Brown-Forman Distillers Corporation

1966 ANNUAL REPORT


JACK DANIEL'S
OLD TIME
Old No.7
BRAND
Tennessee Whiskey
4/5 QUART
MADE IN TENNESSEE
JACK DANIEL'S
OLD TIME
Old No.7
BRAND
QUALITY
Tennessee
SOUR MASH
WHISKEY
DISTILLED AND BOTTLED BY
JACK DANIEL DISTILLERY
LEM MOTLOW, PROP. INC.
LYNCHBURG, TENN.
EST. & REG. IN 1866
BOTTLED AT THE DISTILLERY

Brown-Forman Distillers Corporation

1966 ANNUAL REPORT

Table of Contents

The Year in Brief 2
Letter to Shareholders 3
Review of Operations 4-11
Financial Information 12-15
Balance Sheet 12
Statements 13
10-Year Record 14-15
Statement of Source and Application of Funds 15
Notes to Financial Statements 15
Auditors' Certification 15
Directors 16
Officers 16

The year in brief

HIGHLIGHTS	1966	1965
Net Sales	$154,103,114	$137,547,076
Net Income	$ 10,317,762	$ 8,578,793
Cash Dividends Paid	$ 3,242,340	$ 2,768,169
Net Worth	$ 69,751,267	$ 64,309,130
Outstanding Common Shares	7,132,372	5,749,367
Class A (Voting) Common	2,369,712	1,915,057
Class B (Non-voting) Common	4,762,660	3,834,310
Earnings Per Share, Common	$ 1.38	$ 1.13*
Stockholders' Equity Per Share of Common Stock	$ 8.12	$ 7.31*

*Adjusted for a 5 for 4 split, issued July, 1965, on Common Stock.
Regular cash dividends have been paid for the 21st consecutive year.

CONDENSED BALANCE SHEET April 30, 1966

Assets		Liabilities & Stockholders' Equity	
Current Assets	$ 87,988,929	Current Liabilities	$ 13,573,094
Fixed Assets	16,429,754	Other Liabilities	30,000,000
All Other Assets	8,905,678	Stockholders' Equity	69,751,267
Total	$113,324,361	Total	$113,324,361

President Geo. Garvin Brown and Chairman of the Board W. L. Lyons Brown, seated, report to shareholders.

To our shareholders:

June 24, 1966

The fiscal year 1966 was another excellent year for your Company. The entire year was characterized by a strong and sustained consumer demand for Brown-Forman products. Record highs were once again reached in net earnings and sales. Consolidated net earnings rose from $8,578,793 to $10,317,762, a gain of 20% over fiscal year 1965. Consolidated net sales were $154,103,114, up 12% from fiscal 1965's total of $137,547,076.

We are pleased to report that your Company has experienced steadily increasing sales across the entire product line. Sales of Old Forester Bottled-in-Bond exceeded sales of the previous year. Sales of Old Forester 86° were well up throughout the country and its popularity continued to grow at a substantial rate. Early Times sales reached new record levels and the sales of BOLS, Usher's Scotch and other Garneau products progressed very satisfactorily in all categories. Consumer demand still continues to exceed the supply of famous Jack Daniel's Tennessee Whiskey. Custom Import House, Ltd., a division of Jack Daniel Distillery, which handles the sale of Chequers Scotch Whisky in the United States, now represents F. Korbel & Bros., one of California's oldest makers of champagnes, brandies and still wines.

At last year's Brown-Forman stockholders' meeting, Mr. Martin S. Brown, Vice President and Director of the Jack Daniel Distillery, was elected a Brown-Forman Director.

In continuation of your Company's announced policy, 23,113 shares of Class A Common Stock and 28,800 shares of Class B Common Stock were purchased as Treasury stock. Total Treasury stock at year end amounted to 30,263 shares of A and 42,816 shares of B.

It is a source of deep satisfaction to be able to announce the repeal of the ten cent per gallon whisky production tax in the State of Kentucky. The repeal of this production tax will have a graduated effect over the next several years and will be of considerable benefit to the entire distilling industry.

Brown-Forman's newest acquisition, Oertel Brewing Company, experienced a year of transition. A new advertising agency and an aggressive marketing program, now under the supervision of a new management team of experienced Brown-Forman men, should put this company on a solid basis for future operation.

Your Company completed a new long-term credit agreement for $30,000,000. This was used to retire the previous long-term debt of $18,000,000 and the balance was added to its working capital.

We are grateful to our shareholders, distributors, retailers, friends and fellow employees for their continued confidence over the past year.

You are cordially invited to attend the Annual Meeting of Shareholders in the Executive Office Building of the Company at 1908 Howard Street, Louisville, Kentucky, at 12 noon, Eastern Standard Time on Tuesday, July 26, 1966.

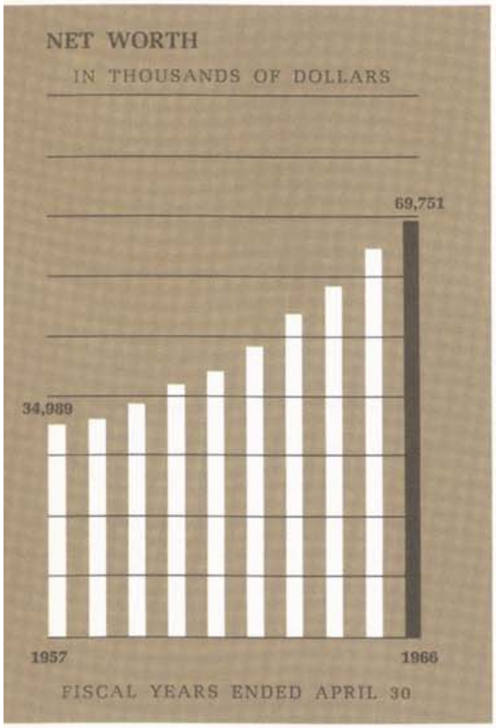
W. L. Lyons Brown

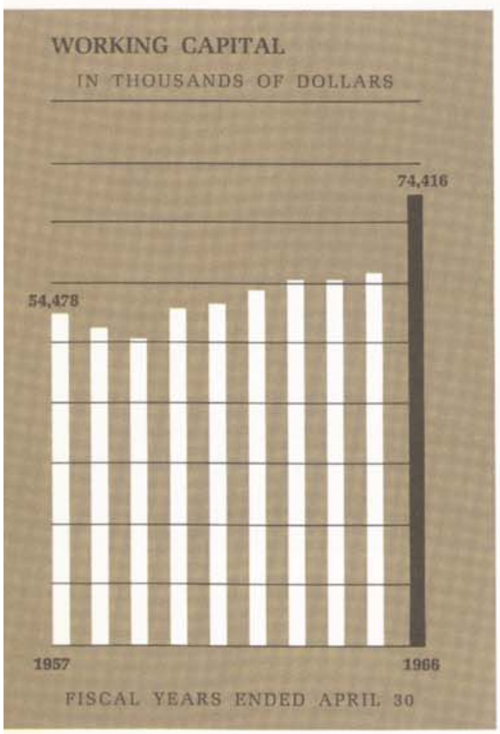
W. L. LYONS BROWN
Chairman of the Board

Geo. Garvin Brown

GEO. GARVIN BROWN
President

Review of operations





Marketing

"FOUR TO GO." Brown-Forman's new selling slogan, introduced at the Company's National Sales Meeting, was accompanied by sales goals for 1970, your Company's Centennial year. This meeting was held prior to the Holiday selling season. The immediate response of the sales force was to exceed almost every quota and post one of the largest sales increases in the Company's history.

Old Forester Bottled-in-Bond, Old Forester 86° and Early Times Bourbon Whiskies made sales gains that were above the average for the Industry in the straight whisky category.

Brown-Forman distributors have given the Company's products solid sales support, a vital factor in the year's sales progress. As partners in marketing the Brown-Forman line under the new Charter of Partnership distributor contract, they have justified the trust your Company's management has placed in them.

Export sales made a tremendous gain this year and contributed to Brown-Forman's sales total. As the prestige of your Company's fine Bourbons grows around the world, they are claiming a larger share of the international market.

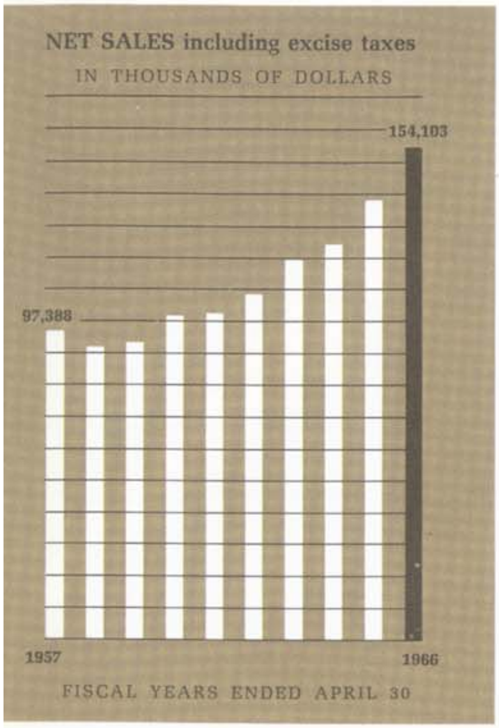
Wines and scotches, imported by The Jos. Garneau Co., Brown-Forman's Import Division, made healthy sales gains in fiscal 1966. Clicquot Champagne, Cruse French Wines, Anheuser German Wines, Gancia Italian Wines, and Usher's "Green Stripe" Scotch Whisky were given sales impetus by the creative merchandising efforts of this division.

Erven Lucas Bols Distilling Co. launched the "Let's Go Dutch!" national sales promotion. Sales of BOLS Liqueurs and Fruit-Flavored Brandies have continued to increase under Brown-Forman and this trend is expected to continue.

Sales of Jack Daniel's Tennessee Whiskey are limited only by the available supply. The prestige of and demand for this fine product grows continually.

Recent additions to the Jack Daniel line are the Korbel champagnes, brandies, and wines of California. Custom Import House, Ltd., the Import Division of Jack Daniel, has become the sole sales agent of F. Korbel & Bros. Custom Import House, Ltd., also imports and distributes the distinguished Chequers Scotch Whisky in the United States.

Increased merchandising and media advertising in fiscal 1966 made an important contribution to Brown-Forman's sales progress. Creative efforts at national, trade and consumer levels brought the Company's products to the attention of additional consumers.



Construction and Maintenance

Expansion of facilities at the Early Times plant in Shively, Kentucky, greatly increased the production capacity of this distillery. Capacity for increased production at the Old Forester plant was also provided.

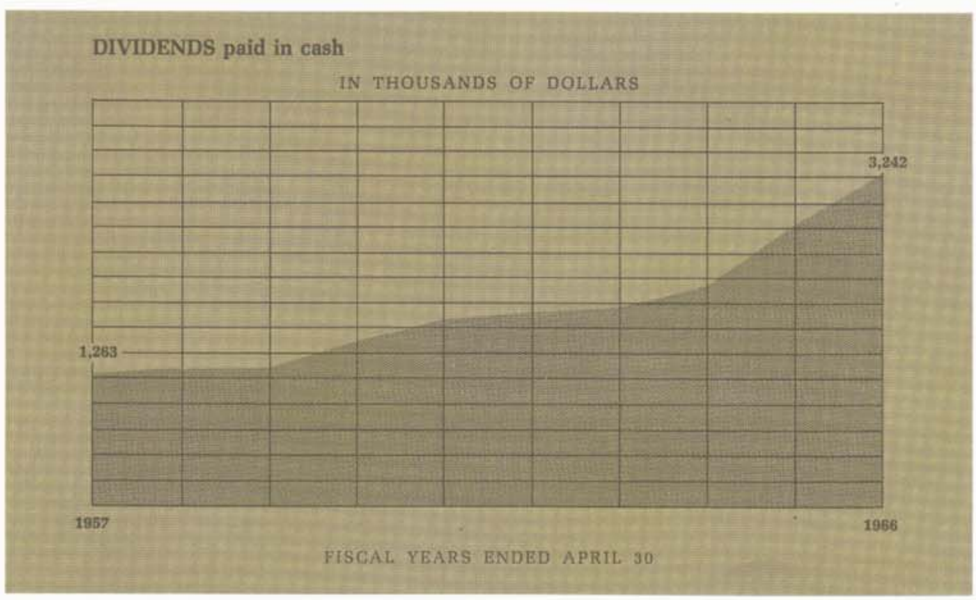
Four new warehouses have been added to the eight already in use at Utica, Indiana. Six more warehouses, similar to the ones already completed, are under construction at Utica. Two are expected to be completed in June, two in October, and the others to be completed by January, 1967. Three additional warehouses were completed at the Jack Daniel Distillery to provide for increased production.

Dry kiln capacity at Blue Grass Cooperage is being increased through a modernization program. Barrel-handling facilities have been improved and the production of barrels has been considerably increased during fiscal 1966.

New, more modern and more efficient bottling machinery has also been installed at Oertel Brewing Company.

Personnel and Public Relations

More than 50% of the employees have ten or more years of service with the Company. In line with its policy of promotion from within, ever-increasing opportunities are being made available for personal growth and advancement under the many training and educational programs provided by the Company for its employees.



"Birthplace" of Early Times Bourbon are these stainless steel tanks where mash is mixed with a special strain of yeast and limestone water.

During the fiscal year ended April 30, 1966, your Company was involved in negotiations with six labor unions, covering eight contracts. All negotiations were concluded with agreements mutually beneficial to all concerned. Differences between management and labor at Oertel Brewing Company were resolved after a strike of short duration. The resulting three-year contract was written to the complete satisfaction of both parties.

The Company's payroll for the fiscal year just ended totalled $15,297,467 as compared with $12,888,829 for the previous year. The investment per employee was $62,645, as compared with $57,361 for the prior year.

Spectrographic study of whisky is made, below, by the new flame ionization detector to maintain flavor and consistency of Old Forester.

Financial Review

Consolidated net sales reached a total of $154,103,114, an increase of 12% over sales of $137,547,076 for the previous year. Consolidated income before taxes was $20,202,762 compared with $17,255,793 for the previous year, an

DISTRIBUTION OF SALES DOLLAR

increase of 17%. Federal and State incomes taxes were $9,885,000 for the year, 14% greater than the $8,677,000 in similar taxes last year.

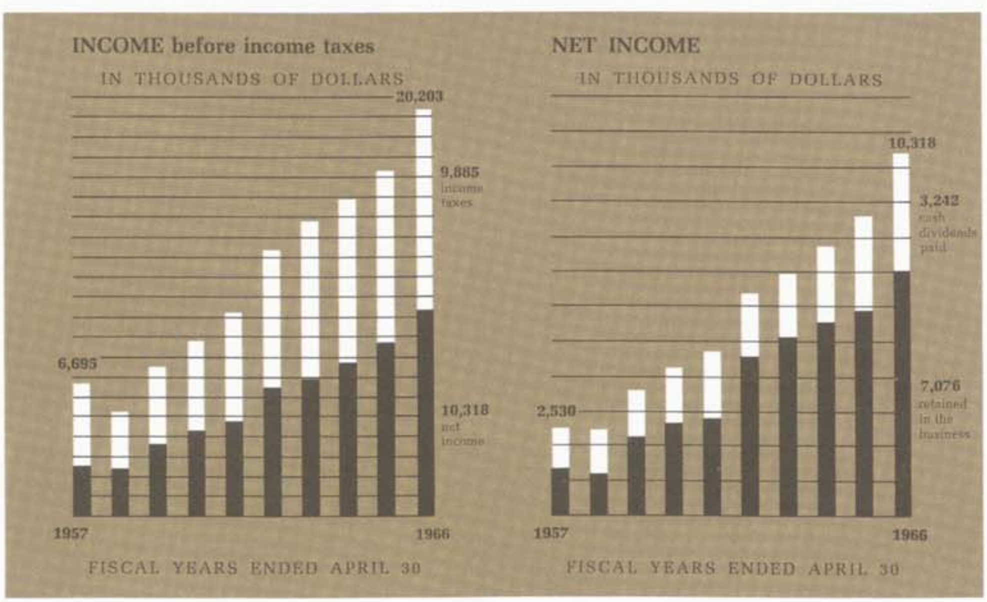
Consolidated net income after taxes of $10,317,762 for the year equals $1.38 per share of Common Stock outstanding, after payment of dividends on the Preferred shares. Net income after taxes for the preceding year was $8,578,793 or $1.13 per share. The earnings per Common share for last year have been adjusted to reflect the increase in outstanding shares resulting from a five-for-four stock split in July, 1965.

Cash dividends of $.40 a share, totalling $3,242,340 were paid to holders of the Common and Preferred shares, compared with $2,768,169 the year before. Cash dividends now have been paid continuously for 21 years.

This fiscal year the Company added $7,075,422 from consolidated earnings to net worth compared with $5,810,624 added during the previous year.

Federal excise taxes of $75,992,690, representing 49% of net sales, were paid during the year by the Company. The Company also paid Federal and State income taxes of $9,885,000 as well as other taxes and fees imposed at Federal, State and local levels.

All classes of stock of Brown-Forman Distillers Corporation are listed on the American Stock Exchange. There were 1,701 holders of the 2,369,712 Class A Common shares outstanding; 3,181 holders of the 4,762,660 Class B Common shares outstanding; and 2,235 holders of the 1,177,948 Preferred shares outstanding. The Company's shareholders reside in 48 states and in 4 foreign countries with approximately 47% of all shareholders owning 100 shares or less.



Even charring of barrelheads is regulated by electronic gauges that time gas-fired ovens at Blue Grass Cooperage.

Shareholders' equity was $69,751,267 or $8.12 per share of Common Stock at the close of this fiscal year compared with $64,309,130 or $7.31 per share at the close of the previous year.

Company inventories, planned to meet marketing needs, totalled $59,737,366 on April 30, 1966, as compared with inventories of $53,996,443 on April 30, 1965.

In this fiscal year, your Company refinanced its long-term debt by consummating a new credit agreement with nine banks and the Northwestern Mutual Life Insurance Company for $30,000,000 in long-term loans, repayable over a 15 year period. Proceeds of this loan were used to retire your Company's previous long-term indebtedness of $18,000,000, and the balance was added to working capital.

On April 30, 1966, the Company had working capital of $74,415,835, current assets of $87,988,929 and current liabilities of $13,573,094. Comparable figures on April 30, 1965, were: working capital, $61,366,317; current assets, $77,659,981; and current liabilities, $16,293,664.

Wide range of fine beverages
is offered in the Brown-Forman line,
from imported champagne to local beer.

Below, acre-sized warehouses,
12 completed and 6 under construction,
hold Brown-Forman whisky at Utica, Indiana.


BF
CHEQUERS
SCOTLAND
Oertels
92
OERTEL'S
REAL
DRAFT
BEER
CREME DE CACAO
Gancia
DRY
VERMOUTH
GOLD
PENNANT
IMPORTED
KORBEL
Brandy
Gancia
KORBEL
BOTTOMS UP
L&G
I&G
FULL
QUART
KENTUCKY DEW
KENTUCKY STRAIGHT
BOURBON WHISKY
KING
FULL
QUART
Cruse
CHÂTEAU
PONTET CANET
CRUSE
Asti
Gancia
KORBEL
Brut
KING
BLENDED WHISKY
BOLS
RHINE
Anheuser & Fehrs, Bad Kreuznach
REIMS
BOTTLED
IN
BOND
OLD
FORESTER
KENTUCKY STRAIGHT BOURBON WHISKY
EARLY TIMES
Old Style
Kentucky
Whisky
EARLY TIMES
Kentucky
Straight Bourbon
Whisky
FULL QUART
USHER'S
GREEN STRIPE
BLENDED SCOTCH WHISKY
JACK DANIEL'S
OLD TIME
Old
No.7
BRAND
Tennessee
SOUR MASH
WHISKEY
JACK DANIEL DISTILLERY
MADE IN TENNESSEE
BOTTLED AT THE DISTILLERY
JACK DANIEL'S
WHISKEY

Brown-Forman Distillers Corporation

Comparative Consolidated Balance Sheet

		April 30, 1966	April 30, 1965
Assets	Cash	$ 11,179,122.20	$ 8,609,138.32
	Accounts receivable, trade, less allowance for doubtful accounts ($42,194.40)	16,008,453.77	14,162,885.83
	Inventories:		
	Barreled whisky and spirits, at average cost, including carrying charges (subject to withdrawal taxes)	51,482,997.39	45,765,276.27
	Cased goods and beer, at lower of average cost or market	2,151,499.52	2,480,848.38
	In process, at average cost	681,629.79	1,564,318.15
	Raw materials and supplies, at lower of average cost or market	5,421,239.59	4,186,000.31
		59,737,366.29	53,996,443.11
	Pension trust fund payments recoverable from employees	247,512.07	236,473.64
	Other current assets	816,474.98	655,040.35
	TOTAL CURRENT ASSETS	87,988,929.31	77,659,981.25
	Refundable income taxes (Note 1)	3,862,534.92	3,862,534.92
	Buildings and equipment, at cost	29,450,575.16	24,987,894.30
	Less accumulated depreciation	14,250,937.28	13,283,732.71
		15,199,637.88	11,704,161.59
	Land, at cost	1,230,116.27	1,105,326.26
	TOTAL FIXED ASSETS	16,429,754.15	12,809,487.85
	Prepaid expenses	2,246,782.90	1,468,924.51
	Standing timber, at cost less depletion	15,961.21	21,466.75
	Goodwill, brands and trade-marks, at cost	2,780,399.30	2,780,399.30
		$113,324,361.79	$98,602,794.58
Liabilities	Notes payable to banks, including $1,800,000 of serial notes due May 1, 1965		$ 4,800,000.00
	Accounts payable, trade and miscellaneous	$ 3,238,261.89	2,618,268.97
	Accrued compensation, commissions, taxes and interest	4,364,220.56	3,129,095.27
	Federal and State taxes on income	5,970,611.89	5,746,300.07
	TOTAL CURRENT LIABILITIES	13,573,094.34	16,293,664.31
	Long-term debt:		
	5½% serial notes, $2,000,000 due each May 1, 1967 through 1973	14,000,000.00	
	5⅞% serial notes, $2,000,000 due each May 1, 1974 through 1981	16,000,000.00	
	Long-term debt refunded during the fiscal year, 1966		18,000,000.00
		30,000,000.00	18,000,000.00
Capital	Contributed capital:		
	Capital stock:		
	Preferred 40¢ cumulative, $10 par value, redeemable at $10.25 per share plus unpaid accrued dividends, authorized and outstanding, 1,177,948 shares	11,779,480.00	11,779,480.00
	Class A common stock, 30¢ par value, authorized 7,000,000 shares, outstanding 2,399,975 shares (outstanding 1965, 1,920,517 shares)	719,992.50	576,155.10
	Class B common stock, non-voting, 30¢ par value, authorized 14,000,000 shares, outstanding, 4,805,476 shares (outstanding 1965, 3,845,383 shares)	1,441,642.80	1,153,602.90
	Capital in excess of par value of common stock	15,281,624.96	15,713,502.26
		29,222,740.26	29,222,740.26
	Earnings retained in the business (Notes 1, 2 and 3)	42,522,669.48	35,447,247.13
		71,745,409.74	64,669,987.39
	Less common treasury stock, at cost: Class A, 30,263 shares, Class B, 42,816 shares (1965, Class A, 5,460 shares, Class B, 11,033 shares)	1,994,142.29	360,857.12
		69,751,267.45	64,309,130.27
		$113,324,361.79	$98,602,794.58

Comparative Consolidated Statements

		Years ended April 30, 1966	1965
Income	Sales, less returns, allowances and freight out	$154,103,114.14	$137,547,075.56
	Cost of sales	105,451,467.71	94,368,718.23
		48,651,646.43	43,178,357.33
	Other operating income	86,991.43	88,664.45
		48,738,637.86	43,267,021.78
	Selling, advertising, administrative and general expenses	27,119,437.88	24,841,533.22
	Operating profit	21,619,199.98	18,425,488.56
	Other income, net	9,537.59	161,327.58
		21,628,737.57	18,586,816.14
	Interest expense	1,425,975.16	1,331,022.97
		20,202,762.41	17,255,793.17
	Taxes on income:		
	Federal	9,307,000.00	8,079,000.00
	State	578,000.00	598,000.00
		9,885,000.00	8,677,000.00
	Net Income	$ 10,317,762.41	$ 8,578,793.17
Earnings Retained in the Business	Balance, beginning of year	$ 35,447,247.13	$ 33,255,417.23
	Net Income	10,317,762.41	8,578,793.17
		45,765,009.54	41,834,210.40
	Dividends:		
	Paid in cash:		
	On preferred 40¢ cumulative stock, 40¢ per share	471,179.20	471,179.20
	On common stock:		
	Class A, 40¢ per share	906,565.90	751,041.30
	Class B, 40¢ per share	1,818,669.00	1,503,990.90
	Amounts paid in lieu of the issuance of fractional shares in connection with common stock split in 1966, and common stock dividend in 1965	45,925.96	41,957.49
	Paid in common stock, on common stock, 3%:		
	Transferred to Common Stock, at par value thereof		49,822.50
	Transferred to Capital in Excess of Par Value of Common Stock—excess of market value thereof over its par value		3,568,971.88
		3,242,340.06	6,386,963.27
	Balance, end of year (Notes 1, 2 and 3)	$ 42,522,669.48	$ 35,447,247.13
Capital in Excess of Par Value of Common Stock	Balance, beginning of year	$ 15,713,502.26	$ 12,144,530.38
	Excess of market value over par value of common stock issued as stock dividend		3,568,971.88
	Amount transferred to Class A and Class B Common Stock accounts equivalent to 30¢ par value per share on shares issued in connection with 5 for 4 stock split	(431,877.30)	
	Balance, end of year	$ 15,281,624.96	$ 15,713,502.26

The provisions applicable to the fiscal year ended April 30, 1966, for depreciation and depletion amounted to $1,146,028.90 and $51,582.98 respectively, and for the fiscal year ended April 30, 1965, $1,042,559.10 and $49,311.87 respectively.

The appended notes are an integral part of the financial statements.

10-Year Record

Operations—For The Fiscal Year	1966	1965	1964	1963	1962	1961
Net Sales*	$154,103,114	137,547,076	123,717,536	119,592,441	108,782,538	101,768,453
Federal Excise Taxes Paid	$ 75,992,690	69,147,056	63,667,683	59,736,193	56,727,005	52,466,963
Income Before Income Taxes	$ 20,202,762	17,255,793	15,939,715	14,804,919	13,372,405	10,174,761
Income Taxes	$ 9,885,000	8,677,000	8,285,000	7,848,000	7,016,000	5,520,000
Net Income	$ 10,317,762	8,578,793	7,654,715	6,956,919	6,356,405	4,654,761
Cash Dividends Paid	$ 3,242,340	2,768,169	2,198,631	1,950,841	1,904,788	1,848,349
Earnings Retained in the Business	$ 7,075,422	5,810,624	5,456,084	5,006,078	4,451,617	2,806,412
Earnings Per Share of Common Stock**	$ 1.38	1.13	1.00	.90	.82	.58
Shares Outstanding, Common Stock (excluding treasury shares)***	7,132,372	5,749,367	5,599,785	3,626,615	3,522,815	3,421,769
Class A (Voting) Common	2,369,712	1,915,057	1,865,252	1,208,168	1,173,794	1,140,350
Class B (Non-voting) Common	4,762,660	3,834,310	3,734,533	2,418,447	2,349,021	2,281,419
Financial Condition— At End Of Fiscal Year						
Total Assets	$113,324,361	98,602,794	93,733,565	88,998,209	85,364,481	79,662,011
Current Assets	$ 87,988,929	77,659,981	75,013,508	74,218,629	72,430,382	66,946,301
Total Liabilities	$ 43,573,094	34,293,664	34,874,202	35,594,930	36,967,281	35,716,428
Current Liabilities	$ 13,573,094	16,293,664	15,074,202	13,994,930	13,567,281	10,516,428
Net Worth	$ 69,751,267	64,309,130	58,859,363	53,403,279	48,397,200	43,945,583
Working Capital	$ 74,415,835	61,366,317	59,939,306	60,223,699	58,863,101	56,429,873
Employees						
Number of Employees	1,809	1,719	1,352	1,343	1,423	1,418
Total Payroll	$ 15,297,467	12,888,829	10,990,891	10,887,353	10,432,298	10,109,169
Investment Per Employee	$ 62,645	57,361	69,330	66,268	59,989	56,179

*Federal excise taxes are included in net sales.

**Earnings for all years are shown on equivalent basis with current year.

***Additional shares of Common Stock were distributed as follows: September, 1956, 15% stock dividend; July, 1957, 1958 and 1959, 3% stock dividends; October, 1959, conversion of Common Shares to one share Class A Common and two shares Class B Common; July 1960, 1961, 1962 and 1963, 3% stock dividends; February, 1964, Common Class A Shares and Common Class B Shares were split 3 for 2; February, 1965, 3% stock dividend; July, 1965, Common Class A Shares and Common Class B Shares were split 5 for 4.

1960	1959	1958	1957
101,696,943	92,445,460	91,476,223	97,387,577
52,836,489	49,089,808	45,402,287	51,696,026
8,827,761	7,551,472	5,320,299	6,694,976
4,624,000	3,984,000[1]	2,897,000[1]	3,851,000[1]
4,203,761	3,567,472	2,423,299	2,529,664†
1,597,519	1,337,711	1,312,790	1,263,151
2,810,242‡	2,229,761	1,110,509	1,266,513
.52	.43	.27	.29
3,323,439	1,076,212	1,045,493	1,015,599
1,107,813			
2,215,626			
75,262,914	76,436,209	77,290,105	76,903,262
62,422,884	63,685,761	64,558,990	64,192,327
34,123,743	38,107,280	41,190,938	41,914,603
7,123,743	12,907,280	12,490,938	9,714,603
41,139,171	38,328,929	36,099,167	34,988,659
55,299,141	50,778,481	52,068,052	54,477,724
1,401	1,326	1,257	1,519
9,781,679	8,683,055	9,512,387	9,308,705
53,721	57,644	61,488	50,628

[1] Includes special provision of $74,000.

† Excludes $314,312 net income of two subsidiaries prior to acquisition.

‡ Includes $204,000 nonrecurring income item.

Statement of Source and Application of Funds

For the years ended April 30, 1966 and 1965

	1966	1965
Funds Provided By:		
Net income for the year	$10,317,762.41	$8,578,793.17
Depreciation	1,146,028.90	1,042,559.10
Increase in long-term debt	12,000,000.00	
Other	122,967.09	51,515.21
	$23,586,758.40	$9,672,867.48
Funds Used For:		
Increase in working capital	$13,049,518.03	$1,427,010.89
Additions to property and equipment	4,837,679.31	2,871,278.55
Dividends paid	3,242,340.06	2,768,168.89
Decrease in long-term debt		1,800,000.00
Acquisition of treasury stock	1,633,285.17	360,857.12
Other	823,935.83	445,552.03
	$23,586,758.40	$9,672,867.48

Notes to Financial Statements

1. The Company has in dispute with the United States Internal Revenue Service income taxes for prior years. A substantial portion of such taxes has been paid, and a suit was brought in the United States Court of Claims for the recovery of such amounts paid. The case has been heard and the Trial Commissioner has found in favor of the Company except for minor issues, and has so recommended his findings to the United States Court of Claims. Although the United States Government has taken action to present to the full Court its objections to the Trial Commissioner's recommendations, it is the opinion of the Company's management, supported by the opinion of tax counsel for the Company, that the ultimate disposition of these disputed taxes will have no material effect upon the consolidated financial condition of the Company.

2. Certain provisions of the agreement pertaining to the Company's long-term debt restrict payments of cash dividends without consent of parties to the agreement. Of the consolidated Earnings Retained in the Business as of April 30, 1966, approximately $38,523,000 was so restricted.

3. The Company has been named defendant in two suits. One of these suits also names other members of the domestic distilling industry and claims damages against these members of the industry in indeterminable amounts. It is the opinion of counsel for the Company that the ultimate liability, if any, from these suits will not materially affect the Company's financial position; consequently, no provision therefor has been made in the financial statements.

Auditors' Certification

LYBRAND, ROSS BROS. & MONTGOMERY
CERTIFIED PUBLIC ACCOUNTANTS
LOUISVILLE, KENTUCKY

Brown-Forman Distillers Corporation
Louisville, Kentucky

We have examined the consolidated balance sheet of Brown-Forman Distillers Corporation and its subsidiaries as of April 30, 1966, and the related consolidated statements of income, earnings retained in the business, and capital in excess of par value of common stock for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the consolidated financial statements of the Company and its subsidiaries for the year ended April 30, 1965.

In our opinion, the accompanying financial statements present fairly the consolidated financial position of Brown-Forman Distillers Corporation and its subsidiaries at April 30, 1966 and 1965, and the consolidated results of their operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

We have made a similar examination of the accompanying statement of source and application of funds which, in our opinion, when considered in relation to the basic financial statements, presents fairly the source and application of funds of the Company and its subsidiaries for the years ended April 30, 1966 and 1965.

June 6, 1966—Louisville, Kentucky

Lybrand, Ross Bros. & Montgomery

Brown-Forman Distillers Corporation **Louisville, Kentucky**

AND ITS SUBSIDIARIES AND DIVISIONS

DIRECTORS

W. L. Lyons Brown.....*Chairman of the Board of Directors*
Geo. Garvin Brown.............................*President*
D. L. Street......................*Executive Vice President*
Robinson S. Brown Jr..............*Senior Vice President*
William F. Lucas....................*Senior Vice President*
Rodman W. Moorhead Jr...........*Senior Vice President*
W. L. Lyons Brown Jr.....................*Vice President*
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Earl A. Dorsey.................................*Treasurer*
Martin S. Brown.....*Vice President, Jack Daniel Distillery, Nashville, Tennessee*
William H. Abell..*President, Commonwealth Life Insurance Co., Louisville, Kentucky*
Thomas O. Helm.....................*Louisville, Kentucky*
Reagor Motlow....................*Lynchburg, Tennessee*
Phillip B. Newman..................*Louisville, Kentucky*
F. Barry Ryan Jr.....................*Coral Gables, Florida*
Dr. Frank M. Shipman...............*Louisville, Kentucky*
W. Roberts Wood.......*Vice President, Chemetron Corp., Chicago, Illinois*

GENERAL COUNSEL
Ogden, Robertson & Marshall........*Louisville, Kentucky*

AUDITORS
Lybrand, Ross Bros. & Montgomery....*Louisville, Kentucky*

LISTED
American Stock Exchange.................*New York City*

REGISTRARS AND TRANSFER AGENTS
The Kentucky Trust Company........*Louisville, Kentucky*
Chemical Bank New York Trust Company...*New York City*

BROWN-FORMAN DISTILLERS CORPORATION

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Richard A. Johnson, *Assistant Secretary*
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*Member of Executive Committee

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Lynchburg, Tennessee

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Louisville, Kentucky

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EARLY TIMES
Old Style
Kentucky
Whisky
EARLY TIMES
Kentucky
Straight Bourbon
Whisky
ESTABLISHED 1860