BROWN-FORMAN

Brown-Forman's 2Q17 and 1H17 Results

December 7, 2016

DEEP ROOTS. DYNAMIC VISION.

* The following slides accompany a December 7, 2016 earnings call to discuss Brown-Forman Corporation's financial results for the second fiscal quarter and six month period ended October 31, 2016. This information should be read in conjunction with the press release issued on that date.

Forward-Looking Statements

This presentation contains statements, estimates, and projections that are "forward-looking statements" as defined under U.S. federal securities laws. Words such as "aim," "anticipate," "aspire," "believe," "continue," "could," "envision," "estimate," "expect," "expectation," "intend," "may," "plan," "potential," "project," "pursue," "see," "seek," "should," "will," and similar words identify forward-looking statements, which speak only as of the date we make them. Except as required by law, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. By their nature, forward-looking statements involve risks, uncertainties and other factors (many beyond our control) that could cause our actual results to differ materially from our historical experience or from our current expectations or projections. These risks and uncertainties include, but are not limited to:

- Unfavorable global or regional economic conditions, and related low consumer confidence, high unemployment, weak credit or capital markets, budget deficits, burdensome government debt, austerity measures, higher interest rates, higher taxes, political instability, higher inflation, deflation, lower returns on pension assets, or lower discount rates for pension obligations
- Risks associated with being a U.S.-based company with global operations, including commercial, political and financial risks; local labor policies and conditions; protectionist trade policies or economic or trade sanctions; compliance with local trade practices and other regulations, including anti-corruption laws; terrorism; and health pandemics
- Fluctuations in foreign currency exchange rates, particularly a stronger U.S. dollar
- Changes in laws, regulations, or policies - especially those that affect the production, importation, marketing, labeling, pricing, distribution, sale, or consumption of our beverage alcohol products
- Tax rate changes (including excise, sales, VAT, tariffs, duties, corporate, individual income, dividends, capital gains) or changes in related reserves, changes in tax rules (for example, LIFO, foreign income deferral, U.S. manufacturing and other deductions) or accounting standards, and the unpredictability and suddenness with which they can occur
- Dependence upon the continued growth of the Jack Daniel's family of brands
- Changes in consumer preferences, consumption or purchase patterns - particularly away from larger producers in favor of smaller distilleries or local producers, or away from brown spirits, our premium products, or spirits generally, and our ability to anticipate or react to them; bar, restaurant, travel or other on-premise declines; shifts in demographic trends; unfavorable consumer reaction to new products, line extensions, package changes, product reformulations, or other product innovation
- Decline in the social acceptability of beverage alcohol products in significant markets
- Production facility, aging warehouse or supply chain disruption
- Imprecision in supply/demand forecasting
- Higher costs, lower quality or unavailability of energy, water, raw materials, product ingredients, labor or finished goods
- Route-to-consumer changes that affect the timing of our sales, temporarily disrupt the marketing or sale of our products, or result in higher implementation-related or fixed costs
- Inventory fluctuations in our products by distributors, wholesalers, or retailers
- Competitors' consolidation or other competitive activities, such as pricing actions (including price reductions, promotions, discounting, couponing or free goods), marketing, category expansion, product introductions, or entry or expansion in our geographic markets or distribution networks
- Risks associated with acquisitions, dispositions, business partnerships or investments - such as acquisition integration, or termination difficulties or costs, or impairment in recorded value
- Inadequate protection of our intellectual property rights
- Product recalls or other product liability claims; product counterfeiting, tampering, contamination, or product quality issues
- Significant legal disputes and proceedings; government investigations (particularly of industry or company business, trade or marketing practices)
- Failure or breach of key information technology systems
- Negative publicity related to our company, brands, marketing, personnel, operations, business performance or prospects
- Failure to attract or retain key executive or employee talent
- Our status as a family "controlled company" under New York Stock Exchange rules

For further information on these & other risks, please refer to the "Risk Factors" section of our annual report on Form 10-K and quarterly reports on Form 10-Q filed with the SEC.

Highlights

- Reported results continued to be negatively impacted by acquisitions and divestitures as well as foreign exchange
- Underlying[1] net sales and operating income growth accelerated from 1Q17 to 2Q17
- Operating expense leverage through SG&A
- Reaffirmed fiscal 2017 EPS outlook

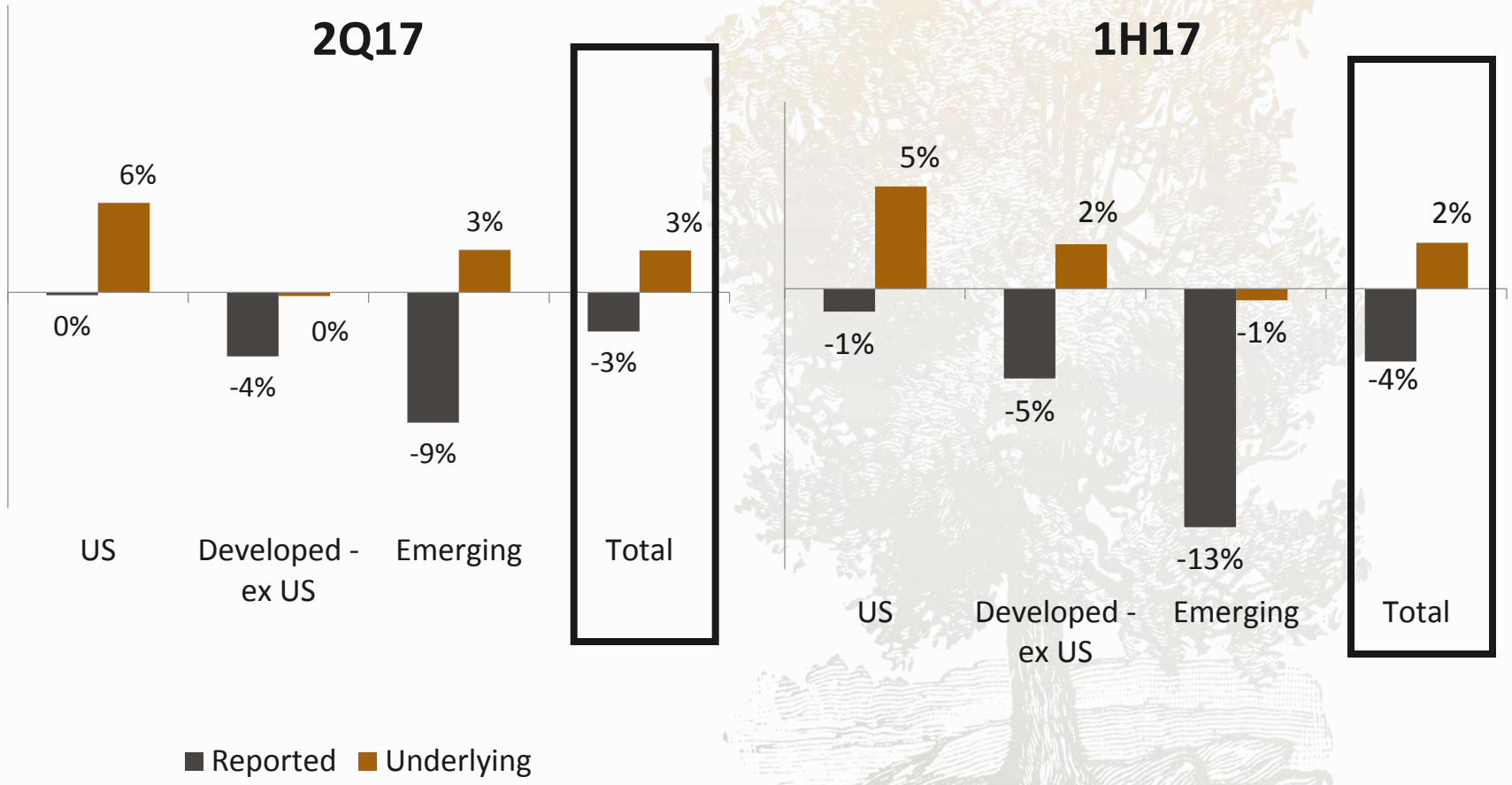
Use of Non-GAAP Financial Information: This presentation includes measures not derived in accordance with U.S. generally accepted accounting principles ("GAAP"), including underlying net sales, underlying cost of sales, underlying gross profit, underlying advertising expense, underlying SG&A, and underlying operating income. These measures should not be considered in isolation or as a substitute for any measure derived in accordance with GAAP, and also may be inconsistent with similar measures presented by other companies. Reconciliations of these measures to the most closely comparable GAAP measures, and reasons for the company's use of these measures, are presented in the appendix attached hereto.

1H17 Income Statement

	Reported Change (%)	A&D Impact (+/-)	Foreign Exchange Impact (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying Change (%)
Sales	-4%	3%	2%	1%	2%
Gross Profit	-7%	5%	3%	1%	2%
Advertising	-10%	9%	2%	0%	1%
SG&A	-4%	0%	2%	0%	-3%
Operating Income	-5%	7%	3%	2%	7%

* See appendix for additional details

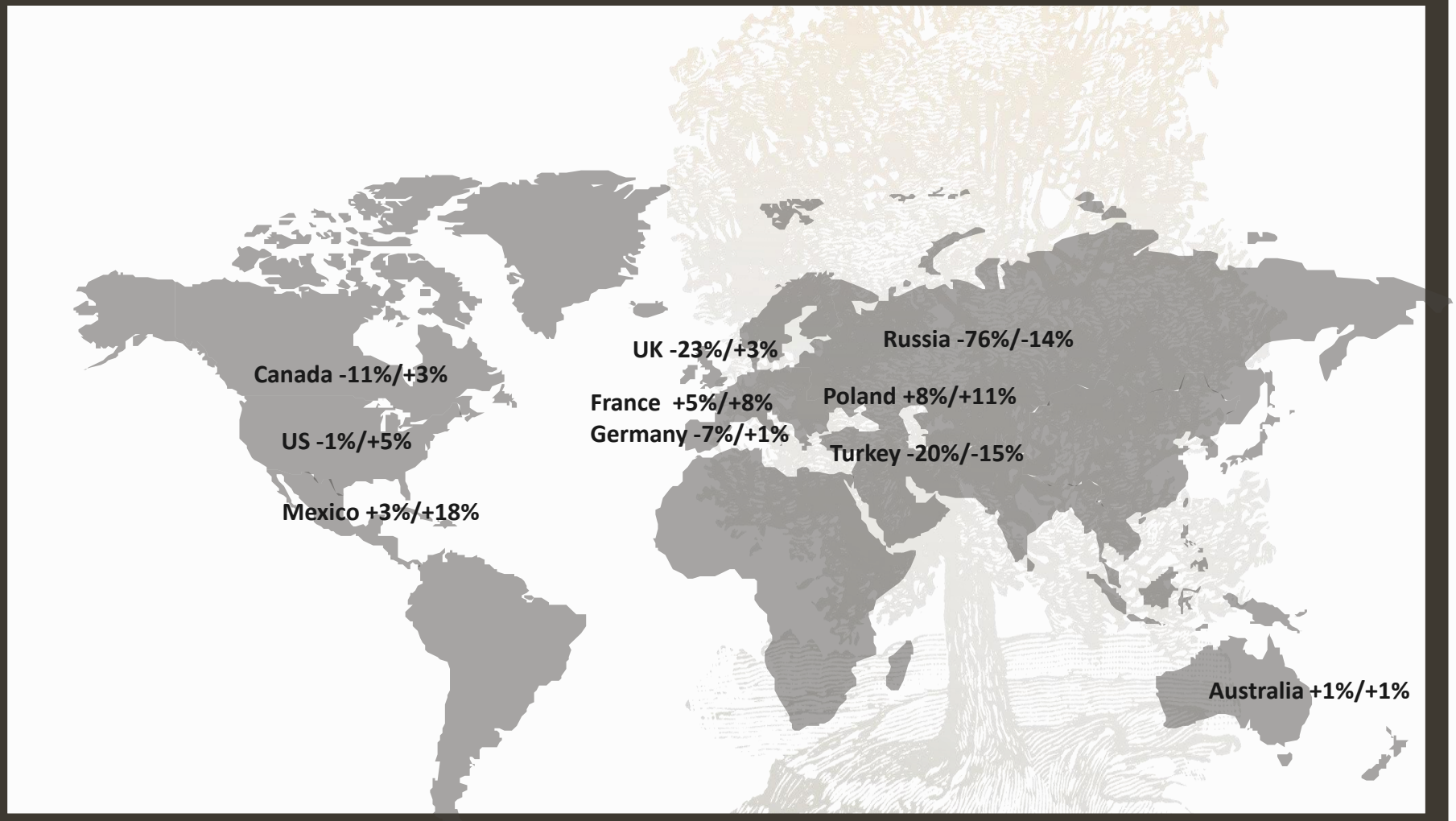
Net Sales by Region



* See appendix for additional details

1H17 Sales Change in Top Markets

Reported/Underlying



DEEP ROOTS. DYNAMIC VISION.

* See appendix for additional details

Brands – 1H17 Net Sales

Brand	Reported Change (%)	Foreign Exchange Impact (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying Change (%)
JD Family	**-1%**	**3%**	**0%**	**2%**
JDTW	-2%	3%	1%	2%
JDTH	0%	3%	-1%	2%
Other JD Whiskey Brands	6%	2%	-3%	5%
JD RTD/RTP	0%	5%	0%	5%
Finlandia	-17%	2%	11%	-4%
El Jimador	3%	4%	2%	9%
New Mix RTD	3%	16%	0%	18%
Herradura	12%	7%	-3%	16%
Woodford Reserve	12%	1%	6%	19%
Canadian Mist	-14%	0%	0%	-14%

Gross Margin

	2Q	1H
FY16 Reported Gross Margin	68.6%	69.4%
FY17 Reported Gross Margin	66.5%	67.4%
Change	-2.1% points	-2.0% points
Major Drivers:		
A&D	-1.4% points	-1.4% points
FX	-0.6% points	-0.6% points

Summary of Operating Performance

	Three Months Ended October 31, 2016		Six Months Ended October 31, 2016	
	Reported Change	Underlying Change	Reported Change	Underlying Change
Net Sales	-3%	3%	-4%	2%
Cost of Sales	4%	4%	2%	3%
Gross Profit	-6%	2%	-7%	2%
Advertising	-6%	4%	-10%	1%
SG&A	-5%	-3%	-4%	-3%
Operating Income	-4%	8%	-5%	7%
Gross margin	-2.1% points		-2.0% points	
Operating margin	-0.3% points		-0.3% points	
Effective tax rate	-2.4% points		-1.5% points	
Share count	-5%		-5%	
Diluted earnings per share	3%		1%	

* See appendix for additional details

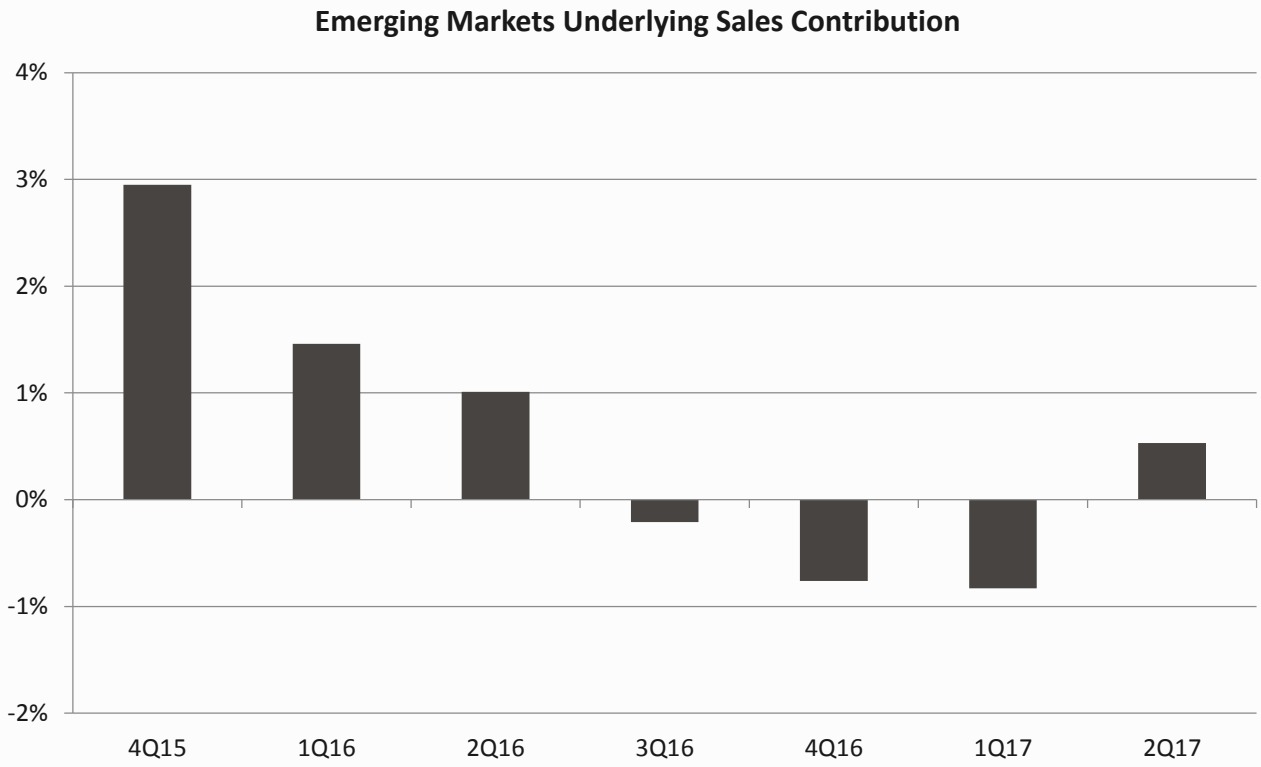
Revised FY17 Outlook

- For Fiscal 2017, we expect the following:

Underlying Net Sales	4 - 5%
Underlying Operating Income	6 - 8%
Diluted EPS	$1.71 - $1.81

* See appendix for additional details

Emerging Markets' Trends Appear to be Improving



Source: Company reports
Notes – Net of excise taxes and excludes Soco and Tuaca

BROWN-FORMAN

Appendix

DEEP ROOTS. DYNAMIC VISION.

Non-GAAP Reconciliation

We present changes in certain income statement line-items that are adjusted to an "underlying" basis, which are non-GAAP measures that we believe assists in understanding both our performance from period to period on a consistent basis, and the trends of our business. To calculate each of the measures reflected in this presentation, we adjust, as applicable, for (a) foreign currency exchange and (b) estimated net changes in trade inventories, and (c) the impact of acquisition and divestiture activity. These adjustments are defined below.

- "Foreign exchange." We calculate the percentage change in our income statement line-items in accordance with GAAP and adjust to exclude the cost or benefit of currency fluctuations. Adjusting for foreign exchange allows us to understand our business on a constant dollar basis, as fluctuations in exchange rates can distort the underlying trend both positively and negatively. To eliminate the effect of foreign exchange fluctuations when comparing across periods, we translate current year results at prior-year rates.

- "Estimated net change in trade inventories." This term refers to the estimated net effect of changes in distributor inventories on changes in our measures. For each period being compared, we estimate the effect of distributor inventory changes on our results using depletion information provided to us by our distributors. We believe that this adjustment reduces the effect of varying levels of distributor inventories on changes in our measures and allows to understand better our underlying results and trends.

- "Acquisitions and divestitures." On January 14, 2016, we reached an agreement to sell our Southern Comfort and Tuaca brands and related assets to Sazerac Company, Inc. The transaction closed March 1, 2016, for $543 million in cash (subject to a post-closing inventory adjustment), which resulted in a gain of $485 million in the fourth quarter of fiscal 2016. On June 1, 2016, we acquired The BenRiach Distillery Company Limited (BenRiach) for aggregate consideration of $407 million, consisting of a purchase price of $341 million and $66 million in assumed debt and transaction-related obligations that we have since paid. The acquisition, which brought three single malt Scotch whisky brands into our whiskey portfolio, included brand trademarks, inventories, three malt distilleries, a bottling plant, and BenRiach's headquarters in Edinburgh, Scotland. This adjustment removes (a) transaction-related costs for the acquisition and divestiture and (b) operating activity for the acquisition and divestiture for the non-comparable period, which is fiscal 2016 activity for Southern Comfort and Tuaca and fiscal 2017 activity for Southern Comfort, Tuaca, and BenRiach. We believe that these adjustments allow us to understand better our underlying results on a comparable basis.

Management uses "underlying" measures of performance to assist it in comparing and measuring our performance from period to period on a consistent basis, and in comparing our performance to that of our competitors. We also use underlying measures as metrics of management incentive compensation calculations. Management also uses underlying measures in its planning and forecasting and in communications with the board of directors, stockholders, analysts and investors concerning our financial performance. We have provided reconciliations of the non-GAAP measures adjusted to an "underlying" basis to their most closely comparable GAAP measures and have consistently applied the adjustments within our reconciliations in arriving at each non-GAAP measure.

Reconciliation
Fiscal 2017 Net Sales Growth by Geography

Three Months Ending October 31, 2016

Geographic area	Reported (%)	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying (%)
US	0%	6%	0%	0%	6%
Developed – ex US	-4%	2%	5%	-3%	0%
Emerging	-9%	1%	6%	5%	3%

Six Months Ending October 31, 2016

Geographic area	Reported (%)	Acquisitions & Divestitures (+/-)	Foreign Exchange (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying (%)
US	-1%	6%	0%	0%	5%
Developed – ex US	-5%	3%	5%	-1%	2%
Emerging	-13%	1%	6%	6%	-1%

Reconciliation

Fiscal 2017 Net Sales Growth by Top Markets

Geographic area	Reported %	Acquisitions & Divestitures +/-	Foreign Exchange +/-	Net Change in Estimated Distributor Inventories +/-	Underlying %
United States	-1%	6%	0%	0%	5%
United Kingdom	-23%	9%	17%	0%	3%
Germany	-7%	2%	6%	0%	1%
Poland	8%	-1%	4%	0%	11%
France	5%	-1%	4%	0%	8%
Turkey	-20%	0%	5%	0%	-15%
Russia	-76%	0%	0%	63%	-14%
Australia	1%	4%	-5%	0%	1%
Mexico	3%	0%	16%	-1%	18%
Canada	-11%	3%	2%	7%	3%

Pro-forma net sales growth rate disclosure

Q1

A. Presentation of changes in net sales on comparable basis to method of presentation used historically ("as stated") and currently ("comparable")

Period Ended July 31, 2015	Three months		
	Net sales (as stated)*	Excise taxes*	Net sales (comparable)
Reported change	**-2%**	**-7%**	**-1%**
Acquisitions & divestitures	n.a.	n.a.	n.a.
Impact of foreign currencies	9%	12%	8%
Estimated net change in distributor inventories	1%	0%	1%
Underlying change	**7%**	**6%**	**8%**

B. "Pro forma" adjustment to net sales to exclude impact of acquired and divested brands

Period Ended July 31, 2015	Three months		
	Net sales (as stated)*	Excise taxes*	Net sales (comparable)
Reported change	**-2%**	**-7%**	**-1%**
Acquisitions & divestitures**	0%	0%	0%
Impact of foreign currencies	9%	13%	8%
Estimated net change in distributor inventories	1%	0%	2%
Underlying change	**8%**	**6%**	**9%**

* In Q1 of F17, we changed our presentation of excise taxes from the gross method (included in sales and costs) to the net method (excluded from sales). As a result, the amounts presented as "net sales" in our financial statements now exclude excise taxes. In these schedules, "Net sales (as stated)" refers to the gross method of presentation used in our disclosures until that change; whereas, "Net sales (comparable)" refers to our current basis of presentation and is thus comparable to information presented in fiscal 2017.

**Excludes the impact of acquired and divested brands for the period presented.

Pro-forma net sales growth rate disclosure

Q2 and YTD October

A. Presentation of changes in net sales on comparable basis to method of presentation used historically ("as stated") and currently ("comparable")

Period Ended October 31, 2015	Three months			Six Months		
	Net sales (as stated)*	Excise taxes*	Net sales (comparable)	Net sales (as stated)*	Excise taxes*	Net sales (comparable)
Reported change	**-4%**	**-6%**	**-3%**	**-3%**	**-6%**	**-2%**
Acquisitions & divestitures	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Impact of foreign currencies	8%	12%	7%	8%	12%	7%
Estimated net change in distributor inventories	0%	0%	0%	1%	0%	1%
Underlying change	**5%**	**7%**	**4%**	**6%**	**6%**	**6%**

B. "Pro forma" adjustment to net sales to exclude impact of acquired and divested brands

Period Ended October 31, 2015	Three months			Six Months		
	Net sales (as stated)*	Excise taxes*	Net sales (comparable)	Net sales (as stated)*	Excise taxes*	Net sales (comparable)
Reported change	**-4%**	**-6%**	**-3%**	**-3%**	**-6%**	**-2%**
Acquisitions & divestitures**	1%	1%	1%	1%	1%	1%
Impact of foreign currencies	8%	12%	6%	8%	12%	7%
Estimated net change in distributor inventories	1%	1%	1%	1%	0%	1%
Underlying change	**6%**	**8%**	**5%**	**7%**	**7%**	**7%**

* In Q1 of F17, we changed our presentation of excise taxes from the gross method (included in sales and costs) to the net method (excluded from sales). As a result, the amounts presented as "net sales" in our financial statements now exclude excise taxes. In these schedules, "Net sales (as stated)" refers to the gross method of presentation used in our disclosures until that change; whereas, "Net sales (comparable)" refers to our current basis of presentation and is thus comparable to information presented in fiscal 2017.

**Excludes the impact of acquired and divested brands for the period presented.

Pro-forma net sales growth rate disclosure

Q3 and YTD January

A. Presentation of changes in net sales on comparable basis to method of presentation used historically ("as stated") and currently ("comparable")

Period Ended January 31, 2016	Three months			Nine Months		
	Net sales (as stated)*	Excise taxes*	Net sales (comparable)	Net sales (as stated)*	Excise taxes*	Net sales (comparable)
Reported change	**-1%**	**-2%**	**-1%**	**-2%**	**-5%**	**-1%**
Acquisitions & divestitures	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Impact of foreign currencies	6%	10%	5%	8%	11%	6%
Estimated net change in distributor inventories	-1%	0%	-1%	0%	0%	0%
Underlying change	**4%**	**8%**	**3%**	**5%**	**7%**	**5%**

B. "Pro forma" adjustment to net sales to exclude impact of acquired and divested brands

Period Ended January 31, 2016	Three months			Nine Months		
	Net sales (as stated)*	Excise taxes*	Net sales (comparable)	Net sales (as stated)*	Excise taxes*	Net sales (comparable)
Reported change	**-1%**	**-2%**	**-1%**	**-2%**	**-5%**	**-1%**
Acquisitions & divestitures**	1%	0%	1%	1%	1%	1%
Impact of foreign currencies	7%	10%	6%	8%	12%	6%
Estimated net change in distributor inventories	-2%	0%	-2%	0%	0%	0%
Underlying change	**5%**	**8%**	**3%**	**6%**	**8%**	**6%**

* In Q1 of F17, we changed our presentation of excise taxes from the gross method (included in sales and costs) to the net method (excluded from sales). As a result, the amounts presented as "net sales" in our financial statements now exclude excise taxes. In these schedules, "Net sales (as stated)" refers to the gross method of presentation used in our disclosures until that change; whereas, "Net sales (comparable)" refers to our current basis of presentation and is thus comparable to information presented in fiscal 2017.

**Excludes the impact of acquired and divested brands for the period presented.

Pro-forma net sales growth rate disclosure

Q4 and Full Year

A. Presentation of changes in net sales on comparable basis to method of presentation used historically ("as stated") and currently ("comparable")

Period Ended April 30, 2016	Three months			Full Year		
	Net sales (as stated)*	Excise taxes*	Net sales (comparable)	Net sales (as stated)*	Excise taxes*	Net sales (comparable)
Reported change	**-1%**	**-2%**	**-1%**	**-2%**	**-4%**	**-1%**
Acquisitions & divestitures	2%	1%	3%	1%	0%	1%
Impact of foreign currencies	3%	4%	2%	6%	10%	5%
Estimated net change in distributor inventories	0%	0%	0%	0%	0%	0%
Underlying change	**4%**	**4%**	**4%**	**5%**	**6%**	**5%**

B. "Pro forma" adjustment to net sales to exclude impact of acquired and divested brands

Period Ended April 30, 2016	Three months			Full Year		
	Net sales (as stated)*	Excise taxes*	Net sales (comparable)	Net sales (as stated)*	Excise taxes*	Net sales (comparable)
Reported change	**-1%**	**-2%**	**-1%**	**-2%**	**-4%**	**-1%**
Acquisitions & divestitures**	2%	1%	3%	1%	1%	1%
Impact of foreign currencies	2%	4%	2%	6%	10%	5%
Estimated net change in distributor inventories	0%	0%	0%	0%	0%	0%
Underlying change	**4%**	**3%**	**4%**	**6%**	**7%**	**5%**

* In Q1 of F17, we changed our presentation of excise taxes from the gross method (included in sales and costs) to the net method (excluded from sales). As a result, the amounts presented as "net sales" in our financial statements now exclude excise taxes. In these schedules, "Net sales (as stated)" refers to the gross method of presentation used in our disclosures until that change; whereas, "Net sales (comparable)" refers to our current basis of presentation and is thus comparable to information presented in fiscal 2017.

**Excludes the impact of acquired and divested brands for the period presented.

Reconciliation
2Q17 Income Statement

	Reported Change (%)	A&D Impact (+/-)	Foreign Exchange Impact (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying Change (%)
Sales	-3%	2%	3%	1%	3%
Gross Profit	-6%	4%	3%	0%	2%
Advertising	-6%	9%	1%	0%	4%
SG&A	-5%	0%	1%	0%	-3%
Operating Income	-4%	5%	5%	2%	8%

Reconciliation
Cost of Sales

	Reported Change (%)	A&D Impact (+/-)	Foreign Exchange Impact (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying Change (%)
2Q17	4%	-2%	1%	1%	4%

	Reported Change (%)	A&D Impact (+/-)	Foreign Exchange Impact (+/-)	Net Change in Estimated Distributor Inventories (+/-)	Underlying Change (%)
1H17	2%	-1%	0%	2%	3%