FORM 8-K

Current report filing

Filing Date: **1999-06-21** | Period of Report: **1999-06-04**
SEC Accession No. 0000901309-99-000118

FILER

CANANDAIGUA BRANDS INC
CIK:**16918**| IRS No.: **160716709** | State of Incorp.:**DE** | Fiscal Year End: **0228**
Type: **8-K** | Act: **34** | File No.: **000-07570** | Film No.: **99649800**
SIC: **2080** Beverages

Mailing Address
300 WILLOWBROOK OFFICE PARK
FAIRPORT NY 14450

Business Address
300 WILLOWBROOK OFFICE PARK
FAIRPORT NY 14450
716-218-2169

BATAVIA WINE CELLARS INC
CIK:**914160**| IRS No.: **161222994** | State of Incorp.:**NY** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **033-70824-01** | Film No.: **99649801**

Mailing Address
116 BUFFALO
CANANDAIGUA NY 14424

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
7163947900

BARTON INC
CIK:**914167**| IRS No.: **363185921** | State of Incorp.:**DE** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **033-70824-07** | Film No.: **99649802**

Mailing Address
116 BUFFALO ST
CANANDAIGUA NY 14424

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
7163947900

BARTON BRANDS LTD /DE/
CIK:**914168**| IRS No.: **362855879** | State of Incorp.:**MD** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **033-70824-08** | Film No.: **99649803**

Mailing Address
116 BUFFALO
CANANDAIGUA NY 14424

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
7163947900

BARTON BEERS LTD
CIK:**914169**| IRS No.: **061048198** | State of Incorp.:**CT** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **033-70824-09** | Film No.: **99649804**

Mailing Address
116 BUFFALO
CANANDAIGUA NY 14424

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
7163947900

BARTON BRANDS OF CALIFORNIA INC
CIK:**914171**| IRS No.: **581215938** | State of Incorp.:**GA** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **033-70824-10** | Film No.: **99649805**

Mailing Address
116 BUFFALO
CANANDAIGUA NY 14424

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
7163947900

BARTON BRANDS OF GEORGIA INC
CIK:**914172**| IRS No.: **131794441** | State of Incorp.:**NY** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **033-70824-11** | Film No.: **99649806**

Mailing Address
116 BUFFALO
CANANDAIGUA NY 14424

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
7163947900

BARTON DISTILLERS IMPORT CORP
CIK:**914173**| IRS No.: **510311795** | State of Incorp.:**DE** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **033-70824-12** | Film No.: **99649807**

Mailing Address
116 BUFFALO
CANANDAIGUA NY 14424

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
7163947900

BARTON FINANCIAL CORP

CIK:**914174**| IRS No.: **390638900** | State of Incorp.:**WI** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **033-70824-13** | Film No.: **99649808**

Mailing Address
116 BUFFALO
CANANDAIGUA NY 14424

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
7163947900

STEVENS POINT BEVERAGE CO

CIK:**914175**| IRS No.: **390638900** | State of Incorp.:**WI** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **033-17673-13** | Film No.: **99649809**
SIC: **2080** Beverages

Mailing Address
116 BUFFALO
CANANDAIGUA NY 14424

Business Address
116 BUFFALO STREET
CANANDAIGUA NY 14424
7163947900

MONARCH IMPORT CO

CIK:**914179**| IRS No.: **363539106** | State of Incorp.:**IL** | Fiscal Year End: **0228**
Type: **8-K** | Act: **34** | File No.: **033-70824-16** | Film No.: **99649810**
SIC: **2080** Beverages

Mailing Address
116 BUFFALO
17TH FLOOR
CANANDAIGUA NY 14424

Business Address
235 N BLOOMFIELD RD
CANANDAIGUA NY 14424
7163947900

CANANDAIGUA WINE CO INC /NY/

CIK:**928683**| IRS No.: **161462887** | State of Incorp.:**NY** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **033-70824-19** | Film No.: **99649811**
SIC: **2080** Beverages

Mailing Address
116 BUFFALO
CANANDAIGUA NY 14424

Business Address
235 NORTH BLOOMFIELD ROAD
CANANDAIGUA NY 14424
7163947900

VIKING DISTILLERY INC

CIK:**1028294**| IRS No.: **582183528** | State of Incorp.:**GA** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **333-17673-18** | Film No.: **99649812**
SIC: **2080** Beverages

Mailing Address
235 NORTH BLOOMFIELD ROAD
CANANDAIGUA NY 14424

Business Address
235 NORTH BLOOMFIELD ROAD
CANANDAIGUA NY 14424
7163934130

CANANDAIGUA EUROPE LTD

CIK:**1051699**| IRS No.: **161195581** | State of Incorp.:**NY** | Fiscal Year End: **0228**
Type: **8-K** | Act: **34** | File No.: **333-40571-13** | Film No.: **99649813**
SIC: **2080** Beverages

Mailing Address
235 NORTH BLOOMFIELD ROAD
CANANDAIGUA NY 14424

Business Address
235 NORTH BLOOMFIELD ROAD
CANANDAIGUA NY 14424
7163934130

ROBERTS TRADING CORP

CIK:**1051701**| IRS No.: **160865491** | State of Incorp.:**NY** | Fiscal Year End: **0228**
Type: **8-K** | Act: **34** | File No.: **333-40571-14** | Film No.: **99649814**
SIC: **2080** Beverages

Mailing Address
235 NORTH BLOOMFIELD ROAD
CANANDAIGUA NY 14424

Business Address
235 NORTH BLOOMFIELD ROAD
CANANDAIGUA NY 14424
7163934130

POLYPHENOLICS INC

CIK:**1073188**| IRS No.: **161546354** | State of Incorp.:**NY** | Fiscal Year End: **0228**
Type: **8-K** | Act: **34** | File No.: **333-67037-15** | Film No.: **99649815**
SIC: **2080** Beverages

Mailing Address
300 WILLOWBROOK OFFICE PARK
FAIRPORT NY 14450

Business Address
433 AIRPORT BLVD
SUITE 403
BURLINGAME CA 94010
7163934130

CANANDAIGUA LTD

CIK:**1073189**| IRS No.: **161546354** | State of Incorp.:**NY** | Fiscal Year End: **0228**
Type: **8-K** | Act: **34** | File No.: **333-67037-16** | Film No.: **99649816**
SIC: **2080** Beverages

Mailing Address
300 WILLOWBROOK OFFICE PARK
FAIRPORT NY 14450

Business Address
200 ALDERSGATE STREET
LONDON ENGLAND
7163934130

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 4, 1999

COMMISSION FILE NUMBER 0-7570

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

300 WillowBrook Office Park, Fairport, New York 14450

(Address of principal executive offices) (Zip Code)

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

(Former name or former address, if changed since last report)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On June 4, 1999, Canandaigua Brands, Inc. (collectively with its affiliates, the "Company"), acquired all of the issued and outstanding shares of the capital stock of Franciscan Vineyards, Inc., a Delaware corporation ("FVI"), for an aggregate adjusted purchase price of $179.6 million. At the time of the closing of the stock purchase, FVI had outstanding debt, net of cash acquired, of approximately $28.9 million. The net debt included bank debt and accrued interest, obligations to FVI affiliates and option obligations, and was effectively assumed by the Company upon the acquisition of FVI's capital stock. In addition, the Company purchased vineyards, a winery, equipment and other vineyard related assets located in Northern California (collectively, the "Vineyards") for an aggregate purchase price of approximately $30.3 million.

The FVI stock was acquired directly or indirectly from FVI's six shareholders: Agustin Huneeus, the Vintner Chairman of FVI; his son Agustin Francisco Huneeus, a Vice President of FVI; three German partnerships owned and controlled by a German family group; and Jean-Michel Valette, FVI's President (collectively, the "Sellers"). The Vineyards were purchased from entities that are affiliated with the Sellers. Immediately prior to the acquisition transactions, FVI entered into an agreement to sell certain real property, sold its Quintessa brand and agreed to sell its Quintessa inventory, entered into a wine processing agreement with respect to the Quintessa brand, entered into distribution agreements with respect to the Quintessa and Veramonte brands, consented to the capital stock restructuring of certain of its affiliates, and entered into certain grape purchase contracts, in each case, with certain of the Sellers or their affiliates. FVI also entered into employment and consulting arrangements with certain Sellers who are key employees of FVI. In connection with the transactions, the Company also agreed to cause FVI to make a post-closing capital contribution of up to $3.2 million to an entity owned 70% by FVI and 30% by affiliates of certain of the Sellers.

The consideration for the transaction was determined on an arms-length basis through negotiations between the Sellers, the Company and their respective advisors. The purchase price for the FVI stock and Vineyards, as well as the post-closing capital contribution, was funded with proceeds from loans under a Second Amended and Restated Credit Agreement, dated as of May 12, 1999, and an Incremental Facility Loan Agreement (Series A), dated as of May 27, 1999, each among the Company, a syndicate of lenders and The Chase Manhattan Bank, as administrative agent for such lenders.

FVI and its subsidiaries own and operate vineyards and produce and distribute wines in the United States and Chile which sell in the super premium and ultra premium price categories. The principal brands owned or distributed by FVI and its subsidiaries include Franciscan Oakville Estate, Mt. Veeder,

Estancia, Veramonte and Quintessa. The Company intends to continue to operate the businesses of FVI and its subsidiaries.

Prior to the transactions described above, there was no material relationship between the Sellers or any other officers, directors or shareholders of FVI or its affiliates and the Company or any of its affiliates, any director or officer of the Company or any associate of any such director or officer.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(a) FINANCIAL STATEMENTS OF BUSINESS ACQUIRED. Not Applicable.

(b) PRO FORMA FINANCIAL INFORMATION. Not Applicable.

(c) EXHIBITS. See Index to Exhibits.

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 BRANDS, INC.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Senior Vice President and Chief Financial Officer

SUBSIDIARIES

BATAVIA WINE CELLARS, INC.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Treasurer

CANANDAIGUA WINE COMPANY, INC.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Treasurer

CANANDAIGUA EUROPE LIMITED

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Treasurer

CANANDAIGUA LIMITED

Dated: June 21, 1999

By: /s/ Thomas S. Summer

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

POLYPHENOLICS, INC.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President
and Treasurer

ROBERTS TRADING CORP.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, President
Treasurer

BARTON INCORPORATED

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President

BARTON BRANDS, LTD.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President

BARTON BEERS, LTD.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President

BARTON BRANDS OF CALIFORNIA, INC.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President

BARTON BRANDS OF GEORGIA, INC.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President

BARTON DISTILLERS IMPORT CORP.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President

BARTON FINANCIAL CORPORATION

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President

STEVENS POINT BEVERAGE CO.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President

MONARCH IMPORT COMPANY

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President

THE VIKING DISTILLERY, INC.

Dated: June 21, 1999

By: /s/ Thomas S. Summer

Thomas S. Summer, Vice President

INDEX TO EXHIBITS

(1) UNDERWRITING AGREEMENT

Not Applicable.

(2) PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION

2.1 Stock Purchase Agreement, dated April 21, 1999, between Franciscan Vineyards, Inc., Agustin Huneeus, Agustin Francisco Huneeus, Jean-Michel Valette, Heidrun Eckes-Chantre Und Kinder Beteiligungsverwaltung II, GbR, Peter Eugen Eckes Und Kinder Beteiligungsverwaltung II, GbR, Harald Eckes-Chantre, Christina Eckes-Chantre, Petra Eckes-Chantre and Canandaigua Brands, Inc. (including a list briefly identifying the contents of all omitted schedules thereto (filed herewith)). The Company will furnish supplementally to the Commission, upon request, a copy of any omitted schedule.

(4) INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

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

4.2 Second Amended and Restated Credit Agreement, dated as of May 12, 1999, between the Company, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (filed herewith).

4.3 Incremental Facility Loan Agreement, dated as of May 27, 1999, between between the Company, its principal operating subsidiaries, and certain banks for which The Chase Manhattan Bank acts as Administrative Agent (filed herewith).

(16) LETTER RE CHANGE IN CERTIFYING ACCOUNTANT

Not Applicable.

(17) LETTER RE DIRECTOR RESIGNATION

Not Applicable.

(20) OTHER DOCUMENTS OR STATEMENTS TO 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

None

STOCK PURCHASE AGREEMENT

Between

FRANCISCAN VINEYARDS, INC.
(a Delaware corporation)

Agustin Huneeus
Agustin Francisco Huneeus
Jean-Michel Valette
Heidrun Eckes-Chantre Und Kinder Beteiligungsverwaltung II, GbR
Peter Eugen Eckes Und Kinder Beteiligungsverwaltung II, GbR
Harald Eckes-Chantre,
Christina Eckes-Chantre and
Petra Eckes-Chantre

and

CANANDAIGUA BRANDS, INC.
(a Delaware corporation)

Dated: April 21, 1999

TABLE OF CONTENTS

Page

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (the "Agreement") is made as of April 21, 1999, among Agustin Huneeus, Agustin Francisco Huneeus, Jean-Michel Valette, Heidrun Eckes-Chantre Und Kinder Beteiligungsverwaltung II, GbR (formerly known as Heidrun Eckes-Chantre-Tabet Und Kinder Beteiligungsverwaltung II, GbR), and Peter Eugen Eckes Und Kinder Beteiligungsverwaltung II, GbR (the "Selling Shareholders") and Harald Eckes-Chantre, Christina Eckes-Chantre and Petra Eckes-Chantre (the "Selling Partners") (collectively with the Selling Shareholders, the "Sellers"), Franciscan Vineyards, Inc., a Delaware corporation (the "Company"), and Canandaigua Brands, Inc., a Delaware corporation ("Buyer").

BACKGROUND

The Company is engaged in producing wines which have a distinguished place in the wine market. The wines are produced primarily from grapes grown by

the Company and affiliates of the Sellers at facilities located in the most important wine producing regions in the State of California and in Chile (the "Business"). The Company's wines sell in the premium, super premium and ultra premium price categories. The principal brands sold by the Company are Franciscan, Mt. Veeder, Estancia, Veramonte and Quintessa. The Company's Chilean affiliates were among the first significant producers of premium grapes and wines in Chile's famed Casablanca Valley.

Buyer is engaged in the international production and marketing of wine, spirits and beer.

The Sellers and affiliates of the Company now desire to sell and transfer all of their ownership in the Company to the Buyer and to enter into ancillary agreements involving the sale and purchase of certain vineyards, the purchase of grapes, wine processing, distribution and joint ownership of certain corporations in Chile, along with other arrangements with Buyer pertaining to the Business. The Buyer desires to acquire the Business and to enter into these other agreements and arrangements. The Buyer further desires that the Business continue operating with the same vision, drive and direction currently guiding the Business.

Empresas Vitivincolas SA is a Chilean corporation owning and operating vineyards in Chile ("EVSA"). Alto de Casablanca SA is a Chilean corporation owning and operating the Veramonte winery ("ACSA"). Stonewall Canyon Vineyards, LLC, a California limited liability company ("SCV") and Eckes Properties, Inc., a California corporation ("EPI") own vineyards in Monterey County, Napa County and the Alexander Valley of Sonoma County, California and are affiliates of the Sellers.

Sellers are directly or indirectly the owners of all of the issued and outstanding shares of capital stock consisting of 10,198 shares of Class A and Class B common stock and 628,500 shares of Class C stock and 901,087 shares of preferred stock of the Company (collectively, the "Shares") and the Selling Partners are the owners of all partnership interests in PCH IV Eckes-Chantre Beteiligungsverwaltung GbR ("PCH IV") which holds certain of the Shares. In connection with the closing of the transactions contemplated by this Agreement, the holders of all options to acquire shares of common stock in the Company pursuant to stock option and stock purchase agreements ("Option Holders") will be bought out of their option rights by the Company in the form of a cashless exercise of their stock options. The Shares will be sold on the terms and conditions of this Agreement for a purchase price of $180,830,000.

At the same time as the acquisition of the Company is consummated, other arrangements involving the Buyer will be consummated as follows: (i) SCV and EPI will sell and Buyer will purchase certain vineyards and related vineyard assets of these two companies for a purchase price of $28,400,000, and at the same time SCV will distribute to the Company an amount equal to the Company's

basis in SCV as held by its MJ Lewis subsidiary, (ii) Huneeus-Chantre Properties LLC ("HCP") and the Company will modify the existing grape purchase contract by which the Company buys substantially all of the grapes grown on the Quintessa vineyards to provide for HCP or its affiliates to retain certain of these grapes but without changing the price terms of the agreement, (iii) H/Q Wines LLC ("H/Q Wines") and the Company will enter into a medium-term agreement whereby the Company will handle the vinification, aging, bottling and storage of Quintessa wines while H/Q Wines seeks to build or acquire its own facilities for these purposes, (iv) the Company will pay in cash all obligations which it owes to SCV, EPI, HCP, EVSA and ACSA, other intercompany obligations will be reconciled, and key executive loans from the Company will be repaid, (v) all of the outstanding Series A preferred stock of each of EVSA and ACSA, which stock is currently owned by the Company, will be converted to common stock of EVSA and ACSA at or prior to Closing, and the Company will acquire sufficient additional common stock of EVSA to achieve 70% ownership of both EVSA and ACSA and will enter into a shareholders agreement concerning each of these companies, (vi) the Company will enter into agreements with Agustin Huneeus, Jean-Michel Valette and Agustin Francisco Huneeus to assure their continued involvement in the Company after the Closing, (vii) ACSA and the Company will enter into an exclusive, worldwide distribution agreement in perpetuity with respect to the Veramonte brand providing an appropriate pricing mechanism and other terms, (viii) the shareholders of ACSA, EVSA and the parties to the ACSA Distribution Agreement will enter into a buy/sell agreement providing for certain parties to trigger a buy/sell arrangement with respect to ACSA and EVSA and the termination of the Distribution Agreement after a certain period, and (ix) the parties will negotiate in good

faith to enter into an agreement whereby H\Q Wines may acquire the Quintessa brand and inventory from the Company.

NOW, THEREFORE, in consideration of the premises and the mutual promises, representations, warranties and covenants contained herein, the parties hereto agree as follows:

1. PLAN OF ACQUISITION.

1.1 SALE AND PURCHASE OF SHARES. Subject to and upon the terms and conditions contained herein, at the closing provided for in Section 1.4 (Closing),

(a) the Selling Shareholders will sell and transfer to Buyer, and Buyer will purchase and accept delivery from Selling Shareholders, all of the Shares (other than the Shares held by PCH IV, which are addressed in paragraph 1.1(b) below); and

(b) the Selling Partners will sell and transfer to Buyer,

and Buyer will purchase and accept delivery from the Selling Partners, of assignment of all of the partnership interests in PCH IV (the "Partnership Interests").

1.2 PURCHASE PRICE AND PAYMENT.

(a) PURCHASE PRICE. Upon the terms and subject to the conditions contained in this Agreement, Buyer will purchase the Shares and the Partnership Interests from Sellers in cash in the aggregate amount of One Hundred Eighty Million and Eight Hundred Thirty Thousand Dollars ($180,830,000) (the "Purchase Price"), of which all will be paid at the Closing. The Purchase Price is to be allocated amongst the Sellers as shown in Exhibit 1.2(a) (Allocation of Purchase Price).

1.3 ADJUSTMENTS TO PURCHASE PRICE. At Closing, the Purchase Price shall be adjusted with respect to the following matters:

(a) reduced by 60% of an amount equal to aggregate cash bonuses not to exceed $4 million paid by the Company to non-option participants of Company in anticipation of the Closing; and

(b) if required, reduced by an amount not to exceed $9 million in accordance with ss.8.4 (Obligations of Sellers to Reduce Purchase Price), clause (b) of ss.4.7 (Environmental Matters) and subject to the rights of the parties to terminate this Agreement pursuant to clause (b) of ss.9.1(Methods of Termination); and

(c) reduced by an amount equal to the dollar amount expended by the Company in connection with the cashless exercise and cancellation of all rights of the Option Holders to acquire stock in the Company; and

(d) increased by the amount transferred to MJ Lewis Corp. by SCV pursuant to Section 6.4.

1.4 CLOSING. Upon the terms and subject to the conditions ontained in this Agreement, the Closing (the "Closing") shall take place at the offices of Farella Braun & Martel LLP, San Francisco, CA or such other place as the parties may mutually agree in writing no later than 10:00 a.m. on June 4, 1999 (the "Initial Closing Date"). If the conditions to Closing have not been met before the Initial Closing Date, either Buyer or the Company may elect by written notice to the other parties to extend the time for the Closing to an outside Closing date not more than thirty (30) days after the Initial Closing Date.

1.5 EXECUTION AND DELIVERY OF PURCHASE PRICE AND CLOSING DOCUMENTS. At the Closing, amongst other things called for by this Agreement:

(a) Buyer shall deliver the Purchase Price (less the Deferred Share Purchase Price) to each Seller in accordance with the allocation shown in Exhibit 1.2(a) (Allocation of Purchase Price) by wire transfer to each Seller's account or by other immediately available funds, pursuant to instructions given to Buyer by each Seller prior to Closing.

(b) The Selling Shareholders shall deliver certificates representing their Shares, duly endorsed or accompanied by stock powers executed and in form sufficient to fully vest title in Buyer to all of such Shares.

(c) The Selling Partners shall deliver assignments of the Partnership Interests in form sufficient to vest title in Buyer to all of the Partnership Interests, together with any other documents of transfer or assignment reasonably requested by Buyer to consummate the transactions contemplated hereby.

(d) The Company and/or Sellers shall deliver the stock books, stock ledgers, minute books, corporate seals, and all other documents, instruments, opinions, writings and other materials required to be delivered by the Company and/or Sellers pursuant to this Agreement.

(e) The Company, Sellers, and Buyer shall deliver opinions of counsel as provided in Sections 6.18 and 7.16.

(f) (Intentionally left blank)

(g) Except to the extent otherwise provided in Exhibit 1(g) (Steps in Closing), all actions taken at the Closing shall be deemed to have been taken simultaneously at the time the last of any such actions is taken or completed.

2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND SELLERS.

Except (i) as set forth in the disclosure schedule attached hereto as Exhibit 2 (Disclosure Schedule) to this Agreement (the "Disclosure Schedule"), (ii) as set forth in the Company's 1998 Financial Statements (as defined below), or (iii) as to properties or assets being purchased as part of the transactions contemplated by this Agreement, each Seller, for himself, herself or itself, and not jointly, and the Company represent and warrant to Buyer, as of the date of this Agreement and as of the Closing Date, as follows:

2.1 DUE INCORPORATION, QUALIFICATION AND CORPORATE POWER.

(a) INCORPORATION/QUALIFICATION. The Company is a corporation duly organized, validly existing and in good standing under the laws

of the State of Delaware. The Company is duly qualified and in good standing to do business as a foreign corporation in California and does not maintain offices or own assets in any other state, nor is the Company qualified to do business in any other state. The subsidiaries of the Company shown in the Disclosure Schedule (the "Subsidiaries") are corporations duly organized, validly existing and in good standing under the laws of the State of California.

(b) AUTHORITY OF COMPANY. The Company has the full corporate power and authority, and all authorizations and permits required by governmental or other authorities, to carry on its business as now being conducted, and the authority to execute, deliver and perform this Agreement. The Subsidiaries have the full corporate power and authority, and all authorizations and permits required by governmental or other authorities, to carry on their respective businesses as now being conducted. This Agreement has been duly authorized, executed and delivered by the Company and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate and perform the transactions contemplated by this Agreement. This Agreement is a legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, reorganization, insolvency or similar laws and subject to general principles of equity.

(c) AUTHORITY OF SELLERS. Each Seller represents as to itself that (i) he, she or it has the legal capacity and authority to execute, deliver and perform this Agreement; (ii) this Agreement has been duly authorized, executed and delivered by the Seller and no other action by the Seller is necessary to authorize this Agreement or to consummate and perform the transactions contemplated by this Agreement; and (iii) this Agreement is a legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as enforceability may be limited by bankruptcy, reorganization, insolvency or similar laws and subject to general principles of equity.

(d) ARTICLES OF INCORPORATION AND BYLAWS. The Company has (or will cause to be) delivered to Buyer true and complete copies of the Articles of Incorporation and Bylaws of the Company and of the Subsidiaries as in effect on the date hereof. Neither the Company nor the Subsidiaries are in default under or in violation of any provision of its Articles of Incorporation or Bylaws.

2.2 OUTSTANDING CAPITAL STOCK; TITLE.

(a) CAPITALIZATION. The authorized capital stock of the Company consists of 12,198 Shares of common stock, 1,000,000 Shares of preferred stock and 1,000,000 shares of Class C stock, of which 10,198 Shares of Class A and B common stock, 628,500 shares of Class C stock and 901,087 Shares of preferred stock are issued and outstanding, with options or rights to acquire

1,636 additional shares of Class A and Class B common stock (the "Stock Options") remaining outstanding and unexercised. The Shares have been duly authorized and validly issued and are fully paid, nonassessable, and at the time of delivery at the Closing will be free and clear of all liens, claims, pledges and encumbrances and shall (including the Shares held by PCH IV) constitute 100% of the outstanding capital stock of the Company. Since December 31, 1998, $1,490,940 of new cash capital has been contributed to the Company in the form of cash or notes which will be repaid in full at or before the Closing.

(b) OWNERSHIP.

(i) Each Selling Shareholder represents as to that Selling Shareholder that (i) the Selling Shareholder is the lawful record and beneficial owner of the number of Shares set forth next to its name in the Disclosure Schedule; (ii) there are no voting trusts, voting agreements, proxies or other agreements or instruments or understandings with respect to the voting of the Shares of the Selling Shareholder; and (iii) the Selling Shareholder has and, on the Closing Date, will transfer to Buyer, good, valid and marketable title to the Selling Shareholder Shares, free and clear of any and all liens, pledges, encumbrances and restrictions.

(ii) Each Selling Partner jointly and severally represents that: (i) PCH IV is the lawful record and beneficial owner of the number of Shares set forth next to PCH IV's name in the Disclosure Schedule; (ii) there are no voting trusts, voting agreements, proxies or other agreements, instruments or understandings with respect to the voting of the Shares held by PCH IV; (iii) the Selling Partners are the lawful owner of all the Partnership Interests and no other person, corporation, company or other entity has any interest in PCH IV; (iv) on the Closing Date, PCH IV will have no liabilities, accrued

or contingent, and as a result of the purchase of the Partnership Interests as contemplated hereby, Buyer will neither assume nor become obligated for any liabilities of any kind; (v) on the Closing, the only assets or property of PCH IV will be 360,435 Shares of preferred stock and 2,000 Shares of Class A common stock of the Company; (vi) the Selling Partners have, and on the Closing Date, will transfer to Buyer, valid title to the Partnership Interests, free and clear of any and all liens, pledges, encumbrances and restrictions, and following the purchase by Buyer of the Partnership Interests hereunder, Buyer will acquire all ownership interests in and to PCH IV and will be the sole beneficial owner of the assets held by PCH IV, and (vii) upon the acquisition by Buyer of the Partnership Interests, PCH IV shall immediately dissolve by operation of law.

(c) OPTIONS OR OTHER RIGHTS OBLIGATING COMPANY. There are no outstanding or authorized Shares, options, warrants, or purchase, subscription, call, conversion, exchange or other contracts or instruments convertible into Shares ("Securities") obligating the Company to sell, exchange

or otherwise deliver, or to purchase, redeem or otherwise receive or acquire Securities of the Company. No dividends have been declared and remain unpaid by the Company.

(d) OPTIONS OR OTHER RIGHTS OBLIGATING SELLERS.

(i) Each Seller represents as to that Seller that there are no outstanding or authorized Securities obligating the Seller to sell, exchange or otherwise deliver, or to purchase or otherwise receive or acquire Securities of the Company.

(ii) Each Selling Partner jointly and severally represents as to PCH IV that there are no outstanding or authorized Securities obligating PCH IV to sell, exchange or otherwise deliver, or to purchase or otherwise receive or acquire Securities of the Company.

2.3 SUBSIDIARIES AND OTHER AFFILIATES.

The Company does not own, directly or indirectly, any capital stock of, or other investment or interest in, any corporation, partnership, limited liability company, joint venture or other entity.

2.4 CONSENTS.

(a) CONSENTS RELATING TO COMPANY. Except as required by the Bureau of Alcohol, Tobacco & Firearms, the California Department of Alcoholic Beverage Control or pursuant to HSR, there are no authorizations, consents, permits, licenses or approvals of, or declarations, registrations or filings with, any governmental or regulatory authority required by the Company in connection with the execution, delivery or performance by the Company of this Agreement or the consummation by the Company of the transactions contemplated hereby.

(b) CONSENTS RELATING TO THE SELLERS. Each Seller represents as to that Seller (and the Selling Partners jointly and severally represent as to PCH IV) that except as required by the Bureau of Alcohol, Tobacco & Firearms, the California Department of Alcoholic Beverage Control or pursuant to HSR, there are no authorizations, consents, permits, licenses or approvals of, or declarations, registrations or filings with, any governmental or regulatory authority required by the Seller (and, in the case of the Selling Partners, by PCH IV) in connection with the execution, delivery or performance by the Seller of this Agreement or the consummation by the Seller of the transactions contemplated hereby.

2.5 NO BREACH.

(a) NO BREACH BY COMPANY. The execution, delivery and performance of this Agreement by the Company of the transactions contemplated hereby or thereby will not violate, breach, conflict with, constitute a default under or result in the imposition of any lien, claim or encumbrance upon the Shares or any property or asset of the Company pursuant to: (i) any provision of the Articles of Incorporation or Bylaws of the Company; (ii) any law, statute, rule or regulation or order, writ, judgment, injunction, award or decree of any court, arbitrator or governmental or regulatory body to which the Company or any of its respective properties is subject, or (iii) any lease or other agreement (other than obligations which involve $250,000 or less per year) to which the Company is a party, by which the Company is bound, or to which any of the assets or properties are subject.

(b) NO BREACH BY SELLERS. Each Seller represents as to that Seller (and the Selling Partners jointly and severally represent and warrant as to PCH IV) that the execution, delivery and performance of this Agreement by Sellers of the transactions contemplated hereby or thereby will not violate, breach, conflict with, constitute a default under or result in the imposition of any lien, claim or encumbrance upon the Shares, the Partnership Interests (and, in the case of the Selling Partners, upon PCH IV) or any property or asset of the Company pursuant to: (i) any provision of the Articles of Incorporation or Bylaws of the Company or, in the case of the Selling Partners, the Partnership Agreement of PCH IV; (ii) any law, statute, rule or regulation or order, writ, judgment, injunction, award or decree of any court, arbitrator or governmental or regulatory body to which Sellers or any of their properties are subject, or (iii) any lease or other agreement (other than obligations which involve $250,000 or less of annual revenue or expense) to which the Seller is a party, by which the Seller is bound, or to which any of the Seller's assets or properties are subject.

2.6 FINANCIAL STATEMENTS OF THE COMPANY AND ACSA AND EVSA

(a) The Company has delivered to Buyer true, correct and complete copies of the following financial statements, including the notes thereto, of the Company (collectively the "Financial Statements"): the audited balance sheets of the Company as of December 31, 1998 (the "Balance Sheet Date"), audited balance sheets as of December 31, 1997 and December 31, 1996, with the related statements of income, and statements of cash flows for the years then ended, all certified by the Company's independent public accountants (with the Financial Statements for the year ended December 31, 1998 referred to as the "1998 Financial Statements"). The Company has no debts, obligations, guaranties of the obligations of others or liabilities of the type required to be disclosed in the Financial Statements under generally accepted accounting principles, except for (1) debts, obligations, guaranties and liabilities reflected or reserved against in the Financial Statements and (2) debts, obligations, guaranties and liabilities incurred or entered into in the ordinary course of business after the Balance Sheet Date. The Financial Statements have been prepared in accordance with generally accepted accounting principles

consistently applied by the Company throughout the periods indicated and fairly present the financial position of the Company as of the respective dates thereof and the results of its operations for the periods indicated.

(b) ACSA and EVSA have delivered to the Buyer true, correct and complete copies of the following financial statements, including the notes thereto, of ACSA and EVSA (collectively the "ACSA and EVSA Financial Statements"); the audited balance sheets of ACSA and EVSA as of December 31, 1998 and 1997, of ACSA as of December 31, 1997 and 1996, and of ACSA as of December 31, 1996 and 1995, with the related statement of income, and statements of cash flows for the years then ended, all certified by ACSA and EVSA's independent public accountants. ACSA and EVSA have no debts, obligations, guaranties of the obligations of others or liabilities of the type required to be disclosed in the ACSA and EVSA Financial Statements under generally accepted accounting principles, except for (1) debts, obligations, guaranties and liabilities reflected in the ACSA and EVSA Financial Statements and (2) debts, obligations, guaranties and liabilities incurred or entered into in the ordinary course of business after December 31, 1998. The ACSA and EVSA Financial Statements have been prepared in accordance with generally accepted principles consistently applied by ACSA throughout the periods indicated and fairly present the financial position of ACSA and EVSA as of the respective dates thereof and the results of its operations for the periods indicated.

2.7 ABSENCE OF CERTAIN CHANGES. Except with regard to the Announcement Matters referred to below, since December 31, 1998 (the date of the most recent unaudited financial statements of the Company, the "Balance Sheet Date"), the affairs of the Company have been conducted in the ordinary course of business and the Company has not suffered any adverse change in its business, results of operations, working capital, assets, or liabilities, or the manner of conducting its business. Without limiting the

generality of the foregoing, since the Balance Sheet Date none of the following has occurred:

(a) any transaction contracted for or concluded by the Company except transactions in the ordinary course of business or transactions not having an adverse effect on the Company;

(b) any change in accounting methods or practices by the Company;

(c) any increase in salary, bonus or other compensation payable or to become payable by the Company to any of its officers, directors or employees in an amount in excess of the Company' periodic bonuses and increases;

(d) any sale or transfer of any of the Company's assets except in the ordinary course of business or as may be contemplated in

connection with the Closing of the transactions contemplated by this Agreement;

(e) any amendment or termination of any agreement of the Company involving more than $250,000 per year of revenue or expense which is not terminable on notice of ninety (90) days or less without a penalty (a "Material Contract"), except as may be contemplated in connection with the Closing of the transactions contemplated by this Agreement;

(f) any loan by the Company to any person or entity or guaranty by the Company of any such loan, except in the ordinary course of business or as may be contemplated in connection with the Closing of the transactions contemplated by this Agreement;

(g) any mortgage, pledge or other encumbrance of any asset of the Company, except in the ordinary course of business or as may be contemplated in connection with the Closing of the transactions contemplated by this Agreement;

(h) commencement or notice or threat of commencement of any civil litigation or any governmental proceeding against or investigation of the Company.

The "Announcement Matters" means the resignation or termination of employees, suppliers or customers or changes in sales volumes beyond the Company's reasonable control which occur as a result of the announcement or consummation of the transactions contemplated by this Agreement.

2.8 TAX MATTERS. For purposes of this Agreement, the term "Taxes" means all taxes of any kind or nature, including but not limited to U.S., state, local and foreign income taxes, withholding taxes, branch profit taxes, gross receipts taxes, franchise taxes,

sales and use taxes, business and occupation taxes, property taxes, VAT, custom duties or imposts, stamp taxes, excise taxes, payroll taxes, intangible taxes and capital taxes and any penalties or interest thereon.

(a) The Company has filed within the time and in the manner prescribed by law all tax returns and reports required to be filed by it under the laws of the United States and each state or other jurisdiction in which it conducts business activities requiring the filing of tax returns or reports and has paid all taxes shown due on such returns or subsequent assessments.

(b) There are no tax liens (whether imposed by the United States, any state, local, foreign or other taxing authority) outstanding against

the Company or any of its assets (other than liens for taxes not yet due and owing).

(c) All Taxes that the Company is required to withhold or to collect have been duly withheld or collected and all withholdings and collections either have been duly and timely paid over to the appropriate governmental authorities or are, together with the payments due or to become due in connection therewith, duly reflected on the Financial Statements.

(d) On or before the date of Closing, the Company and its shareholders, directors and option holders shall have taken all steps necessary under United States Internal Revenue Code ss.280G (including executing all shareholder and other approvals), to cause any and all payments made by the Company in connection with this Agreement and the transactions contemplated hereby to any "disqualified individuals" (as such term is defined in IRC ss.280G) which might otherwise constitute "excess parachute payments" (as such term is defined in IRC ss.280G) to be fully deductible to the Company.

(e) In connection with the recapitalization of the Company's Class C stock into the Company's preferred stock as provided in Section 6.20, and the transfer of funds by SCV to MJ Lewis Corp., as described in Sections 6.4 and 6.21, the Company will not incur any tax liability.

2.9 LITIGATION. There is no (i) suit, action, litigation or other similar proceeding pending or threatened against the Company, affecting the Company or its business, assets, properties or operations or (ii) order, judgment or decree to which the Company or its business, assets, properties or operations is subject.

2.10 COMPLIANCE WITH LAWS. The Company is in compliance with all laws, ordinances, regulations and orders applicable to its business or operations ("Laws") and has not since January 1, 1996, received any notification of any asserted past or present failure to comply with any law, ordinance, regulation or order. The Disclosure Schedule contains a complete list of all of the governmental licenses and permits, consents, orders,

decrees, notifications and other compliance requirements under which the Company is operating or bound.

2.11 TITLE TO AND CONDITION OF ASSETS. The tangible personal property included in the Company's assets is in usable condition. Except as set forth in the Financial Statements or the Disclosure Schedule and subject to the provisions of Section 4.10 (Title Matters), the Company has good and marketable and unencumbered legal title to each of its assets, free and clear of any claim, charge, easement, encumbrance, security interest, lien, option, pledge, right of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by agreement, law, equity or otherwise except for

any restrictions on transfer generally arising under any applicable federal or state securities law ("Encumbrances"). There is no pending or threatened action that would interfere with the quiet enjoyment of such leaseholds by the Company.

2.12 INVENTORY. All inventory of the Company reflected in the Financial Statements has been produced and packaged in accordance with all applicable laws, regulations and orders and is usable and salable in the ordinary course of business and is of equivalent quality to the inventory of the Company over the past three (3) years, except for inventory items, if any, which have been written down in the Financial Statements to realizable fair market value or for which adequate reserves have been provided therein.

2.13 PRODUCT RECALL. The Company has not since January 1, 1996 recalled any products made, bottled, distributed or sold by the Company and it is not now nor has it ever been under any obligation to do so, and there is no reasonable basis known to the Company for any such recall.

2.14 LABOR MATTERS. The Company is not a party to any labor agreement with respect to its employees with any labor organization, group or association. Since January 1, 1996, the Company has not experienced any attempt by organized labor or its representatives to make the Company conform to demands of organized labor relating to its employees or to enter into a binding agreement with organized labor that would cover the employees of the Company. There is no unfair labor practice charge or complaint against the Company pending before the National Labor Relations Board or any other governmental agency, and since January 1, 1996, the Company has not experienced a work stoppage or other labor difficulty.

2.15 INTELLECTUAL PROPERTY

(a) Set forth in the Disclosure Schedule is a list and a brief description or identification of all trademarks and trademark applications (including registration and application numbers therefor), owned by Company and/or used in connection with the Business. The Company owns all right, title and interest in and to or possesses licenses or other rights to use all trademarks and trademark applications, trade names, fictitious or assumed names, service marks, service mark

applications, registered copyrights, copyright applications, trade secrets, license agreements and all similar proprietary rights used in connection with the Business (collectively the "Intellectual Property") necessary to conduct its business as now operated. The Intellectual Property does not infringe any rights of others nor is any other person infringing the Intellectual Property.

(b) The Company has not received any written notice from any third party within twelve months prior to the date of this Agreement that challenges the ownership of or the Company's right to use any of the

Intellectual Property. None of the Intellectual Property has expired or been canceled or abandoned. Any applications for Intellectual Property (including all applications required for renewal of Intellectual Property) which are pending with the applicable governmental entities have not been finally rejected on any grounds and neither Sellers nor the Company has any knowledge of any reason why any such applications should not be granted. None of the past or present employees, officers, directors or shareholders of the Company has any rights in any of the Intellectual Property. The Company has not granted any outstanding, written licenses that are in effect relating to the Intellectual Property other than to distributors and brokers solely in connection with the promotion and sale of the Company's products. The Company does not have any obligation under any contract or agreement to make any material royalty or other payments for use of any of the Intellectual Property.

2.16 EMPLOYEE BENEFITS PLAN.

(a) The Disclosure Schedule lists all employee benefit plans and agreements to which the Company is a party or by which the Company is bound with respect to (i) pension or retirement income plans and agreements, (ii) plans, agreements, arrangements or practices, whether or not written, relating to other "fringe benefits" to employees, officers, directors, agents, or others, including, but not limited to vacation, sick leave, medical, hospitalization, dental, child care, parenting, sabbatical, life and other insurance, and similar or related benefits, and perquisites including, but not limited to, company automobiles, club memberships or privileges, and other similar or related benefits, (iii) any other "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended and the related regulations and published interpretations ("ERISA") (such plans, agreements, arrangements or practices described in this sentence herein referred to individually as a "Plan" and collectively as the "Plans"). The Company has delivered to Buyer true and complete copies of all documents constituting such Plans together with summary plan descriptions of those plans or arrangements not otherwise in writing.

(b) The Company is in compliance with the applicable provisions of ERISA and the Internal Revenue Code of 1986, as amended (the "Code") with respect to all Plans, and the Company is in compliance with Laws applicable to such Plans.

Without limiting the generality of the foregoing all Plans are fully funded in accordance with their terms and applicable Law. The Company has performed all of its obligations under all Plans. Each of the Plans, which is intended to be qualified and tax exempt under code Sections 401(a) and 501(a), is so qualified and is subject to a current favorable determination letter from the Internal Revenue Service.

The representations and warranties set forth in Sections

2.16(c) through (h) below shall not be deemed to have been breached by the Sellers or the Company if any such breach is as a result of operations in the ordinary course of business or is not adverse to the Company.

(c) Except as contemplated in this Agreement, the Company has no express or implied commitment (i) to create or incur liability with respect to or cause to exist any other employee benefit plan, program or arrangement, (ii) to enter into any contract or agreement to provide compensation or benefits to any individual or (iii) to modify, change or terminate any Plan, other than with respect to a modification, change or termination required by ERISA or the Code.

(d) Neither the Company nor any "ERISA Affiliate" of the Company has ever sponsored, contributed to or participated in a pension plan subject to Title IV of ERISA, including but not limited to any defined benefit plan, any multiemployer plan (as defined in Section 4001(a)(3) of ERISA), or any multiple employer plan subject to Sections 4063 and 4064 of ERISA, and no fact or event exists which could give rise to any liability under Title IV of ERISA. An "ERISA Affiliate" is any trade or business (whether or not incorporated) which is treated with the Company as a single employer under Section 414(b), (c), (m) or (o) of the Code.

(e) There has been no prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) with respect to any Plan. Except as set forth on the Disclosure Schedule, neither the Company nor any ERISA Affiliate is currently liable or has previously incurred any liability for any tax or penalty arising under the Code or ERISA, and no fact or event exists which could give rise to any such liability.

(f) There has been no violation of ERISA with respect to the filing of applicable returns, reports, documents and notices regarding any of the Plans with the Secretary of Labor or the Secretary of the Treasury or the furnishing of such notices or documents to the participants or beneficiaries of the Plans.

(g) There are no pending legal proceedings which have been asserted or instituted against any of the Plans, the assets of any such Plans or the Company or any

ERISA Affiliate or the plan administrator or any fiduciary of the Plans with respect to the operation of such plans (other than routine, uncontested benefits claims).

(h) The Company does not maintain any welfare benefit plan providing continuing benefits after the termination of employment (other than as required by Section 4980B of the Code and at the former employee's own expense), and the Company and each of its ERISA Affiliates have complied in all

material respects with the notice and continuation requirements of Section 4980B of the Code and the regulations thereunder.

2.17 EMPLOYMENT CONTRACTS. The Disclosure Schedule contains a list of all employment contracts, deferred compensation, profit-sharing, stock purchase, stock option, stock appreciation right, bonus and severance plans and agreements or similar agreements by which the Company is bound. Except as set forth in the Disclosure Schedule or the Financial Statements and except as contemplated pursuant to this Agreement, (i) all the contracts and arrangements described in this Section 2.17 are in full force and effect and there is no default by the Company under any of them, and (ii) the Company has not entered into any written severance agreement or similar arrangement in respect of any present or former employee that will result in any obligation (absolute or contingent) of Buyer or the Company to make any payment in excess of $100,000 to any present or former employee following termination of employment.

2.18 CONTRACTS. The Company is not in material default under any contracts to which it is a party which call for or involve the payment, potential payment or accrued obligation by the Company from the date hereof through the earliest date such contract can be terminated unilaterally either by the Company or the other party thereto without penalty, of an amount in excess of $35,000; provided, however, all contracts not so listed in the Disclosure Schedule or the Financial Statements shall not in the aggregate exceed $225,000. The accounts receivable of the Company are legally valid and enforceable obligations, it being understood that no guaranty of collection is hereby given.

2.19 INSURANCE. The Disclosure Schedule contains a list of all insurance policies held by the Company concerning its business. There is no current default with respect to the payment of premiums under any such contract or otherwise.

2.20 ENVIRONMENTAL COMPLIANCE. The Company has not generated, used, transported, treated, stored, released or disposed of, and has not expressly permitted anyone else to generate, use, transport, treat, store, release or dispose of any Hazardous Substance including substances that are defined or listed in, or otherwise classified pursuant to any applicable Laws as "hazardous substances" "hazardous materials," "hazardous wastes" or "toxic substances" including petroleum and asbestos (collectively, "Hazardous Substance") in violation of any Law. Any Hazardous Substance handled or

dealt with or disposed of in any way in connection with operation of the Company, whether by the Company or the Company's agents, during Sellers' ownership, has been handled, dealt with, or disposed of in all respects in compliance with applicable Laws. There has not been any generation, use, transportation, treatment, storage, release or disposal of any Hazardous Substance by the Company or the use of any property or facility of the Company which has created or might reasonably be expected to create any liability under

any laws or which would require reporting to or notification of any governmental entity.

2.21 RELATED TRANSACTIONS. Except as contemplated by this Agreement, the Company is not, directly or indirectly, a party to any transactions with any officer, director or shareholder of the Company or their affiliates which will survive the Closing, and none of such persons has any direct or indirect interest in any, supplier or customer of the Company which will survive the Closing.

2.22 SURVIVAL. The representations and warranties contained in Sections 2.1(c), 2.2(b), 2.2(d), 2.4(b) and 2.5(b) (the "Surviving Representations and Warranties") shall survive the Closing Date. All other representations and warranties of the Company and Sellers contained in this Article 2 shall terminate at the Closing. None of the representations and warranties is a condition to the obligation of Buyer to consummate the transactions contemplated pursuant to this Agreement.

2.23 DISCLOSURE. No representation or warranty made by the Company or Sellers contained in this Agreement or in the Disclosure Schedule and the certificates or other instruments delivered pursuant to this Agreement, as of the date hereof, contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements or facts contained herein or therein, in light of the circumstances under which they were made, not misleading, except as the accuracy or completeness thereof may be affected by this Agreement and the transactions contemplated hereby.

3. REPRESENTATIONS AND WARRANTIES OF BUYER.

Buyer represents and warrants to the Company and each of the Sellers, as of the date of this Agreement and as of the Closing Date, as follows:

3.1 DUE INCORPORATION. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

3.2 POWER AND AUTHORITY. Buyer has the corporate power and authority and all authorizations and permits required by governmental or other authorities, to carry on its business as currently being conducted and to execute, deliver and perform this

Agreement and the other documents required to be executed by it in connection with this Agreement, and the execution, delivery and performance by it of this Agreement and the other agreements and documents executed or to be executed by it in connection with this Agreement have been duly authorized, executed and delivered by Buyer and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement and the agreements and instruments entered

into by Buyer in connection herewith or to consummate and perform the transactions contemplated hereby and the agreements and instruments entered into by Buyer in connection herewith. This Agreement and the agreements and instruments entered into by Buyer in connection herewith constitute valid and binding agreements enforceable against Buyer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws and subject to general principles of equity. Buyer acknowledges that it is a sophisticated investor, familiar with the wine industry generally, has made a reasonable investigation of the Company and its business, and is aware of the risks inherent in an investment in a business such as that of the Company. Because of its experience and business acumen it has the expertise to ask the questions necessary to make an informed decision as to whether to purchase the Shares as contemplated by this Agreement. Buyer has made reasonable investigation and inquiry of all matters related to this agreement and the Disclosure Schedule to the extent permitted prior to the execution of this Agreement and will continue its investigation through the day of Closing.

3.3 CONSENTS. There are no authorizations, consents, permits, licenses or approvals of, or declarations, registrations or filings with, any governmental or regulatory authority or agency required by Buyer that have not been received in connection with the execution, delivery or performance by Buyer of this Agreement or the other agreements executed or to be executed by it in connection with this Agreement or the consummation by Buyer of the transactions contemplated by this Agreement.

3.4 NO BREACH. The execution, delivery and performance of this Agreement and the consummation by Buyer of the transactions contemplated hereby, will not constitute a default under, or permit the termination or the acceleration of maturity or performance of, (i) any provision of the Articles of Incorporation or Bylaws of Buyer; (ii) any law, statute, rule or regulation or order, writ, judgment, injunction, award or decree of any court, arbitrator or governmental or regulatory body to which Buyer or its properties are subject, or (iii) any material contract or obligation to which Buyer is a party, by which Buyer is bound, or to which any of its assets or properties are subject.

3.5 BATF/ABC LICENSING. Buyer has or will have obtained prior to the Closing Date all licenses or approvals required to be obtained prior to the Closing for the consummation of the transactions contemplated hereunder by the Bureau of Alcohol, Tobacco & Firearms and the California Department of Alcoholic Beverage Control.

3.6 FINANCING. Buyer has available (and will have available, and to the extent necessary to complete its obligations under this Agreement will draw on, at the Closing) a commitment from The Chase Manhattan Bank, Chase Securities Inc. and Credit Suisse First Boston (collectively "Chase") to provide sufficient funds to enable Buyer to consummate the transactions contemplated

hereby. Such commitment to be substantially in the form previously furnished to Sellers and subject only to the terms and conditions stated therein. Buyer is in full compliance with its existing credit facilities, will execute and agree to loan terms and conditions in connection with documents required pursuant to Chase's commitment which are the same as or generally similar to Buyer's existing loan terms, conditions, representations and other covenants or which are otherwise market terms in similar loans and are consistent with the commitment, will take all steps on its part necessary under Chase's commitment to cause Chase to fund its commitment, has no knowledge Chase will not fund its commitment in connection with the Closing, and without the prior written approval of the Company will not amend the Chase commitment in any manner that could reasonably be expected to adversely affect the certainty of Buyer's ability to obtain the financing contemplated by the commitment or the consummation of the transactions contemplated hereby.

3.7 INVESTMENT INTENT. Buyer is acquiring the Shares and Partnership Interests for investment for its own account, not as nominee or agent, and not with a view to the sale, distribution, subdivision, transfer or fractionalization thereof. Buyer acknowledges that the Shares and Partnership Interests (a) have not been registered under the Securities Act of 1933 or any state securities law and there is no commitment to register the Shares or Partnership Interests, and (b) cannot be resold, unless they are subsequently registered or an exemption from registration is available.

3.8 SURVIVAL. All representations and warranties of Buyer contained in Sections 3.1 to 3.4 shall survive the Closing Date ("Surviving Buyer Representations and Warranties"). All other representations and warranties of Buyer contained in this Article 3 shall terminate at the Closing.

4. COVENANTS OF THE COMPANY AND SELLERS.

From the date of this Agreement until the earlier of the Closing or termination of this Agreement , (i) the Company covenants and agrees that, and (ii) each Seller agrees that he, she or it shall take all commercially reasonable steps to ensure that:

4.1 OPERATION OF BUSINESS OF THE COMPANY. The Company will carry on its business and activities in substantially the same manner as previously carried out and will use its reasonable efforts, consistent with past practices, to (i) preserve existing relationships with vendors, customers, and others having business relationships with the Company, (ii) maintain its tangible assets in good order, condition and repair, reasonable

wear and tear excepted, (iii) not enter into any lease, amendment of lease, agreement to sell grapes, or other agreement with respect to the use or occupancy of any real property now owned or leased by the Company except as contemplated by this Agreement, without the Buyer's prior consent which may not

be unreasonably withheld, conditioned or delayed, (iv) continue to comply with all applicable Laws, (v) perform its obligations with respect to its lenders, and (vi) with respect to the real property owned or leased by the Company, refrain from (w) transferring any interest in the property, (x) creating any easement, lien, mortgage or encumbrance, (y) enter into any development or other agreement with respect to the property without the permission of Buyer or as contemplated by this Agreement, or (z) permit any changes to the zoning classification of the property. The Company will continue to carry its existing insurance, if present coverage continues to be generally available at substantially the same premium cost.

4.2 ACCESS TO RECORDS. Until Closing and subject to the terms of the existing agreements with Buyer regarding confidentiality, the Company shall afford to Buyer, its officers, employees, counsel, accountants, and other representatives reasonable access upon reasonable prior notice, to inspect and copy the books, records, contracts and other documents of the Company at the Company's offices in order that Buyer may have full opportunity to make such investigations as it shall desire to make of the affairs of the Company; and the Company will cause its officers and accountants to furnish such additional financial and operating data and other information relating to the business and assets of the Company as Buyer shall, from time to time, reasonably request.

4.3 CONSENTS. The Company shall use its reasonable efforts to assist Buyer in obtaining any consents required to effect the transactions contemplated in this Agreement; it being understood that while the Closing of the transactions contemplated by this Agreement does not require the Company to obtain the consent of its lenders (as loans of lenders who do not consent will be paid off by the Company immediately following the Closing), the Company will nonetheless in advance of the Closing use its reasonable efforts to assist Buyer in obtaining the consent to the transactions contemplated by this Agreement of those lenders, if any, designated by Buyer.

4.4 NOTIFICATION. From time to time prior to the Closing, the Company shall promptly advise Buyer in writing of (i) any event known to the Company (which for purposes of this Agreement shall mean to the actual knowledge of Jean-Michel Valette, Agustin Huneeus, Agustin Francisco Huneeus and William Skowronski) or (ii) any event occurring subsequent to the date of this Agreement which becomes known to the Company which would render any representation or warranty of the Company contained in this Agreement, if made on or as of the date of such event or the Closing, inaccurate in any material respect.

4.5 NO SHOP PROVISION. From and after the date of this Agreement until the earlier of the Closing or the termination of this Agreement pursuant to its terms, Sellers shall not, and shall instruct the Company and the Company's and Sellers' respective directors, officers, employees, representatives, investment bankers, agents and affiliates not to, (a) solicit

or initiate the submission of any Acquisition Proposal (as defined below) by any person, entity or group (other than Buyer and its affiliates, agents and representatives) or (b) participate in any discussions or negotiations or enter into any agreement or understanding with any person, entity or group (other than Buyer and its affiliates, agents and representatives) in connection with any Acquisition Proposal. Upon execution of this Agreement, Sellers shall cease, and shall cause the Company to cease, all current discussions relating to any Acquisition Proposal (other than discussions with Buyer and its affiliates, agents and representatives). For the purposes of this Agreement, an "Acquisition Proposal" means any proposal or offer for any merger, exchange offer, sale of shares, consolidation, sale of all or substantially all of the assets of or similar corporate transaction with respect to the Company (other than sales of assets in the ordinary course of business in immaterial amounts or as otherwise permitted or contemplated under the terms of this Agreement).

4.6 HART-SCOTT-RODINO ACT. The Company and Sellers shall make any and all filings required to be made on their part under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR Act"). The Company and Sellers shall furnish to Buyer such necessary information and reasonable assistance as Buyer may request in connection with its preparation of necessary filings or submissions under the provisions of the HSR Act. The Company and Sellers shall supply Buyer with copies of all correspondence, filings or communications, including file memoranda evidencing telephonic conferences with representatives of either the Federal Trade Commission, the Antitrust Division of the United States Department of Justice, or any other governmental entity or members of their respective staffs, with respect to the transactions contemplated by this Agreement and any related or contemplated transactions, except for documents filed pursuant to Item 4(c) of the Notification and Report Form or communications regarding the same. All required filing fees shall be paid equally by Buyer and Sellers.

4.7 ENVIRONMENTAL ASSESSMENT.

(a) Between the date of this Agreement and Closing, Sellers shall cause Buyer to be granted access to the facilities and vineyards of the Company and the other vineyards being sold to the Buyer as contemplated by this Agreement for the purposes of conducting an environmental assessment at Buyer's sole cost and expense, which may include subsurface soil and groundwater sampling by environmental consultants reasonably acceptable to the Company and Sellers and pursuant to a scope of work determined by Buyer and approved by the Company, which approval shall not be unreasonably withheld (the "Environmental Assessment"). Buyer shall provide

reasonable advance written notice if its access involves any drilling, trenching or similar physical disturbance of the surface of the property or is with respect to any Hazardous Substance inspection involving any on-site testing of soil or subsurface conditions, and Sellers will have the right to have a

representative present. In conducting the Environmental Assessment, Buyer and its agents and representatives shall comply with all applicable Laws, maintain customary and appropriate insurance coverage, and not unreasonably interfere in the operations of the owner of the property. Buyer's access hereunder shall be at its sole cost, expense, and risk and Buyer expressly assumes all responsibility for, and indemnifies Company and Sellers against, any liabilities, damages, claims and expenses arising out of the conduct of any environmental site inspections by Buyer and its agents, consultants or representatives other than those that constitute Environmental Remediation Costs pursuant to Section 6.13 (Environmental Assessment), and shall repair any damage to and restore to its prior condition the property which has been inspected.

In connection with any Environmental Assessment, Buyer shall cause the following to occur:

(i) The Environmental Assessment shall be conducted pursuant to standard quality control/quality assurance procedures and in accordance with the terms of the preceding paragraph.

(ii) Before any final report is prepared as the result of the Environmental Assessment, such preliminary report shall be conspicuously labeled as a draft, and Buyer shall promptly give Sellers a copy of the draft report. Until the Closing, Buyer shall keep the draft report and the information contained therein confidential and shall not disclose it to any person or entity without Sellers' prior written consent; provided, however, that Buyer may furnish a copy of this draft report to any proposed lender or to any consultant engaged in, or commenting upon the results of, the draft report, or to any other person working with or on behalf of Buyer who agrees to maintain the draft report in confidence.

(iii) If for any reason the Closing fails to occur, then thereafter and as a promise which will survive the termination of this Agreement, Buyer shall not disclose to any party the contents of the draft report except pursuant to valid legal process or with the written consent of Sellers.

(iv) Any ground water, soil or other samples taken from the property will be properly disposed of by Buyer at Buyer's sole cost and in accordance with all applicable Laws.

(v) If requested by Buyer, the licensed professional company performing the Environmental Assessment shall prepare its good faith estimate of the Environmental Remediation Costs as defined in ss.6.13 (Environmental Assessment).

(b) The Sellers shall pay or the Company and Sellers

shall reduce the Purchase Price with respect to all Environmental Remediation Costs as identified in the Environmental Assessment, subject to the provisions of ss.8.4 (Obligations of Sellers to Reduce Purchase Price); provided that if Sellers dispute the determination of the Environmental Remediation Costs, the amount of the Purchase Price reduction attributable to the Environmental Remediation Costs shall be deposited in an escrow with the title insurance company issuing the Buyer's title insurance (or a national bank acceptable to Buyer and Sellers) to be held in interest bearing securities selected by Buyer, and disbursed at the request of Buyer to pay the costs of remediation work and any fines or penalties which may be assessed in connection with any remedial work, and 180 days following the completion of this work, or ten (10) years after the date of this Agreement, whichever is earlier, the remaining balance, including accrued interest, in the escrow account shall be paid to Sellers in the proportions in which the original Purchase Price was to have been paid to them before the reduction.

4.8 CERTAIN FINANCIAL INFORMATION.

The Company and Sellers shall provide, or shall use their best efforts to cause to be provided to, Buyer and shall assist in the preparation by Buyer of, the audited and unaudited financial and other information required for the preparation of summary financial data and pro forma financial information regarding the Business, for all periods required by applicable provisions of Regulations S-X and S-K promulgated under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder. The Sellers and the Company shall provide such management representation letters and shall use their best efforts to cause the Company's outside public accountants to deliver such consents and comfort as are customary under applicable accounting standards, as promptly as reasonably practicable, but in no event later than forty-five days following the Closing. Buyer shall be responsible for the costs and expenses incurred in connection with such preparation, review and audit. Sellers agree that Buyer may use, and Sellers shall deliver such consents and shall authorize their outside public accountants to deliver such consents, (as may reasonably be requested by Buyer) to the use of the financial and other information provided pursuant to this Section 4.8, regarding the Business or any other financial information provided by Sellers to Buyer specifically for the following purposes, in any registration statement, prospectus, Rule 144A offering memorandum, Form 8-K or other public filing or document at any time on and after the date of this Agreement.

4.9 IDENTIFICATION OF INVENTORY. On a mutually agreeable date prior to Closing, Company and Buyer shall conduct a reasonable inspection of the quantity and

quality of the inventory of the Company. The Company will conduct or will permit Buyer to conduct such tests of inventory as Buyer reasonably requests.

4.10 TITLE MATTERS

(a) The Company has provided or shall promptly provide Buyer with a copy of current preliminary title reports for all real property (the "Property") owned by the Company (the "Preliminary Title Report"), issued by First American Title Company or its affiliates or another major title insurance company selected by the Company and doing business in California (the "Title Company"), together with a copy of each document referred to in the Preliminary Title Report. At the Closing, Buyer may purchase at its expense for the Company and/or its benefit title insurance showing good and marketable title to the Property vested in Buyer. To the extent that such title insurance policy shows the Company's title is subject only to those exceptions shown in the Preliminary Title Report, or disclosed in any visual inspection of the Property by the Title Company or by any survey delivered to Buyer, which taken as a whole do not materially and adversely impair the ability of a reasonable owner of the Property to continue to farm the Property in the manner in which it is currently being farmed by the Company or to cultivate the acreage of vineyards currently under cultivation, or to operate its facilities in the manner in which the Company is currently operating in the ordinary course of business, or which may be approved in writing by Buyer (together, the "Permitted Exceptions") the representations in ss.2.11 (Title to and Condition of Assets) with respect to real property title matters shall be deemed satisfied.

(b) The Company may cure any defects in title with respect to the Property that are necessary to permit the issuance of the Title Policy containing only Permitted Exceptions. To the extent that by the time of the Closing, the Company has not removed any such defect in title, the Closing shall still occur, but there shall be a deemed Loss for the purpose of ss.8.4 (Sellers Obligations to Reduce Purchase Price) equal to the amount by which the fair market value of the Property is reduced by reason of the unremoved defect, with the amount of this Loss to be as agreed by the parties at the time of the Closing; if the parties do not agree, then as reasonably estimated by Buyer. If the parties have not agreed on the amount of this Loss, then Buyer shall deposit in escrow with the Title Company the amount of any Purchase Price reduction it reasonably claims in connection with this Loss, and this sum shall be held in escrow in an interest-bearing account until such time as the parties have reached agreement on the actual amount of the price reduction associated with this Loss or the matter is determined by a court of competent jurisdiction, whose order has become final and no longer subject to appeal. At that time, the difference between the amount of the Purchase Price paid to Sellers at the Closing and the finally-determined amount of the Purchase Price, plus interest thereon at the weighted average yield earned on the funds that remained in the escrow shall be paid

to Sellers and the balance of the funds remaining in the escrow shall be paid to Buyer, with the costs of the escrow to be split equally between Sellers and Buyer.

(c) The Company will make available to Buyer as soon as practicable after the execution of this Agreement copies of all boundary surveys in its possession, together with affidavits of no change duly executed by the Company or its agent, with respect to the real property owned or leased by the Company and which is not being sold by the Company in connection with the transactions contemplated by this Agreement.

4.11 COOPERATION IN HUNEEUS-CHANTRE PROPERTIES PLAN SEVERANCE.

The Company shall terminate the application of all Huneeus-Chantre Properties Plans which are operated jointly with the Company, as soon as reasonably practicable following the Closing, and Buyer agrees to cooperate in such termination.

5. BUYER'S COVENANTS. Buyer covenants as follows:

5.1 (Intentionally left blank)

5.2 HSR ACT. Buyer shall make any and all filings required to be made on its part under the HSR Act. Buyer shall furnish the Company and Sellers such necessary information and reasonable assistance as the Company and Sellers may request in connection with its preparation of necessary filings or submissions under the provisions of the HSR Act. Buyer shall supply the Company and Sellers with copies of all correspondence, filings or communications, including file memoranda evidencing telephonic conferences with representatives of either the Federal Trade Commission, the Antitrust Division of the United States Department of Justice, or any other governmental entity or members of their respective staffs, with respect to the transactions contemplated by this Agreement and any related or contemplated transactions, except for documents filed pursuant to Item 4(c) of the Notification and Report Form or communications regarding the same. All required filing fees shall be paid equally by Buyer and Sellers.

5.3 NOTIFICATION OF CERTAIN MATTERS. Buyer shall give prompt notice to the Company and Sellers, of (i) the occurrence, or failure to occur, of any event known to Buyer that would be likely to cause any representation or warranty by Buyer contained in this Agreement, if made on or as of the date of such event or the Closing, to be inaccurate in any material respect, and (ii) any failure of Buyer to comply with or satisfy, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement.

5.4 COMPANY RECORDS. Buyer agrees for a period of five (5) years subsequent to the Closing Date, upon reasonable request of any Seller, to make available to such

Seller all information and statements in the Company's possession with regard to

periods prior to the Closing Date which may be reasonably required by the Sellers.

5.5 BROKERS AND FINDERS. Buyer shall pay all broker, finder or similar fees or commissions to any agent, broker, finder or other persons or entity acting on behalf of Buyer in connection with the transactions contemplated by this Agreement.

5.6 ENVIRONMENTAL ASSESSMENT COMMISSIONED. Prior to or simultaneously with the execution of this Agreement, Buyer shall have commissioned the Environmental Assessment, with the draft report to be delivered to Buyer within a period not to exceed twenty (20) business days from the date of such commissioning. The Environmental Assessment shall cover all property and facilities owned or leased by the Company or to be acquired by Buyer pursuant to this Agreement and shall be conducted and prepared by a firm reasonably acceptable to Buyer and the Company.

5.7 REPAYMENT OF LOANS. Not later than sixty (60) days following the Closing, Buyer will repay in full all loans from lenders to the Company which required the consent of the lender to the transactions contemplated by this Agreement and whose consent was not obtained.

5.8 PAYMENT OF LEGAL FEES. Buyer acknowledges that the Company and certain Sellers have incurred legal fees payable to the law firm of Farella, Braun & Martel LLP in connection with the process of negotiating and implementing the sale of the stock and assets of the Company (the "Legal Fees"). Buyer has agreed that the Company, and not the Sellers, shall pay the Legal Fees, subject to Agustin Huneeus' payment of a dollar amount of the Legal Fees equal to the legal fees of the law firm of Heller, Ehrman, White & McAuliffe for its representation of Harald and Peter Eckes in these transactions, and subject to the Legal Fees being reasonable in light of the legal work performed.

6. CONDITIONS TO BUYER'S OBLIGATIONS.

The obligation of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, at or before the Closing, of each of the following conditions, unless waived in writing by Buyer:

6.1 COVENANTS. The Company and Sellers shall have performed and complied in all material respects with all agreements, covenants and conditions on their part required to be performed or complied with on or prior to the Closing Date. For purposes of this Agreement, any non-performance or breach of any representation or warranty by Sellers or the Company shall not be a basis for Buyer to refuse or fail to consummate the transactions contemplated by this Agreement, but may be a basis for a reduction of the Purchase Price pursuant to Section 8.4, indemnification to Buyer pursuant to Section 8 or termination of this Agreement by Buyer pursuant to Section 9.1.

6.2 HSR ACT. All waiting periods under the HSR Act shall have expired or the requisite governmental approval shall have been obtained.

6.3 RESIGNATION OF DIRECTORS AND TERMINATION OF VALETTE EMPLOYMENT AGREEMENT. Sellers shall have provided resignations of Dieter Broska, Agustin Huneeus, Peter Eckes, Harald Eckes-Chantre and Jean-Michel Valette as directors of the Company effective immediately following the Closing, and the existing employment agreement of Jean-Michel Valette shall have been superseded, terminated and released, without liability to the Company.

6.4 SALE OF VINEYARDS. Prior to the Closing, Buyer and each of SCV and EPI as applicable ("Vineyard Owners") shall have entered into an agreement substantially in the form attached hereto as Exhibits 6.4(a) and (b) (Sale of Vineyards) (each a "Vineyard Sale Agreement") for the sale and transfer of certain vineyard properties owned by these entities (the "Vineyard Properties"). Each Vineyard Sale Agreement shall provide for a purchase price equal to (i) Seventeen Million Four Hundred Thousand Dollars ($17,400,000) for the SCV Vineyard Properties and Eleven Million Dollars ($11,000,000) for the EPI Vineyard Properties; plus (ii) all cultural costs paid or incurred by the Vineyard Owner with respect to the Vineyard Property during the period starting November 1, 1998 through the Closing Date; plus (iii) all property taxes paid or incurred in connection with the ownership of the Vineyard Property for the period starting November 1, 1998 through the Closing Date plus (iv) the net book value of the equipment related to the Stonewall Vineyard less the book value of the equipment related to the Los Encinos Vineyard. Immediately following the closing of the transactions contemplated in the Vineyard Sale Agreements, SCV shall have, as set forth in Exhibit 1(g) (Steps in Closing), transferred to MJ Lewis Corp., a wholly-owned subsidiary of the Company, $10,000,000, an amount equal to the tax basis of the interest of MJ Lewis Corp. in SCV. Unless Sellers and Buyer agree in writing otherwise prior to the Closing Date, each of the transactions contemplated in the Vineyard Sale Agreements shall have closed on the day of the Closing, but immediately before the Closing pursuant to this Agreement.

6.5 EVSA STOCK AGREEMENT. Prior to or on the day of the Closing, all outstanding and issued shares of the Series A preferred stock of EVSA held by the Company shall have been duly exchanged for or converted into shares of common stock of EVSA pursuant to an agreement substantially in the form attached hereto as Exhibit 6.5 (EVSA Stock Agreement) (the "EVSA Agreement"). The EVSA Agreement will also provide for the Company to acquire from the other shareholders of EVSA at a price of $6,293,000 sufficient additional common shares of EVSA so that the Company would hold 70% of the common shares of EVSA, with the other shareholders of EVSA holding 30% of the common stock of EVSA. All intercompany accounts between EVSA and the Company, if any, and all cash capital contributed by the Company to EVSA since December 31, 1998, if any, shall be repaid prior to Closing.

6.6 ACSA STOCK AGREEMENT. Prior to or on the day of the Closing, all outstanding and issued shares of the Series A preferred stock of ACSA held by the Company shall have been duly exchanged for or converted into shares of common stock of ACSA representing 70% of the common shares of ACSA (with the other shareholders of ACSA thereupon holding shares of common stock of ACSA representing 30% of the common shares of ACSA) pursuant to an agreement substantially in the form attached hereto as Exhibit 6.6 (ACSA Stock Agreement) (the "ACSA Agreement"). All intercompany accounts between ACSA and the Company, excluding the advance by the Company of approximately $3 million which shall be repaid with future wine deliveries, and all cash capital contributed to ACSA since December 31, 1998, if any, shall be repaid prior to Closing.

6.7 ACSA AND EVSA SHAREHOLDERS AGREEMENTS AND BUY-SELL AGREEMENT. Prior to or on the day of the Closing, the Company, ACSA and the other shareholders of ACSA, and the Company, EVSA and the other shareholders of EVSA, shall enter into shareholders agreements substantially in the forms attached hereto as Exhibit 6.7(a) (ACSA Shareholders Agreement and EVSA Shareholders Agreement) providing for the management of the ACSA and EVSA and certain restrictions on transfer of ACSA and EVSA stock to the Company and EVSA. Prior to or on the day of the Closing, the Company, the other shareholders of ACSA and EVSA, Buyer and other parties shall enter into a buy-sell agreement substantially in the form attached hereto as Exhibit 6.7(b) (Buy-Sell Agreement).

6.8 ACSA DISTRIBUTION AGREEMENT. Prior to or on the day of the Closing, Buyer, the Company and ACSA shall have entered into a new long-term distribution agreement substantially in the form attached hereto as Exhibit 6.8 (ACSA Distribution Agreement) (the "Distribution Agreement") pursuant to which the Company shall be granted the exclusive, worldwide distribution rights in perpetuity for the Veramonte brand of wine, subject to termination in connection with the buy/sell rights in the Buy/Sell Agreement amongst the Company, the shareholders of ACSA and EVSA and others. Performance by the Company of its obligations pursuant to the Distribution Agreement shall be guaranteed by Buyer.

6.9 GRAPE SUPPLY AGREEMENTS. Prior to or on the day of the Closing, the Company, Buyer and HCP shall have entered into a grape supply agreement substantially in the form attached hereto as Exhibit 6.9(a) (Quintessa Grapes) (the "Quintessa Grape Agreement"). The Quintessa Agreement shall provide for the supply of grapes by HCP to the Company under the same terms and conditions and at the same prices as set forth in the Grape Purchase Agreement dated as of August 4, 1994 as amended in July, 1996 and November 26, 1996 between the Company and HCP and shall provide that performance by the Company of its obligations pursuant to the Quintessa Grape Agreement shall be guaranteed by Buyer. Pursuant to the Quintessa Grape Agreement,

HCP and its affiliate H/Q Wines will have the right to retain a specified tonnage of grapes from its annual production. Prior to the Closing, the Company, Buyer and H/Q Vineyards shall have entered into grape supply agreements substantially in the form attached hereto as Exhibits 6.9(b) and (c), (respectively the Encinos and Lewis Grape Agreements) providing for similar terms and covering grapes to be grown on the Los Encinos and Lewis Ranches. The Lewis Grape Agreement shall also include a plan relating to the varieties of grapes to be planted and a schedule for plantings.

6.10 (Intentionally left blank)

6.11 QUINTESSA WINE PROCESSING AGREEMENT. Prior to or on the Closing Date, the Company, Buyer and H\Q Wines shall have entered into a Wine Processing Agreement substantially in the form attached hereto as Exhibit 6.11 (Wine Processing) (the "Quintessa Wine Processing Agreement") which shall provide for the manufacture and storage of bulk and finished wine by the Company for H/Q Wines.

6.12 LEWIS RANCH PURCHASE AGREEMENT. Prior to the day of the Closing, the Company and H/Q Vineyards shall have entered into a land purchase agreement for the sale by the Company of the land located at 1465 Coombsville Road in Napa, California (the "Lewis Ranch"), substantially in the form attached hereto as Exhibit 6.12 (Lewis Ranch).

6.13 INTERCOMPANY LOANS. On or before the Closing Date, any amounts outstanding on all intercompany loans payable by the Company to SCV, EPI, EVSA or ACSA or by SCV, EPI, HCP, EVSA or ACSA to the Company, including those under the loan agreements between the Company and SCV (but not including the Company's advances to ACSA which are to be repaid over time by the delivery of wine), shall have been repaid, and the loan by the Company to its President and CEO described in the Disclosure Schedule shall have been repaid.

6.14 (Intentionally left blank)

6.15 EMPLOYMENT AND CONSULTING AGREEMENT. Prior to or on the day of the Closing, Buyer and Agustin Huneeus shall have entered into an employment and consulting agreement substantially in the form attached hereto as Exhibit 6.15 (Employment and Consulting Agreement).

6.16 ENVIRONMENTAL ASSESSMENT. The Environmental Assessment report shall have been received by Buyer. If the Environmental Assessment report identifies any violation of applicable law which requires remedial work, the firm conducting the Environmental Assessment at Buyer's request shall prepare an estimate of the costs of remediation work and the amount of any fines or penalties which may be assessed in connection with any remedial work (the "Environmental Remediation Costs").

6.17 NO KNOWLEDGE OF BREACH BY OTHER PARTIES. Buyer shall have received from each Seller and the Company a certificate dated as of the Closing Date certifying that each such Seller and the Company, to his, her or its best knowledge, is not aware of any breach of representation and warranty or covenant by Buyer under this Agreement or specifying those of which the party executing the certificate is aware.

6.18 OPINIONS OF COUNSEL. Buyer shall have received from the Sellers' counsels legal opinions addressing the matters set forth in Exhibit 6.18(a) (Sellers' Opinions) with respect to the due authorization of the documents executed and delivered on behalf of the Sellers under this Agreement and the capital structure of the Company, and from the Selling Partner's and PCH IV's counsel, a legal opinion addressing the matters set forth in Exhibit 6.18(b) (Selling Partners' Opinion) with respect to the dissolution of PCH IV and certain tax consequences resulting therefrom. In addition, the Selling Partners shall deliver to Buyer a balance sheet of PCH IV as of the Closing prepared by KPMG Peat Marwick showing that PCH IV has no liabilities and has no assets other than the Shares referred to in Section 2.2(b)(ii).

6.19 CHILEAN COUNSEL OPINION. Buyer shall have received from the firm of Urenda, Rencoret, Orrego y Dorr of Santiago, Chile a legal opinion to the effect that as soon as reasonably practicable following the Closing and the payment by the Company of the $6,293,000 for additional EVSA common stock, the Company will be the owner of 70% of the common stock of EVSA and ACSA, that the governing documents of ACSA and EVSA which are the equivalent of the articles and bylaws of a United States corporation are in the forms attached to the opinion and are in full force and effect subject only to the completion of registration and publication formalities required by Chilean law in connection with the capital restructuring of ACSA and EVSA described in Sections 6.5 and 6.6, that the shares owned by the Company in ACSA and EVSA are duly and validly issued and outstanding and are non-assessable and that there are no Chilean taxes payable by the Company, ACSA or EVSA in connection with the conversion of the Series A preferred shares in these companies previously held by the Company and now converted into common shares.

6.20 (Intentionally left blank)

6.21 PAYMENT TO MJ LEWIS CORP. SCV shall have transferred to MJ Lewis Corp. the amount provided for in Section 6.4.

6.22 ADDITIONAL UNDERTAKINGS. Such additional undertakings from the owners of H/Q Wines shall have been entered into as Buyer may have reasonably requested and whose form is reasonably approved by the law firm of Farella Braun & Martel, LLP.

7. CONDITIONS TO SELLERS' OBLIGATIONS.

The obligation of the Company and Sellers to consummate the transaction contemplated by this Agreement shall be subject to the satisfaction, at or before the Closing, of each of the following conditions, unless waived in writing by the Company and Sellers:

7.1 REPRESENTATIONS AND COVENANTS. Buyer shall have performed and complied in all material respects with all representations and warranties agreements, covenants and conditions on its part required to be performed or complied with on or prior to the Closing Date.

7.2 HSR ACT. All waiting periods under the HSR Act shall have expired or the requisite governmental approval shall have been obtained.

7.3 SALE OF VINEYARDS. Prior to the Closing, Buyer and each of SCV and EPI as applicable ("Vineyard Owners") shall have entered into an agreement substantially in the form attached hereto as Exhibits 6.4(a) and (b) (Sale of Vineyards) (each a "Vineyard Sale Agreement") for the sale and transfer of certain vineyard properties owned by these entities (the "Vineyard Properties"). Each Vineyard Sale Agreement shall provide for a purchase price equal to (i) Seventeen Million Four Hundred Thousand Dollars ($17,400,000 for the SCV Vineyard Properties and Eleven Million Dollars ($11,000,000) for the EPI Vineyard Properties; plus (ii) all cultural costs paid or incurred by the Vineyard Owner with respect to the Vineyard Property during the period starting November 1, 1998 through the Closing Date; plus (iii) all property taxes paid or incurred in connection with the ownership of the Vineyard Property for the period starting November 1, 1998 through the Closing Date plus (iv) the net book value of the equipment related to the Stonewall Vineyard less the book value of the equipment related to the Los Encinos Vineyard. Immediately following the closing of the transactions contemplated in the Vineyard Sale Agreements, SCV shall have, as set forth in Exhibit 1(g) (Steps in Closing), transferred to MJ Lewis Corp., a wholly-owned subsidiary of the Company, the amount specified in Section 6.4. Unless Sellers and Buyer agree in writing otherwise prior to the Closing Date, each of the transactions contemplated in the Vineyard Sale Agreements shall have closed on the day of Closing, but immediately before the Closing pursuant to this Agreement.

7.4 EVSA STOCK AGREEMENT. Prior to or on the day of the Closing, all outstanding and issued shares of the Series A preferred stock of EVSA held by the Company shall have been duly exchanged for or converted into shares of common stock of EVSA pursuant to an agreement substantially in the form attached hereto as Exhibit 6.5 (EVSA Stock Agreement) (the "EVSA Agreement"). The EVSA Agreement will also provide for the Company to acquire from the other shareholders of EVSA at a

price of $6,293,000 sufficient additional common shares of EVSA so that the Company would hold 70% of the common shares of EVSA, with the other shareholders of EVSA holding 30% of the common stock of EVSA. All intercompany accounts between EVSA and the Company, if any, and all cash capital contributed by the Company to EVSA since December 31, 1998, if any, shall be repaid prior to Closing.

7.5 ACSA STOCK AGREEMENT. Prior to or on the day of the Closing, all outstanding and issued shares of the Series A preferred stock of ACSA held by the Company shall have been duly exchanged for or converted into shares of common stock of ACSA representing 70% of the common shares of ACSA (with the other shareholders of ACSA thereupon holding shares of common stock of ACSA representing 30% of the common shares of ACSA) pursuant to an agreement substantially in the form attached hereto as Exhibit 6.6 (ACSA Stock Agreement) (the "ACSA Agreement"). All intercompany accounts between ACSA and the Company, excluding the advance by the Company of approximately $3 million which shall be repaid with future wine deliveries, and all cash capital contributed to ACSA since December 31, 1998, if any, shall be repaid prior to Closing.

7.6 ACSA AND EVSA SHAREHOLDERS AGREEMENTS AND BUY-SELL AGREEMENT. Prior to or on the day of the Closing, the Company, ACSA and the other shareholders of ACSA, and the Company, EVSA and the other shareholders of EVSA, shall enter into shareholders agreements substantially in the forms attached hereto as Exhibit 6.7(a) (ACSA Shareholders Agreement and EVSA Shareholders Agreement) providing for the management of the ACSA and EVSA and certain restrictions on transfer of ACSA and EVSA stock to the Company and EVSA. Prior to or on the day of the Closing, the Company, the other shareholders of ACSA and EVSA, Buyer and other parties shall enter into a buy-sell agreement substantially in the form attached hereto as Exhibit 6.7(b) (Buy-Sell Agreement).

7.7 ACSA DISTRIBUTION AGREEMENT. Prior to or on the day of the Closing, Buyer, the Company and ACSA shall have entered into a new long-term distribution agreement substantially in the form attached hereto as Exhibit 6.8 (ACSA Distribution Agreement) (the "Distribution Agreement") pursuant to which the Company shall be granted the exclusive, worldwide distribution rights in perpetuity for the Veramonte brand of wine, subject to termination in connection with the buy/sell rights in the ACSA and EVSA Shareholder Agreements. Performance by the Company of its obligations pursuant to the Distribution Agreement shall be guaranteed by Buyer.

7.8 GRAPE SUPPLY AGREEMENTS. Prior to or on the day of the Closing, the Company, Buyer and HCP shall have entered into a grape supply agreement substantially in the form attached hereto as Exhibit 6.9(a) (Quintessa Grapes) (the "Quintessa Grape Agreement"). The Quintessa Grape Agreement shall provide for the

supply of grapes by HCP to the Company under the same terms and conditions and at the same prices as set forth in the Grape Purchase Agreement dated as of August 4, 1994 as amended in July 1996 and November 26, 1996 between the Company and HCP and shall provide that performance by the Company of its obligations pursuant to the Quintessa Grape Agreement shall be guaranteed by Buyer. Pursuant to the Quintessa Grape Agreement, HCP and its affiliate H/Q Wines will have the right to retain a specified tonnage of grapes from its annual production. Prior to the Closing, the Company, Buyer and H/Q Vineyards shall have entered into grape supply agreements substantially in the form attached hereto as Exhibits 6.9(b) and (c), (respectively the Encinos and Lewis Grape Agreements) providing for similar terms and covering grapes to be grown on the Los Encinos and Lewis Ranches. The Lewis Grape Agreement shall also include a plan relating to the varieties of grapes to be planted and a schedule for plantings.

7.9 (Intentionally left blank)

7.10 QUINTESSA WINE PROCESSING AGREEMENT. Prior to or on the Closing Date, the Company, Buyer and Q shall have entered into a Wine Processing Agreement substantially in the form attached hereto as Exhibit 6.11 (Wine Processing) (the "Quintessa Wine Processing Agreement") which shall provide for the manufacture and storage of bulk and finished wine by the Company for H/Q Wines.

7.11 LEWIS RANCH PURCHASE AGREEMENT. Prior to the day of the Closing, the Company and H\Q Vineyards shall have entered into a land purchase agreement for the sale by the Company of the land located at 1465 Coombsville Road in Napa, California known as the Lewis Ranch (the "Lewis Ranch"), substantially in the form attached hereto as Exhibit 6.12 (Lewis Ranch).

7.12 INTERCOMPANY LOANS. On or before the Closing Date, any amounts outstanding on all intercompany loans payable by the Company to SCV, EPI, HCP, EVSA or ACSA or by SCV, EPI, HCP, EVSA or ACSA to the Company, including those under the loan agreements between the Company and SCV (but not including the Company's advances to ACSA which are to be repaid over time by the delivery of wine), shall have been repaid, and the loan by the Company to its President and CEO described in the Disclosure Schedule shall have been repaid.

7.13 (Intentionally left blank)

7.14 NON-COMPETITION AND CONFIDENTIALITY AGREEMENT.

Prior to or on the day of the Closing, Buyer and Agustin Huneeus shall have entered into an employment and consulting agreement substantially in the form attached hereto as (Exhibit 6.15 (Employment and Consulting Agreement).

7.15 NO KNOWLEDGE OF BREACH BY OTHER PARTY. Each Seller shall have received a certificate dated as of the Closing Date certifying that Buyer, to its best knowledge, is not aware of any breach of representation and warranty or covenant under this Agreement or specifying those of which Buyer is aware of.

7.16 OPINION OF COUNSEL. Sellers shall receive at Closing from Nixon, Hargrave, Devans & Doyle LLP, Buyer's counsel, an opinion dated the Closing Date, addressing the matters set forth in Exhibit 7.16 (Buyer's Opinion) with respect to the due authorization of the documents executed and delivered on behalf of the Buyer under this Agreement.

8. INDEMNIFICATION AND CERTAIN REMEDIES.

8.1 OBLIGATION OF SELLERS TO INDEMNIFY FOR CERTAIN LIABILITIES. Any Seller having breached any Surviving Representations and Warranties, covenants or agreement of such Seller shall separately, and not jointly, indemnify Buyer and hold harmless and, upon Buyer's request, defend Buyer, and/or its affiliates, subsidiaries, directors, officers, employees, agents and assigns from and against any claims, demands, causes of action, proceedings, losses, liabilities, damages, deficiencies, interest, penalties, expenses, judgments and costs (including reasonable attorneys', consultants' and accountants' fees and disbursements, court costs, amounts paid in settlement and expenses of investigation) incurred by Buyer (collectively, "Losses") based upon, arising out of or otherwise in respect of the breach of such Surviving Representation and Warranty, covenant or agreement by such Seller, subject in each instance to Section 8.3 below, and provided however that the obligation of any Seller pursuant to this Section 8.1 with respect to a Loss shall be limited to (a) such Seller's ownership percentage as set forth in Exhibit 1.2(a) (Allocation of Purchase Price), multiplied by (b) the amount of such Loss. Any claim by Buyer hereunder shall be made no later than the first anniversary of the Closing Date. Buyer's indemnification rights under this Agreement shall be limited to Losses arising out of a breach of a Surviving Representation and Warranty, covenant or agreement and this shall be the sole remedy of Buyer with respect thereto.

8.2 OBLIGATION OF BUYER TO INDEMNIFY. Buyer shall indemnify, defend and hold harmless each Seller and his, her or its respective heirs and assigns from and against any Losses (as the term "Losses" is defined in Section 8.1 above) arising out of or otherwise in respect of the breach of any representation, warranty, covenant or agreement of Buyer contained in this Agreement or in any document or other writing delivered pursuant to this Agreement and for any liabilities arising with respect to the operation of the Company after the Closing Date. Any claim by Sellers hereunder shall be made no later than the first anniversary of the Closing Date.

8.3 CLAIMS. If any party (the "Indemnitee") receives notice of

circumstances that would give rise to a claim by such party or notice of any claim or the commencement of any action or proceeding with respect to which any other party (or parties) is obligated to provide indemnification (the "Indemnifying Party") pursuant to Section 8.1 or 8.2 (a "Claim"), the Indemnitee shall promptly give the Indemnifying Party notice thereof. Within 30 days after such notice, the Indemnifying Party shall notify the Indemnitee whether it irrevocably elects to make payment of the amount claimed or, with respect to third party claims, to contest such claim by appropriate legal proceedings. The failure of the Indemnifying Party to notify the Indemnitee of its intention within such 30 days shall constitute and irrevocable election by them that it shall pay the amount claimed, as appropriate. Any defense of a claim shall be conducted by counsel of good standing chosen by Indemnitee and satisfactory to Indemnifying Party. Such defense shall be conducted at the expense of Indemnifying Party, except that if any proceeding involves both claims against which indemnity is granted hereunder and other claims for which indemnification is not granted hereunder, the expenses of defending against such claims shall be borne by the Indemnifying Party and the Indemnitee in respective proportions to the dollar amount of the claims for which they may be liable based on the aggregate dollar amount of the claims.

8.4 OBLIGATIONS OF SELLERS TO REDUCE PURCHASE PRICE. The Purchase Price or the purchase price under the applicable Vineyard Sale Agreement(s), as the case may be, shall be reduced at the time of Closing with respect to any Losses (other than Environmental Remediation Costs and those relating to matters covered by insurance carried by or for the benefit of the Company) arising out of or otherwise in respect of the breach of any representation or warranty made by Sellers or Company to Buyer pursuant to this Agreement to the extent such Losses in the aggregate exceed $3 million but do not thereafter exceed $9 million (or $12 million in total). For the purposes of this Section 8.4, Losses shall also include Environmental Remediation Costs, if such Environmental Remediation Costs exceed $1 million. Subject to the procedure provided in ss.4.7 (Environmental Assessment), all Environmental Remediation Costs in excess of $1 million shall be a reduction of the Purchase Price or the purchase price under the applicable Vineyard Sale Agreement(s), as the case may be, irrespective of whether the aggregate of Losses and Environmental Remediation Costs exceed $3 million. In the event Losses (not including the Environmental Remediation Costs) exceed $3 million and the Environmental Remediation Costs do not exceed $1 million, then the Purchase Price or the purchase price under the applicable Vineyard Sale Agreements, as the case may be, shall be reduced by the total of Losses exceeding $3 million plus all such Environmental Remediation Costs. To the extent Losses exceed $3 million and include matters relating to the filing of Form 5500 by the Company, Sellers shall have the obligation, notwithstanding the above, to pay all Losses directly relating to such Form 5500 filings in cash to Buyer.

9. TERMINATION AND ABANDONMENT.

9.1 METHODS OF TERMINATION. The transactions contemplated by this Agreement may be terminated at any time prior to the Closing as follows:

(a) By mutual consent of the parties to this Agreement evidenced in a writing signed by the parties;

(b) By either Buyer or Sellers in the event that the aggregate Losses for which adjustments to the Purchase Price would otherwise be made pursuant to this Agreement and the Vineyard Purchase Agreements exceeds $9 million;

(c) By the Company or Buyer at any time after the Initial Closing Date or any extension thereof pursuant to ss.1.4 (Closing), if the Closing has not occurred;

(d) By Buyer, if a condition set forth in Article 6 has not been satisfied; and

(e) By Sellers or the Company, if a condition set forth in Article 7 has not been satisfied.

9.2 PROCEDURE UPON TERMINATION. In the event of termination pursuant to this Section 9, a written notice thereof shall forthwith be given by the terminating party to the other party and the transactions contemplated by this Agreement shall be terminated and abandoned without further actions. If the transactions contemplated by this Agreement are terminated and/or abandoned as provided herein, then:

(a) Each party will redeliver all documents, work papers, and other material of any other party relating to the transactions contemplated by this Agreement, whether obtained before or after the execution hereof, to the party furnishing the same; and

(b) The confidentiality of all confidential information received by any party hereto with respect to the business of any other party or its subsidiaries shall survive the termination of this Agreement.

10. MISCELLANEOUS.

10.1 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute only one original.

10.2 NOTICES. All notices, demands, requests, or other communications that may be or are required to be given, served, or sent by any party to any other party pursuant to

this Agreement shall be in writing and shall be delivered in person, mailed by registered or certified mail, return receipt requested, or delivered by a commercial courier guaranteeing overnight delivery, addressed as follows:

If to the Company or Sellers:

(Via US Mail)
Franciscan Vineyards, Inc.
P.O. Box 407
Rutherford, CA 94573

(Via Federal Express)
Franciscan Vineyards, Inc.
1178 Galleron Road
St. Helena, CA 94574

Attention: Jean-Michel Valette, President
Facsimile: (707) 963-7867
e-mail: jmv@franciscan.com

With a copy to:

Farella Braun & Martel LLP
235 Montgomery Street, 30th Floor
San Francisco, CA 94104
Attention: Jeffrey P. Newman, Esq.
Facsimile: (415) 954-4480
e-mail: newmanj@fbm.com

With a copy to:

Greene Radovsky Maloney & Share LLP
Four Embarcadero Center, Suite 4000
San Francisco, CA 94111-4106
Attention: Richard Greene, Esq.
Facsimile: (415) 777-4961
e-mail: rgreene@grmslaw.com

With a copy to:

Heller, Ehrman, White & McAuliffe
525 University Avenue, 10th Floor
Palo Alto, CA 94301-1908
Attention: Richard A. Peers, Esq.
Facsimile: (650) 324-0638
e-mail: rpeers@hewm.com

If to Buyer:

Canandaigua Brands, Inc.
300 Willowbrook Office Park
Fairport, NY 14450

Attention: Robert Sands, Esq.
Facsimile: (716) 218-2120

e-mail: rob.sands@cbrands.com

With a copy to: Nixon, Hargrave, Devans & Doyle, LLP
Clinton Square
Rochester, NY 14603
Attention: James A. Locke III, Esq.
Facsimile: (716) 263-1600
e-mail: jlocke@nhdd.com

If a Party has furnished a facsimile and/or e-mail address, a nonbinding confirming copy of the Notice shall also be sent by facsimile transmission or e-mail. Delivery shall be effective upon delivery or refusal of delivery, with the receipt or affidavit of the United States Postal Service or overnight delivery service deemed conclusive evidence of such delivery or refusal. Each party may designate by notice in writing a new address to which any notice, demand, request, or communication may thereafter be so given, served, or sent.

10.3 PUBLIC ANNOUNCEMENT. Neither the Company, Sellers or Buyer shall, without the approval of the other parties hereto, (which approval shall not be unreasonably withheld), make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that any such party shall so be obligated by applicable law, in which case the other party shall be advised and the parties shall use their best efforts to cause a mutually agreeable release or announcement to be issued, provided that the parties shall cooperate in making a public announcement concerning this Agreement immediately following its execution. The foregoing shall not be deemed to preclude communications or disclosures necessary to implement the provisions of this Agreement.

10.4 SUCCESSORS AND ASSIGNS. This Agreement and the rights, interests, and obligations hereunder shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Buyer shall have the right, on or prior to Closing, to assign its rights and delegate its duties pursuant to this Agreement to a wholly-owned subsidiary, provided, however, that Buyer shall remain liable for all obligations of such subsidiary.

10.5 GOVERNING LAW. This Agreement shall be construed and enforced in accordance with the laws of the State of California without giving effect to principles of conflicts of laws.

10.6 WAIVER AND OTHER ACTION. This Agreement may be amended, modified, or supplemented only by a written instrument executed by the party against which enforcement of the amendment, modification, or supplement is sought.

10.7 ENTIRE AGREEMENT. This Agreement, the Exhibits hereto, and the other documents executed or delivered pursuant hereto contain the complete agreement among the parties with respect to the transactions contemplated hereby and supersede all prior agreements and understandings among the parties with respect to such transactions contemplated by this Agreement with the exception of the Non-Disclosure Agreement executed by the Company and Buyer as of March 23, 1999. Section and other headings are for reference purposes only and shall not affect the interpretation or construction of this Agreement.

10.8 SEVERABILITY. If any provision of this Agreement is held to be illegal, invalid, or unenforceable, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof-, the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance (except to the extent such remaining provisions constitute obligations of another party to this Agreement corresponding to the unenforceable provision); and in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as part of this Agreement, a provision as similar in its terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

10.9 INTERPRETATION. This Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. Whenever the term "including" is used in this Agreement, it shall be interpreted as meaning "including, but not limited to" the matter or matters thereafter enumerated.

10.10 THIRD PARTY BENEFICIARIES. Nothing in this Agreement is intended to confer upon any person other than the parties hereto and their successors and permitted assigns any rights or remedies under or by reason of this Agreement.

10.11 ARBITRATION OF ENVIRONMENTAL DISPUTE. Any dispute arising from, or relating to, Environmental Remediation Costs shall be resolved at the request of any party through binding arbitration. Within 14 business days after demand for arbitration has been made by a party, the parties, and/or their counsel, shall meet to discuss the issues involved, to discuss a suitable arbitrator and arbitration procedure, and to agree on arbitration rules particularly tailored to the matter in dispute, with a view to the dispute's prompt, efficient, and just resolution. Upon the failure of the parties to agree upon

arbitration rules and procedures within a reasonable time (not longer than thirty (30) days from the demand), the Commercial Arbitration Rules of the

American Arbitration Association shall be applicable. Likewise, upon the failure of the parties to agree upon an arbitrator within a reasonable time (not longer than thirty (30) days from the demand), there shall be a panel comprised of one (1) arbitrator, to be appointed by the American Arbitration Association. At least thirty (30) days before the arbitration hearing, the parties shall allow each other reasonable written discovery including the inspection and copying of documents and other tangible items relevant to the issues which are to be presented at the arbitration hearing. The arbitrator shall be empowered to decide any disputes regarding the scope of discovery. Fees for the arbitrator shall be divided equally between the parties, and the parties will be individually responsible for the payment of the fees. The prevailing party in any arbitration, proceeding or legal action arising out of, or in connection with, this Agreement shall be entitled to recover its reasonable attorneys' fees and costs incurred in connection with such arbitration, proceeding or legal action. The arbitrator shall determine who the prevailing party is for this purpose.

The award rendered by the arbitrator shall be final and binding upon the parties. The arbitration shall be conducted in San Francisco, California. The California State Superior Court located in San Francisco, California shall have exclusive jurisdiction over disputes between the parties in connection with such arbitration and the enforcement thereof. The parties consent to the jurisdiction and venue of the California State Superior Court located in San Francisco, California. Notwithstanding the fact that the parties have agreed to have any disputes arising from, or related to, this Agreement resolved by binding arbitration, such arbitration provision shall not prevent the parties from seeking ancillary or equitable relief in connection therewith from the California State Superior Court, including specific performance.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE `ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE `ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

BUYER _____ SELLERS _____

COMPANY_____

10.12 VENUE. If any legal proceeding or any action (excluding arbitration described in Section 10.11) relating to this Agreement or any of the other agreements being executed and delivered in connection herewith, or any of the transactions contemplated hereby or thereby, is brought or otherwise initiated such action shall be brought in a court of appropriate jurisdiction sitting in San Francisco or Napa County, California if the claim is brought against the Company or any Seller(s); in Monroe County, New York if the claim is brought against Buyer. The Company, each Shareholder and Buyer (i) hereby irrevocably submits itself to the jurisdiction of a court of appropriate jurisdiction in these respective counties, and (ii) to the extent permitted by applicable law, hereby waives, and agrees not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, the defense that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that this Agreement or other agreements executed in connection herewith, or the subject matter thereof, may not be enforced in or by such courts. Without limiting the foregoing, Buyer, the Company and each of the Sellers consent to process being served on it in any such suit, action or proceeding at the address of such party set forth in Section 10.2, and agree that they would generally prefer any suit action or claim under this Section 10.12 to be heard in federal, not state, court and shall use their best efforts to do so if there is applicable jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement with the intention of being bound by this Agreement as of the day and year first above written.

COMPANY:
FRANCISCAN VINEYARDS, INC.,
a Delaware corporation

By:/s/Jean-Michel Valette
Jean-Michel Valette, President

BUYER:
CANANDAIGUA BRANDS, INC.,
a Delaware corporation

By:/s/Richard Sands
Richard Sands, President

SELLERS:

HEIDRUN ECKES-CHANTRE UND KINDER

BETEILIGUNGSVERWALTUNG II, GbR

/s/Agustin Huneeus
Agustin Huneeus, an individual

/s/Agustin Francisco Huneeus
Agustin Francisco Huneeus, an individual

By: /s/Heidrun Eckes-Chantre
Heidrun Eckes-Chantre

/s/Jean-Michel Valette
Jean-Michel Valette, an individual

PETER EUGEN ECKES UND KINDER
BETEILIGUNGSVERWALTUNG II, GbR

/s/Harald Eckes-Chantre
Harald Eckes-Chantre, an individual

By: /s/Peter Eugen Eckes
Peter Eugen Eckes
Its: Managing Partner

/s/Christina Eckes-Chantre
Christina Eckes-Chantre, an individual

/s/Petra Eckes-Chantre
Petra Eckes-Chantre, an individual

The Registrant has omitted from this filing the Schedules listed below. The Registrant will furnish supplementally to the Commission, upon request, a copy of any omitted Schedule.

Exhibit	Description
1.2(a)	Allocation of Purchase Price
1(g)	Steps in Closing
2	Disclosure Schedule
6.4(a)	Vineyard Sale Agreement
6.4(b)	Vineyard Sale Agreement
6.5	EVSA Stock Agreement
6.6	ACSA Stock Agreement
6.7(a)	ACSA and EVSA Shareholders Agreement
6.7(b)	Buy-Sell Agreement
6.8	ACSA Distribution Agreement
6.9(a)	Quintessa Grape Agreement
6.9(b)	Encinos Grape Agreement
6.9(c)	Lewis Grape Agreement
6.11	Wine Processing Agreement
6.12	Lewis Ranch Agreement
6.15	Employment and Consulting Agreement
6.18	Sellers' Opinions
6.18(b)	Selling Partners' Opinion
7.16	Buyer's Opinion

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SECOND AMENDED AND RESTATED
CREDIT AGREEMENT

dated as of

May 12, 1999

between

CANANDAIGUA BRANDS, INC.

The SUBSIDIARY GUARANTORS Party Hereto

The LENDERS Party Hereto

and

THE CHASE MANHATTAN BANK,
as Administrative Agent

$1,200,000,000

CHASE SECURITIES INC.,
as Lead Arranger and Book Manager

THE BANK OF NOVA SCOTIA,
as Syndication Agent

CREDIT SUISSE FIRST BOSTON
and
FLEET NATIONAL BANK,
as Co-Documentation Agents

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SECOND AMENDED AND RESTATED CREDIT AGREEMENT

SECOND AMENDED AND RESTATED CREDIT AGREEMENT dated as of May 12, 1999, between CANANDAIGUA BRANDS, INC., a Delaware corporation (the

"Borrower"), the SUBSIDIARY GUARANTORS party hereto, the LENDERS party hereto, and THE CHASE MANHATTAN BANK, a New York State banking corporation ("Chase"), as administrative agent for said Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent").

The Borrower, the Subsidiary Guarantors party hereto, the Lenders party hereto, and the Administrative Agent are party to a First Amended and Restated Credit Agreement dated as of November 2, 1998 (said First Amended and Restated Credit Agreement, as in effect on the date hereof immediately before giving effect to the amendment and restatement contemplated hereby, being herein called the "Existing Credit Agreement"), providing for extensions of credit (by means of loans and letters of credit) to be made by said Lenders to the Borrower in an original aggregate principal or face amount not exceeding $1,000,000,000, which amount may, in the circumstances therein provided, be increased to $1,200,000,000.

The parties hereto now wish to amend the Existing Credit Agreement in certain respects to provide for certain modifications to the Existing Credit Agreement and, as so amended, to restate the Existing Credit Agreement in its entirety, the modifications to be effected pursuant to this Second Amended and Restated Credit Agreement requiring only the consent of the "Required Lenders" under and as defined in the Existing Credit Agreement. Accordingly, the parties hereto hereby agree that the Existing Credit Agreement shall, subject to the execution and delivery of this Second Amended and Restated Credit Agreement by each of the intended parties hereto, but with effect as of the date hereof, be amended and restated to read in its entirety as set forth in the Existing Credit Agreement, which is hereby incorporated herein by reference, with the amendments set forth in Article II below (as so amended and restated, the "Credit Agreement"):

ARTICLE I

Definitions

Except as used in the definitions set forth in Article II below, references to "hereby," "herein," "hereof" and "herewith" refer to this Second Amended and Restated Credit Agreement and not to the Existing Credit Agreement. Capitalized terms used but not otherwise defined herein have the meanings given them in the Credit Agreement.

ARTICLE II

Amendments

Subject to the satisfaction or waiver of the conditions precedent set forth in Article IV of this Second Amended and Restated Credit Agreement, but effective as of the date hereof, the Existing Credit Agreement is hereby amended as follows:

SECTION 2.01. References to "Existing Credit Agreement". References in the Existing Credit Agreement to "this Agreement" (including indirect references) shall be deemed to be references to the Credit Agreement.

SECTION 2.02. Definitions. Section 1.01 of the Existing Credit Agreement is amended by adding the following new definitions (to the extent not already included in said Section 1.01) and inserting the same in the appropriate alphabetical locations and amending in their entirety the following definitions (to the extent already included in said Section 1.01) to read in their entirety as follows:

"Agreement" shall mean, on any date from and after the Second Restatement Effective Date, this Agreement as in effect on the Second Restatement Effective Date and as thereafter from time to time amended, supplemented, amended and restated, or otherwise modified and in effect on such date.

"Applicable Percentage" means (a) with respect to any Tranche I Revolving Lender for purposes of Sections 2.05 or 2.06 or Article VIII, the percentage of the total Tranche I Revolving Commitments represented by such Tranche I Revolving Lender's Tranche I Revolving Commitment, (b) with respect to any Tranche II Revolving Lender for purposes of Section 2.06 or Article VIII, the percentage of the total Tranche II Revolving Commitments represented by such Tranche II Revolving Lender's Tranche II Revolving Commitment, (c) with respect to any Revolving Lender in respect of any indemnity claim under Section 10.03(c) arising out of an action or omission of the Administrative Agent, the Swingline Lender or the Issuing Lender under this Agreement relating to Swingline Loans or Letters of Credit, the percentage of the total Revolving Commitments of the applicable Class represented by such Revolving Lender's Revolving Commitments of such Class and (d) with respect to any Lender in respect of any indemnity claim under Section 10.03(c) arising out of an action or omission of the Administrative Agent under this Agreement (other than one relating to Swingline Loans or Letters of Credit), the percentage of the total Commitments or Loans of all Classes hereunder represented by the aggregate amount of such Lender's Commitments or Loans of all Classes hereunder. If the Tranche I Revolving Commitments or Tranche II Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Tranche I Revolving Commitments or Tranche II Revolving Commitments, as applicable, most recently in effect (and giving effect to any assignments).

"Applicable Rate" means, for any day, with respect to any ABR Borrowing (including any Swingline ABR Borrowing), Syndicated Eurocurrency Borrowing,

Swingline FFBR Borrowing or Swingline Eurocurrency Borrowing, or with respect to the facility fees or commitment fees payable hereunder, as the case may be, the rate per annum set forth in the schedule below, as applicable, based upon the Debt Ratio as of the most recent determination date, provided that prior to the Second Restatement Effective Date, the Applicable Rate for any Borrowing shall not be lower than the rates set forth below for Category 2 and on and after the Second Restatement Effective Date through the later of November 30, 1999 and the payment in full of the Tranche II Term Loans, the Applicable Rate for any Borrowing shall not be lower than the rates set forth below for Category 1:

<TABLE>

<CAPTION>

DEBT RATIO:	REVOLVING AND SWINGLINE LOANS	TRANCHE I AND II TERM LOANS	INCREMENTAL FACILITY AND TRANCHE III TERM LOANS

	ABR RATE	EURO-CURRENCY AND SWINGLINE FFBR RATE	ABR RATE	EURO-CURRENCY RATE	ABR RATE	EURO-CURRENCY RATE	FACILITY/ COMMITMENT FEE RATE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Category 1 4.00x	1.000	2.000	1.500	2.500	1.750	2.750	0.500
Category 2 < 4.00x and = 3.65x	0.750	1.750	1.250	2.250	1.500	2.500	0.500
Category 3 < 3.65x and = 3.00x	0.500	1.500	1.000	2.000	1.500	2.500	0.500
Category 4 < 3.00x and = 2.50x	0.375	1.375	0.750	1.750	1.500	2.500	0.375
Category 5 < 2.50x	0.125	1.125	0.500	1.500	1.500	2.500	0.375

</TABLE>

For purposes of the foregoing, (i) the Debt Ratio shall be determined as of the end of each fiscal quarter of the Borrower's fiscal year based upon the Borrower's consolidated financial statements delivered pursuant to Section 6.01(a) or (b) (or, prior to the first such delivery, referred to in Section 4.04(a)(iii)), and (ii) subject to the foregoing provisions of this definition, each change in the Applicable Rate resulting from a change in the Debt Ratio shall be effective during the period commencing on and including the date three Business Days after delivery to the Administrative Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change; provided that the Debt Ratio shall be deemed to be in Category 1 (A) at any time that an Event of Default has occurred and is continuing and (B) if the Borrower fails to deliver the consolidated financial statements required to be delivered by it pursuant to Section 6.01(a) or (b), during the period from the expiration of the time for delivery thereof until such consolidated financial statements are delivered.

"Debt Ratio" means, as at the last day of any fiscal quarter of the Borrower (the "day of determination"), the ratio of (a) the average of the aggregate amounts of Indebtedness of the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis, without duplication, in accordance with GAAP) 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) 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, (ii) for the last day of any fiscal quarter ending prior to the end of the Term Loan Availability Period, the average Indebtedness specified in clause (a) above shall be increased by an amount equal to the aggregate principal amount of Loans that would be required to be borrowed under this Agreement to finance in full the acquisition by U.K. Acquisition of all of the Target Shares pursuant to the Tender Offer and the repayment in full of all Indebtedness outstanding under the Target Credit Facilities (but without duplication of (x) any Loans actually outstanding under this Agreement on such date and applied to such purpose and (y) any Indebtedness outstanding under the Target Credit Facilities on such date), (iii) for purposes of determining Operating Cash Flow pursuant to clause (b) above for any period ending on or prior to the end of the Term Loan Availability Period, the Target and its Subsidiaries shall in any event be deemed to be Consolidated Subsidiaries of the Borrower and (iv) if during the period of four fiscal quarters ending on the day of determination the Borrower shall have consummated any Acquisition or Disposition (other than the Tender Offer) for aggregate consideration of $10,000,000 or more then the average Indebtedness as at the last day of each fiscal quarter in such period shall be determined on a pro forma basis by adding (in the case of an Acquisition), without duplication of amounts already included, the amount of Indebtedness incurred or assumed by the Borrower or any of its Subsidiaries in connection with such Acquisition and subtracting (in the case of a Disposition), without duplication of amounts already excluded, the amount of Indebtedness repaid in connection with such Disposition.

"Existing Credit Agreement" shall have the meaning assigned to such term in the preamble to the Second Amended and Restated Credit Agreement.

"Franciscan Acquisition" means the acquisition by the Borrower, directly or indirectly through one or more Wholly Owned Subsidiaries, of the shares of stock of Franciscan Vineyards, Inc., together with certain related assets, pursuant to the Franciscan Acquisition Agreement.

"Franciscan Acquisition Agreement" means the Stock Purchase Agreement dated as of April 21, 1999 between Franciscan Vineyards, Inc., the Sellers referred to therein and the Borrower.

"Incremental Facility Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Incremental Facility Loans, expressed as an amount representing the maximum aggregate amount of such Lender's Incremental Facility Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09 or 2.11 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Incremental Facility Commitment is set forth on such Lender's signature page of the Incremental Facility Loan Agreement, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Incremental Facility Commitment, as applicable. The initial amount of each Lender's Incremental Facility Commitments shall be determined in accordance with the provisions of Section 2.01(c).

"Incremental Facility Exposure" means, with respect to any Lender at any time, the outstanding principal amount of such Lender's Incremental Facility Loans.

"Incremental Facility Lenders" means a Lender with an Incremental Facility Commitment or, if the Incremental Facility Commitments have terminated or expired, a Lender with Incremental Facility Exposure.

"Incremental Facility Loan" means an "Incremental Facility Loan" provided for by Section 2.01(c), which may be ABR Loans and/or Eurocurrency Loans.

"Incremental Facility Loan Agreement" means, with respect to any Series of Incremental Facility Loans, an agreement between the Borrower and one or more Lenders pursuant to which each such Lender agrees to become obligated in respect of an Incremental Facility Commitment of such Series hereunder.

"Interest Expense" means, for any period, the sum, for the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP), of the following: (a) all interest in respect of Indebtedness (including the interest component of any payments in respect of Capital Lease Obligations) accrued or capitalized during such period (whether or not actually paid during such period) plus (b) the net amounts payable (or minus the net amounts receivable) under Interest Rate Protection Agreements accrued during such period (whether or not actually paid or received during such period) minus (c) all interest income during such period.

Notwithstanding the foregoing, if during any period for which Interest Expense is being determined the Borrower shall have consummated any Acquisition or Disposition for aggregate consideration of $10,000,000 or more then, for all purposes of this Agreement (other than for purposes of the definition of Excess Cash Flow), Interest Expense shall be determined on a pro forma basis as if such Acquisition or Disposition (and any Indebtedness incurred by the Borrower or any of its Subsidiaries in connection with such Acquisition or repaid as a result of such Disposition) had been made or consummated (and such Indebtedness incurred or repaid) on the first day of such period (and interest on any such Indebtedness shall be deemed to be calculated for such period at

a rate per annum equal to the actual rate of interest in effect in respect of Indebtedness under this Agreement outstanding during such period).

"Operating Cash Flow" means, for any period, the sum, for the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP), of the following: (a) net operating income (calculated before income taxes, interest income, Interest Expense, extraordinary and unusual items and income or loss attributable to equity in Affiliates) for such period plus (b) depreciation and amortization (to the extent deducted in determining net operating income) for such period plus (c) the Adjustment Amount for such period, if such Adjustment Amount is expense (or minus the Adjustment Amount for such period, if such Adjustment Amount is income) plus (d) unusual non-recurring charges against net

operating income of the Target and its Subsidiaries described on Schedule IX hereto (as such Schedule may be amended from time to time with the consent of the Borrower and the Required Lenders).

Notwithstanding the foregoing, if during any period for which Operating Cash Flow is being determined the Borrower or any of its Subsidiaries shall have consummated any Acquisition or Disposition for aggregate consideration of $10,000,000 or more then, for all purposes of this Agreement (other than for purposes of determining Excess Cash Flow), Operating Cash Flow shall be determined on a pro forma basis as if such Acquisition or Disposition had been made or consummated on the first day of such period.

"Revolving Commitments" means, collectively, the Tranche I Revolving Commitments and the Tranche II Revolving Commitments.

"Revolving Lenders" means, collectively, the Tranche I Revolving Lenders and the Tranche II Revolving Lenders.

"Revolving Loans" means, collectively, the Tranche I Revolving Loans and the Tranche II Revolving Loans.

"Second Amended and Restated Credit Agreement" shall mean that certain Second Amended and Restated Credit Agreement, between the Borrower, the Subsidiary Guarantors, the Lenders and the Administrative Agent, dated as of May 12, 1999.

"Second Restatement Effective Date" shall mean the date upon which each of the conditions precedent set forth in Article IV of the Second Amended and Restated Credit Agreement shall have been satisfied or waived.

"Senior Debt Ratio" means, as at the last day of any fiscal quarter of the Borrower (the "day of determination"), the ratio of (a) the average of the aggregate amounts of Indebtedness (other than any Subordinated Indebtedness) of the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis, without duplication, in accordance with GAAP) 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) 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 or Debt Incurrence at any time during any such fiscal quarter included in the calculation thereof shall have been made in the first such fiscal quarter, (ii) for the last day of any fiscal quarter ending prior to the end of the Term Loan Availability Period, the average Indebtedness specified in clause (a) above shall be increased by an amount equal to the aggregate principal amount of Loans that would be required to be borrowed under this Agreement to finance in full the acquisition by U.K. Acquisition of all of the Target Shares pursuant to the Tender Offer and the repayment in full of all Indebtedness outstanding under the Target Credit Facilities (but without duplication of (x) any Loans actually outstanding under this Agreement on such date and applied to such purpose and (y) any

Indebtedness outstanding under the Target Credit Facilities on such date), (iii) for purposes of determining Operating Cash Flow pursuant to clause (b) above for any period ending on or prior to the end of the Term Loan Availability Period, the Target and its Subsidiaries shall in any event be deemed to be Consolidated Subsidiaries of the Borrower, (iv) if during the period of four fiscal quarters ending on the day of determination the Borrower shall have consummated any Acquisition or Disposition (other than the Tender Offer) for aggregate consideration of $10,000,000 or more then the average Indebtedness as at the last day of each fiscal quarter in such period shall be determined on a pro forma basis by adding (in the case of an Acquisition), without duplication of amounts already included, the amount of Indebtedness (other than Subordinated Indebtedness) incurred or assumed by the Borrower or any of its Subsidiaries in connection with such Acquisition and subtracting (in the case of a Disposition), without duplication of amounts already excluded, the amount of Indebtedness (other than Subordinated Indebtedness) repaid in connection with such Disposition and (v) if during the period of four fiscal quarters ending on the day of determination the Borrower shall have repaid any Indebtedness (other than Subordinated Indebtedness) from the proceeds of Subordinated Indebtedness, then the average Indebtedness as at the last day of each fiscal quarter in such period shall be determined on a pro forma basis by subtracting, without duplication of amounts already excluded, the amount of such Indebtedness so repaid from the proceeds of Subordinated Indebtedness.

SECTION 2.03. Deletion and Modification of Certain Definitions. The definitions of "Tranche III Revolving Commitment", "Tranche III Revolving Exposure", "Tranche III Revolving Lenders", "Tranche III Revolving Loan" and "Tranche III Revolving Loan Agreement" are hereby deleted from Section 1.01 of the Existing Credit Agreement, and any reference to any of such terms in the Existing Credit Agreement is hereby amended to be a reference to "Incremental Facility Commitment", "Incremental Facility Exposure", "Incremental Facility Lenders", "Incremental Facility Loan" and "Incremental Facility Loan Agreement", respectively.

SECTION 2.04. Incremental Facility Loans. Section 2.01(c) of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

"(c) Incremental Facility Loans. In addition to borrowings of Tranche I Revolving Loans and Tranche II Revolving Loans specified in Section 2.01(a) and (b), respectively, at any time and from time to time on or before November 30, 1999, the Borrower may request that the Lenders offer to enter into commitments to make Incremental Facility Loans to the Borrower in Dollars (it being understood that such offer may be made by any financial institution that is to become a Lender hereunder in connection with the making of such offer under this paragraph (c), so long as the Administrative Agent shall have consented to such financial institution being a Lender hereunder (such consent shall not be unreasonably withheld)). In the event that one or more of the Lenders offer, in their sole discretion, to enter into such commitments, and such Lenders and the Borrower agree as to the amount of such commitments that shall be allocated to the respective Lenders making such offers and as to the fees (if any) to be payable by the Borrower in connection therewith, the Borrower, the Administrative Agent and such Lenders shall execute and deliver an Incremental Facility Loan Agreement and such Lenders shall become obligated to make Incremental Facility Loans under this Agreement in an amount equal to

the amount of their respective Incremental Facility Commitments, as specified in such Incremental Facility Loan Agreement. The Incremental Facility Loans to be made pursuant to any Incremental Facility Loan Agreement in response to any such request by the Borrower shall be deemed to be a separate "Series" of Incremental Facility Loans for all purposes of this Agreement.

Anything herein to the contrary notwithstanding, (i) the minimum aggregate principal amount of Incremental Facility Commitments entered into pursuant to any request specified above (and, accordingly, the minimum aggregate principal amount of any Series of Incremental Facility Loans) shall be $50,000,000 and (ii) the aggregate outstanding principal amount of Incremental Facility Loans of all Series, together with the aggregate unutilized Incremental Facility Commitments of all Series, shall not exceed $200,000,000 at any time.

Following agreement by the Borrower and one or more of the Lenders as provided above, subject to the terms and conditions set forth herein, each Incremental Facility Lender of any Series agrees to make Incremental Facility Loans of such Series to the Borrower as specified in the Incremental Facility Loan Agreement, in Dollars in an aggregate principal amount up to but not exceeding the amount of the Incremental Facility Commitment of such Series of such Incremental Facility Lender. Amounts repaid in respect of Incremental Facility Loans may not be reborrowed. Incremental Facility Loans shall be made as ABR Loans and Eurocurrency Loans available in Dollars only, and shall not be available as Competitive Loans or Swingline Loans, nor shall the Incremental Facility Commitments be available for the issuance of Letters of Credit."

SECTION 2.05. Conversions and Continuations. Section 2.02(d) of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

"(d) Conversion or Continuation of Eurocurrency Loans. Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert to or continue as a Syndicated Eurocurrency Borrowing: (i) any Revolving Borrowing or Competitive Borrowing if the Interest Period requested with respect thereto would end after the Revolving Commitment Termination Date; or (ii) any Term Loan Borrowing of any Class, or any Incremental Facility Loan of any Series, if the Interest Period requested with respect thereto would commence before and end after any Term Loan Principal Payment Date unless, after giving effect thereto, the aggregate principal amount of the Tranche I Term Loans, Tranche II Term Loans, Tranche III Term Loans or Incremental Facility Loans of such Series, as the case may be, having Interest Periods that end after such Term Loan Principal Payment Date shall be equal to or less than the aggregate principal amount of the Tranche I Term Loans, Tranche II Term Loans, Tranche III Term Loans or Incremental Facility Loans of such Series, respectively, permitted to be outstanding after giving effect to the payments of principal required to be made on such Term Loan Principal Payment Date."

SECTION 2.06. Notices of Borrowings. Clause (i) of Section 2.03 of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

"(i) whether the requested Borrowing is to be a Tranche I

Revolving Borrowing, Tranche II Revolving Borrowing, Incremental Facility Borrowing, Tranche I Term Loan Borrowing, Tranche II Term Loan Borrowing or Tranche III Term Loan Borrowing;"

SECTION 2.07. Competitive Bid Loans. The first sentence of Section 2.04(a) of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

"Subject to the terms and conditions set forth herein, from time to time during the Revolving Availability Period the Borrower may request Competitive Bids and may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Loans denominated in Dollars or Sterling; provided that (i) the sum of the total Tranche I Revolving Exposures plus the aggregate principal amount of outstanding Competitive Loans made by Tranche I Revolving Lenders at any time shall not exceed the total Tranche I Revolving Commitments, (ii) the sum of the total Tranche II Revolving Exposures plus the aggregate principal amount of outstanding Competitive Loans made by Tranche II Revolving Lenders at any time shall not exceed the total Tranche II Revolving Commitments and (iii) the sum of the aggregate principal amount of outstanding Tranche II Revolving Loans and Competitive Loans denominated in Sterling at any time shall not exceed (pound)50,000,000."

SECTION 2.08. Letters of Credit. Section 2.06(c) of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

"(c) Limitations on Amounts. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the aggregate LC Exposure of Chase, as an Issuing Lender (determined for these purposes without giving effect to the participations therein of the Revolving Lenders pursuant to paragraph (e) of this Section), shall not exceed $20,000,000, (ii) the aggregate LC Exposure of First Chicago, as an Issuing Lender (determined for these purposes without giving effect to the participations therein of the Revolving Lenders pursuant to paragraph(e) of this Section), shall not exceed the Qingdao Letter of Credit Limit, (iii) the sum of the total Tranche I Revolving Exposures plus the aggregate principal amount of outstanding Competitive Loans made by Tranche I Revolving Lenders shall not exceed the total Tranche I Revolving Commitments and (iv) the sum of the total Tranche II Revolving Exposures plus the aggregate principal amount of outstanding Competitive Loans made by Tranche II Revolving Lenders shall not exceed the total Tranche II Revolving Commitments."

SECTION 2.09. Termination of Commitments. Section 2.09(a) of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

"(a) Scheduled Termination. Unless previously terminated, (i) the Tranche I Term Loan Dollar Commitments, the Tranche I Term Loan Sterling Commitments and the Tranche II Term Loan Commitments shall terminate at 5:00 p.m. on the last day of the Term Loan Availability Period, (ii) the Tranche III Term Loan Commitments shall terminate at 5:00 p.m., New York City time, on the Initial Funding Date, (iii) the Revolving Commitments shall terminate on the Revolving Commitment Termination Date and (iv) the Incremental Facility Commitments of any Series shall terminate immediately after the making of the Incremental

Facility Loans of such Series."

SECTION 2.10. Repayment of Incremental Facility Loans. Section 2.10(a) of the Existing Credit Agreement is hereby amended by deleting the "and" at the end of clause (v), replacing the period at the end of clause (vi) with ", and" and adding a new clause (vii) to read as follows:

"(vii) to the Administrative Agent for account of the Incremental Facility Lenders the outstanding principal amount of the Incremental Facility Loans of any Series on each Term Loan Principal Payment Date set forth below in an aggregate principal amount equal to the percentage of the original principal amount of the Incremental Facility Loans of such Series set forth opposite such Term Loan Principal Payment Date:

Term Loan Principal Payment Date	Amount (%)
December 1, 1999	.25
March 1, 2000	.25
June 1, 2000	.25
September 1, 2000	.25
December 1, 2000	.25
March 1, 2001	.25
June 1, 2001	.25
September 1, 2001	.25
December 1, 2001	.25
March 1, 2002	.25
June 1, 2002	.25
September 1, 2002	.25
December 1, 2002	.25
March 1, 2003	.25
June 1, 2003	.25
September 1, 2003	.25
December 1, 2003	.25
March 1, 2004	11.96875
June 1, 2004	11.96875
September 1, 2004	11.96875
December 1, 2004	11.96875
March 1, 2005	11.96875
June 1, 2005	11.96875
September 1, 2005	11.96875
December 1, 2005	11.96875"

SECTION 2.11. Mandatory Prepayments. Clause "second" of Section 2.11(b)(vi)(A) of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

"second, after the payment in full of any then-outstanding Term Loans of any Class, to prepay Revolving Loans (without reduction of Revolving Commitments) and Incremental Facility Loans, in each case ratably in accordance with the respective principal amounts thereof."

SECTION 2.12. Mandatory Prepayments. Clause "second" of Section 2.11(b)(vi)(B) of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

"second, after the payment in full of any then-outstanding Term Loans of any Class, to prepay Revolving Loans (without reduction of Revolving Commitments) and Incremental Facility Loans, in each case ratably in accordance with the respective principal amounts thereof."

SECTION 2.13. Pro Rata Treatment. Section 2.18(c) of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

"(c) Pro Rata Treatment. Except to the extent otherwise provided herein (including in Section 2.10(a)(ii)): (i) each Syndicated Borrowing of a particular Class shall be made from the relevant Lenders, each payment of facility fee and commitment fee under Section 2.12 in respect of Commitments of a particular Class shall be made for account of the relevant Lenders, and each termination or reduction of the amount of the Commitments of a particular Class under Section 2.09 shall be applied to the respective Commitments of such Class of the relevant Lenders, pro rata according to the amounts of their respective Commitments of such Class; (ii) each Syndicated Borrowing of any Class shall be allocated pro rata among the relevant Lenders according to the amounts of their respective Commitments of such Class (in the case of the making of Syndicated Loans) or their respective Loans of such Class (in the case of conversions and continuations of Loans); (iii) each payment or prepayment of principal of Revolving Loans, Incremental Facility Loans of any Series, Tranche I Term Loans, Tranche II Term Loans and Tranche III Term Loans by the Borrower shall be made for account of the relevant Lenders pro rata in accordance with the respective unpaid principal amounts of the Syndicated Loans of such Class or Series held by them; and (iv) each payment of interest on Revolving Loans, Incremental Facility Loans of any Series, Tranche I Term Loans, Tranche II Term Loans and Tranche III Term Loans by the Borrower shall be made for account of the relevant Lenders pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Lenders."

SECTION 2.14. Section 6.08 of the Existing Credit Agreement is amended by adding a new sentence at the end thereof to read as follows:

"The proceeds of the Incremental Facility Loans of any Series will be used to finance acquisitions (including the Franciscan Acquisition) and related fees and expenses."

SECTION 2.15. Paragraphs (a) and (c) of Section 7.08 of the Existing Credit Agreement are hereby amended to read in their entirety as follows, respectively:

"(a) Debt Ratio. The Borrower will not permit the Debt Ratio to exceed the following respective ratios at any time during the following respective periods:

Period	Ratio

From the date hereof through August 31, 2000	4.75 to 1
From September 1, 2000 through August 31, 2001	4.50 to 1
From September 1, 2001 and at all times thereafter	4.00 to 1

(c) Interest Coverage Ratio. The Borrower will not permit the Interest Coverage Ratio to be less than the following respective ratios at any time during the following respective periods:

Period	Ratio
From the date hereof through February 29, 2000	2.25 to 1
From March 1, 2000 through February 28, 2001	2.50 to 1
From March 1, 2001 through February 28, 2002	2.75 to 1
From March 1, 2002 and at all times thereafter	3.00 to 1"

ARTICLE III

Representations and Warranties

The Borrower hereby represents and warrants to the Lenders (i) as of the date hereof and (ii) as of the Second Restatement Effective Date (as defined in Article II hereof), after giving effect to the Second Amended and Restated Credit Agreement, that:

(i) no Default has occurred and is continuing;

(ii) each of the representations and warranties of the Borrowers in Article IV of the Existing Credit Agreement and in the other Loan Documents are true and complete on the date hereof, with the same force and effect as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), as if each reference in said Article IV or in each such Loan Document to "this Agreement" included reference to this Second Amended and Restated Credit Agreement; and

(iii) the Borrower has heretofore delivered to the Administrative Agent a true and complete copy of the Franciscan Acquisition Agreement (including any modifications and supplements thereto, and any schedules delivered thereunder) as in effect on the date hereof.

ARTICLE IV

Conditions Precedent

The amendments set forth in Article II hereof shall become effective on the date upon which each of the following conditions precedent shall have been fulfilled to the satisfaction of the Administrative Agent:

SECTION 4.01. Execution by All Parties. This Second Amended and Restated Credit Agreement shall have been executed and delivered by the Borrower, each of the Subsidiary Guarantors, Lenders constituting the "Required Lenders" under the Existing Credit Agreement, and the Administrative Agent.

SECTION 4.02. Other Documents. The Administrative Agent shall have received such documents as the Administrative Agent, any Lender or special New York counsel to Chase may reasonably request in connection herewith.

ARTICLE V

Confirmation of Collateral Security

Each Obligor, by its signature below, hereby confirms that the obligations of such Obligor in respect of the Incremental Facility Loans, are entitled to the benefits of the Guarantees and collateral security provided for pursuant to the Security Documents to which such Obligor is a party.

ARTICLE VI

Miscellaneous.

Except as herein provided, the Existing Credit Agreement shall remain unchanged and in full force and effect. This Second Amended and Restated Credit Agreement 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 Second Amended and Restated Credit Agreement by signing any such counterpart and sending the same by telecopier, mail messenger or courier to the Administrative Agent or counsel to the Administrative Agent. This Second Amended and Restated Credit Agreement 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 Second Amended and Restated Credit Agreement to be duly executed and delivered as of the day and year first above written.

CANANDAIGUA BRANDS, INC.

By /s/Thomas S. Summer
Title: Senior Vice President

and Chief Financial Officer

SUBSIDIARY GUARANTORS

BATAVIA WINE CELLARS, INC.
CANANDAIGUA EUROPE LIMITED
CANANDAIGUA WINE COMPANY, INC
POLYPHENOLICS, INC.
ROBERTS TRADING CORP.

By /s/Thomas S. Summer
Title: Treasurer

BARTON INCORPORATED
BARTON BRANDS, LTD.
BARTON BEERS, LTD.
BARTON BRANDS OF CALIFORNIA, INC.
BARTON BRANDS OF GEORGIA, INC.
BARTON DISTILLERS IMPORT CORP.
BARTON FINANCIAL CORPORATION
MONARCH IMPORT COMPANY
STEVENS POINT BEVERAGE CO.
THE VIKING DISTILLERY, INC.

By /s/Thomas S. Summer
Title: Vice President

CANANDAIGUA LIMITED

By /s/Thomas S. Summer
Title: Finance Director

CANANDAIGUA B.V.

By /s/Thomas S. Summer
Title: Authorized Attorney

LENDERS

THE CHASE MANHATTAN BANK,
individually, as Swingline Lender
and as Administrative Agent

By /s/Bruce Borden
Title: Vice President

THE BANK OF NOVA SCOTIA

By /s/J. Alan Edwards
Title: Authorized Signatory

CREDIT SUISSE FIRST BOSTON

By /s/Chris T. Horgan
Title: Vice President

By /s/Kristin Lepri
Title: Associate

FLEET NATIONAL BANK

By /s/Martin K. Birmingham
Title: Vice President

COOPERATIEVE CENTRALE RAIFFEISEN-
BOERENLEENBANK B.A. "RABOBANK
NEDERLAND", NEW YORK BRANCH

By /s/Ian Reece
Title: Senior Credit Officer

By /s/Leigh R. Reed
Title:Vice President

CREDIT LYONNAIS, NEW YORK BRANCH

By /s/Vladmir Labbun
Title: First Vice President - Manager

FIRST NATIONAL BANK OF CHICAGO

By /s/Jeffrey Lubatkin
Title: Officer

FIRST UNION NATIONAL BANK
(successor to CoreStates Bank, N.A.)

By /s/Donna J. Emhart
Title: Vice President

NATIONSBANK, N.A.

By:/s/Kathryn W. Robinson
Title: Senior Vice President

SUNTRUST BANK, ATLANTA

By /s/Hugh E. Brown
Title: Associate

By /s/ Robert V. Honeycutt
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By /s/Tracey A. Hanson
Title: Vice President

BARCLAYS BANK PLC

By /s/Marlene Wechselblatt
Title: Vice President

CIBC INC

By /s/Gerald Girardi
Title: Executive Director

COBANK, ACB

By /s/Brian J. Klatt
Title: Vice President

CREDIT AGRICOLE INDOSUEZ

By /s/Alan L. Schmelzer
Title: Senior Relationship Manager

B /s/Katherine L. Abbott
Title: First Vice President/Managing Director

DEUTSCHE BANK, NEW YORK and/or
CAYMAN ISLANDS BRANCH

By /s/Alexander Karow

Title: Associate

By /s/Stephen A. Wiedemann
Title: Director

MANUFACTURERS AND TRADERS TRUST COMPANY

By /s/Philip M. Smith
Title: Regional Senior Vice President

BANK AUSTRIA CREDITANSTALT CORPORATE FINANCE, INC.

By /s/Patrick Rounds
Title: Vice President

By /s/Greg Roux
Title: Vice President

BANK UNITED

By /s/Phil Green
Title: Director - Commercial Syndications

BANQUE NATIONALE DE PARIS

By /s/Richard L. Sted
Title:

By /s/Richard Pace
Title: Vice President
Corporate Banking Division

HARRIS TRUST AND SAVINGS BANK

By /s/Edwin A. Adams, Jr.
Title: Vice President

KEY BANK NATIONAL ASSOCIATION

By /s/Lawrence A. Mack
Title: Senior Vice President

NATIONAL CITY BANK

By /s/Lisa B. Lisi
Title: Vice President

STATE STREET BANK AND TRUST COMPANY

By /s/Christopher Del Signore
Title: Vice President

USTRUST

By /s/Thomas F. Macina
Title: Vice President

WACHOVIA BANK, N.A.

By /s/Fitzhugh L. Wickham
Title: Vice President

THE BANK OF NEW YORK

By /s/Thomas C. McCrohan
Title: Vice President

KBC BANK

By:_____
Title:

By:_____
Title:

HSBC BANK USA

By /s/Martin F. Brown
Title: Authorized Signatory

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By /s/Jim Brown
Title: Vice President

DEUTSCHE FINANCIAL SERVICES CORPORATION

By /s/Edwin G. Chewning
Title: Vice President

INCREMENTAL FACILITY LOAN AGREEMENT (SERIES A)

INCREMENTAL FACILITY LOAN AGREEMENT dated as of May 27, 1999 between CANANDAIGUA BRANDS, INC., the Subsidiary Guarantors party hereto, the Incremental Facility Lenders party hereto and THE CHASE MANHATTAN BANK, as Administrative Agent.

Canandaigua Brands, Inc., the Subsidiary Guarantors named therein, the lenders named therein and The Chase Manhattan Bank, as Administrative Agent, are parties to a Second Amended and Restated Credit Agreement dated as of May 12, 1999, pursuant to which the First Amended and Restated Credit Agreement dated as of November 2, 1998 between said parties was further amended and restated (said First Amended and Restated Credit Agreement, as so further amended and restated, being herein called the "Credit Agreement"). Terms defined in the Credit Agreement are used herein as defined therein.

Pursuant to Section 2.01(c) of the Credit Agreement, the Borrower has requested the Lenders provide an aggregate amount of $200,000,000 of Incremental Facility Commitments, to be designated as "Series A Incremental Facility Commitments", providing for "Series A Incremental Facility Loans". The Incremental Facility Lenders signatory to this Agreement have agreed to enter into such Commitments and make such Loans on the terms set forth below and, accordingly, the parties hereto hereby agree as follows:

Section 1. Series A Incremental Facility Commitments. Each Incremental Facility Lender executing this Agreement hereby agrees, subject to the terms and conditions set forth in the Credit Agreement, to make a Series A Incremental Facility Loan to the Borrower on or before June 30, 1999, in an aggregate principal amount up to but not exceeding its Series A Incremental Facility Commitment as set forth on each Incremental Facility Lender's signature page hereto. Each Incremental Facility Lender's Series A Incremental Facility Commitments not utilized on or before June 30, 1999 shall terminate at 5:00 p.m., New York Time, on June 30, 1999.

Section 2. Repayment, Etc. The Borrower hereby acknowledges and confirms that it has agreed, pursuant to the Credit Agreement, to repay the principal of the Series A Incremental Facility Loans borrowed under the Credit Agreement when and as the same become due and payable as provided in the Credit Agreement. The Borrower agrees that the Applicable Rate on any Series A Incremental Facility Loan shall be the appropriate rates specified in the definition of Applicable Rate in Section 1.01 of the Credit Agreement.

Section 3. Miscellaneous. This Agreement shall be construed in

accordance with and governed by the law of the State of New York. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart and sending the same by telecopier, mail messenger or courier to the Administrative Agent or counsel to the Administrative Agent. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CANANDAIGUA BRANDS, INC.

By: /s/Thomas S. Summer

Title:Senior Vice President and Chief Financial Officer

SUBSIDIARY GUARANTORS

BATAVIA WINE CELLARS, INC.
CANANDAIGUA EUROPE LIMITED
CANANDAIGUA WINE COMPANY, INC
POLYPHENOLICS, INC.
ROBERTS TRADING CORP.

By /s/Thomas S. Summer

Title: Treasurer

BARTON INCORPORATED
BARTON BRANDS, LTD.
BARTON BEERS, LTD.
BARTON BRANDS OF CALIFORNIA, INC.
BARTON BRANDS OF GEORGIA, INC.
BARTON DISTILLERS IMPORT CORP.
BARTON FINANCIAL CORPORATION
MONARCH IMPORT COMPANY
STEVENS POINT BEVERAGE CO.
THE VIKING DISTILLERY, INC.

By /s/Thomas S. Summer

Title: Vice President

CANANDAIGUA LIMITED

By /s/Thomas S. Summer
Title: Finance Director

CANANDAIGUA B.V.

By /s/Thomas S. Summer
Title: Authorized Attorney

LENDERS

Commitment	
$61,500,000	THE CHASE MANHATTAN BANK, individually and as Administrative Agent

By /s/Bruce Borden
Title: Vice President

LENDERS

Commitment

$7,500,000

FLEET NATIONAL BANK

By /s/Martin K. Birmingham
Title: Vice President

LENDERS

Commitment

$7,500,000

THE BANK OF NOVA SCOTIA

By /s/J. Alan Edwards
Title: Authorized Signatory

LENDERS

Commitment

$5,000,000

CREDIT SUISSE FIRST BOSTON

By /s/Kristin Lepri
Title: Associate

By /s/Bill O'Daly
Title: Vice President

LENDERS

Commitment

$5,000,000

COBANK, ACB

By /s/Brian J. Klatt
Title: Vice President

LENDERS

Commitment

$5,000,000

COMPAGNIE FINANCIERE DE CIC ET DE L'UNION EUROPEENNE

By /s/Anthony Rock
Title: Vice President

By /s/Sean Mounier
Title: First Vice President

LENDERS

Commitment

$5,000,000

CREDIT LYONNAIS, NEW YORK BRANCH

By /s/Vladimir Labun
Title: First Vice President - Manager

LENDERS

Commitment

$5,000,000

KEY BANK NATIONAL ASSOCIATION

By /s/Lawrence A. Mack
Title: Senior Vice President

LENDERS

Commitment

$5,000,000

MANUFACTURERS AND TRADERS TRUST COMPANY

By /s/Philip M. Smith
Title: Regional Vice President

LENDERS

Commitment

$5,000,000

NATIONSBANK, N.A.

By /s/Kathryn W. Robinson
Title: Senior Vice President

LENDERS

Commitment

$5,000,000

SUNTRUST BANK, ATLANTA

By /s/Robert V. Hoenycutt
Title: Vice President

LENDERS

Commitment

$4,000,000

THE BANK OF NEW YORK

By /s/Thomas C. McCrohan
Title: Vice President

LENDERS

Commitment

$4,000,000

HARRIS TRUST AND SAVINGS BANK

By /s/Edwin A. Adams
Title: Vice President

LENDERS

Commitment

$4,000,000

IMPERIAL BANK

By /s/Ray Vadalma
Title: Senior Vice President

LENDERS

Commitment

$4,000,000

COOPERATIEVE CENTRALE RAIFFEISEN-BOERELEENBANK B.A. "RABOBANK NEDERLAND", NEW YORK BRANCH

By /s/Caroline M. Hastings
Title: Vice President

By /s/Pieter Kodde
Title: Senior Vice President

LENDERS

Commitment

$4,000,000

WELLS FARGO, NATIONAL ASSOCIATION

By /s/Tracey A. Hanson
Title: Vice President

LENDERS

Commitment

$5,000,000

MERRILL LYNCH SENIOR FLOATING RATE FUND, INC.

By /s/George D. Pelose
Title: Authorized Signatory

LENDERS

Commitment

$7,000,000

KZH IV LLC

By /s/Virginia Conway
Title: Authorized Agent

LENDERS

Commitment

$7,000,000

HIGHLAND CAPITAL MANAGEMENT, L.P.

By
Title:

LENDERS

Commitment

$2,000,000

ARCHIMEDES FUNDING, L.L.C.,
by: ING Capital Advisors, Inc.,
as Collateral Manager

By /s/Michael J. Campbell
Title: Senior Vice President

LENDERS

Commitment

$5,000,000

KZH-ING-2 LLC

By /s/Virginia Conway
Title: Authorized Agent

LENDERS

Commitment

$7,000,000

METROPOLITAN LIFE INSURANCE COMPANY

By /s/James R. Dingler
Title: Director

LENDERS

Commitment

$7,000,000

OAK HILL SECURITIES FUND, L.P.

By: Oak Hill Securities GenPar, L.P.
its General Partner

By: Oak Hill Securities MGP, Inc.
its General Partner

By /s/ Scott D. Krase
Title: Vice President

LENDERS

Commitment

$3,500,000

PILGRIM PRIME RATE TRUST

By: Pilgrim Investments, Inc.
as its investment manager

By /s/Charles E. LeMieux, CFA
Title: Assistant Vice President

LENDERS

Commitment

$7,000,000

STANFIELD CAPITAL

By
Title:

LENDERS

Commitment

$7,000,000

KZH APPALOOSA LLC

By /s/Virginia Conway
Title: Authorized Agent

LENDERS

Commitment

$5,000,000

GALAXY CLO 1999-1, LTD.

By /s/Steve B. Staver
Title: Authorized Agent

LENDERS

Commitment

$5,000,000

JACKSON NATIONAL LIFE INSURANCE COMPANY (PPM)

By: PPM America, Inc., as Attorney-in-fact, on behalf of Jackson National Life Insurance Company

By /s/Michael King
Title: Vice President

LENDERS

Commitment

$5,000,000

KZH STERLING LLC

By /s/Virginia Conway
Title: Authorized Agent

LENDERS

Commitment

$5,000,000

MORGAN STANLEY DEAN WITTER PRIME INCOME TRUST

By /s/Peter Gewirtz
Title: Authorized Signatory