). The

Company in its discretion may designate an employee as an Active Participant for the purpose of receiving credits with respect to the reduction of some types of contributions under the Plan and not others and need not credit all Active Participants with credits for the same types of reduced or limited Plan contributions. A person who becomes an Active Participant shall remain a participant ("Participant") for purposes of receiving distributions, maintaining account balances and being credited with net earnings, gains and losses until all amounts credited to his account under the Plan ("SERP Account") have been distributed whether or not such person is selected as an Active Participant for a subsequent Plan Year.

2.2 AMOUNT OF BENEFIT CREDITS. As determined by the Company in accordance with Section 2.1, the amount credited to an Active Participant's SERP Account for a Plan Year ("Annual Benefit Credits") shall equal (a) the amount, if any, of Employer Basic Contributions the Active Participant would have received under the Plan for that Plan Year if he had received Employer Basic Contributions with respect to his base compensation above the Compensation Limit at the same rate that he received Employer Basic Contributions under the Plan with respect to his Compensation not greater than the Compensation Limit and (b) such other amounts as the Company shall from time to time, in its discretion, determine to credit

to the Active Participant's SERP Account with respect to other limited or reduced contributions (other than elective contributions) under the Plan. The payment of Annual Benefit Credits of an Active Participant shall be an obligation of the Company.

2.3 SERP ACCOUNTS AND INCOME CREDITS. Effective from March 1, 1998, through the last business day through and including November 30, 1998, each Participant's SERP Account shall be credited with interest of 6 percent per year, calculated as if the Participant's Annual Benefit Credits with respect to the year beginning on March 1, 1997, had been credited to the Participant's SERP Account on March 1, 1998. Annual Benefit Credits credited to a Participant's SERP Account with respect to periods beginning the first business day after the date of execution hereof, shall be credited with net earnings, gains and losses as of each Valuation Date ("Income Credits") in an amount equal to the amount which such account would have earned, gained or lost if at all times from the first business date such Annual Benefit Credits were credited to the Participant's SERP Account and such amounts were fully invested as provided in the following paragraph. The payment of Income Credits shall be an obligation of the Company.

From time to time the Company shall determine the method of determining Participants' Income Credits under the SERP. The Company may, in its discretion, determine Income Credits by

treating the Participants' Annual Benefit Credits and Income Credits as if invested in a manner, designated by the Company or by permitting Participants' to self-direct the manner in which their Income Credits are to be determined from among such investment options and in accordance with such rules and procedures as the Company shall from time to time determine. Any changes which the Company shall make in the method for determining Income Credits shall be determined and announced to Participants in advance of the date it becomes effective and shall represent a rate which the Company could, ignoring the effect of federal, state and local income taxes, replicate by investing its assets in available markets if it chose to do so.

2.4 VESTING. Except as otherwise provided herein, a Participant shall be vested in his SERP Account to the same extent that he is vested in his contributions of the same type (e.g. Employer Basic Contributions and New Matching Contributions) under the Plan.

2.5 PAYMENT OF BENEFITS. Payments of the amount credited to a Participant's SERP Account, including the total of all Benefit Creditors, Income Credits and other earnings, shall be made as follows:

(a) DISTRIBUTIONS. Except as provided in Section 2.5(b) a Participant's SERP Account shall be paid to him in a lump sum in cash promptly after his Termination Date.

In the event that a Participant is an employee of a Related Business, other than the Company, and 50 percent or more of the combined voting power of the Related Business becomes owned by an entity or person that is not a Related Business or substantially all of the assets of a Related Business are sold, conveyed or otherwise transferred to a person or entity that is not a Related Business, the Participant shall be 100% vested in his SERP Account and the Participant's entire SERP Account shall be distributed to his promptly in the form of a lump sum distribution. Notwithstanding the preceding sentence, such vesting and distribution shall only occur if the Company or an entity that is a Related Business after such transaction does not employ Participant after such sale, transfer or change in ownership.

(b) CHANGE OF CONTROL. Notwithstanding anything in this Section 2.5 to the contrary, in the event of the occurrence of a Change of Control with respect to the Company all Participants shall be 100% vested in their SERP Accounts, the SERP shall be terminated and the entire SERP Account of each Participant, whether or not in pay status, shall be distributed to the Participant promptly in the form of a lump

sum distribution. For this purpose a "Change of Control" shall mean: (i) the purchase or other acquisition by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 ("Act"), or any comparable successor provisions, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of more than 50 percent of the combined voting power of the Company's then outstanding voting securities entitled to vote generally, or (ii) the approval by the stockholders of the Company of a reorganization, merger, or consolidation, in each case, with respect to which persons who were stockholders of the Company and who own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of such entity immediately prior to such reorganization, merger, or consolidation do not immediately thereafter own more than 50 percent of the combined voting power entitled to vote generally in the election of

directors of the reorganized, merged or consolidated Company's then outstanding securities, or (iii) a liquidation or dissolution of the Company or the sale of all or substantially all of the Company's assets.

For the purpose hereof, a Change of Control shall not occur upon:

(1) the transfer of voting securities of the Company;

(i) among or between persons or members of their immediate family or trusts or other entities controlled by or operated for the benefit of such persons or members of their immediate family who own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of the Company; or

(ii) among or between the Company and a Related Business or two or more Related Businesses; or

(2) the reorganization, merger or consolidation of the Company with a Related Business or sale of all or substantially all of Company's assets to a Related Business.

For purposes of this Section 2.5(b), the term, immediate family, shall include the spouse and the lineal ascendants and descendants of an individual and the spouses of such lineal ascendants and descendants and the other individuals who share a common parent or grandparent with such individual and the spouses of such individuals. Adopted children shall be considered as the descendants of their adoptive parents

and their parents' parents in the same manner as would be the biological children of such parents.

2.6 BENEFICIARY DESIGNATION. A Participant's SERP Account shall be paid to the beneficiary designated by the Participant to receive his SERP Account hereunder. Such distribution shall be made in a lump sum distribution. If the Participant fails to effectively designate a beneficiary hereunder, including if the Participant's designated beneficiary predeceases him, upon the Participant's death his SERP Account shall be paid to the person or entity which is his beneficiary under the Plan whether by designation of the Participant or by the terms of the Plan.

2.7 VALUATION OF ACCOUNTS. The value of a Participant's SERP Account shall be paid in cash and shall be valued as of the Valuation Date on which such distribution is made based upon the value which the SERP Account would have if at all times it were earning the rate of return specified by the Company or were fully invested in the investment options designated by the Company or selected by the Participant, pursuant to Section 2.3.

2.8 FUNDING. Benefits payable under the SERP to any person shall be paid directly by the Company. The Company shall not be required to fund, or otherwise segregate assets to be used for payment of benefits under the SERP. While the Company may make investments in amounts equal or unequal to amounts payable hereunder, the Company shall not be under any obligation to make such investments and any such investments shall remain an asset of the Company subject to the claims of its general creditors. Notwithstanding the foregoing, the Company may maintain one or more trusts to hold assets to be used for payment of benefits under the SERP; provided that the assets of each trust shall be subject to the creditors of the Company in the event the Company becomes Insolvent as defined in such trust. Any payments by such a trust of benefits provided to a Participant under the SERP shall be considered payment by the Company and shall discharge the Company of any further liability under the SERP to the extent of the payments made by such trust.

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3.3 INTERESTS NOT TRANSFERABLE. Except as to withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time under the SERP shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or other legal process, or encumbrance

of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefits, whether currently or thereafter payable, shall be void. No benefit shall, in any manner, be liable for or subject to the debts or liabilities of any person entitled to such benefits. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber his benefits under the SERP, or if by reason of his bankruptcy or other event happening at any time, such benefits would devolve upon any other person or would not be enjoyed by the person entitled thereto under the SERP, then the Company, in its discretion, may terminate the interest in any such benefits of the person entitled thereto under the SERP and hold or apply them to or for the benefit of such person entitled thereto under the SERP or his spouse, children or other dependents, or any of them, in such manner as the Company may deem proper.

3.4 UNCLAIMED AMOUNTS. Unclaimed amounts shall consist of the amounts of the SERP Accounts of a Participant which cannot be distributed because of the Committee's inability to locate the payee, after a reasonable search, within a period of two (2) years after the payment of benefits becomes due. Unclaimed amounts shall be forfeited at the end of such two-year period. These forfeitures will reduce the obligations of the Company under the SERP. After an unclaimed amount has been forfeited, the Participant or beneficiary, as applicable, shall have no further right to his SERP Account.

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Directors of the Company or person(s) authorized by resolution of the Board of Directors of the Company.

Section 4

AMENDMENT AND TERMINATION

4.1 COMPANY AUTHORITY TO AMEND. The Company intends the SERP to be permanent, but reserves the right at any time by action of its Board of Directors to modify, amend or terminate the SERP, notwithstanding that an amendment may change the timing or the optional form of benefit elected by a Participant or the timing or optional form of benefit in which a Participant's or beneficiary's benefits would otherwise have been paid under Section 2; provided however, that if a Participant has a SERP Account, benefits provided under Section 2.1 shall constitute an irrevocable obligation of the Company as applicable, to the same extent that such Account, had it been an account under the Plan, would have been an irrevocable obligation of the Plan.

Executed in multiple originals this 14th day of January, 1999.

CANANDAIGUA BRANDS, INC.

By: /s/ George H. Murray

Its: Senior Vice President and Chief Human Resources Officer

<TABLE>

EXHIBIT 11.1

CANANDAIGUA BRANDS, INC. AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE

(in thousands, except per share data)

<CAPTION>

	For the Years Ended February 28,					
	1999		1998		1997	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Income before extraordinary item	$ 61,909	$ 61,909	$ 47,130	$ 47,130	$ 46,183	$ 46,183
Extraordinary item, net of income taxes	(11,437)	(11,437)	--	--	--	--
Income applicable to common shares	$ 50,472	$ 50,472	$ 47,130	$ 47,130	$ 46,183	$ 46,183
Shares:						
Weighted average common shares outstanding	18,293	18,293	18,672	18,672	19,333	19,333
Adjustments:						
Stock options	--	461	--	433	--	188
Adjusted weighted average common shares outstanding	18,293	18,754	18,672	19,105	19,333	19,521
Earnings per common share:						
Income before extraordinary item	$ 3.38	$ 3.30	$ 2.52	$ 2.47	$ 2.39	$ 2.37
Extraordinary item	(0.62)	(0.61)	--	--	--	--
Earnings per common share	$ 2.76	$ 2.69	$ 2.52	$ 2.47	$ 2.39	$ 2.37

</TABLE>

EXHIBIT 18.1

ARTHUR
ANDERSEN

Arthur Andersen LLP
Suite 1500
One Marine Midland Plaza
Rochester NY 14604-2494
716 399 2800

April 22, 1999

Canandaigua Brands, Inc.

Re: Form 10-K Report for the year ended February 28, 1999

Gentlemen/Ladies:

This letter is written to meet the requirements of Regulation S-K calling for a letter from a registrant's independent accountants whenever there has been a change in accounting principle or practice.

As of February 28, 1999, the Company changed from the last-in, first-out ("LIFO") method of accounting for inventories to the first-in, first-out ("FIFO") method. According to the management of the Company, this change was made for the following reasons: (1) a better matching of revenues and expenses of the Company's products sold, and therefore a better method of reporting the Company's results of operations; and (2) the FIFO method of accounting will provide improved financial comparability to other publicly-traded companies in the industry.

A complete coordinated set of financial and reporting standards for determining the preferability of accounting principles among acceptable alternative principles has not been established by the accounting profession. Thus, we cannot make an objective determination of whether the change in accounting described in the preceding paragraph is to a preferable method. However, we have reviewed the pertinent factors, including those related to financial reporting, in this particular case on a subjective basis, and our opinion stated below is based on our determination made in this manner.

We are of the opinion that the Company's change in method of accounting is to an acceptable alternative method of accounting, which, based upon the reasons stated for the change and our discussions with you, is also preferable under the circumstances in this particular case. In arriving at this opinion, we have relied on the business judgment and business planning of your management.

Very truly yours,

/s/ Arthur Andersen LLP

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	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
Georgia	The Viking Distillery, Inc.
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	Strathmore Mineral Water Company Limited
England and Wales	Taunton Cider plc
England and Wales	The Gaymer Group Europe Limited
England and Wales	The Gaymer Group Limited

EXHIBIT 23.1

ARTHUR ANDERSEN LLP

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 and 33-56557 and Form S-3 file numbers 333-40571 and 333-67037.

/s/ Arthur Andersen LLP

Rochester, New York,
June 1, 1999

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EXHIBIT 99.2

AMENDMENT NUMBER 6 TO THE CANANDAIGUA BRANDS, INC. 1989 EMPLOYEE STOCK PURCHASE PLAN

This Amendment Number 6 to the Canandaigua Brands, Inc. 1989 Employee Stock Purchase Plan (the "Plan") was approved pursuant to Paragraph 20 of the Plan by the Board of Directors of Canandaigua Brands, Inc. (the "Company") and is subject to stockholder approval. Capitalized terms used herein which are not otherwise defined shall have the meanings ascribed to them in the Plan.

1. Paragraph 6 is amended, effective December 22, 1998, by deleting the present paragraph in its entirety and substituting in its place the following:

> 6. Eligibility. Any employee of the Company or any subsidiary of the Company who, on the Effective Date of that Offering under the Plan, is customarily employed for more than seventeen and one-half (17 1/2) hours per week and for more than five (5) months per year may participate in that Offering; provided, that (1) the employee does not own stock possessing 5% or more of the combined voting power or value of all classes of stock of the Company, as defined for purposes of Section 423(b)(3) of the Code, (2) the employee is not a member of the Committee, and (3) the employee is employed by the Company or a subsidiary of the Company that the Committee designates as being a subsidiary whose employees are eligible to participate in the Plan. Notwithstanding any provision to the contrary, the Committee is authorized to designate the subsidiaries of the Company whose employees are eligible to participate in the Plan.

2. Paragraph 20 is amended, effective December 22, 1998, by deleting the present paragraph in its entirety and substituting in its place the following:

> 20. Amendment of the Plan. To the extent permitted by law, the Board of Directors may at any time and from time to time make such changes in the Plan and additions to it as it deems advisable; provided, however, that except as provided in Paragraphs 18 and 19 hereof, and except with respect to changes or additions in order to make the Plan comply with Section 423 of the Code, the Board may not make any changes or additions which would adversely affect subscription rights previously granted under the Plan and may not, without the approval of the stockholders of the Company, make any changes or additions which would (a) increase the aggregate number of shares of Class A Stock subject to the Plan or which may be subscribed to by an employee, (b) decrease the minimum purchase price for a share of Class A Stock, or (c) change any of the provisions of the Plan relating to eligibility for participation in Offerings, provided that the Committee is authorized to designate without stockholder approval the subsidiaries of the Company whose employees are eligible to participate in the Plan.

3. This Amendment becomes effective December 22, 1998, subject to stockholder approval. If stockholder approval is not obtained within 12 months of the date the Amendment was adopted by the Board of Directors of the Company, the Amendment will be retroactively rescinded.

IN WITNESS WHEREOF, Canandaigua Brands, Inc. has caused this instrument to be executed as of December 23, 1998.

CANANDAIGUA BRANDS, INC.

By: /s/ Richard Sands

Richard Sands, President