

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended November 30, 1995

OR

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

Commission File No. 0-7570

Canandaigua Wine Company,
 Inc.
 (Exact name of registrant as specified in its charter)

Delaware ----- (State or other jurisdiction of incorporation or organization)	16-0716709 ----- (I.R.S. Employer Identification No.)
116 Buffalo Street, Canandaigua, New York ----- (Address of Principal Executive Offices)	14424 ----- (Zip Code)
(716) 394-7900 ----- (Registrant's Telephone Number, Including Area Code)	

The Registrant's Former Fiscal Year was September 1 through August 31.

 (Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
 ----- -----

The number of shares outstanding of each of the Registrant's classes of common stock as of January 11, 1996 is set forth below.

Class	Number of Shares Outstanding
-----	-----
Class A Common Stock, Par Value \$.01 Per Share	16,246,046
Class B Convertible Common Stock, Par Value \$.01 Per Share	3,365,958

Part 1 - Financial Information

Item 1. Financial Statements
 <TABLE>

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
 Consolidated Balance Sheets

	<C>	<C>
	November 30, 1995	August 31, 1995
	(Unaudited)	(Audited)
	(in thousands)	

ASSETS

CURRENT ASSETS:

Cash and cash investments	\$	1,294	\$	4,180
Accounts receivable, net		191,671		115,448
Inventories, net		368,597		256,811
Prepaid expenses and other current assets		24,886		25,070
		-----		-----
Total current assets		586,448		401,509
PROPERTY, PLANT AND EQUIPMENT, NET		249,370		217,505
OTHER ASSETS		263,172		166,907
		-----		-----

Total assets	\$ 1,098,990	\$ 785,921
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	\$ 125,500	\$ -
Current maturities of long-term debt	44,544	29,133
Accounts payable	74,403	62,091
Accrued federal and state excise taxes	16,106	15,633
Other accrued expenses and liabilities	77,352	67,896
	-----	-----
Total current liabilities	337,905	174,753
	-----	-----
LONG-TERM DEBT, less current maturities	337,808	198,859
	-----	-----
DEFERRED INCOME TAXES	49,827	49,827
	-----	-----
OTHER LIABILITIES	10,468	10,600
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A Common Stock, \$.01 par value-Authorized, 60,000,000 shares; Issued, 17,411,832 shares at November 30, 1995 and 17,400,082 shares at August 31, 1995	174	174
Class B Convertible Common Stock, \$.01 par value-Authorized, 20,000,000 shares; Issued 3,991,683 shares at November 30, 1995 and 3,996,683 shares at August 31, 1995	40	40
Additional paid-in capital	220,519	219,894
Retained earnings	149,690	139,278
	-----	-----
	370,423	359,386
	-----	-----
Less-Treasury stock-		
Class A Common Stock, 1,165,786 shares at November 30, 1995 and 1,186,655 shares at August 31, 1995, at cost	(5,234)	(5,297)
Class B Convertible Common Stock, 625,725 at November 30, 1995 and August 31, 1995, at cost	(2,207)	(2,207)
	-----	-----
	(7,441)	(7,504)
	-----	-----
Total stockholders' equity	362,982	351,882
	-----	-----
Total liabilities and stockholder's equity	\$1,098,990	\$ 785,921

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

</TABLE>

<TABLE>

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
Consolidated Statements of Income and Retained Earnings

	Three Months Ended November 30,	

	(in thousands, except share data)	
<S>	<C>	<C>
	1995	1994
	----	----
	(Unaudited)	(Unaudited)
GROSS SALES	\$ 391,186	\$ 317,420
Less - Excise taxes	(105,601)	(73,878)
	-----	-----
Net sales	285,585	243,542
COST OF PRODUCT SOLD	(208,332)	(174,382)
	-----	-----
Gross profit	77,253	69,160
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(50,104)	(45,064)
NONRECURRING RESTRUCTURING EXPENSES	(1,748)	(345)
	-----	-----
Operating income	25,401	23,751
INTEREST INCOME	110	242
INTEREST EXPENSE	(8,157)	(7,193)

Income before provision for federal and state income taxes	17,354	16,800
PROVISION FOR FEDERAL AND STATE INCOME TAXES	(6,942)	(6,468)
NET INCOME	10,412	10,332
RETAINED EARNINGS, BEGINNING	139,278	98,258
RETAINED EARNINGS, ENDING	\$ 149,690	\$ 108,590
SHARE DATA :		
Net income per common and common equivalent share:		
Primary	\$.52	\$.61
Fully Diluted	\$.52	\$.61
Weighted average shares outstanding:		
Primary	20,103,679	16,996,099
Fully Diluted	20,103,679	16,998,036
Dividend per share	None	None

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

</TABLE>

<TABLE>

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

Three Months Ended November 30,
(in thousands)

<S>	<C> 1995 ----- (Unaudited)	<C> 1994 ----- (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 10,412	\$ 10,332
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation of property, plant and equipment	5,229	5,061
Amortization of intangible assets	2,105	1,505
Deferred tax provision	-	5
Gain on sale of property, plant and equipment	(6)	-
Change in assets and liabilities, net of effects from purchase of businesses:		
Accounts receivable, net	(76,223)	(40,612)
Inventories, net	(95,771)	(50,170)
Prepaid expenses	568	6,442
Accounts payable	12,311	(7,993)
Accrued federal and state excise taxes	473	(948)
Other accrued expenses and liabilities	16,301	14,466
Other	(137)	(863)
Total adjustments	(135,150)	(73,107)
Net cash used in operating activities	(124,738)	(62,775)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	58	-
Purchases of property, plant and equipment, net of minor disposals	(6,974)	(5,754)
Payment of accrued earn-out amounts	(10,000)	-
Net cash used in investing activities	(16,916)	(5,754)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of notes payable, short-term borrowings	125,500	77,100
Repayment of notes payable	-	(47,000)
Repayment of notes payable from equity offering proceeds	-	(22,100)
Principal payments of long-term debt	(640)	(402)
Proceeds of Term Loan, long-term debt	13,219	47,000
Repayment of Term Loan from equity offering proceeds, long-term debt	-	(82,000)
Proceeds from equity offering, net	-	103,313
Proceeds from employee stock purchases	659	-
Exercise of employee stock options	30	-
Net cash provided by financing activities	138,768	75,911

NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS	(2,886)	7,382
CASH AND CASH INVESTMENTS, beginning of period	4,180	1,495
CASH AND CASH INVESTMENTS, end of period	\$ 1,294	\$ 8,877

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING
AND FINANCING ACTIVITIES:

Fair value of assets acquired	\$ 144,936	\$ -
Liabilities assumed	3,155	-
Cash paid	141,781	-
Less - Amounts borrowed	141,781	-
Net cash paid for acquisition	\$ -	\$ -

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

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
November 30, 1995

1) MANAGEMENT REPRESENTATIONS:

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q and reflect, in the opinion of the Company, all adjustments necessary to present the financial information for Canandaigua Wine Company, Inc. and its subsidiaries. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted as permitted by such rules and regulations. These consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes, included in the Company's Annual Report on Form 10-K, for the fiscal year ended August 31, 1995.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Year end change:

On January 11, 1996, the Company changed its fiscal year end from the twelve month period ending August 31 to the twelve month period ending on the last day of February. The accompanying consolidated financial statements for the three month period ended November 30, 1995, are based on the newly adopted fiscal year.

The consolidated financial statements for the three month period ended November 30, 1994, are based on the Company's old fiscal year end, August 31, 1995.

Other:

Certain fiscal 1995 balances have been reclassified to conform with current year presentation.

3) INVENTORIES:

Inventories are valued at the lower of cost (computed in accordance with the last-in, first-out (LIFO) or first-in, first-out (FIFO) methods) or market. The percentage of inventories valued using the LIFO method is 94%, 94%, and 96% at November 30, 1995, August 31, 1995, and November 30, 1994, respectively. Replacement cost of the inventories determined on a FIFO basis approximated \$355,509,000, \$240,895,000 and \$339,629,000 at November 30, 1995, August 31, 1995, and November 30, 1994, respectively. At November 30, 1995, August 31, 1995, and November 30, 1994, the net realizable value of the Company's inventories was in excess of \$368,597,000, \$256,811,000, and \$351,223,000, respectively.

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

<TABLE>

<S>	<C>	<C>	<C>
	November 30,	August 31,	November 30,
	1995	1995	1994

	----	----	----
		(in thousands)	
Raw materials and supplies	\$ 19,195	\$ 19,753	\$ 33,723
Wines and distilled spirits in process	276,614	174,399	257,431
Finished case goods	72,788	62,659	60,069
	\$ 368,597	\$ 256,811	\$ 351,223

</TABLE>

4) PROPERTY, PLANT AND EQUIPMENT:

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

	November 30, 1995 ----	August 31, 1995 ----
	(in thousands)	
Land	\$ 16,322	\$ 15,257
Buildings and improvements	77,323	65,084
Machinery and equipment	217,257	197,266
Motor vehicles	5,242	5,204
Construction in progress	17,831	12,171
	333,975	294,982
Less - Accumulated depreciation	(84,605)	(77,477)
	\$ 249,370	\$ 217,505

5) OTHER ASSETS:

The major components of other assets are as follows:

	November 30, 1995 ----	August 31, 1995 ----
	(in thousands)	
Goodwill	\$ 135,604	\$ 70,141
Distribution rights, agency license agreements and trademarks	115,426	83,536
Other	23,559	23,187
	274,589	176,864
Less - Accumulated amortization	(11,417)	(9,957)
	\$ 263,172	\$ 166,907

6) OTHER ACCRUED EXPENSES AND LIABILITIES:

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

	November 30, 1995 ----	August 31, 1995 ----
	(in thousands)	
Accrued Earn-out Amounts	\$ -	\$ 10,000
Accrued loss on noncancelable grape contracts	8,900	10,862
Other	68,452	47,034
	-----	-----
	\$ 77,352	\$ 67,896

7) OTHER LIABILITIES:

The major components of other liabilities are as follows:

	November 30, 1995 ----	August 31, 1995 ----
	(in thousands)	
Accrued loss on noncancelable grape contracts	\$ 7,374	\$ 7,374
Other	3,094	3,226
	\$ 10,468	\$ 10,600

8) ACQUISITIONS:

The following table sets forth unaudited pro forma consolidated results of operations of the Company for the three months ended November 30, 1995, and 1994. The three month unaudited pro forma consolidated results of operations for the period ended November 30, 1994, gives effect to the UDG Acquisition as if it occurred on September 1, 1994. The unaudited pro forma consolidated 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 pro forma consolidated results of operations do not purport to represent what the Company's financial position or results of operations would actually have been if the UDG Acquisition in fact had occurred on such date or at the beginning of the period indicated or to project the Company's financial position or the results of operations at any future date or for any future period.

<S>	<C>	<C>
	November 30, 1995 ----	November 30, 1994 ----
	(in thousands, except share data)	
Net sales	\$ 285,585	\$ 276,520
Income before taxes	\$ 17,354	\$ 22,435
Net income	\$ 10,412	\$ 13,798

Share data:

Net income per common share:		
Primary	\$.52	\$.81
Fully diluted	\$.52	\$.81
Weighted average shares outstanding:		
Primary	20,103,679	16,996,099
Fully diluted	20,103,679	16,998,036

</TABLE>

9) BORROWINGS:

Borrowings consist of the following at November 30, 1995:

<S>	<C>	<C>	<C>
	Current =====	Long-term =====	Total =====
	(in thousands)		
Notes Payable:			
Senior Credit Facility:			
Revolving Credit Loans	\$ 125,500 =====	\$ - =====	\$ 125,500 =====
Long-term Debt:			
Senior Credit Facility:			
Term loan, variable rate, original proceeds \$246,000, due in installments through August 2001	\$ 40,000	\$ 206,000	\$ 246,000
Senior Subordinated Notes:			
8.75% redeemable after December 15, 1998, due 2003	-	130,000	130,000
Capitalized Lease Agreements:			
Capitalized facility and equipment leases at interest rates ranging from 8.9% to 11.5%, due in monthly installments through fiscal 1998	651	485	1,136
Industrial Development Agencies:			
7.5% 1980 issue, original proceeds \$2,370, due in annual installments of \$118 through fiscal 2000	118	356	474
Other Long-term Debt:			
Loans payable - 5% secured by cash surrender value of officers' life insurance policies	-	967	967
Notes payable at prime, due September 1996	3,775	-	3,775
	----- \$ 44,544 =====	----- \$ 337,808 =====	----- \$ 382,352 =====

</TABLE>

10) RESTRUCTURING PLAN:

The Company provided for costs to restructure the operations of its California wineries (the Restructuring Plan) in the fourth quarter of fiscal 1994. Under the Restructuring Plan, all bottling operations at the Central Cellars winery in Lodi, California and substantially all of the branded wine bottling operations at the Monterey Cellars winery in Gonzales, California were moved to the Mission Bell winery located in Madera, California. The Monterey Cellars winery will continue to be used as a crushing, winemaking and contract bottling facility. The Central Cellars winery was closed in the fourth quarter of fiscal 1995, and is expected to be sold. In the three months ended November 30, 1995, the expenses incurred in connection with the Restructuring Plan reduced income before taxes and net income by approximately \$1,748,000 and \$1,049,000, respectively, or \$.05 per share on a fully diluted basis. These charges primarily represent incremental, nonrecurring expenses of \$3,326,000 incurred for overtime and freight expenses resulting from inefficiencies related to the Restructuring Plan, offset by a reduction in the accrual for restructuring expenses of \$1,578,000, primarily for severance and facility holding and closure costs. The Company expended approximately \$2,395,000 during the three months ended November 30, 1995, for capital expenditures to expand storage capacity. During the three months ended November 30, 1995, an additional 9 jobs were eliminated under the Restructuring Plan, bringing the total jobs eliminated to 170. As of November 30, 1995 and August 31, 1995, the Company had

accrued approximately \$1,530,000 and \$4,251,000, respectively, relating to the Restructuring Plan.

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

 and Results of Operations

Results of Operations of the Company

On January 11, 1996, the Company changed its fiscal year end from the twelve month period ending August 31 to the twelve month period ending the last day of February. The Company believes that this change creates a better planning cycle by allowing the Company to take into account new costs from the fall grape harvest, other inventory costs, summer sales of imported beer products and holiday shipments of all of the Company's products in its fiscal year planning process. The accompanying consolidated financial statements for the three month period ended November 30, 1995, are based on the newly adopted fiscal year. Accordingly, the quarterly results reflect the effect of seasonal factors primarily related to the timing of advertising expenditures and inventory levels during the six months ending February 29, 1996.

On September 1, 1995, the Company acquired from United Distillers Glenmore, Inc. and certain of its North American affiliates (collectively, "UDG") 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; related inventories and other assets; and two production facilities located in Owensboro, Kentucky, and Albany, Georgia; and, in addition, the transaction included multiyear agreements under which UDG will supply the Company with bulk whisky and the Company will supply UDG with services including continued packaging of various UDG brands not acquired by the Company (the "UDG Acquisition"). Also, in addition to the assets acquired in the transaction, at closing, the Company purchased from UDG certain brandy inventories and packaging supplies related to the contract production arrangements with UDG. The Company financed the UDG Acquisition through an amendment to its then-existing bank credit facility, primarily through an increase in the term loan facility under that credit facility. (See "Financial Liquidity and Capital Resources" below in this Item 2). The UDG Acquisition is significant to the Company and will have a material impact on the Company's future results of operations. The UDG Acquisition has significantly strengthened the Company's position in the United States distilled spirits industry. The Company believes that, as a result of the UDG Acquisition, its distilled spirits market share in the United States has doubled to approximately 8%. The UDG Acquisition also gave the Company a significantly larger presence in the cordial and liqueur categories, which are more profitable than most other distilled spirits categories.

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

<TABLE> <S>	<C>	<C>
	Three Months Ended November 30,	
	1995	1994
	----	----
Net sales.....	100.0%	100.0%
Cost of product sold.....	72.9	71.6
	-----	-----
Gross profit.....	27.1	28.4
Selling, general and administrative expenses.....	17.6	18.5
Nonrecurring restructuring expenses.....	0.6	0.1
	-----	-----
Operating income.....	8.9	9.8
Interest expense, net.....	2.8	2.9
	-----	-----
Income before provision for income taxes.....	6.1	6.9
Provision for federal and state income taxes.....	2.5	2.7
	-----	-----
Net income	3.6%	4.2%
	=====	=====

</TABLE>

Three Months Ended November 30, 1995 ("First Quarter 1996") Compared to Three Months Ended November 30, 1994 ("First Quarter 1995")

Net Sales

Net sales for the Company's First Quarter 1996 increased to \$285.6 million from \$243.5 million for First Quarter 1995, an increase of \$42.1 million, or approximately 17%. This increase resulted primarily from (i) the inclusion of \$28.0 million of net sales of products and services from the UDG Acquisition; (ii) \$10.5 million of additional net sales of the Company's imported beer brands; and (iii) \$7.4 million of increased net sales of the Company's branded wine products; partially offset by (iv) lower grape juice concentrate sales due to the timing of shipments.

For purposes of computing the net sales and unit volume comparative data below, sales of products acquired in the UDG Acquisition have been included in the entire period for First Quarter 1996 and included for the same period during First Quarter 1995, which was prior to the UDG Acquisition.

The table below sets forth the net sales (in thousands of dollars) and unit volumes (in thousands of cases) for the branded beverage alcohol products, branded wine products, each category of branded wine product, beer and spirits brands sold by the Company for First Quarter 1996 and First Quarter 1995:

<TABLE>

	First Quarter 1996 Compared to First Quarter 1995					
	Net Sales			Unit Volume		
	<C>	<C>	<C>	<C>	<C>	% Increase
1996	1995	% Increase (Decrease)	1996	1995	(Decrease)	
Branded Beverage						
Alcohol Products	\$ 254,077	\$ 246,507	3.1%	15,347	14,800	3.7%
Branded Wine Products	\$ 145,916	\$ 138,530	5.3%	8,036	7,815	2.8%
Non-varietal Wines	\$ 63,864	\$ 61,765	3.4%	4,023	4,057	(0.8)%
Varietal Wines	\$ 39,998	\$ 33,487	19.4%	1,900	1,564	21.5%
Sparkling Wines	\$ 26,903	\$ 26,389	1.9%	1,160	1,127	2.9%
Dessert Wines	\$ 15,150	\$ 16,889	(10.3)%	954	1,066	(10.5)%
Beer	\$ 61,486	\$ 50,985	20.6%	4,957	4,127	20.1%
Spirits (1)	\$ 46,761	\$ 57,047	(18.0)%	2,353	2,844	(17.3)%

(1) The spirits category includes for both years presented a number of the Company's brandy products which were previously only included under the Branded Beverage Alcohol Products category.

</TABLE>

Net sales and unit volume of the Company's branded beverage alcohol products for First Quarter 1996 increased 3.1% and 3.7%, respectively, as compared to First Quarter 1995. These increases were primarily due to increased net sales and unit volume of the Company's imported beer brands and varietal table wine brands.

Net sales of the Company's branded wine products increased \$7.4 million, or 5.3%, for First Quarter 1996 as compared to First Quarter 1995. Unit volume of the Company's branded wine products increased 221,000 cases, or 2.8%. Of the \$7.4 million increase in net sales, (i) \$3.9 million was due to increased shipments, primarily of the Company's varietal table wines and sparkling wines, partially offset by lower shipments of dessert wines and non-varietal table wines; and (ii) \$3.5 million was due to higher average selling prices per case due to a combination of price increases and a change in the product mix in favor of higher-priced categories. The Company believes that the increase in sales of its branded wine products was substantially due to the fulfillment of a backlog of orders at the end of fiscal 1995 caused by production and shipping delays associated with the relocation of West Coast bottling operations to the Company's Mission Bell winery under the Restructuring Plan. The Company believes that the backlog of unfilled orders from August 1995 was substantially eliminated in First Quarter 1996.

Net sales and unit volume of the Company's non-varietal table wine brands for First Quarter 1996 increased by 3.4% and decreased by 0.8%, respectively, as compared to First Quarter 1995. Net sales increased due to higher average selling prices on most of the Company's non-varietal table wine brands. The Company began a program of price increases on many of its non-varietal wine table brands in October 1995. The Company believes that the volume decline is consistent with a general change in consumer preferences from non-varietal table wines to varietal table wines and, in addition, may reflect the impact of the Company's First Quarter 1996 price increases.

Net sales and unit volume of the Company's varietal table wine brands for First Quarter 1996 increased 19.4% and 21.5%, respectively, as compared to First Quarter 1995. Although the Company has begun to implement price increases on most of its varietal table wine brands in response to grape cost increases and to phase out introductory pricing on varietal wine line extensions for most

of the Company's California wine brands in the latter part of fiscal 1995, average pricing has not returned to First Quarter 1995 levels.

Net sales and unit volume of the Company's sparkling wine brands increased by 1.9% and 2.9%, respectively, in First Quarter 1996 as compared to First Quarter 1995.

Net sales and unit volume of the Company's dessert wine brands decreased by 10.3% and 10.5%, respectively, in First Quarter 1996 as compared to First Quarter 1995, reflecting the continuing general decline in consumption of dessert wines.

Net sales and unit volume of the Company's beer brands for First Quarter 1996 increased by 20.6% and 20.1%, respectively, as compared to First Quarter 1995. These increases were largely due to continued sales growth of Corona and the Company's other Mexican beer brands.

Net sales and unit volume of the Company's distilled spirits brands declined by 18.0% and 17.3%, respectively, in First Quarter 1996 as compared to First Quarter 1995. Excluding the impact of the UDG Acquisition, net sales and unit volume of the Company's distilled spirits brands grew by 5.4% and 5.3%, respectively, in First Quarter 1996, led by higher brandy, tequila, vodka and liqueur sales, offset by lower whiskey, gin and mezcal sales. Sales of the brands acquired in the UDG Acquisition were substantially lower than in First Quarter 1995, accounting for lower overall spirits sales. The Company believes that UDG shipped a disproportionate amount of its annual volume in the period corresponding to the Company's First Quarter 1995, relative to the Company's historical shipment experience.

Gross Profit

The Company's gross profit increased to \$77.3 million in First Quarter 1996 from \$69.2 million in First Quarter 1995. The UDG Acquisition contributed \$10.0 million to gross profits in First Quarter 1996, and additional imported beer volume accounted for \$3.2 million of increased gross profits. These increases were partially offset by lower gross profits in the Company's branded wine business and a change in the mix of sales toward lower-margin products.

Gross profit as a percentage of net sales decreased to 27.1% for First Quarter 1996 from 28.4% in First Quarter 1995. The gross profit percentage was positively affected by the UDG Acquisition, as gross profit as a percentage of net sales on the business acquired from UDG was substantially higher than the average for the Company in First Quarter 1996. Excluding the UDG Acquisition, the Company's gross margin declined by 2.3% due to higher raw material costs and, in particular, higher grape costs in the 1995 harvest and, to a lesser extent, a change in category mix.

The Company uses the LIFO method of inventory valuation, which has resulted in the realization of higher costs in First Quarter 1996. The Company has initiated a program of price increases on certain products during First Quarter 1996 in some of its markets and plans price increases on certain products in Second Quarter 1996 in the remainder of its markets. The higher costs of products sold have not been, nor does the Company expect the higher costs to be, fully absorbed by these price increases during these periods. The Company plans to increase its prices further on certain products in the first quarter of its new fiscal year. The Company sells its products in a highly competitive environment; therefore, there can be no assurance that the Company will not have to lower prices in the future to maintain its competitive position, nor is there assurance that the price increases the Company has implemented or contemplates will fully absorb the higher cost of products sold.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$50.1 million in First Quarter 1996, an increase of \$5.0 million, or 11.2%, as compared to First Quarter 1995. The increase was driven by advertising, promotion and selling expenses related to the brands acquired in the UDG Acquisition, partially offset by lower seasonal advertising expenses related to the change in the Company's fiscal year.

Selling, general and administrative expenses as a percent of net sales declined to 17.6% in First Quarter 1996 from 18.5% in First Quarter 1995, as general and administrative efficiencies related to economies of scale and lower seasonal advertising expenses related to the change in the Company's fiscal year were partially offset by higher advertising and promotion as a percent of net sales of the brands acquired in the UDG Acquisition.

Nonrecurring Restructuring Expenses

In First Quarter 1996, the Company incurred net restructuring charges of \$1.7 million, which represents \$3.3 million of incremental, nonrecurring expenses such as overtime and freight expense related to production and shipment delays associated with the Restructuring Plan, offset by a reduction of \$1.6 million in accrued liabilities associated with the Restructuring Plan to take into account lower than expected expenses for severance and facility holding and

closure costs.

Interest Expense, Net

Net interest expense increased \$1.1 million to \$8.0 million in First Quarter 1996 as compared to First Quarter 1995. The increase resulted from borrowings related to the UDG Acquisition, partially offset by reductions in the Company's Term Loan and Revolving Credit Loans using proceeds of the Company's November 18, 1994, public equity offering.

Net Income

Net income increased to \$10.4 million in First Quarter 1996 from \$10.3 million in First Quarter 1995, an increase of \$0.1 million, or 0.8%. The increase in net income was due to pretax operating income of \$4.4 million from the UDG Acquisition, partially offset by an increase in pretax nonrecurring restructuring charges of \$1.4 million, additional pretax cost of product sold and selling, general and administrative expenses of \$1.3 million, and an increase in pretax interest expense of \$1.1 million. In addition, the Company's effective income tax rate increased to 40.0% in First Quarter 1996 from 38.5% in First Quarter 1995 due to changes in its mix of business in a number of states.

Financial Liquidity and Capital Resources

General

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

Cash Flows - First Quarter 1996

Operating Activities

Net cash used in operating activities in First Quarter 1996 was \$124.7 million. The net cash used in operating activities for First Quarter 1996 resulted principally from an increase in current assets, offset in part by higher current liabilities and net income adjusted for noncash items. The increase in current assets resulted principally from a \$95.8 million increase in inventories as a result of the purchase of grapes from the 1995 harvest and a \$76.2 million increase in accounts receivable primarily due to higher seasonal sales and sales of products and services from the UDG Acquisition. Current liabilities increased principally due to higher grape purchases, accrued income taxes, and accruals for promotion and advertising related to higher seasonal sales.

Investing Activities and Financing Activities

Net cash used in investing activities in First Quarter 1996 was \$16.9 million, resulting primarily from a \$10.0 million Earn-Out payment (as defined below) and \$7.0 million of capital expenditures. Included in the capital expenditures is \$2.4 million associated with the Restructuring Plan.

Net cash provided by financing activities in First Quarter 1996 was \$138.8 million, resulting primarily from \$125.5 million of Revolving Loan borrowings under the Company's Credit Facility (as defined below) to fund higher net seasonal working capital requirements and \$13.2 million of increased Term Loan facility borrowings used to fund the purchase of inventories, excess borrowings, transaction costs and bank fees in connection with the UDG Acquisition. The total increase in the Company's Term Loan facility was \$155.0 million which included the \$13.2 million and \$141.8 million used to finance the UDG Acquisition.

As of November 30, 1995, under its Credit Facility, the Company had outstanding Term Loans of \$246.0 million bearing interest at 6.6%, \$125.5 million of Revolving Loans bearing interest at 6.8%, \$4.3 million of Revolving Letters of Credit and \$25.0 million under the Barton Letter of Credit. As of November 30, 1995, under the Credit Facility, \$55.2 million of Revolving Loans were available to be drawn by the Company.

On January 11, 1996, the Company's Board of Directors authorized the repurchase of up to \$30 million of its Class A and Class B common stock. The repurchase of shares of common stock will be accomplished, from time to time, depending upon market conditions, through open market or privately negotiated transactions. The Company may finance such repurchases through cash generated from operations or through the Credit Facility. The repurchased shares will become treasury shares and may be used for general corporate purposes.

The Company's Credit Facility

On September 1, 1995, the Company and a syndicate of 20 banks (the "Syndicate Banks"), entered into a Third Amended and Restated Credit Agreement (the "Credit Facility"). The Credit Facility provides for (i) a \$246 million Term Loan facility due in August 2001, (ii) a \$185 million Revolving Loan facility which expires in June 2001 and (iii) the existing \$25 million standby irrevocable Barton Letter of Credit, which expires in December 1996.

The Revolving Loans and the Term Loan at the Company's option, can be either a base rate loan or a Eurodollar rate loan. In addition, the Revolving Loans can be a money market loan. A base rate loan bears interest at the rate per annum equal to the higher of (1) the federal funds rate for such day plus 1/2 of 1%, or (2) the Chase prime commercial lending rate. A Eurodollar rate loan bears interest at LIBOR plus a margin of .75%. The interest rate margin for Eurodollar rate loans may be decreased by up to .25% or increased by up to .5% depending on the Company's debt coverage ratio (as defined in the Credit Facility). The interest rate on a money market loan is determined by a competitive bid process among the Syndicate Banks.

Quarterly principal payments of \$10.0 million commenced on December 15, 1995, with a final payment of \$16.0 million in August 2001. The Company may prepay the principal of the Term Loans and the Revolving Loans at its discretion.

As of December 20, 1995, the Credit Facility was amended to permit the use of Revolving Loans to purchase up to \$30.0 million of the Company's common stock. As of January 10, 1996, the Credit Facility was amended to accommodate the change in the Company's fiscal year end.

Payments to Former Barton Stockholders

Pursuant to the Barton Acquisition, the Company is obligated to make payments of up to an aggregate amount of \$57.3 million to the former Barton stockholders (the "Barton Stockholders") which payments are payable over a three-year period ending November 29, 1996 (the "Earn-Out"). As of November 30, 1995, aggregate payments of \$42.3 million were made as a result of satisfaction of certain performance goals and the achievement of targets for earnings before interest and taxes. The final remaining payment is contingent upon Barton achieving certain targets for earnings before interest and taxes in the twelve months ending August 31, 1996, and is to be made in an amount up to \$15.0 million by November 29, 1996. Such payment obligations are fully secured by the Company's standby irrevocable letter of credit under the Credit Facility (i.e., the Barton Letter of Credit) and are subject to acceleration in certain events. All Earn-Out payments will be accounted for as additional purchase price for the Barton Acquisition when the contingencies have been satisfied and will be allocated based upon the fair market value of the underlying assets. As a result, as the Earn-Out payments are made, depreciation and amortization expense will increase in the future over the remaining useful lives of these assets.

Restructuring Plan

As a result of the Restructuring Plan, the Company incurred an after-tax restructuring charge in First Quarter 1996 of approximately \$1.0 million, or \$.05 per share on a fully diluted basis. These charges primarily represent incremental, nonrecurring expenses incurred for overtime and freight expenses resulting from inefficiencies related to the Restructuring Plan, offset by a reduction in the accrual for restructuring expenses primarily for severance and facility holding and closure costs. During First Quarter 1996, the Company expended approximately \$2.4 million for capital expenditures associated with the Restructuring Plan.

Other

The Company engages in operations at its facilities for the purpose of disposing of waste and by-products generated in its production process. These operations include the treatment of waste water to comply with regulatory requirements prior to disposal in public facilities or upon property owned by the Company or others and do not constitute a material part of the Company's overall cost of product sold. Expenditures for the purpose of maintaining or improving the Company's waste water treatment facilities have not constituted a material part of the Company's maintenance or capital expenditures over the last three fiscal years and the Company does not expect to incur any such material expenditures during its 1996 transition period. During the last three fiscal years, the Company has not incurred, nor does it expect to incur in its 1996 transition period, any material expenditures related to remediation of previously contaminated sites or other nonrecurring environmental matters.

The Company believes that cash provided by operating activities will provide sufficient funds to meet all of its anticipated short and long-term debt service and capital expenditure requirements. The Company is not aware of any potential impairment to its liquidity and believes that the Revolving Loans available under the Credit Facility and cash provided by operating activities

will provide adequate resources to satisfy its working capital, liquidity and anticipated capital expenditure requirements for at least the next four fiscal quarters.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

In connection with an investigation in the State of New Jersey into regulatory trade practices in the beverage alcohol industry, one employee of the Company was arrested in March 1994 and another employee subsequently came under investigation in connection with providing "free goods" to retailers in violation of New Jersey beverage alcohol laws. A proposed consent order has been received from the appropriate regulatory agency by the Company which would, when finalized, fully resolve the matter without any material effect on the Company.

On November 13, 1995, a purported stockholder of the Company filed a class action in the United States District Court for the Southern District of New York, Ventry, et al. v. Canandaigua Wine Company, Inc., et al. (the "Ventry Class Action"). On November 16, 1995, another purported stockholder of the Company filed a class action in the United States District Court for the Southern District of New York, Brickell Partners, et al. v. Canandaigua Wine Company, Inc., et al. (the "Brickell Class Action"). On December 6, 1995, a third purported stockholder of the Company filed a class action in the United States District Court for the Southern District of New York, Babich, et al. v. Canandaigua Wine Company, Inc. et al. (and this class action together with the Brickell Class Action and the Ventry Class Action, the "Class Actions".) The defendants in the Class Actions are the Company, Richard Sands and Lynn K. Fetterman. The Class Actions have been consolidated and a consolidated complaint is due to be filed on January 16, 1996. The Class Actions assert violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and seek to recover damages in an unspecified amount which allegedly the class members sustained by purchasing the Company's common stock at artificially inflated prices. The complaints in the Class Actions allege that the Company's public documents and statements were materially incomplete and, as a result, misleading.

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

The Company believes that the Class Actions are without merit and intends to vigorously defend the Class Actions.

Item 5. Other Information

Change in Fiscal Year

On January 11, 1996, the Registrant's Board of Directors determined to change the Registrant's fiscal year. The Registrant's new fiscal year will be March 1 to the last day of February. The Registrant's report covering the transition period of September 1, 1995 to February 29, 1996 will be filed on Form 10-K.

Item 6. Exhibits and Reports on Form 8-K

- (a) See Index to Exhibits located on Page of this Report.
- (b) The following Reports on Form 8-K were filed with the Securities and Exchange Commission during the quarter ended November 30, 1995.

1. Form 8-K dated August 29, 1995. This Form 8-K reported information under Item 2 (Acquisition or Disposition of Assets), Item 5 (Other Events) and Item 7 (Financial Statements, Pro Forma Financial Information and Exhibits).
2. Form 8-K/A Amendment No. 1 to Form 8-K dated August 29, 1995. This Form 8-K/A reported information under Item 7 (Financial Statements, Pro Forma Financial Information and Exhibits). The following financial statements were filed with this Form 8-K/A:

The United Distillers Glenmore, Inc. Statement of Assets and Liabilities Related to the Product Lines Acquired by the

Company through its wholly-owned subsidiary, Barton Incorporated, as of September 1, 1995 and the related Statements of Identified Income and Expenses of the Product Lines Acquired for each of the three years in the period ended December 31, 1994 and the report of Price Waterhouse LLP, independent auditors, thereon, together with the notes thereto;

The unaudited Interim Financial Statements of Product Lines Acquired by the Company through its wholly-owned subsidiary, Barton Incorporated, for the eight months ended August 31, 1995 and 1994, together with the notes thereto; and

The pro forma condensed consolidated balance sheet (unaudited) as of May 31, 1995 and the pro forma condensed consolidated statement of income (unaudited) for the nine months ended May 31, 1995 and the pro forma condensed consolidated statement of income (unaudited) for the year ended August 31, 1994, and the notes thereto.

3. Form 8-K dated October 31, 1995. This Form 8-K reported information under Item 5 (Other Events) and included the Company's Condensed Consolidated Statement of Income for (i) the three months ended August 31, 1995 (unaudited), (ii) the three months ended August 31, 1994 (unaudited), (iii) the fiscal year ended August 31, 1995, and (iv) the fiscal year ended August 31, 1994.

SIGNATURES

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

CANANDAIGUA WINE COMPANY, INC.

Dated: January 16, 1996

By: /s/ Richard Sands

Richard Sands, President and
Chief Executive Officer

Dated: January 16, 1996

By: /s/ Lynn K. Fetterman

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

INDEX TO EXHIBITS

- (2) Plan of acquisition, reorganization, arrangement, liquidation or succession.
- 2.1 Asset Purchase Agreement dated August 2, 1991 between the Registrant and Guild Wineries and Distilleries, as assigned to an acquiring subsidiary (filed as Exhibit 2(a) to the Registrant's Report on Form 8-K dated October 1, 1991 and incorporated herein by reference).
- 2.2 Stock Purchase Agreement dated April 27, 1993 among the Registrant, Barton Incorporated and the stockholders of Barton Incorporated, Amendment No. 1 to Stock Purchase Agreement dated May 3, 1993, and Amendment No. 2 to Stock Purchase Agreement dated June 29, 1993 (filed as Exhibit 2(a) to the Registrant's Current Report on Form 8-K dated June 29, 1993 and incorporated herein by reference).
- 2.3 Asset Sale Agreement dated September 14, 1993 between the Registrant and Vintners International Company, Inc. (filed as Exhibit 2(a) to the Registrant's Current Report on Form 8-K dated October 15, 1993 and incorporated herein by reference).
- 2.4 Amendment dated as of October 14, 1993 to Asset Sale Agreement dated as of September 14, 1993 by and between Vintners International Company, Inc. and the Registrant (filed as Exhibit 2(b) to the Registrant's Current Report on Form 8-K dated October 15, 1993 and incorporated herein by reference).
- 2.5 Amendment No. 2 dated as of January 18, 1994 to Asset Sale Agreement dated as of September 14, 1993 by and between Vintners International Company, Inc. and the Registrant (filed as Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 1994 and incorporated herein by reference).

- 2.6 Asset Purchase Agreement dated August 3, 1994 between the Registrant and Heublein, Inc. (filed as Exhibit 2(a) to the Registrant's Current Report on Form 8-K dated August 5, 1994 and incorporated herein by reference).
- 2.7 Amendment dated November 8, 1994 to Asset Purchase Agreement between Heublein, Inc. and Registrant (filed as Exhibit 2.2 to the Registrant's Registration Statement on Form S-3 (Amendment No. 2) (Registration No. 33-55997) filed with the Securities and Exchange Commission on November 8, 1994 and incorporated herein by reference).
- 2.8 Amendment dated November 18, 1994 to Asset Purchase Agreement between Heublein, Inc. and the Registrant (filed as Exhibit 2.8 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1994 and incorporated herein by reference).
- 2.9 Amendment dated November 30, 1994 to Asset Purchase Agreement between Heublein, Inc. and the Registrant (filed as Exhibit 2.9 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1994 and incorporated herein by reference).
- 2.10 Asset Purchase Agreement among Barton Incorporated (a wholly-owned subsidiary of the Registrant), United Distillers Glenmore, Inc., Schenley Industries Inc., Medley Distilling Company, United Distillers Manufacturing, Inc., and The Viking Distillery, Inc., dated August 29, 1995 (filed as Exhibit 2(a) to the Registrant's Current Report on Form 8-K, dated August 29, 1995 and incorporated herein by reference).
- (3) Articles of Incorporation and By-Laws
- 3.1 Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).
- 3.2 Amended and Restated By-laws of the Registrant (filed herewith).
- (4) Instruments defining the rights of security holders, including indentures.
- 4.1 Specimen of Certificate of Class A Common Stock of the Company (filed as Exhibit 1.1 to the Registrant's Registration Statement on Form 8-A, dated April 28, 1992 and incorporated herein by reference).
- 4.2 Specimen of Certificate of Class B Common Stock of the Company (filed as Exhibit 1.2 to the Registrant's Registration Statement on Form 8-A, dated April 28, 1992 and incorporated herein by reference).
- 4.3 Indenture dated as of December 27, 1993 among the Registrant, its Subsidiaries and Chemical Bank (filed as Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1993 and incorporated herein by reference).
- 4.4 First Supplemental Indenture dated as of August 3, 1994 among the Registrant, Canandaigua West, Inc. and Chemical Bank (filed as Exhibit 4.5 to the Registrant's Registration Statement on Form S-8 (Registration No. 33-56557) and incorporated herein by reference).
- 4.5 Second Supplemental Indenture dated August 25, 1995, among the Registrant, V Acquisition Corp. (a subsidiary of the Registrant now known as The Viking Distillery, Inc.) and Chemical Bank (filed as Exhibit 4.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1995 and incorporated herein by reference).
- (10) Material Contracts
- 10.1 Amendment No. 1, dated as of December 20, 1995, to Third Amended and Restated Credit Agreement between the Registrant, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank (National Association) acts as Administrative Agent (filed herewith).
- 10.2 Amendment No. 2, dated as of January 10, 1996, to Third Amended and Restated Credit Agreement between the Registrant, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank (National Association) acts as Administrative Agent (filed herewith).
- 10.3 Letter agreement, addressing compensation, between the Registrant and Lynn Fetterman, dated March 22, 1990 (filed herewith).
- (11) Statement re computation of per share earnings.
Computation of per share earnings (filed herewith).

- (15) Letter re unaudited interim financial information.
Not applicable.
- (18) Letter re change in accounting principles.
Not applicable.
- (19) Report furnished to security holders.
Not applicable.
- (22) Published report regarding matters submitted to a vote of security holders.
Not applicable.
- (23) Consents of experts and counsel.
Not applicable.
- (24) Power of Attorney.
Not applicable.
- (27) Financial Data Schedule.
Financial Data Schedule (filed herewith).
- (99) Additional Exhibits.
Not applicable.

BY-LAWS
OF
CANANDAIGUA WINE COMPANY, INC.

(AS AMENDED AND RESTATED ON JANUARY 11, 1996)

ARTICLE I
STOCKHOLDERS

SECTION 1.1 Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

SECTION 1.2 Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, or by a committee of the Board of Directors which has been duly designated by the Board of Directors, and whose powers and authority, as expressly provided in a resolution of the Board of Directors, include the power to call such meetings, but such special meetings may not be called by any other person or persons.

SECTION 1.3 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the written notice of any meeting shall be given not less than ten nor more than fifty days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

SECTION 1.4 Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 1.5 Quorum. The Corporation's authorized capital stock consists of 60,000,000 shares designated as Class A Common Stock (the "Class A Common") and 20,000,000 shares designated as Class B Common Stock (the "Class B Common"). At each meeting of stockholders, except as otherwise provided by law, the Corporation's Restated Certificate of Incorporation or these By-Laws, the holders of a majority of the outstanding aggregate voting power of the Class A Common and the Class B Common, present in person or by proxy,

shall constitute a quorum. In the absence of a quorum, the stockholders so present may, by majority vote of such stockholders voting together as a single class, adjourn the meeting from time to time in the manner provided in Section 1.4 of these By-Laws until a quorum shall attend. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of any corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

SECTION 1.6 Voting. Except as otherwise provided by law, Section 2.2 of these By-Laws pertaining to the election of directors, or the Corporation's Restated Certificate of Incorporation, all elections and questions shall be decided by majority vote of all outstanding shares of stock entitled to vote thereon, present in person or by proxy, voting together as a single class, provided that the holders of the Class A Common shall have one (1) vote per share and the holders of the Class B Common shall have ten (10) votes per share. Except as otherwise required by law or by the Restated Certificate of Incorporation, the Board of Directors may require a larger vote upon any election or question.

SECTION 1.7 Organization. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the Chief Executive Officer, or in his absence by the President or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such

designation by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

SECTION 1.8 Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation.

SECTION 1.9 Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (2) the record

date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 1.10 List of Stockholders Entitled to Vote. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the offices of the transfer agent. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

SECTION 1.11 Action by Consent of Stockholders. Unless otherwise restricted by the Restated Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE II BOARD OF DIRECTORS

SECTION 2.1 Number; Qualifications. The Board of Directors shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors. Directors shall be elected at the annual meeting of stockholders and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

SECTION 2.2 Election; Resignation; Removal; Vacancies. At every meeting of stockholders called for the election of directors, the holders of Class A Common, voting as a class, shall be entitled to elect one-fourth (1/4) of the number of directors to be elected at such meeting (rounded, if the total number of directors to be elected at such meeting is not divisible by four (4), to the next higher whole number), and the holders of Class B Common, voting as a class, shall be entitled to elect the remaining number of directors to be elected at such meeting. A plurality of the votes cast shall be sufficient to elect. If the number of outstanding Class B Common shares is less than 12 1/2% of the total

number of outstanding shares of Class A Common and Class B Common, then the holders of the Class A Common

shall be entitled to elect one-fourth (1/4) of the number of directors to be elected at such meeting (rounded, if the total number of directors to be elected at such meeting is not divisible by four (4), to the next higher whole number) and shall be entitled to participate with the holders of the Class B Common voting as a single class in the election of the remaining number of directors to be elected at such meeting, provided that the holders of Class A Common shall have one (1) vote per share and the holders of Class B Common shall have ten (10) votes per share. If, during the interval between annual meetings for the election of directors, the number of directors who have been elected by either the holders of the Class A Common or the Class B Common shall, by reason of resignation, death, retirement, disqualification or removal, be reduced, the vacancy or vacancies in directors so created may be filled by a majority vote of the remaining directors then in office, even if less than a quorum, or by a sole remaining director. Any director so elected by the remaining directors to fill any such vacancy may be removed from office by the vote of the holders of a majority of the shares of the Class A Common and the Class B Common voting as a single class, provided that the holders of Class A Common shall have one (1) vote per share and the holders of Class B Common shall have ten (10) votes per share.

SECTION 2.3 Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notices thereof need not be given.

SECTION 2.4 Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairman, Chief Executive Officer, the President, any Vice-President, the Secretary, or by any two members of the Board of Directors. At least one days' notice thereof shall be given by the person or persons calling the meeting, either personally, by mail or by telegram.

SECTION 2.5 Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this By-Law shall constitute presence in person at such meeting.

SECTION 2.6 Quorum; Vote Required for Action. At all meetings of the Board of Directors a majority of the whole Board shall constitute a quorum for the transaction of business. Except in cases in which the Restated Certificate of Incorporation or these By-Laws otherwise provide, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 2.7 Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the Chief Executive Officer, or in his absence by the President, or in their absence by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

SECTION 2.8 Informal Action by Directors. Unless otherwise restricted by the Restated Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

ARTICLE III COMMITTEES

SECTION 3.1 Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in the

resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the Restated Certificate of Incorporation of the Corporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of dissolution, or amending these By-Laws; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

SECTION 3.2 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these By-Laws.

ARTICLE IV OFFICERS

SECTION 4.1 Executive Officers; Election; Qualifications; Term of Office; Resignation; Removal; Vacancies. The Board of Directors shall choose a President and Secretary, and it may, if it so determines, choose a Chairman of the Board and a Vice Chairman of the Board from among its members. The Board of Directors may also choose a Chief Executive Officer, one or more Vice-Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers, and may choose such other officers as it may deem necessary, each of whom shall have such titles and duties as shall be determined by the Board of Directors. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding this election, and until his

successor is elected and qualified or until his earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation. Any number of offices may be held by the same person. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

SECTION 4.2 Chairman of the Board. The Chairman of the Board, if there be one, shall preside at all meetings of the Board of Directors and stockholders, and shall perform such other duties as the Board may direct.

SECTION 4.3 Chief Executive Officer. The Board of Directors may designate whether the Chairman of the Board, if one shall have been chosen, or the President shall be the Chief Executive Officer of the Corporation. If a Chairman of the Board has not been chosen, or if one has been chosen but not designated Chief Executive Officer, then the President shall be the Chief Executive Officer of the Corporation. The Chief Executive Officer shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation, unless otherwise provided by the Board of Directors. He shall preside at all meetings of the stockholders and shall see that orders and resolutions of the Board of Directors are carried into effect. He shall have general powers of supervision and shall be the final arbiter of all differences among officers of the Corporation and his decision as to any matter affecting the Corporation shall be final and binding as between the officers of the Corporation subject only to the Board of Directors.

SECTION 4.4 President. If the Chairman of the Board has not been chosen Chief Executive Officer or, if the Chairman of the Board has been so chosen, in the event of his inability or refusal to act, the President shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. At all other times, the President shall have the active management of the business of the Corporation under the general supervision of the Chief Executive Officer. In general, he shall perform all duties incident to the office of President, and such other duties as the Chief Executive Officer or the Board of Directors may from time to time prescribe.

SECTION 4.5 Vice-Presidents. In the absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 4.6 Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of

Directors, and shall perform such other duties as may be prescribed by the Board of Directors or Chief Executive Officer, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

SECTION 4.7 Assistant Secretary. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 4.8 Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 4.9 Assistant Treasurer. The Assistant Treasurer, or if there be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE V STOCK

SECTION 5.1 Certificates. Every holder of stock shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, if any, or the President or a Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, certifying the class and number of shares of the Corporation owned by him. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall

have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

SECTION 5.2 Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 5.3 Transfers of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 5.4 Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

ARTICLE VI
MISCELLANEOUS

SECTION 6.1 Fiscal Year. The fiscal year of the Corporation shall be March 1 to the last day of February, unless otherwise determined by resolution of the Board of Directors.

SECTION 6.2 Seal. The corporate seal shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

SECTION 6.3 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the stockholders, directors, or member of a committee of directors need be specified in any written waiver of notice.

SECTION 6.4 Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any

other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

SECTION 6.5 Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, micro photographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

SECTION 6.6 Amendment of By-Laws. These By-Laws may be altered or repealed, and new By-Laws made, by the Board of Directors, but the stockholders may make additional By-Laws and may alter and repeal any By-Laws whether adopted by them or otherwise.

AMENDMENT NO. 1

AMENDMENT NO. 1 dated as of December 20, 1995, between CANANDAIGUA WINE COMPANY, INC., a corporation duly organized and validly existing under the laws of the State of Delaware (the "Company"); each of the Subsidiaries of the Company identified under the caption "SUBSIDIARY GUARANTORS" on the signature pages hereto (individually, a "Subsidiary Guarantor" and, collectively the "Subsidiary Guarantors" and, together with the Company, the "Obligors"); each of the lenders that is a signatory hereto (individually, a "Bank" and, collectively, the "Banks"); and THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), a national banking association, as administrative agent for the Banks (in such capacity, together with its successors in such capacity, the "Administrative Agent").

The Company, the Subsidiary Guarantors, the Banks and the Administrative Agent are parties to a Third Amended and Restated Credit Agreement dated as of September 1, 1995 (as modified and supplemented and in effect on the date hereof, the "Credit Agreement"). The Obligors and the Banks wish to amend the Credit Agreement in certain respects and, accordingly, the parties hereto hereby agree as follows:

Section 1. Definitions. Except as otherwise defined in this Amendment No. 1, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Amendments. Subject to the execution of this Amendment by each Obligor, the Administrative Agent and each of the Banks, but effective as of the date hereof, the Credit Agreement shall be amended as follows:

A. The definition of "Debt Ratio" in Section 1.01 of the Credit Agreement is hereby amended in its entirety to read as follows:

"Debt Ratio" shall mean, as at the last day of any fiscal quarter of the Company (the "day of determination"), the ratio of (a) the average of the aggregate amounts of Indebtedness of the Company and its Consolidated Subsidiaries as at such day and as at the last days of each of the three immediately preceding fiscal quarters to (b) Operating Cash Flow for the period of four consecutive fiscal quarters ending on such day of determination. Notwithstanding the foregoing,

(i) for the purposes of determining Debt Ratio used in the definition of Applicable Margin, Commitment Fee Percentage and Letter of Credit Fee Percentage, the average amounts of Indebtedness pursuant to clause (a) above as at the following dates shall be determined as follows:

(A) as at February 28, 1996, an amount equal to (x) the average of the aggregate amounts of Indebtedness of the Company and its Consolidated

Subsidiaries (other than any Indebtedness of the Company and its Consolidated Subsidiaries in respect of Revolving Loans and Revolving Letter of Credit Interest hereunder) as at such day and as at the last day of the immediately preceding fiscal quarter plus (y) \$50,000,000 plus (z) the aggregate amount paid in respect of repurchases of shares of common stock of the Company on or before such date pursuant to clause (iii) of Section 9.09 hereof; and

(B) as at May 31, 1996, an amount equal to (x) the average of the aggregate amounts of Indebtedness of the Company and its Consolidated Subsidiaries (other than any Indebtedness of the Company and its Consolidated Subsidiaries in respect of Revolving Loans and Revolving Letter of Credit Interest hereunder) as at such day and as at the last days of the immediately preceding two fiscal quarters plus (y) \$50,000,000 plus (z) the aggregate amount paid in respect of repurchases of shares of common stock of the Company on or before such date pursuant to clause (iii) of Section 9.09 hereof;

(ii) for the purposes of determining Debt Ratio for all other purposes of this Agreement, the average amounts of Indebtedness pursuant to clause (a) above as at the following dates shall be determined as follows:

(A) as at November 30, 1995, an amount equal to the aggregate amount of Indebtedness of the Company and its

Consolidated Subsidiaries as at such day;

(B) as at February 28, 1996, an amount equal to the average of the aggregate amounts of Indebtedness of the Company and its Consolidated Subsidiaries as at such day and as at the last day of the immediately preceding fiscal quarter; and

(C) as at May 31, 1996, an amount equal to the average of the aggregate amounts of Indebtedness of the Company and its Consolidated Subsidiaries as at such day and as at the last days of the immediately preceding two fiscal quarters;

(iii) Operating Cash Flow pursuant to clause (b) above as at the following dates shall be determined as follows:

(A) as at November 30, 1995, an amount equal to (x) Operating Cash Flow for the fiscal quarter ending on such day times (y) four;

(B) as at February 28, 1996, an amount equal to (x) Operating Cash Flow for the period of two consecutive fiscal quarters ending on such day times (y) two; and

(C) as at May 31, 1996, an amount equal to (x) Operating Cash Flow for the period of three fiscal quarters ending on such day times (y) 1-1/3; and

(iv) Indebtedness as at the last day of each fiscal quarter included in the determination of average Indebtedness pursuant to clause (a) above shall be determined under the assumption that any prepayment of Term Loans hereunder from the proceeds of any Equity Issuance at any time during any such fiscal quarter included in the calculation thereof shall have been made in the first such fiscal quarter.

B. Section 2.12(b) of the Credit Agreement is hereby amended by deleting the figure "\$50,000,000" at the end thereof and inserting "\$60,000,000" in its place.

C. Section 9.09 of the Credit Agreement is hereby amended in its entirety to read as follows:

"9.09 Dividend Payments. The Company will not, and will not permit any of its Subsidiaries to, declare or make any Dividend Payment at any time other than Dividend Payments in respect of (i) stock appreciation rights as contemplated by the Stock Option Plan in an aggregate amount not exceeding \$500,000 in any fiscal year, (ii) payments under the Barton Phantom Stock Plan in an aggregate amount not exceeding \$4,500,000 during the term of this Agreement and (iii) repurchases for cash, on or after the effectiveness of Amendment No. 1 hereof, of shares of the outstanding common stock of the Company so long as (x) the aggregate amount paid in respect of all such repurchases shall not exceed \$30,000,000 and (y) at the time of any such repurchase, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing hereunder. Nothing herein shall be deemed to prohibit the payment of any dividends by Subsidiaries to the Company and other Subsidiaries."

D. Section 9.10(b) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(b) Tangible Net Worth. The Company will not permit Tangible Net Worth to be less than the following respective amounts (subject to adjustment as provided in the last sentence of this Section 9.10(b)) at any time during the following respective periods:

<TABLE>

<S> Period	<C> Amount
From 9/1/95 through 11/30/95	\$ 85,000,000
From 12/1/95 through 2/28/96	\$ 85,000,000
From 3/1/96 through 5/31/96	\$100,000,000
From 6/1/96 through 8/31/96	\$110,000,000
From 9/1/96 through 11/30/96	\$125,000,000
From 12/1/96 through 2/28/97	\$145,000,000
From 3/1/97 through 5/31/97	\$160,000,000
From 6/1/97 through 8/31/97	\$184,000,000
From 9/1/97 through 11/30/97	\$195,000,000

From 12/1/97 through 2/28/98	\$206,000,000
From 3/1/98 through 5/31/98	\$217,000,000
From 6/1/98 through 8/31/98	\$229,000,000
From 9/1/98 through 11/30/98	\$240,000,000
From 12/1/98 through 2/28/99	\$251,000,000
From 3/1/99 through 5/31/99	\$262,000,000
From 6/1/99 through 8/31/99	\$274,000,000
From 9/1/99 through 11/30/99	\$285,000,000
From 12/1/99 through 2/28/00	\$296,000,000
From 3/31/00 through 5/31/00	\$308,000,000
From 6/1/00 and at all times thereafter	\$319,000,000.

</TABLE>

Notwithstanding the foregoing, each of the amounts set forth in the schedule above for any date shall be reduced by the aggregate amount paid in respect of repurchases of shares of common stock of the Company on or before such date pursuant to clause (iii) of Section 9.09 hereof."

E. Section 9.13 of the Credit Agreement is hereby amended in its entirety to read as follows:

"9.13 Use of Proceeds. The Company will use the proceeds of the Loans hereunder solely to (a) finance the Glenmore Acquisition, (b) provide working capital for the Company and its Subsidiaries, (c) provide funds for repurchases of shares of common stock of the Company pursuant to clause (iii) of Section 9.09 hereof and (d) pay the expenses relating to the Glenmore Acquisition and the consummation of the transactions contemplated hereby (in compliance with all applicable legal and regulatory requirements); provided that, neither the Administrative Agent nor any Bank shall have any responsibility as to the use of any of such proceeds."

F. The last sentence of Section 9.16 of the Credit Agreement is hereby amended in its entirety to read as follows:

"In addition, notwithstanding the provisions of clause (f) or (g) of the last sentence of Section 9.05 hereof, the Company will not consent to any modification, supplement or waiver of its Certificate of Incorporation as in effect on the date hereof without the prior consent of the Administrative Agent (with the approval of the Majority Banks), provided that the Company may amend its Certificate of Incorporation to authorize the issuance of one or more series of preferred stock (the terms of which are to be determined by the board of directors of the Company upon the designation of any such series), so long as prior to the actual issuance of any such series of preferred stock, the Company shall have first obtained the consent of the Administrative Agent (granted with the approval of the Majority Banks)."

Section 3. Miscellaneous. Except as herein provided, the Credit Agreement shall remain unchanged and in full force and effect. This Amendment No. 1 may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Amendment No. 1 by signing any such counterpart. This Amendment No. 1 shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed and delivered as of the day and year first above written.

CANANDAIGUA WINE COMPANY, INC.

By /s/ Robert Sands

Name: Robert Sands
Title: Executive Vice President
and General Counsel

SUBSIDIARY GUARANTORS

BATAVIA WINE CELLARS, INC.
BISCEGLIA BROTHERS WINE COMPANY
CALIFORNIA PRODUCTS COMPANY

GUILD WINERIES & DISTILLERIES, INC. (formerly known as Canandaigua California Acquisition Corp.)
TENNER BROTHERS, INC.
WIDMER'S WINE CELLARS, INC.
VINTNERS INTERNATIONAL COMPANY, INC.
formerly known as Canandaigua/Vintners Acquisition Corp.)

By /s/ Robert Sands

Name: Robert Sands
Title: Secretary

CANANDAIGUA WEST, INC.
BARTON INCORPORATED
BARTON BRANDS, LTD.
BARTON BEERS, LTD.
BARTON BRANDS OF CALIFORNIA, INC.
BARTON BRANDS OF GEORGIA, INC.
BARTON DISTILLERS IMPORT CORP.
STEVENS POINT BEVERAGE COMPANY
MONARCH WINE COMPANY,
LIMITED PARTNERSHIP
By Barton Management, Inc.,
Corporate General Partner
BARTON MANAGEMENT, INC.
V ACQUISITION CORP.

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON FINANCIAL CORPORATION

By /s/ David S. Sorce

Name: David S. Sorce
Title: Vice President

BANKS

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION),
ROCHESTER DIVISION

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Diana Lauria

Title: Vice President

By: /s/ J. Garland Smith

Title: Managing Director

WELLS FARGO BANK, N.A.

MANUFACTURERS AND TRADERS TRUST
COMPANY

By: /s/ Rick DaCosta

Title: Assistant Vice President

By: /s/ Philip M. Smith

Title: Reg. Senior Vice President

FLEET BANK

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Martin K. Birmingham

Title: Vice President

By: /s/ Tom Patridge

Title: Commercial Banking Officer

NATIONAL CITY BANK

NATWEST BANK N.A.

By: /s/ Renold D. Thompson

Title: Senior Vice President

By: /s/ Michael M. Dwyer

Title: Vice President

NBD BANK

THE BANK OF NOVA SCOTIA

By: /s/ Karl I. Bell

By: /s/ J. R. Trimble

Title: Vice President

Title: Senior Relationship
Manager

CREDIT SUISSE

THE DAIWA BANK, LIMITED

By: /s/ Adrian Germann

Title: Associate

By: /s/ James Drumm

Title: Vice President

By: /s/ Christopher J. Eldin

Title: Member of Senior Management

By: /s/ William N. Paty

Title: Vice President & Manager

KEY BANK OF NEW YORK

CHEMICAL BANK

By: /s/ Ken K. Conte

Title: Senior Vice President

By: /s/ J. Spillane

Title: Vice President

COOPERATIVE CENTRAL RAIFFEISEN-
BOERENLEENBANK B.A. "RABOBANK
NEDERLAND", NEW YORK BRANCH

LTCB TRUST COMPANY

By: /s/

Title:

By: /s/ Rene O. LeBlanc

Title: Senior Vice President

CORESTATES BANK, N.A.

DG BANK DEUTSCHE GENOSSEN-
SCHAFTSBANK, CAYMAN ISLAND BRANCH

By: /s/ Brian M. Haley

Title: Vice President

By: /s/ Norah E. McCann

Title: Senior Vice President

By: /s/ Karen A. Brinkman

Title: Vice President

THE FUJI BANK LIMITED,
NEW YORK BRANCH

THE SUMITOMO BANK, LIMITED
NEW YORK BRANCH

By: /s/

Title:

By: /s/ Yasuhiro Obana

Title: Joint General Manager

THE ADMINISTRATIVE AGENT

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION),
as Administrative Agent
By /s/ Bruce S. Borden

Title: Vice President

EXHIBIT 10.2

AMENDMENT NO. 2

AMENDMENT NO. 2 dated as of January 10, 1996, between CANANDAIGUA WINE COMPANY, INC., a corporation duly organized and validly existing under the laws of the State of Delaware (the "Company"); each of the Subsidiaries of the Company identified under the caption "SUBSIDIARY GUARANTORS" on the signature pages hereto (individually, a "Subsidiary Guarantor" and, collectively the "Subsidiary Guarantors" and, together with the Company, the "Obligors"); each of the lenders that is a signatory hereto (individually, a "Bank" and, collectively, the "Banks"); and THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), a national banking association, as administrative agent for the Banks (in such capacity, together with its successors in such capacity, the "Administrative Agent").

The Company, the Subsidiary Guarantors, the Banks and the Administrative Agent are parties to a Third Amended and Restated Credit Agreement dated as of September 1, 1995 (as modified and supplemented and in effect on the date hereof, the "Credit Agreement"). The Obligors and the Banks wish to amend the Credit Agreement in certain respects and, accordingly, the

parties hereto hereby agree as follows:

Section 1. Definitions. Except as otherwise defined in this Amendment No. 2, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Amendments. Subject to the satisfaction of the conditions set forth in Section 3 hereof, the Credit Agreement shall be amended as follows:

A. The definition of "Excess Cash Flow" in Section 1.01 of the Credit Agreement is hereby amended in its entirety to read as follows:

"Excess Cash Flow" shall mean for any period of four fiscal quarters ending on August 31 in any fiscal year (the "Current Calculation Period"), Adjusted Cash Flow for the Current Calculation Period, minus the sum of (i) all payments made by the Company under Sections 2.2, 2.3, 2.4, 2.5 and 2.6 of the Barton Stock Purchase Agreement during the Current Calculation Period, plus (ii) the maximum possible amount of all payments required to be made by the Company under Sections 2.2, 2.3, 2.4, 2.5 and 2.6 of the Barton Stock Purchase Agreement during the period of four fiscal quarters immediately succeeding the Current Calculation Period, plus (iii) Fixed Charges for the Current Calculation Period.

B. Section 1.02(b) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(b) To enable the ready and consistent determination of compliance with the covenants set forth in Section 9 hereof, the Company will not change the last day of its fiscal year from the last day of August of each year, or the last days of the first three fiscal quarters in each of its fiscal years from the last days of November, February and May of each year, respectively, provided that, effective on February 29, 1996, the Company may change the last day of its fiscal year to the last day of February of each year, in which case, without the consent of the Majority Banks, the Company will not thereafter change the last day of its fiscal year from the

last day of February of each year, or the last days of the first three fiscal quarters in each of its fiscal years from the last days of May, August and November of each year, respectively."

C. Section 2.12(b) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(b) Revolving Credit Loans Clean-Up. The Company will from time to time prepay the Revolving Credit Loans in such amounts as shall be necessary so that for a period of at least thirty consecutive days at any time during the fiscal quarters ending on May 31 and August 31 of each fiscal year (commencing with the fiscal quarters ending May 31, 1996 and August 31, 1996), the aggregate outstanding principal amount of the Revolving Credit Loans together with the Letter of Credit Liabilities in respect of Revolving Letters of Credit does not exceed \$50,000,000 (does not exceed \$60,000,000 if the amendment to this Section 2.12(b) provided pursuant to Amendment No. 1 hereto shall have become effective)."

D. Section 2.12(g) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(g) Excess Cash Flow. Not later than the date 90 days after each August 31, commencing with August 31, 1996, the Company shall prepay the Loans (and/or provide cover for the Letter of Credit Liabilities as specified in clause (i) below), and the Commitments shall be subject to automatic reduction, in an aggregate amount equal to the excess of (A) 50% of Excess Cash Flow for the period of four fiscal quarters ending on such August 31 over (B) the aggregate amount of prepayments of Term Loans made during such period pursuant to Section 2.11 hereof and, after the payment in full of the Term Loans, the aggregate amount of voluntary reductions of Revolving Credit Commitments made during such period pursuant to Section 2.06(b) hereof, such prepayment and reduction to be effected in each case in the manner and to the extent specified in clause (h) below."

E. The penultimate paragraph of Section 9.01 of the Credit Agreement (i.e. the paragraph immediately following clause (h) of said Section 9.01) shall be amended by adding a new sentence at the end thereof to read as follows:

"In addition, concurrently with the delivery pursuant to

paragraph (b) above of the audited financial statements of the Company and its Consolidated Subsidiaries as at the end of any fiscal year ending after August 31, 1996, the Company will deliver a calculation of its independent certified public accountants setting forth the amount of Excess Cash Flow for the period of four fiscal quarters ending on the August 31 during such fiscal year."

F. The third sentence of Section 9.05 of the Credit Agreement is hereby amended in its entirety to read as follows:

"The Company will not, nor will it permit any of its Subsidiaries to, convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, any part of its business or Property, whether now owned or hereafter acquired (including, without limitation, receivables and leasehold interests, but excluding (i) sales and other dispositions of Property so long as the amount thereof sold in any single fiscal year by the Company and its Subsidiaries shall not have a fair market value in excess of \$10,000,000 (in excess of \$5,000,000 for the short fiscal year ending February 29, 1996) and (ii) any inventory or other Property sold or disposed of in the ordinary course of business and on ordinary business terms)."

G. Section 9.09 of the Credit Agreement is hereby amended in its entirety to read as follows:

"9.09 Dividend Payments. The Company will not, and will not permit any of its Subsidiaries to, declare or make any Dividend Payment at any time other than Dividend Payments in respect of (i) stock appreciation rights as contemplated by the Stock Option Plan in an aggregate amount not exceeding \$500,000 in any fiscal year (not exceeding \$250,000 for the short fiscal year ending February 29, 1996), (ii) payments under the Barton Phantom Stock Plan in an aggregate amount not exceeding \$4,500,000 during the term of this Agreement and (iii) repurchases for cash, on or after the effectiveness of Amendment No. 1 hereof, of shares of the outstanding common stock of the Company so long as (x) the aggregate amount paid in respect of all such repurchases shall not exceed \$30,000,000 and (y) at the time of any such repurchase, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing hereunder. Nothing herein shall be deemed to prohibit the payment of any dividends by Subsidiaries to the Company and other Subsidiaries."

H. Section 9.11 of the Credit Agreement is hereby amended in its entirety to read as follows:

"9.11 Interest Rate Protection Agreements. The Company will within 60 days of the Effective Date and at all times thereafter until August 31, 1997 maintain in full force and effect one or more Interest Rate Protection Agreements with one or more of the Banks (and/or with a bank or other financial institution having capital, surplus and undivided profits of at least \$500,000,000), which effectively enables the Company (in a manner satisfactory to the Majority Banks), to protect itself against three-month London interbank offered rates exceeding 8.75% per annum as to a notional principal amount at least equal to the following respective amounts at the following respective dates:

Date	Amount
----	-----
August 31, 1996	\$ 60,000,000
August 31, 1997	\$ 40,000,000"

I. The last sentence of Section 9.12 of the Credit Agreement is hereby amended in its entirety to read as follows:

"Notwithstanding the foregoing, the Company may enter into so-called split-dollar life insurance agreements substantially in the form of Schedule VI hereto, so long as the aggregate amount of premiums payable by the Company during any fiscal year pursuant to such agreements shall not exceed \$2,000,000 in the aggregate (not exceed \$1,000,000 during the short fiscal year ending February 29, 1996)."

Section 3. Conditions. Any amendment set forth in Section 2 above shall become effective on the date hereof upon the execution of this Amendment by each Obligor, the Administrative Agent and the requisite Banks under Section 12.04 of the Credit Agreement for such amendment.

Section 4. Effectiveness of Amendment No. 1. Each of the Banks that has previously executed Amendment No. 1 to the Credit Agreement hereby agrees that, anything in Section 2 thereof to the contrary notwithstanding, the amendments to the Credit Agreement provided for in said Amendment No. 1

(excluding the modification to Section 2.12(b) of the Credit Agreement) shall be deemed effective upon the execution of said Amendment No. 1 by the Majority Banks.

Section 5. Miscellaneous. Except as herein provided, the Credit Agreement shall remain unchanged and in full force and effect. This Amendment No. 2 may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Amendment No. 2 by signing any such counterpart. This Amendment No. 2 shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to be duly executed and delivered as of the day and year first above written.

CANANDAIGUA WINE COMPANY, INC.

By /s/ Robert Sands

Name: Robert Sands
Title:

SUBSIDIARY GUARANTORS

BATAVIA WINE CELLARS, INC.
BISCEGLIA BROTHERS WINE COMPANY
CALIFORNIA PRODUCTS COMPANY
GUILD WINERIES & DISTILLERIES, INC. (formerly
known as Canandaigua
California Acquisition Corp.)
TENNER BROTHERS, INC.
WIDMER'S WINE CELLARS, INC.
VINTNERS INTERNATIONAL COMPANY, INC.
(formerly known as Canandaigua/Vintners
Acquisition Corp.)

By /s/ Robert Sands

Name: Robert Sands
Title: Secretary

CANANDAIGUA WEST, INC.
BARTON INCORPORATED
BARTON BRANDS, LTD.
BARTON BEERS, LTD.
BARTON BRANDS OF CALIFORNIA, INC.
BARTON BRANDS OF GEORGIA, INC.
BARTON DISTILLERS IMPORT CORP.
STEVENS POINT BEVERAGE COMPANY
MONARCH WINE COMPANY,
LIMITED PARTNERSHIP
By Barton Management, Inc.,
Corporate General Partner
BARTON MANAGEMENT, INC.
V ACQUISITION CORP.

By /s/ Robert Sands

Name: Robert Sands
Title: Vice President

BARTON FINANCIAL CORPORATION

By /s/ David S. Sorce

Name: David S. Sorce
Title: Vice President

BANKS

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION),
ROCHESTER DIVISION

By: /s/ Diana Lauria

Title: Vice President

WELLS FARGO BANK, N.A.

By: /s/

Title:

FLEET BANK

By: /s/ Martin K. Birmingham

Title: Assistant Vice President

NATIONAL CITY BANK

By: /s/ Renold D. Thompson

Title: Senior Vice President

NBD BANK

By: /s/ Karl I. Bell

Title: Vice President

CREDIT SUISSE

By: /s/ Adrian Germann

Title: Associate

By: /s/ Christopher J. Eldin

Title: Member of Senior Management

KEY BANK OF NEW YORK

By: /s/ Ken K. Conte

Title: Senior Vice President

COOPERATIVE CENTRAL RAIFFEISEN-
BOERENLEENBANK B.A. "RABOBANK
NEDERLAND", NEW YORK BRANCH

By: /s/

Title:

CORESTATES BANK, N.A.

By: /s/ Brian M. Haley

Title: Vice President

THE FUJI BANK LIMITED,
NEW YORK BRANCH

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ J. Garland Smith

Title: Managing Director

MANUFACTURERS AND TRADERS TRUST
COMPANY

By: /s/ Philip M. Smith

Title: Regional Senior V.P.

PNC BANK, NATIONAL ASSOCIATION

By: /s/ M. J. Williams

Title: Vice President

NATWEST BANK N.A.

By: /s/ Neil Platt

Title: V.P. P232

THE BANK OF NOVA SCOTIA

By: /s/ J. R. Trimble

Title: Senior Relationship
Manager

THE DAIWA BANK, LIMITED

By: /s/

Title:

CHEMICAL BANK

By: /s/ J. Spillane

Title: Vice President

LTCB TRUST COMPANY

By: /s/ Y. Nakagowa

Title: Vice President

DG BANK DEUTSCHE GENOSSEN-
SCHAFTSBANK, CAYMAN ISLAND BRANCH

By: /s/ Norah E. McCann

Title: SVP

By: /s/ Karen A. Brinkman

Title: Vice President

THE SUMITOMO BANK, LIMITED
NEW YORK BRANCH

By: /s/ Katsunori Nozawa

Title: Vice President & Manager

By: /s/ Yasuhiro Obana

Title: Joint General Manager

THE ADMINISTRATIVE AGENT

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION),
as Administrative Agent

By /s/ Bruce S. Borden

Title: Vice President

EXHIBIT 10.3
March 22, 1990

Mr. Lynn K. Fetterman
37 Vonn Eigen Drive
Convent Station, New Jersey 07961

Dear Lynn:

We are happy to confirm our offer of employment with Canandaigua Wine Company (the "Company").

The position offered, subject to N.Y.S.L.A. and B.A.T.F. approval, is Vice President of Finance reporting to the President of the Company. Responsibilities include without limitation, and subject to change in the Company's discretion, the treasury function, corporate secretary, budgeting, forecasting, cost accounting, financial accounting, accounts receivables, accounts payables, payroll, insurance, benefits, taxes, SEC compliance, cash management, bank relations and interface with the corporate auditors.

The position shall commence April 9, 1990 and base gross compensation shall be at a rate of \$4,519.23 per bi-weekly pay period. The Company shall make all deductions from this amount required by law. Your base gross compensation shall be reviewed on or about April 9, 1991. You shall also be entitled to compensation for days spent in preparation for assuming full time responsibilities prior to April 9, 1990 at the rate of \$452.00 per day. In addition, during your employ you shall have an expense account of \$207.70 per week which amount shall be adjusted annually for inflation on your compensation review date.

You shall be entitled to all corporate benefits extended to other employees at your level. Descriptions and enrollment forms, among other things, are included with this package. Of course, the Company reserves the right to modify such benefit plans as it, in its sole discretion may decide.

Commencing with your full time employment you shall be eligible for the Company's standard bonus program for employees at your level consisting of a bonus potential of 30% of your base gross salary actually earned during a fiscal year; one third of which is based on meeting personal objectives and two-thirds of which is based on corporate performance. Of course, the Company reserves the right to administer and modify such bonus program as it, in its sole discretion, may decide and shall make all deductions from such bonus payment required by law.

If during your employment with the Company, the Company terminates your employment for any reason, except gross misconduct, the Company shall make bi-weekly severance payments

to you equalling your bi-weekly base gross compensation for nine (9) months from the date of your execution of a mutually acceptable separation agreement.

The Company shall provide you with a relocation package in essentially the same form as the one attached to this letter as Appendix A. Details may vary somewhat, in the Company's sole discretion, as the package is adopted to the specifics of the relocation contemplated hereby.

The Company agrees to purchase your current residence at a price equal to the average of three appraisals obtained from three reputable real estate brokers.

Lastly, by executing this letter agreement you are acknowledging and agreeing that your employment with Canandaigua Wine Company is at will, can be terminated

by you or the Company at any time, with or without cause and with or without notice. You further understand and agree that this letter agreement constitutes the entire agreement of the parties, there are no other written or oral agreements of the parties and that this letter agreement cannot be modified or amended except in writing executed by you and the President of the Company.

Lynn, if you are in agreement with the above, please execute both copies of this letter agreement, retain one for your records and return one to us for ours.

We look forward to the leadership qualities you bring to our management team.

Yours truly,

CANANDAIGUA WINE COMPANY, INC.

AGREED:

/S/ Richard Sands

/S/ Lynn K. Fetterman

Richard Sands
President

Lynn K. Fetterman
Dated: 3/23/90

RS/km
Enc.

EXHIBIT 11

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES

COMPUTATION OF NET INCOME PER COMMON SHARE

<S>	Three Months Ended			
	November 30, 1995		November 30, 1994	
	Primary	Fully Diluted	Primary	Fully Diluted
Net income per common and common equivalent share:				
	(in thousands, except share and per share data)			
Net income available to common shares	\$ 10,412	\$ 10,412	\$ 10,332	\$ 10,332
Adjustments:	-	-	-	-
Net income available to common and common equivalent shares	\$ 10,412	\$ 10,412	\$ 10,332	\$ 10,332
Shares:				
Weighted average common shares outstanding	19,605,064	19,605,064	16,497,647	16,497,647
Adjustments:				
(1) Assumed exercise of incentive stock options	296,940	296,940	299,483	300,257
(2) Assumed exercise of options	201,675	201,675	198,969	200,132
Weighted average common and common equivalent shares outstanding	20,103,679	20,103,679	16,996,099	16,998,036
Net income per common and common equivalent share	\$ 0.52	\$ 0.52	\$ 0.61	\$ 0.61

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EXHIBIT 27
Canandaigua Wine Company, Inc. and Subsidiaries
Financial Data Schedule

This schedule contains summary financial information extracted from the Company's financial statements for the Quarter ended November 30, 1995 and is qualified in its entirety by reference to such financial statements.

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