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## Constellation Brands F1Q10 (Qtr End 05/31/09) Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from the line of Kaumil Gajrawala with UBS.

#### Analyst for Kaumil Gajrawala - UBS Warburg

Good morning. This is [Seth] standing in for Kaumil. [Regarding the distributor] transition that you mentioned would be taking place this summer, should we be concerned about any disruption in 2Q or 3Q because of that?

#### Robert S. Sands

You know, we don't expect any disruption at this time as a consequence of our distributor activities. You know, we've put a lot of things in place to ensure that things remain intact during the transition period so right now, we feel pretty good about that.

#### Analyst for Kaumil Gajrawala - UBS Warburg

Thank you.

#### Operator

Your next question comes from the line of Timothy Ramey with D.A. Davidson.

#### Timothy Ramey - D.A. Davidson & Co.

Good morning. Congratulations, guys. As you get into the latter half of the year, have you -- I know you don't give quarterly guidance but have you given thoughts to how the currency impacts shake out and what that might mean for you, particularly with regard to your new strategy in Australia and the U.K.?

#### Robert P. Ryder

You know, we do look at that stuff but if we were real good on anticipating for-ex rates, we'd be working down on Wall Street but what we try to do with all our -- with our hedged activities is we try to offset the volatility, so for instance in this quarter, we actually saw some positive impact from our hedges, whereas in last year's first quarter, we saw some negative impact from hedges specifically. Now, there are offsetting things helping the other line items. But we don't -- it's not really a big number. We expect for-ex volatility to be maybe a positive/negative of about \$0.01 in any quarter.

**Timothy Ramey - D.A. Davidson & Co.**

Okay, and then just on some of the mid-tier brands, you know, can you kind of more fully flesh out a little bit on what you are seeing in terms of trade down and -- I mean, you described a couple of the results as solid but I'd rather have numbers than letters.

**Robert S. Sands**

In terms of our mid-tier brands, we are seeing some positive results. We see brands like Woodbridge continuing to grow in the high-single-digit range. We see brands like Clos du Bois, for instance, we're seeing about 8% volume growth on that particular brand. So you know, there's ups and downs in the portfolio and we do see a trend towards what we would describe as better known and trusted brands that represent good value for money. I think that some of our brands are benefiting from that in general.

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