SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-04-12** | Period of Report: **1994-02-28**
SEC Accession No. 0000891839-94-000010

(HTML Version on secdatabase.com)

FILER

Filer	Mailing Address	Business Address
CANANDAIGUA WINE CO INC CIK:**16918**| IRS No.: **160716709** | State of Incorp.:**DE** | Fiscal Year End: **0831** Type: **10-Q** | Act: **34** | File No.: **000-07570** | Film No.: **94522253** SIC: **2080** Beverages		Business Address *116 BUFFALO ST* *CANANDAIGUA NY 14424* *7163947900*
BATAVIA WINE CELLARS INC CIK:**914160**| IRS No.: **161222994** | State of Incorp.:**NY** | Fiscal Year End: **0831** Type: **10-Q** | Act: **34** | File No.: **033-70824-01** | Film No.: **94522254**	Mailing Address *SCHOLL STREET* *BATAVIA NY 14020*	Business Address *116 BUFFALO STREET* *CANANDAIGUA NY 14424* *7163947900*
BISCEGLIA BROTHERS WINE CO CIK:**914162**| IRS No.: **942248544** | State of Incorp.:**DE** | Fiscal Year End: **0831** Type: **10-Q** | Act: **34** | File No.: **033-70824-02** | Film No.: **94522255**	Mailing Address *25427 AVENUE 13* *MADERA CA 93637*	Business Address *116 BUFFALO STREET* *CANANDAIGUA NY 14424* *716-394-7900*
CALIFORNIA PRODUCTS CO CIK:**914163**| IRS No.: **940360780** | State of Incorp.:**CA** | Fiscal Year End: **0831** Type: **10-Q** | Act: **34** | File No.: **033-70824-03** | Film No.: **94522256**	Mailing Address *3000 BUTLER AVENUE* *FRESNO CA 93708*	Business Address *116 BUFFALO STREET* *CANANDAIGUA NY 14424* *716-394-7900*
GUILD WINERIES & DISTILLERIES INC CIK:**914164**| IRS No.: **161401046** | State of Incorp.:**NY** | Fiscal Year End: **0831** Type: **10-Q** | Act: **34** | File No.: **033-70824-04** | Film No.: **94522257**	Mailing Address *P.O. BOX 55* *WOODBRIDGE CA 95258*	Business Address *116 BUFFALO STREET* *CANANDAIGUA NY 14424* *716-394-7900*
TENNER BROTHERS INC CIK:**914165**| IRS No.: **570474561** | State of Incorp.:**SC** | Fiscal Year End: **0831** Type: **10-Q** | Act: **34** | File No.: **033-70824-05** | Film No.: **94522258**	Mailing Address *RT 2 BOX 85* *PATRICK SC 29584*	Business Address *116 BUFFALO STREET* *CANANDAIGUA NY 14424* *716-394-7900*
WIDMERS WINE CELLARS INC CIK:**914166**| IRS No.: **161184188** | State of Incorp.:**NY** | Fiscal Year End: **0831** Type: **10-Q** | Act: **34** | File No.: **033-70824-06** | Film No.: **94522259**	Mailing Address *ONE LAKE NIAGARA LANE* *NAPLES NY 14512*	Business Address *116 BUFFALO STREET* *CANANDAIGUA NY 14424* *716-394-7900*
BARTON INC CIK:**914167**| IRS No.: **363500366** | State of Incorp.:**DE** | Fiscal Year End: **0831** Type: **10-Q** | Act: **34** | File No.: **033-70824-07** | Film No.: **94522260**	Mailing Address *55 E MONROE* *CHICAGO IL 60603*	Business Address *116 BUFFALO STREET* *CANANDAIGUA NY 14424* *716-394-7900*

BARTON BRANDS LTD /DE/

CIK:**914168**| IRS No.: **363185921** | State of Incorp.:**DE** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-70824-08** | Film No.: **94522261**

Mailing Address
55 E MONROE 17TH
CHICAGO IL 60603

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
716-394-7900

BARTON BEERS LTD

CIK:**914169**| IRS No.: **362855879** | State of Incorp.:**MD** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-70824-09** | Film No.: **94522262**

Mailing Address
55 E MONROE
CHICAGO IL 60603

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
716-394-7900

BARTON BRANDS OF CALIFORNIA INC

CIK:**914171**| IRS No.: **061048198** | State of Incorp.:**CT** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-70824-10** | Film No.: **94522263**

Mailing Address
2202 EAST DEL AMO BLVD
COMPTON CA 90220

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
716-394-7900

BARTON BRANDS OF GEORGIA INC

CIK:**914172**| IRS No.: **581215938** | State of Incorp.:**GA** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-70824-11** | Film No.: **94522264**

Mailing Address
650 FAIRBURN ROAD S W
ATLANTA GA 30331

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
716-394-7900

BARTON DISTILLERS IMPORT CORP

CIK:**914173**| IRS No.: **131794441** | State of Incorp.:**NY** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-70824-12** | Film No.: **94522265**

Mailing Address
845 THIRD AVENUE
20TH FLOOR
NEW YORK NY 10022-1236

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
716-394-3900

BARTON FINANCIAL CORP

CIK:**914174**| IRS No.: **510311795** | State of Incorp.:**DE** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-70824-13** | Film No.: **94522266**

Mailing Address
901 MARKET STREET
SUITE 917
WILMINGTON DE 19801

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
716-394-7900

STEVENS POINT BEVERAGE CO

CIK:**914175**| IRS No.: **390638900** | State of Incorp.:**WI** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-70824-14** | Film No.: **94522267**

Mailing Address
2617 WATER STREET
STEVENS POINT WI
54481-5232

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
716-394-7900

MONARCH WINE CO LIMITED PARTNERSHIP

CIK:**914177**| IRS No.: **363547524** | State of Incorp.:**NY** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-70824-15** | Film No.: **94522268**

Mailing Address
845 THIRD AVENUE
20TH FLOOR
NEW YORK NY 10022-1236

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
716-394-7900

BARTON MANAGEMENT INC

CIK:**914179**| IRS No.: **363539106** | State of Incorp.:**IL** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-70824-16** | Film No.: **94522269**

Mailing Address
55 EAST MONROE
17TH FLOOR
CHICAGO IL 60603

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
716-394-7900

VINTNERS INTERNATIONAL CO INC

CIK:**914183**| IRS No.: **161443663** | State of Incorp.:**NY** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-70824-18** | Film No.: **94522270**

Mailing Address
P.O. BOX 780
GONZALES CA 93926

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
716-394-7900

Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

(Mark one)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended February 28, 1994

OR

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

Commission File No. 0-7570,

Delaware	Canandaigua Wine Company, Inc. and its subsidiaries	16-0716709
New York	Batavia Wine Cellars, Inc.	16-1222994
Delaware	Bisceglia Brothers Wine Co.	94-2248544
California	California Products Company	94-0360780
New York	Guild Wineries & Distilleries, Inc.	16-1401046
South Carolina	Tenner Brothers, Inc.	57-0474561
New York	Widmer's Wine Cellars, Inc.	16-1184188
Delaware	Barton Incorporated	36-3500366
Delaware	Barton Brands, Ltd.	36-3185921
Maryland	Barton Beers, Ltd.	36-2855879
Connecticut	Barton Brands of California, Inc.	06-1048198
Georgia	Barton Brands of Georgia, Inc.	58-1215938
New York	Barton Distillers Import Corp.	13-1794441
Delaware	Barton Financial Corporation	51-0311795
Wisoncsin	Stevens Point Beverage Co.	39-0638900
New York	Monarch Wine Company, Limited Partnership	36-3547524
Illinois	Barton Management, Inc.	36-3539106
New York	Vintners International Company, Inc.	16-1443663
(State or other incorporation or organization)	(Exact Name of registrant as specified in its charter)	(I.R.S. Employer Identification Number)

116 Buffalo Street, Canandaigua, New York 14424
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code (716)394-7900

Former Name, Former Adress 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 wasrequired 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 classes of common stock of Canandaigua Wine Company, Inc. as of April 8, 1994 is set forth below (all of the registrants, other than Canandaigua Wine Company, Inc. are direct or indirect wholly owned subsidiaries of Canandaigua Wine Company, Inc.).

Class	Number of Shares Outstanding
Class A Common Stock, Par Value $.01 Per Share	12,591,831
Class B Convertible Common Stock, Par Value $.01 Per Share	3,391,451

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Part 1 - Financial Information

Item 1. Financial Statements

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

<TABLE>

	February 28, 1994 (Unaudited)	August 31, 1993 (Unaudited)
Assets		
<S>	<C>	<C>
Current Assets:		
Cash and equivalents	$5,583,715	$3,717,782
Accounts receivable	91,485,890	75,908,946
Inventories	226,837,816	147,165,267
Prepaid expenses and other current assets	18,253,589	17,262,919
Total Current Assets	$342,161,010	$244,054,914
Property, Plant and Equipment, at cost less accumulated depreciation	166,119,369	78,600,281
Other Assets	42,111,525	32,527,291
Total Assets	$550,391,904	$355,182,486
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current portion of long-debt	$14,054,835	$11,828,000
Notes Payable - banks	51,000,000	9,000,000
Accounts payable - trade	33,114,211	41,288,481
Federal and state income taxes	694,452	950,509
Federal and state excise taxes	17,195,957	11,194,941
Accrued salaries, bonuses and commissions	5,488,311	4,276,960
Other accrued liabilities	27,800,616	16,499,606
Deferred income taxes	1,763,241	1,763,241
Total Current Liabilities	$151,111,623	$96,801,738
Long-Term Debt, less current portion	$175,205,995	$108,303,233
Deferred Income Taxes	$20,381,729	$20,629,329
Other Long-Term Liabilities	$3,191,313	$3,344,414
Stockholders' Equity		
Class A Common Stock, $.01 par value - Authorized 60,000,000 shares; Issued, 13,831,197 at February 28,1994 and 10,543,645 at August 31, 1993	$138,312	$105,439
Class B Convertible Common Stock, $.01 par value - Authorized 20,000,000 shares; Issued, 4,017,176 at February 28, 1994 and 4,068,576 at August 31, 1993	40,172	40,685
	110,066,831	47,201,942
Additional paid-in capital	97,919,770	86,525,325
Retained earnings	208,165,085	133,873,391
Less Treasury Stock		
Class A Common Stock, 1,239,366 shares at February 28, 1994 and 1,274,251 at August 31, 1993, at cost	(5,457,318)	(5,563,096)
Class B Convertible Common Stock, 625,725 shares at February 28, 1994 and August 31, 1993, at cost	(2,206,523)	(2,206,523)
Total Stockholders' Equity	$200,501,244	$126,103,772
Total Liabilities and Stockholders' Equity	$550,391,904	$355,182,486

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

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CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES

Consolidated Statements of Income and Retained Earnings

<S>	Six Months Ended February 28, 1994 (Unaudited)	Six Months Ended February 28, 1993 (Unaudited)	Three Months Ended February 28, 1994 (Unaudited)	Three Months Ended February 28, 19 (Unaudited)
	<C>	<C>	<C>	<C>
Gross Sales	$406,572,248	$160,006,558	$192,618,021	$71,845,481
Less Excise taxes	(112,056,505)	(30,116,066)	(52,586,893)	(13,063,746)
Net sales	$294,515,743	$129,890,492	$140,031,128	$58,781,735
Cost of Product Sold	(208,191,988)	(90,660,486)	(98,362,807)	(41,088,734)
Gross profit on sales	86,323,755	39,230,006	41,668,321	17,693,001
Selling, General & Administrative Expenses	(59,659,905)	(25,740,223)	(28,012,389)	(11,418,580)
Operating Income	26,663,850	13,489,783	13,655,932	6,274,421
Interest Income	73,771	121,954	35,746	18,006
Interest Expense	(8,359,536)	(3,038,436)	(4,505,713)	(1,531,530)
Income before provision for income taxes	18,378,085	10,573,301	9,185,965	4,760,897

Provision for Federal and State Income Taxes	(6,983,640)	(4,017,750)	(3,444,732)	(1,809,050)
Net Income	11,394,445	6,555,551	5,741,233	2,951,847
Retained Earnings, Beginning	86,525,325	70,921,273	92,178,537	74,524,977
Retained Earnings, Ending	$97,919,770	$77,476,824	$97,919,770	$77,476,824
Net Income Per Common and Equivalent Share				
Primary	$.75	$.56	$.35	$.25
Fully Diluted	$.72	$.52	$.35	$.24
Weighted Average Shares Outstanding				
Primary	15,198,371	11,769,600	16,375,396	11,779,222
Fully Diluted	16,307,830	15,062,684	16,375,396	15,072,307
Dividend per share	NONE	NONE	NONE	NONE

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

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<TABLE>

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

<S>

	Six Months Ended		Three Months Ended	
	February 28, 1994 (Unaudited)	February 28, 1993 (Unaudited)	February 28, 1994 (Unaudited)	Febru (U
	<C>	<C>	<C>	<C>
Cash Flows From Operating Activities:				
Net Income	$11,394,445	$6,555,551	$5,741,233	$2,951,847
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation of property, plant and equipment	4,732,677	3,602,774	2,438,970	1,790,011
Amortization	1,648,692	515,934	804,889	257,967
Gain on sale of equipment	0	(184,968)	0	0
Change in deferred taxes	(247,600)	0	(247,600)	0
Accrued interest on converted debentures, net of tax	161,241	0	(520,900)	0
Changes in assets and liabilities, net of effects from purchase of business:				
Accounts receivable	4,600,826	5,481,235	31,919,372	16,287,963
Inventories	4,738,299	(6,934,091)	14,424,867	9,377,687
Prepaid expenses	(677,574)	613,164	(3,423,283)	(1,688,853)
Accounts payable	(41,439,624)	(26,066,356)	(12,831,766)	(8,911,183)
Accrued Federal and state income taxes	(256,057)	1,690,921	(2,365,826)	(490,850)
Accrued Federal and state excise taxes	4,943,538	(209,395)	3,762,193	(82,420)
Accrued salaries and commissions	1,211,351	(430,051)	556,349	(502,216)
Other accrued liabilities	(5,819,961)	(789,333)	(6,835,694)	(921,951)
Other	(9,120,695)	(222,787)	(9,076,990)	(10,252)
Total adjustments	$(35,524,887)	$(22,932,953)	$18,604,581	$15,105,903
Net cash used by operating activities	$(24,130,442)	$(16,377,402)	$24,345,814	$18,057,750
Cash Flows From Investing Activities				
Purchases of property, plant and equipment, net of minor disposals	$(2,800,418)	(3,151,506)	(1,274,828)	(940,732)
Purchase of business-net of cash acquired	3,200	0	0	0
Proceeds from sale of equipment	0	649,000	0	0
Net cash used by investing activities	$(2,797,218)	$(2,502,506)	$(1,274,828)	$(940,732)
Cash Flows From Financing Activities:				
Net proceeds of short-term borrowings	30,681,358	18,000,000	(19,500,000)	(17,000,000)
Principal payments of long-term debt	(2,439,666)	(25,682)	(2,037,546)	(10,850)
Proceeds of employee stock appreciation & purchase plan	544,860	202,279	544,860	152,005
Exercise of employee stock options	10,000	0	10,000	0
Fractional shares paid for stock splits	(2,959)	0	0	0
Net cash provided by financing activities	$28,793,593	$18,176,597	$(20,982,686)	$(16,858,845)
Net Decrease in Cash and Cash Investments	$1,865,933	(703,311)	2,088,300	$258,173
Cash and Cash Equivalents, beginning of period	3,717,782	2,193,543	3,495,415	1,232,059

Cash and Cash Equivalents, end of period	$5,583,715	$1,490,232	$5,583,715	$1,490,232
Supplemental Disclosures of Cash Flow Information				
Cash paid during the period for:				
Interest	$6,722,319	$3,038,436	$4,128,157	$1,427,233
Income taxes	$8,008,197	$2,326,829	$6,579,057	$2,299,900
Supplemental Disclosures of Noncash Investing and Financing Activities:				
Fair value of assets acquired	$199,493,954			
Liabilities assumed	(52,661,669)			
Consideration paid	$146,832,285			
Less - amounts borrowed	(142,622,285)			
Less - issuance of Class A Common Stock options	(4,210,000)			
Net cash paid for acquisition	$ 0			
Issuance of Class A Common Stock for conversion of debentures	$58,960,000			
Write off of unamortized deferred financing costs on debentures	(1,568,719)			
Write off of unpaid accrued interest on debentures	1,370,743			
Total addition to Stockholders' Equity from Conversion	$58,762,024			

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
February 28, 1994

1. Management Representations:

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q and reflect, in the opinion of the Company, all adjustments necessary to present fairly the financial information for Canandaigua Wine Company, Inc. and its consolidated subsidiaries. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted as permitted by such rules and regulations. These consolidated financial statements 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, 1993.

2. Inventories:

Inventories are valued at the lower of cost (computed in accordance with the last-in, first-out (LIFO) or first-in, first-out (FIFO) methods) or market. The percentage of inventories valued using the LIFO method is 95%, 88%, and 96% at February 28, 1994, August 31, 1993, and February 28, 1993, respectively. Replacement cost of the inventories determined on a FIFO basis approximated $227,043,000, $146,421,000, and $99,615,000 at February 28, 1994, August 31, 1993, and February 28, 1993, respectively. At February 28, 1994, August 31, 1993 and February 28, 1993, the net realizable value of the Company's inventories was in excess of $226,837,816, $147,165,267, and $99,628,492, respectively.

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

<TABLE>

<S>	February 28, 1994 <C>	August 31, 1993 <C>	February 28, 1993 <C>
Raw materials and supplies	$32,972,286	$31,683,657	$33,971,573
Wines, whiskey and spirits in process	145,942,808	73,400,765	48,121,804
Finished case goods	47,922,722	42,080,845	17,535,115
	$226,837,816	$147,165,267	$99,628,492

3. Property, Plant and Equipment:

</TABLE>

3. Property, Plant and Equipment:

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

<TABLE>

	February 28, 1994	August 31, 1993
<S>	<C>	<C>
Land	$12,368,286	$4,305,648
Buildings and improvements	63,568,625	30,135,151
Machinery and equipment	140,608,209	91,161,305
Motor vehicles	2,466,542	2,553,585
Construction in progress	3,470,362	2,074,570
	$222,482,024	$130,230,259
Less accumulated depreciation	(56,362,655)	(51,629,978)
	$166,119,369	$78,600,281

</TABLE>

4. Vintners Acquisition:

On October 15, 1993, the Company acquired substantially all of the tangible and intangible assets of Vintners International Company, Inc. ("Vintners") other than cash and the Hammondsport Winery (the "Vintners Assets"), and assumed certain current liabilities associated with the ongoing business (the "Vintners Acquisition"), for an aggregate purchase price of $148.9 million (the "Cash Consideration"), subject to adjustment based upon the determination of the Final Net Current Asset Amount (as defined below), and paid $8,961,000 of direct acquisition and financing costs. In addition, at closing the Company delivered options (the "Options") to Vintners and Household Commercial of California, Inc., one of Vintners' lenders, to purchase an aggregate of 500,000 shares (the "Option Shares") of the Company's Class A Common Stock, at an exercise price per share of $18.25, which are exercisable at any time until October 15, 1996. These options have been recorded at $8.42 per share, based upon an independent appraisal and $4,210,000 has been reflected as a component of additional paid-in-capital.

Vintners was the United States' fifth largest supplier of wine with two of the country's most highly recognized brands, Paul Masson and Taylor California Cellars. The wineries acquired from Vintners are the Gonzales Winery in Gonzales, California and the Paul Masson wineries in Madera and Soledad, California. In addition, the Company is leasing from Vintners the Hammondsport Winery in Hammondsport, New York. The lease is for a period of 18 months from the date of the Vintners Acquisition.

The Cash Consideration was funded by the Company pursuant to (i) approximately $12.6 million of Revolving Loans under the Credit Facility (as defined in Note 5 below) of which $11.2 million funded the Cash Consideration and $1.4 million funded the payment of direct acquisition costs; (ii) an accrued liability of approximately $7.7 million for the holdback described below and (iii) the $130.0 million Subordinated Bank Loan (as defined in Note 5 below). See "Description of Long-Term Debt" under Note 5 below.

At closing the Company held back from the Cash Consideration approximately 10% of the then estimated net current assets of Vintners purchased by the Company, and deposited an additional $2.8 million of the Cash Consideration into an escrow to be held until October 15, 1995. If the amount of the net current assets as determined after the closing (the "Final Net Current Asset Amount") is greater than 90% and less than 100% of the amount of net current assets estimated at closing (the "Estimated Net Current Asset Amount"), then the Company shall pay into the established escrow an amount equal to the Final Net Current Asset Amount less 90% of the Estimated Net Current Asset Amount. If the Final Net Current Asset Amount is greater than the Estimated Net Current Asset Amount, then, in addition to the payment described above, the Company shall pay an amount equal to such excess, plus interest from the closing, to Vintners. If the Final Net Current Asset Amount is less than 90% of the Estimated Net Current Asset Amount, then the Company shall be paid such deficiency out of the escrow account. As of February 28, 1994, no adjustment to the established escrow was required and the Final Net Current Asset Amount has not been determined.

The Vintners Acquisition was accounted for using the purchase method; accordingly, the Vintners Assets were recorded at fair market value at the date of acquisition. The fair market value of the Vintners Assets approximated the aggregate purchase price. The accompanying consolidated financial statements reflect the results of operations of Vintners since October 15, 1993.

The following table presents unaudited pro forma results of operations as if the Vintners Acquisition occurred at the beginning of the six months ended 2/28/94 and as if the acquisitions of both Vintners and Barton Incorporated ("Barton") occurred at the beginning of the six months ended 2/28/93, after giving effect to certain adjustments for depreciation, amortization of intangibles, interest expense on the acquisition debt and related income tax effects. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisition been made at the beginning of fiscal 1994 and 1993, respectively, or of results which may occur in the future.

	Proforma For the Six Months Ended February 28, 1994	February 28, 1993
Net Sales	$311,778,000	$331,392,000
Net Income from Operations	26,245,000	35,233,000
Net Income	9,888,517	15,301,000
Net Income per Common and Equivalent Shares:		
Primary	$.65	$1.19
Fully Diluted	$.63	$1.03
Weighted Average Shares Outstanding:		
Primary	15,198,371	12,887,241
Fully Diluted	16,307,830	16,189,521

5. Long-Term Debt:

Long-term debt consists of the following at February 28, 1994:

	Current	Long-Term	Total
Credit Facilities			
Senior Credit Facility:			
Term loan, variable rate, original proceeds $50,000,000 due in installments through fiscal 1999	$8,000,000	$40,000,000	$48,000,000
Senior Subordinated Notes:			
8.75% redeemable after December 15, 1998, due 2003	-----	130,000,000	130,000,000
Capitalized Lease Agreements:			
Capitalized equipment leases at interest rates ranging from 8.9% to 18% due in monthly installments through fiscal 1997	276,977	326,522	603,499
Industrial Development Agencies:			
7 1/4 1975 issue, original proceeds $2,000,000, due in annual installments of $100,000 through fiscal 1994	100,000	-----	100,000
7 1/2% 1980 issue, original proceeds $2,370,000, due in annual installments of $118,500 through fiscal 1999	118,500	592,500	711,000

Other Long-Term Debt: Loans payable - 5% secured by cash surrender value of officer's life insurance policies	-----	966,973	966,973
Notes payable at 1% below prime rate to prime rate, due in yearly installments through fiscal 1995	5,239,358	3,000,000	8,239,358
Promissory note at prime rate due in equal yearly installments through September 30, 1995	320,000	320,000	640,000
	$14,054,835	$175,205,995	$189,260,830

</TABLE>

Description of Long-Term Debt

Senior Credit Facility

On October 15, 1993 the Company amended the Senior Credit Facility (the "Credit Facility") in connection with the acquisition of substantially all of the assets of Vintners.

The Credit Facility consists of: (i) a $50.0 million Term Loan; (ii) Revolving Loans in an aggregate principal amount, together with the aggregate amount of all undrawn or drawn letters of credit ("Revolving Letters of Credit"), not to exceed $95.0 million; and (iii) a standby irrevocable letter of credit of $28.2 million. The Banks have been given security interests in substantially all of the assets of the Company and its subsidiaries and each of the Company's principal operating subsidiaries has guaranteed, jointly and severally, the Company's obligations under the Credit Facility.

The Revolving Loans and the Term Loan, at the Company's option, can be either a Base Rate Loan or a Eurodollar Loan. A Base Rate Loan bears interest at the rate per annum equal to (i) the higher of (1) Federal Funds Rate for such day plus 1/2 of 1%, or (2) the Chase Bank prime commercial lending rate, plus (ii) 0.375% (subject to adjustment). A Eurodollar Loan bears interest at London Interbank Offered Rate plus 1.625% (subject to adjustment).

As of February 28, 1994, the Term Loan outstanding balance was $48 million, which was a Eurodollar Loan that bears interest at 5.13% per annum. As of February 28, 1994, $51.0 million was outstanding under the Revolving Loans and $41.0 million was available to be drawn down by the Company. The Revolving Loans are required to be prepaid in such amounts that the aggregate amount of Revolving Loans outstanding, together with the drawn and undrawn Revolving Letters of Credit, will not exceed the Borrowing Base. The Borrowing Base means the sum of 70% of the amount of certain eligible receivables plus 40% of the value of certain eligible inventory. In addition, the Revolving Loans are required to be prepaid in such amounts that, for a period of 30 consecutive days during the last two fiscal quarters of each fiscal year, the aggregate amount of Revolving Loans outstanding, together with drawn and undrawn Revolving Letters of Credit, will not exceed $35.0 million. The Revolving Loans mature on June 15, 1999.

The Company is subject to certain restrictive covenants including those relating to additional liens, additional indebtedness, the sale of assets, the payment of dividends, transactions with affiliates, certain investments and certain other fundamental changes and making capital expenditures that exceed specified levels. The Company is also required to maintain the following financial covenants above specified levels: indebtedness to tangible net worth; tangible net worth; fixed charges ratio; operating cash flow to interest expense; and current ratio.

The Company is required to maintain in effect until June 29, 1995 interest rate swap, cap or collar agreements or other similar arrangements (each, an "Interest Rate Protection Agreement") which protect the Company against three-month London Interbank Offered Rates exceeding 7.5% per annum in an amount at least equal to $25.0 million.

Senior Subordinated Notes

The Company borrowed $130.0 million under a subordinated bank loan agreement (the "Subordinated Bank Loan") provided in connection with the Vintners Acquisition. On December 27, 1993, the Company repaid the Subordinated Bank Loan from the proceeds of an issuance of $130 million of senior subordinated notes ("the Notes") together with borrowings under the revolving loans. The Notes are due 2003 with a stated interest rate of 8.75% per annum. Interest will be payable semi-annually on June 15 and December 15 of each year. The Notes are redeemable at the option of the Company, in whole or in part, on or after December 15, 1998. The Notes are unsecured and subordinated to the prior payment in full of all senior indebtedness of the Company, which includes the Credit Facility and, the Notes are guaranteed, on a senior subordinated basis, by substantially all of the Company's operating subsidiaries.

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

Convertible Subordinated Debentures

On October 18, 1993, the Company called its 7% Convertible Subordinated Debentures (the "Debentures") for redemption on November 19, 1993 at a redemption price of 102.1% plus accrued interest. During the period September 1, 1993 through November 19, 1993, Debentures in an aggregate principal amount of $58,960,000 were converted to 3,235,882 shares of the Company's Class A Common Stock at a price of $18.22 per share. Debentures in an aggregate principal amount of approximately $63,000 were redeemed. Interest was accrued on the Debentures until the date of conversion but was forfeited by the debentureholders upon conversion. Accrued interest in an amount of approximately $1,370,000 was recorded as an addition to additional paid-in-capital.

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

6. Commitments and Contingencies

In connection with the Vintners Acquisition, the Company has assumed Vintners' purchase and crush contracts with certain growers and suppliers. Under the grape purchase contracts, the Company is committed to purchase all grape production yielded from a specified number of acres for a period of time ranging up to five years. The actual tonnage of grapes that must be purchased by the Company will vary each year depending on certain factors, including weather, time of harvest, and the agricultural practices and location of the growers and suppliers under contract.

The grapes purchased under these contracts are generally priced at market value as determined by either the prior year's (or an average of the three most recent prior years) Grape Crop Report issued by the California Department of Food and Agriculture or on prices as reported by the Federal State Market News Service. Some contracts include a minimum base price per ton that the Company must pay. The Company purchased $8,464,000 of grapes under these contracts during the period October 15, 1993 through February 28, 1994. Based on current and anticipated future yields and prices, the Company estimates that purchases in the following amounts will be required under these contracts during the subsequent four fiscal years:

Year 1995	$26,648,000
Year 1996	$18,179,000
Year 1997	$5,665,000
Year 1998	$1,895,000

For contracts extending beyond 1998, it is not feasible to estimate the amounts to be paid. However, none of the contracts with terms extending beyond 1998 are at prices in excess of market value, as defined above, and all of the contracts extending beyond 1998 are for quantities and varieties less than the anticipated future requirements of the business.

The Company has assumed Vintners' grape crush contract obligations with another winery under which the Company is obligated to pay $600,000 for crushing and processing of a specified tonnage at a fixed price per ton during fiscal 1995.

The Company has also assumed the lease obligations of Vintners, including the lease obligation with the owner of certain warehouse facilities no longer used by the Company. Under the terms of the agreement, the Company's lease obligation is reduced by the amount of rentals received from a new lessee of the facilities. The Company has accrued the estimated lease obligations in excess of the amount of rentals to be received from the new lessee.

At February 28, 1994, aggregate minimum rental commitments under various non-cancelable operating lease agreements assumed from Vintners for the remainder of fiscal 1994 and thereafter are as follows:

Remainder of 1994	373,640
Year 1995	132,300
Year 1996	89,498
Year 1997	77,518
Year 1998	75,505
Thereafter	75,505

7. Subsequent Event - Agreement to Import Mexican Beers

On March 31, 1994, Barton Beers, Ltd., a wholly owned subsidiary of the Company, entered into a new agreement under which it will continue importing, marketing and distributing Corona Extra, Corona Light, Coronita, Negra Modelo, Modelo Especial and Pacifico Beers in the twenty-five primarily western states of the United States. The agreement is retroactive to January 1, 1994 and continues through December 31, 1998. The new agreement contains substantially similar provisions as the previous agreement, including certain performance criteria.

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

Results of Operations of the Company

The Company has realized significant growth in sales and profitability over the last two fiscal years primarily as a result of acquisitions. The Company acquired substantially all of the assets of Guild Wineries and Distilleries on October 1, 1991, all of the outstanding capital stock of Barton Incorporated ("Barton") on June 29, 1993 ("Barton Acquisition") and substantially all of the assets of Vintners International Company, Inc. ("Vintners") on October 15, 1993 ("Vintners Acquisition"). Management expects the Barton Acquisition and Vintners Acquisition to have a substantial impact on future results of the Company's operations. The Company's results of operations for the quarter ended February 28, 1994 include the results of operations of Barton and Vintners for the complete period. The Company's results of operations for the six months ended February 28, 1994 include the results of operations of Barton for the complete period and include the results of the operations of Vintners' assets from October 15, 1993, the date of the Vintners Acquisition.

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

<TABLE>

	Three Months Ended February 28, 1994	Three Months Ended February 28, 1993	Six Months Ended February 28, 1994	Six Months Ended February 28, 1993
<S>	<C>	<C>	<C>	<C>
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of product sold	70.2	69.9	70.7	69.8
Gross profit	29.8	30.1	29.3	30.2
Selling, general and				

administrative expenses	20.0	19.4	20.2	19.8
Operating Income	9.8	10.7	9.1	10.4
Interest expense, net	3.2	2.6	2.8	2.3
Income before provision for income taxes	6.6	8.1	6.3	8.1
Provision for federal and state income taxes	2.5	3.1	2.4	3.1
Net income	4.1%	5.0%	3.9%	5.0%

</TABLE>

Three Months Ended February 28, 1994 ("Second Quarter 1994") Compared to Three Months Ended February 28, 1993 ("Second Quarter 1993")

Net Sales

Net sales for the Company's Second Quarter 1994 increased to $140 million from $58.8 million for Second Quarter 1993, an increase of $81.2 million, or approximately 138%. This increase resulted from the inclusion of $ 52.4 million of Barton's net sales and $31.4 million of net sales of Vintners' products during Second Quarter 1994. Excluding the impact of the Barton and Vintners Acquisitions, the Company's net sales decreased $2.6 million, or 4.4%, when compared to the same period a year ago. This was principally due to a decrease in net sales of the Company's non-branded products, specifically grape juice concentrate.

Wine

For purposes of computing the comparative data for the Company's branded wine products set forth below, sales in the Second Quarter of 1994 of branded wine products acquired from Vintners have been compared with sales of Vintners' branded wine products during Second Quarter 1993 prior to the Vintners Acquisition.

Net sales and unit volume of the Company's branded wine products each declined 6.0% as compared to the same period a year ago. These decreases were principally a result of a decline in net sales and unit volume of branded wine products acquired from Vintners.

Net sales and unit volume of the Company's varietal table wine brands for Second Quarter 1994 decreased 6.3% and 0.2%, respectively, resulting primarily from decreases in sales of varietal table wine brands acquired from Vintners, which were offset, in part, by increased sales of the Company's varietal table wine brands, exclusive of varietal table wine brands acquired from Vintners. Net sales and unit volume of the Company's generic table wine brands for the same period were down 5.2% and 4.8%, respectively, principally due to lower sales of generic table wine brands acquired from Vintners, which were also offset, in part, by increased sales of the Company's generic table wine brands, exclusive of generic table wine brands acquired from Vintners. Net sales and unit volume of sparkling wine brands decreased 9.0% and 7.9%, respectively, due to a general decline in most of the Company's sparkling wine brands. Net sales and unit volume of the Company's dessert wine brands were down 4.6% and 8.3%, respectively, in Second Quarter 1994 versus the same period a year ago. The Company's net sales and unit volume of dessert wine brands have declined over the last three years. These declines can be attributed to a general decline in dessert wine consumption in the United States.

The Company believes that the net sales and unit volume declines on brands acquired from Vintners reflect the effects of non-competitive pricing on certain brands which occurred prior to the Vintners Acquisition. The Company has implemented strategies to address this area which the Company believes has negatively impacted the operating results for brands acquired from Vintners.

Imported Beer

Net sales and unit volume of the Company's beer brands for Second Quarter 1994 increased by 11.8% and 12.7%, respectively, when compared to Barton's net sales and unit volume for the same period a year ago. These increases resulted primarily from increased sales of the Company's Corona Extra brand and other Mexican beer brands, and increased sales of its St. Pauli Girl brand.

On March 31, 1994, Barton Beers, Ltd., a wholly owned subsidiary of the Company, entered into a new agreement under which it will continue importing, marketing and distributing Corona Extra, Corona Light, Coronita, Negra Modelo, Modelo Especial and Pacifico Beers in the twenty-five primarily western states in the United States. The new agreement has a term of five years, ending December 31, 1998, and contains substantially similar provisions as the previous agreement, including certain performance criteria.

Spirits

Net sales and unit volume of the Company's spirits case goods for Second Quarter 1994 were up 1.5% and up 0.6%, respectively, as compared to Barton's net sales and unit volume for the same period a year ago. This increase in net sales was primarily due to higher net sales of the Company's blended whiskeys, tequila and Scotch whisky, which was offset in large part by decreased net sales of the Company's liqueur, vodka and bourbon brands.

On February 4, 1994, the Company paid $5.1 million to Hiram Walker & Sons, Inc. ("Hiram") for the extension of licenses to use the brand names Ten High Bourbon Whiskey, Lauder's Scotch Whisky, Northern Light Blended Canadian Whisky, Imperial Blended Whiskey, Crystal Palace Vodka and Gin and certain other spirits brands, for varying periods, the longest of which terminates in 2116. The Company also entered into extensions of certain whisky supply arrangements with affiliates of Hiram in connection with the extension of such licenses.

Gross Profit

Gross profit increased to $41.7 million in Second Quarter 1994 from $17.7 million in Second Quarter 1993, an increase of $24.0 million, or approximately 136%. This increase in gross profit resulted from the inclusion of Barton's and Vintners' operations into those of the Company. Gross profit as a percentage of net sales decreased to 29.8% in Second Quarter 1994 from 30.1% in Second Quarter 1993. The Company's gross margin decreased primarily as a result of the inclusion of Barton's operations into those of the Company, which was partially offset by higher gross margins associated with the Company's operation of the Vintners' assets.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to $28.0 million in Second Quarter 1994 from $11.4 million in Second Quarter 1993, an increase of $16.6 million, or approximately 145%. This increase resulted from the inclusion of Barton's and Vintners' selling, general and administrative expenses into the Company's and higher advertising and promotional spending on brands of the Company owned prior to the Barton and Vintners Acquisitions.

Interest Expense, Net

Interest expense, net increased to $4.5 million in Second Quarter 1994 from $1.5 million in Second Quarter 1993, an increase of $3.0 million. This increase principally resulted from financing activities related to the Vintners Acquisition and Barton Acquisition.

Net Income

Net income increased to $5.7 million in Second Quarter 1994 from $3.0 million in Second Quarter 1993, an increase of $2.8 million, or 94.0%. This increase resulted primarily from the inclusion of the operations of Barton and Vintners into those of the Company.

Six Months Ended February 28, 1994 ("First Half of Fiscal 1994") Compared to Six Months Ended February 28, 1993 ("First Half of Fiscal 1993")

Net Sales

Net sales for the First Half of Fiscal 1994 increased to $294.5 million from $129.9 million for the First Half of Fiscal 1993, an increase of $164.6 million, or approximately 127%. This increase resulted from the inclusion of $118.7 million of Barton's net sales during the First Half of Fiscal 1994 and $53.5 million of net sales of Vintners' products from October 15, 1993, the date of the Vintners Acquisition. Excluding the impact of the Barton and Vintners Acquisitions, the Company's net sales decreased $7.6 million, or 5.9%, when compared to the same period a year ago. This was principally due to a decrease in net sales of the Company's non-branded products, specifically grape juice concentrate, and to lower sales of the Company's dessert wines.

Wine

For purposes of computing the comparative data for the Company's branded wine products set forth below, sales of branded wine products acquired from Vintners have been included in the First Half of 1994 from October 15, 1993 (the date of the Vintners Acquisition) through February 28, 1994, and included for the same period during the First Half of 1993 prior to the Vintners Acquisition.

Net sales and unit volume of the Company's branded wine products for the First Half of Fiscal 1994 declined 6.2% and 7.8%, respectively, as compared to the same period a year ago. Net sales of the Company's branded products declined less than unit volume due to higher prices of certain brands and a favorable change in product mix. These decreases were due to lower sales of branded wine products acquired from Vintners and, to a lesser extent, to lower sales of the Company's branded wine products, exclusive of branded wine products acquired from Vintners.

Net sales and unit volume of the Company's varietal table wine brands for the First Half of Fiscal 1994 increased 3.7% and 8.8%, respectively, reflecting increases in substantially all of the Company's varietal table wine brands exclusive of varietal table wine brands acquired from Vintners which declined significantly. Net sales and unit volume of the Company's generic table wine brands for the same period were down 8.0% and 7.6%, respectively, principally due to lower sales of generic table wine brands acquired from Vintners. Net sales and unit volume of sparkling wine brands decreased 1.8% and 3.3%, respectively, principally due to lower sales of sparkling wine brands acquired from Vintners. Excluding sales of sparkling wine brands acquired from Vintners, the Company's sales of sparkling wine brands were up slightly while unit volume was down slightly. Net sales and unit volume of the Company's dessert wine brands were down 13.3% and 15.6%, respectively, in First Half of Fiscal 1994 versus the same period a year ago. The Company's net sales and unit volume of dessert wine brands have declined over the last three years. These declines can be attributed to a general decline in dessert wine consumption in the United States. During the First Half of Fiscal 1994, net sales of branded dessert wines constituted less than 12% of the Company's overall net sales.

Imported Beer

Net sales and unit volume of the Company's beer brands for the First Half of Fiscal 1994 increased by 11.6% and 13.0%, respectively, when compared to Barton's net sales and unit volume for the same period a year ago, which was prior to the Barton Acquisition. These increases resulted primarily from increased sales of the Company's Corona Extra brand and other Mexican beer brands, and increased sales of its St. Pauli Girl brand. The Company's new agreement to distribute Corona Extra and its other Mexican beer brands expires in December 1998. (See discussion under Imported Beer -- Second Quarter 1994 compared to Second Quarter 1993.)

Spirits

Net sales and unit volume of the Company's spirits case goods for the First Half of Fiscal 1994 were down 1.4 % and up slightly, respectively, as compared to Barton's net sales and unit volume for the same period a year ago. This decrease in net sales was primarily due to lower net sales of the Company's aged whiskey (i.e., bourbon and Scotch brands), which was offset in large part by increased net sales of the Company's liqueur and blended whiskey brands. The Company also had increased net sales of its tequila and rum brands.

Gross Profit

Gross profit increased to $86.3 million in the First Half of Fiscal 1994 from $39.2 million in the First Half of Fiscal 1993, an increase of $47.1 million, or approximately 120%. This increase in gross profit resulted from the inclusion of Barton's and Vintners' operations into the Company's. Gross profit as a percentage of net sales decreased to 29.3% in the First Half of Fiscal 1994 from 30.2% in the First Half of Fiscal 1993. The Company's gross margin decreased primarily as a result of the inclusion of Barton's and Vintners' operations into the Company.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to $59.7 million in the First Half of Fiscal 1994 from $25.7 million in the First Half of Fiscal 1993, an increase of $33.9 million, or approximately 132%. This increase resulted from the inclusion of Barton's and Vintners' selling, general and administrative expenses into the Company's and higher advertising and promotional spending on brands of the Company owned prior to the Barton and Vintners Acquisitions.

Interest Expense, Net

Interest expense, net increased to $8.3 million in the First Half of Fiscal 1994 from $2.9 million in the First Half of Fiscal 1993, an increase of $5.4 million. This increase principally resulted from financing activities related to the Vintners Acquisition and Barton Acquisition.

Net Income

Net income increased to $11.4 million in the First Half of Fiscal 1994 from $6.6 million in the First Half of Fiscal 1993, an increase of $4.8 million, or approximately 74%. This increase resulted primarily from the inclusion of the operations of Barton and Vintners into those of the Company.

Financial Liquidity and Capital Resources

The Company's principal use of cash in its operating activities is for purchasing and carrying inventory of raw materials and finished goods. The Company's primary source of liquidity has historically been cash flow from operations, except during the annual fall grape harvest when the Company has relied on short-term borrowings. The annual grape crush normally begins in August and runs through November. The Company generally begins purchasing grapes in August with payments for such grapes beginning to come due in September. The Company's short-term borrowings to support such purchases generally reach their highest levels in November or December. Historically, the Company has used cash flow from operations to repay its short-term borrowings. The Company believes that as a result of the Vintners Acquisition, and to a lesser extent, the Barton Acquisition, it will have increased short-term borrowing needs.

A description of the Company's credit facility and other indebtedness is provided in Note 5 to the Company's financial statements in Part 1 of this report.

Working Capital Requirements

As of February 28, 1994 the Company's Current Assets and Liabilities increased from August 31, 1993 due in large part to the Vintners Acquisition. Net of the effect of the Vintners Acquisition, but including changes since the date of that Acquisition, current assets decreased principally as a result of normal seasonal sales trends resulting in lower accounts receivable and inventory levels. Current Liabilities similarly decreased due primarily to a decrease in accounts payable associated with the grape harvest offset by increased short-term borrowings to partially fund those payments. As of February 28, 1994, $51 million was outstanding under the revolving loans under the Company's credit facility and $41 million was available to be drawn down by the Company.

As part of the consideration for Barton, the Company agreed to make payments to the former stockholders of Barton ("Barton Stockholders") of up to an aggregate of $57.3 million which are payable to the Barton Stockholders over a three-year period upon the satisfaction of certain performance goals. The first payment of $4.0 million was paid to the Barton Stockholders on December 31, 1993. The remaining payments are as follows: (i) up to $28.3 million is to be made on December 30, 1994; (ii) up to $10.0 million is to be made on November 30, 1995; and (iii) up to $15.0 million is to be made on November 29, 1996. With respect to the performance goals for the December 30, 1994 payment, Barton has satisfied some but not all of the goals. If Barton satisfies the remaining goals the entire $28.3 million will be due the Barton Stockholders on December 30, 1994. Such payment obligations are secured in part by a $28.2 million letter of credit issued under the Company's credit facility and are subject to acceleration in certain events.

As part of the acquisition of Vintners, the Company held back from the Cash Consideration approximately 10% of the then estimated net current assets of Vintners purchased by the Company. Final determination of the net current asset amount is expected to occur prior to the end of the Company's 1994 fiscal year. If the finally determined net current asset amount exceeds the closing estimate, $8.4 million plus such excess will be paid by the Company. If the finally determined net current asset amount is less than the closing estimate, $8.4 million minus the deficiency will be paid by the Company. See Note 5 to the Company's financial statements in Part 1 of this report. The Company expects that the amount to be paid will not exceed $7.7 million. Such amount will be deposited into an escrow account established to reimburse the Company for any indemnification claims arising out of the Vintners Acquisition. As of February 28, 1994, no adjustment to the established escrow was required and the Final Net Current Asset Amount has not been determined.

On February 4, 1994, the Company paid $5.1 million to Hiram Walker & Sons, Inc. for the extension of licenses to use the brand names Ten High Bourbon Whiskey, Lauder's Scotch Whisky, Northern Light Blended Canadian Whisky and certain other spirits brands, for varying periods, the longest of which terminates in 2116. This payment was funded from cash flows from operations. Capital expenditures for property, plant and equipment during fiscal 1994 are not expected to vary materially from amounts expended in fiscal 1993.

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

Financing Activities

During the six months ended February 28, 1994, the Company completed the acquisition of Vintners. The cash portion of the purchase price was funded by revolving loans associated with the 1993 harvest and a $130 million subordinated bank loan (the "Subordinated Bank Loan"). On December 27, 1993, the public offering and sale of the Company's 8.75% Senior Subordinated Notes (the "Notes") was completed, the proceeds of which, together with additional borrowings under the Company's credit facility, were used to repay in full the Subordinated Bank Loan. A description of the Notes is set forth in Note 5 to the Company's financial statements in Part 1 of this report. Such description is qualified in its entirety by reference to the complete text of the Indenture covering the Notes, a copy of which has been filed with the Securities and Exchange Commission.

In addition, the Company called its 7% Convertible Subordinated Debentures Due 2011 for redemption on November 19, 1993. Prior to such redemption substantially all of the convertible debentures were converted into shares of the Company's Class A Common Stock.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

At the Company's Annual Meeting of Stockholders held on January 20, 1994 (the "Annual Meeting"), the holders of the Company's Class A Common Stock (the "Class A Stock"), voting as a separate class, elected management's slate of director nominees designated to be elected by the holders of the Class A Stock and the holders of the Company's Class B Convertible Common Stock (the "Class B Stock"), voting as a separate class, elected management's slate of director nominees designated to be elected by the holders of the Class B Stock. In addition, at the Annual Meeting, the holders of Class A Stock and the holders of Class B Stock, voting together as a single class, (i) approve and ratified Amendment Nos. 3 and 4 to the Company's Stock Option and Stock Appreciation Right Plan (the "Stock Option and SAR Plan") and (ii) approved and ratified the selection of Arthur Andersen & Co., Certified Public Accountants, as the Company's independent auditors for the fiscal year ending August 31, 1994.

Amendment No. 3 to the Stock Option and SAR Plan (a) increased the number of shares of the Company's Class A Common Stock available for the grant of stock options and stock appreciation rights ("SARs") to a maximum of 2,000,000 and (b) allowed the Company to grant conditional options under the Stock Option and SAR Plan. Amendment No. 4 increased the number of shares of Class A Common Stock available for the grant of options and SARs to a maximum of 3,000,000.

Set forth below is the number of votes cast for, against or withheld, as well as the number of abstentions, as applicable, as to the foregoing matters.

I. The balloting for the election of Directors of the Company resulted as follows:

Directors Elected By Class A Stockholders:
James Locke, III:
For: 5,731,476; Withheld: 55,401

George Bresler:
For: 5,731,476; Withheld: 55,401

Directors Elected By Class B Stockholders:

Marvin Sands
For: 28,394,870; Withheld: 297,100

Richard Sands:
For: 28,392,170; Withheld: 299,800
Ellis Goodman:
For: 28,394,870; Withheld: 297,100

Robert Sands:
For: 28,394,870; Withheld: 297,100

Bertram Silk:
For: 28,394,870; Withheld: 297,100

Sir Harry Solomon:
For: 28,394,870; Withheld: 297,100

II. The proposal submitted to the stockholders to approve and ratify Amendment Nos. 3 and 4 to the Company's Stock Option and Stock Appreciation Right Plan was adopted by the following vote:

For:	30,262,673
Against:	4,191,511
Abstain:	24,663

III. The proposal submitted to the stockholders to approve and ratify the selection of Arthur Andersen & Co. as the Company's independent auditors for the fiscal year ending August 31, 1994 was adopted by the following vote:

For:	34,414,227
Against:	58,056
Abstain:	6,564

Item 5. Other Information

As discussed in Item 2 of Part I of this Report, on March 31, 1994 the Company entered into a new agreement under which it will continue importing, marketing and distributing certain Mexican beers. With respect to this matter, on March 31, 1994, the Company issued the following press release:

"Canandaigua Wine Company, Inc. (`Canandaigua') (NASDAQ: WINE A, WINE B) announced today that its Barton Beers, Ltd. division (`Barton') has entered into a new agreement under which it will continue importing, marketing and distributing Corona Extra, the No. 2 Imported Beer in the U.S. market, Corona Light, Coronita, Negra Modelo, Modelo Especial and Pacifico Beers in 25 primarily western states of the United States. The new agreement has a term of five years, and contains substantially similar provisions as the previous agreements.

Ellis Goodman, Chief Executive Officer Beers and Spirits of Canandaigua said, `We are gratified by the continued confidence which has been placed in Barton by Cerveceria Modelo S.A. de C.V. Corona's parent company, and are proud of our 15-year association with these brands, which are the most popular and successful Mexican consumer products sold in the United States. We believe our strong sales, marketing and promotional efforts will continue to drive the success of these brands.'

Canandaigua Wine Company, Inc. is the second largest supplier of wines, fourth largest importer of beers and eighth largest supplier of distilled spirits in the United States. The Company's principal brands include Corona beer,

Richards Wild Irish Rose wines, Paul Masson wines, Taylor California Cellars wines, Cook's sparkling wines, St. Pauli Girl beer, Cisco wines, Cribari wines, Manischewitz wines, Barton gin and vodka, Tsingtao beer, Ten High bourbon and Montezuma tequila."

Item 6. Exhibits and Reports on Form 8-K

(a) See Index to Exhibits located on Page 30 of this Report.
(b) The following Current Report on Form 8-K/A was filed with the Securities and Exchange Commission during the quarter ended February 28, 1994:

During December 1993 the Company filed Form 8-K/A dated October 15, 1993 (Amendment No. 2). This Form 8-K/A amended the Form 8-K dated October 15, 1993 and reported information under Item 7 (Financial Statements, Pro Forma Financial Information and Exhibits). This Form 8-K/A did not amend any financial statements previously filed; the sole purpose for filing this Form 8-K/A was to include a Consent of Ernst & Young, Independent Auditors.

SIGNATURES

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

CANANDAIGUA WINE COMPANY, INC.

Dated: April 11, 1994 By:/s/ Richard Sands
____
Richard Sands, President and
Chief Executive Officer

Dated: April 11, 1994 By:/s/ Lynn K. Fetterman
____
Lynn K. Fetterman, Senior
Vice President, Chief
Financial Officer and
Secretary (Principal
Financial Officer and
Principal Accounting Officer)

SUBSIDIARIES

Batavia Wine Cellars, Inc.

Dated: April 11, 1994 By:/s/ Richard Sands
____
Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Lynn K. Fetterman
____
Lynn K. Fetterman, Secretary
and Treasurer (Principal
Financial Officer and
Principal Accounting Officer)

Bisceglia Brothers Wine Co.

Dated: April 11, 1994 By:/s/ Richard Sands
____
Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Lynn K. Fetterman
____

Lynn K. Fetterman, Secretary
(Principal Financial Officer
and Principal Accounting
Officer)

California Products Company

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Lynn K. Fetterman

Lynn K. Fetterman, Secretary
(Principal Financial Officer
and Principal Accounting
Officer)

Guild Wineries & Distilleries, Inc.

Dated: April 11, 1994 By:/s/ Chris Kalabokes

Chris Kalabokes, Chief
Executive Officer

Dated: April 11, 1994 By:/s/ Lynn K. Fetterman

Lynn K. Fetterman, Secretary
and Treasurer (Principal
Financial Officer and
Principal Accounting Officer)

Tenner Brothers, Inc.

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Lynn K. Fetterman

Lynn K. Fetterman, Secretary
(Principal Financial Officer
and Principal Accounting
Officer)

Widmer's Wine Cellars, Inc.

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Lynn K. Fetterman

Lynn K. Fetterman, Secretary
(Principal Financial Officer
and Principal Accounting
Officer)

Barton Incorporated

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Raymond E. Powers

Raymond E. Powers, Executive
Vice President (Principal
Financial Officer and
Principal Accounting Officer)

Barton Brands, Ltd.

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Raymond E. Powers

Raymond E. Powers, Executive
Vice President-Finance
(Principal Financial Officer
and Principal Accounting
Officer)

Barton Beers, Ltd.

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Norman R. Goldstein

Norman R. Goldstein,
Treasurer (Principal
Financial Officer and
Principal Accounting Officer)

Barton Brands of California, Inc.

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Norman R. Goldstein

Norman R. Goldstein,
Treasurer (Principal
Financial Officer and
Principal Accounting Officer)

Barton Brands of Georgia, Inc.

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Norman R. Goldstein

Norman R. Goldstein,
Treasurer (Principal
Financial Officer and
Principal Accounting Officer)

Barton Distillers Import Corp.

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Norman R. Goldstein

Norman R. Goldstein,
Treasurer (Principal
Financial Officer and
Principal Accounting Officer)

Barton Financial Corporation

Dated: April 11, 1994 By:/s/ Norman R. Goldstein

Norman R. Goldstein,
President and Treasurer
(Principal Financial Officer
and Principal Accounting
Officer)

Stevens Point Beverage Co.

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Norman R. Goldstein

Norman R. Goldstein,
Treasurer (Principal
Financial Officer and
Principal Accounting Officer)

Monarch Wine Company, Limited
Partnership

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President
Barton Management, Inc.,
General Partner

Dated: April 11, 1994 By:/s/ Norman R. Goldstein

Norman R. Goldstein, Vice
President and Treasurer,
Barton Management, Inc.,
General Partner (Principal
Financial Officer and
Principal Accounting Officer)

Barton Management, Inc.

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, Vice President

Dated: April 11, 1994 By:/s/ Norman R. Goldstein

Norman R. Goldstein, Vice
President and Treasurer
(Principal Financial Officer
and Principal Accounting
Officer)

Vintners International Company,
Inc.

Dated: April 11, 1994 By:/s/ Richard Sands

Richard Sands, President

Dated: April 11, 1994 By:/s/ Lynn K. Fetterman

Lynn K. Fetterman, Secretary
and Treasurer (Principal
Financial Officer and
Principal Accounting Officer)

INDEX TO EXHIBITS

(2) Plan of acquisition, reorganization, arrangement, liquidation or succession.
   (a) Asset Sale Agreement between Vintners International Company, Inc. and Canandaigua Wine Company, Inc. dated September 14, 1993 (including a list briefly identifying the contents of all omitted exhibits and schedules thereto), is incorporated herein by reference to Exhibit 2(a) to the Company's Current Report on Form 8-K, dated October 15, 1993.
   (b) 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 Canandaigua Wine Company, Inc., is incorporated herein by reference to Exhibit 2(b) to the Company's Current Report on Form 8-K, dated October 15, 1993.
   (c) 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 Canandaigua Wine Company, Inc. is set forth in Exhibit 2.1 on page 33 of this Report.
   (d) Amendment No. 1 dated as of October 15, 1993 to Amendment and Restatement dated as of June 29, 1993 among Canandaigua Wine Company, Inc., its Subsidiaries and certain banks for which The Chase Manhattan Bank (National Association) acts as agent (including a list briefly identifying the contents of all omitted exhibits and schedules thereto), is incorporated herein by reference to Exhibit 2(c) to the Company's Current Report on Form 8-K, dated October 15, 1993.
   (e) Senior Subordinated Loan Agreement dated as of October 15, 1993 among Canandaigua Wine Company, Inc., its Subsidiaries and certain banks for which The Chase Manhattan Bank (National Association) acts as agent (including a list briefly identifying the contents of all omitted exhibits and schedules thereto), is incorporated herein by reference to Exhibit 2(d) to the Company's Current Report on Form 8-K, dated October 15, 1993.

(4) Instruments defining the rights of security holders, including indentures.
   (a) Indenture dated as of December 27, 1993 among Canandaigua Wine Company, Inc., its Subsidiaries and Chemical Bank (filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1993 and incorporated herein by reference).

(10) Material Contracts
   (a) The Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Appendix B of the Canandaigua Wine Company, Inc. Definitive Proxy Statement dated December 23, 1987 and incorporated herein by reference).
   (b) Amendment No. 1 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1992 and incorporated herein by reference).
   (c) Amendment No. 2 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 28 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 1992 and incorporated herein by reference).
   (d) Amendment No. 3 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).
   (e) Amendment No. 4 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (filed as Exhibit 10.1 to the Company's Quarterly Report on Form

10-Q for the fiscal quarter ended November 30, 1993 and incorporated herein by reference).

(f) Amendment No. 5 to the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan is set forth in Exhibit 10.1 on page 36 of this Report.

(g) Employment Agreement between Barton Incorporated and Ellis M. Goodman dated as of October 1, 1991 as amended by Amendment to Employment Agreement between Barton Incorporated and Ellis M. Goodman dated as of June 29, 1993 (filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).

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

(i) Ellis M. Goodman Split Dollar Insurance Agreement (filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).

(j) Barton Brands, Ltd. Deferred Compensation Plan (filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1993 and incorporated herein by reference).

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

(l) Amendment and Restatement dated as of June 29, 1993 of Credit Agreement among Canandaigua Wine Company Inc., its Subsidiaries and certain banks for which The Chase Manhattan Bank (National Association) acts as agent (filed as Exhibit 2(b) to the Company's Current Report on Form 8-K dated June 29, 1993 and incorporated herein by reference).

(m) Amendment No. 1 dated as of October 15, 1993 to Amendment and Restatement dated as of June 29, 1993 of Credit Agreement among Canandaigua Wine Company, Inc., its Subsidiaries and certain banks for which The Chase Manhattan Bank (National Association) acts as agent (filed as Exhibit 2(c) to the Company's Current Report on Form 8-K dated October 15, 1993 and incorporated herein by reference).

(n) Senior Subordinated Loan Agreement dated as of October 15, 1993 among Canandaigua Wine Company, Inc., its Subsidiaries and certain banks for which The Chase Manhattan Bank (National Association) acts as Agent (filed as Exhibit 2(d) to the Company's Current Report on Form 8-K dated October 15, 1993 and incorporated herein by reference).

(11) Statement re computation of per share earnings.
Computation of per share earnings is set forth in Exhibit 11 on page 38 of this Report.

(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.
Not applicable.

(99) Additional Exhibits.
Not applicable.

Exhibit 2.1

AMENDMENT NO. 2 TO ASSET SALE AGREEMENT

AMENDMENT NO. 2 dated as of January 18, 1994 to ASSET SALE AGREEMENT dated as of September 14, 1993, as amended (the "Agreement"), by and between NEW VICI, INC. (formerly named Vintners International Company, Inc.), a Delaware corporation, and VINTNERS INTERNATIONAL COMPANY, INC. (formerly named Canandaigua/Vintners Acquisition Corp.), a New York corporation and the assignee of CANANDAIGUA WINE COMPANY, INC., a Delaware corporation (capitalized terms not otherwise defined herein shall have the meanings designated in the Agreement);

W I T N E S S E T H:

WHEREAS, the parties hereto desire to amend certain schedules to the Agreement in certain respects;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Schedules.

(a) Schedule 1(a)(i), Owned and Leased Real Property, to the Agreement is hereby amended as follows:

(i) by amending item 4 of Section A in its entirety to read as follows:

"4. Order Number 503751D dated as of July 20, 1993 (CA), consisting of Parcel 1, County of Monterey, State of California, as shown on the map filed November 18, 1988, in the Office of the County Recorder of said County in Volume 17 of Parcel maps, Page 142 (Parcel 1, North side of Metz Road)."

(ii) by amending item 3 of SCHEDULE A to the Chicago Title Company Title Report having Order No. 503751D in its entirety to read as follows:

"3. The land referred to in this report is situated in the State of California, County of Monterey and is described as follows:

Parcel 1, County of Monterey, State of California, as shown on the map filed November 18, 1988, in the office of the County Recorder of said County in Volume 17 of Parcel Maps, Page 142.A.P. No. 022-281-009"

(b) Schedule 20, Permitted Encumbrances, is hereby amended by amending item 1.d. under the title "Owned Properties" in its entirety to read as follows:

"Order Number 503751D dated as of July 20, 1993 (CA), consisting of Parcel 1, County of Monterey, State of California, as shown on the map filed November 18, 1988, in the office of the County Recorder of said County in Volume 17, of Parcel Maps, Page 142 (Parcel 1, North Side of Metz Road). The Permitted Encumbrances which affect this Parcel are Items 1 through 15 of Schedule B EXCEPT FOR ITEMS 4 (Deed of Trust), 8 (Financing Statement with Changes), 9 (Deed of Trust with Modifications), 10 (Financing Statement with Changes), 11 (Financing Statement with Changes), 12 (Deed of Trust with Modifications), all of which are to be released at Closing."

2. Full Force and Effect. Except as specifically modified herein, the Agreement remains in full force and effect. No reference to this Amendment No. 2 need be made in any instrument or document making reference to the Agreement, any reference to the Agreement in any such instrument or document to be deemed a reference to the Agreement as amended hereby.

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

NEW VICI, INC.

By: /s/ Michael I. Gerdes
Michael I. Gerdes
President

VINTNERS INTERNATIONAL COMPANY, INC.
(a New York corporation)

By: /s/ Richard Sands
Richard Sands
President

Consented and Agreed to:

CANANDAIGUA WINE COMPANY, INC.

By: /s/ Robert Sands
Robert Sands
Vice President and General Counsel

Exhibit 10.1

Amendment No. 5
To The
Canandaigua Wine Company, Inc.
Stock Option And Stock Appreciation Right Plan

Pursuant to Paragraph 15 of the Canandaigua Wine Company, Inc. Stock Option and Stock Appreciation Right Plan (the "Plan"), the Board of Directors hereby amends the Plan, effective upon the date hereof, as set forth below.

Paragraph 17 of the Plan is hereby amended and restated in its entirety as follows:

> 17. Administration. The Plan shall be administered by the Committee as it may be constituted from time to time. The Committee shall consist of at least two members of the Board selected by the Board, all of whom shall be Disinterested Persons. A Disinterested Person for purposes of the Plan is one who is not, during the one-year period prior to service on the Committee, or during such service, granted or awarded equity securities pursuant to the Plan or pursuant to any other plan of the Company. Decisions of the Committee concerning the interpretation and construction of any provisions of the Plan or of any option or SAR granted pursuant to the Plan shall be final. The Company shall effect the grant of options and SARs under the Plan in accordance with the decisions of the Committee, which may, from time to time, adopt rules and regulations for carrying out the Plan. For purposes of the Plan, an option or an SAR shall be deemed to be granted when the written agreement for the same is signed on behalf of the Company by its duly authorized officer or representative. Subject to the express provisions of the Plan, the Committee shall have the authority, in its discretion and without limitation: to determine the individuals to receive options and SARs, whether an option is intended to be an incentive stock option or a non-statutory stock option, the times when such individuals shall receive such options or SARs, the number of

Shares to be subject to each option or SAR, the term of each option or SAR, the date when each option or SAR shall become exercisable, or when each SAR will mature, whether an option or SAR shall be exercisable or mature in whole or in part in installments, the form in which payment of an SAR will be made (i.e., cash, Shares, or any combination thereof), the number of Shares to be subject to each installment, the date each installment shall become exercisable or mature, the term of each installment and the option price of each option, to accelerate the date of exercise of any option or SAR or installment thereof, and to make all other determinations necessary or advisable for administering the Plan.

IN WITNESS WHEREOF, Canandaigua Wine Company, Inc. has caused the instrument to be executed on February 10, 1994.

CANANDAIGUA WINE COMPANY, INC.

By: /s/ Richard Sands
____

Its: President

<TABLE>

EXHIBIT 11

CANANDAIGUA WINE COMPANY, INC. AND SUBSIDIARIES

COMPUTATION OF NET INCOME PER COMMON SHARE

FOR THE QUARTERS ENDED FEBRUARY 28, 1994 AND FEBRUARY 28, 1993

<S>	February 28, 1994		February 2	
Net income per common equivalent share:	Primary <C>	Fully Diluted <C>	Primary <C>	Fully Dilut <C>
Net income available to common shares	$5,741,233	$5,741,233	$2,951,847	$2,951,8
Adjustments:				
Assumed exercise of convertible debt	-----	-----	-----	651,0
Net income available to common and common equivalent shares	$5,741,233	$5,741,233	$2,951,847	$3,602,8
Shares:				
Weighted average common shares outstanding	15,948,785	15,948,785	11,638,649	11,638,6
Adjustments:				
(1) Assumed exercise of stock options	180,251	180,251	-----	---
(2) Assumed exercise of convertible debt	-----	-----	-----	3,293,0
(3) Assumed exercise of incentive stock options	246,360	246,360	140,573	140,5
Total shares	16,375,396	16,375,396	11,779,222	15,072,3
Net income per common share	$.35	$.35	$.25	$.24

</TABLE>