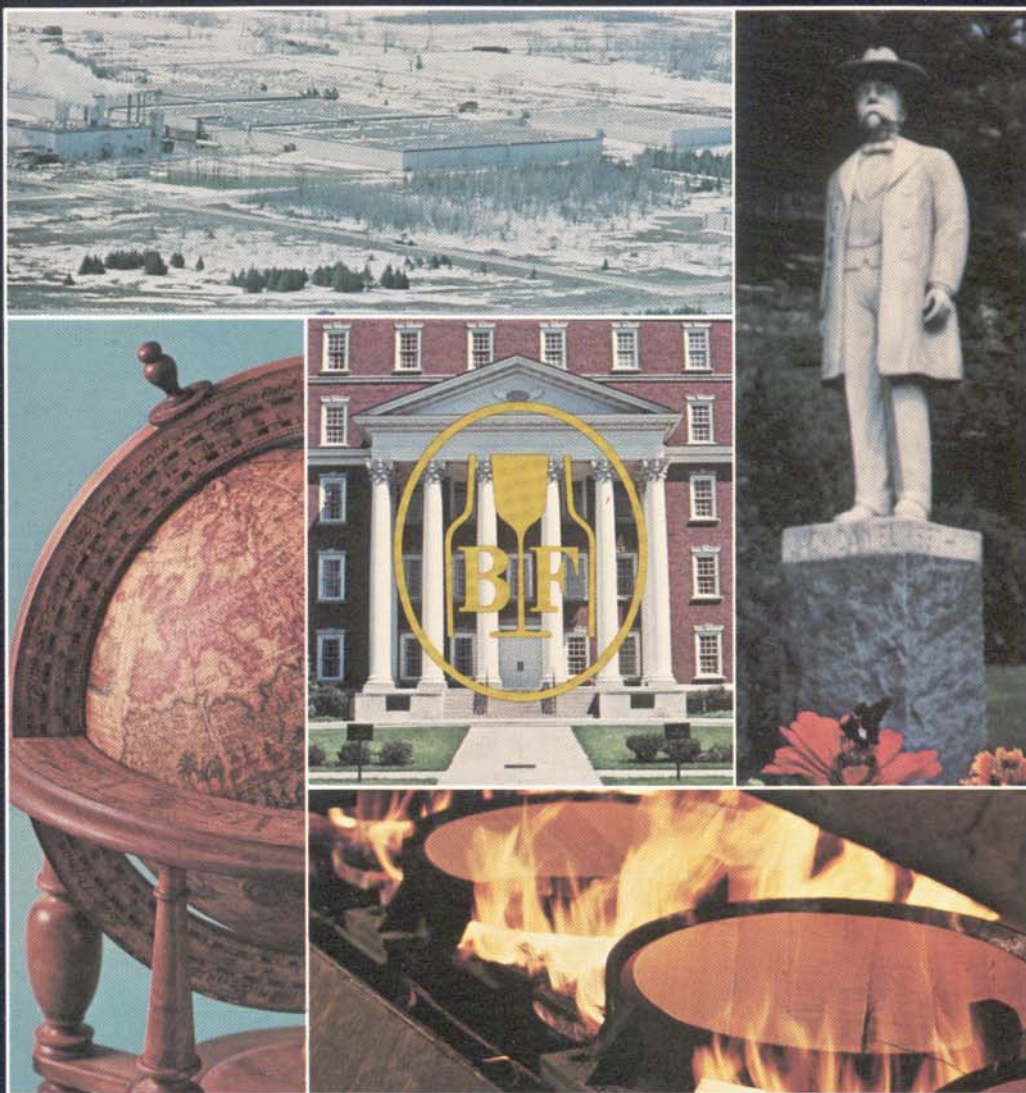


Brown-Forman Distillers Corporation



1972 ANNUAL REPORT TO STOCKHOLDERS

The Year in Brief

Highlights	1972	1971
Net Sales.....	\$273,342,454	\$222,567,294
Net Income.....	\$ 15,264,841	\$ 14,637,934
Cash Dividends Paid..	\$ 4,967,100	\$ 4,810,874
Stockholders' Equity..	\$137,036,696	\$126,046,401
Outstanding Common Shares (both classes)	11,100,303	10,756,533
Class A (Voting) Common.....	3,447,214	3,347,647
Class B (Non-voting) Common.....	7,653,089	7,408,886
Earnings Per Share, Common.....	\$ 1.33	\$ 1.28*
Stockholders' Equity Per Share of Common Stock.....	\$ 11.28	\$ 10.31*

Condensed Balance Sheet

April 30, 1972

Assets

Current Assets.....	\$170,431,703
Fixed Assets.....	29,977,961
All Other Assets.....	27,205,643
Total.....	\$227,615,307

Liabilities & Stockholders' Equity

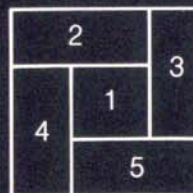
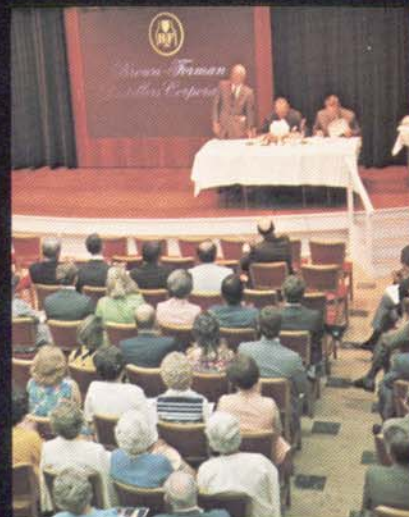
Current Liabilities.....	\$ 35,360,585
Other Liabilities.....	55,218,026
Stockholders' Equity.....	137,036,696
Total.....	\$227,615,307

*Adjusted for a 3% stock dividend issued August 19, 1971, on Common Stock. Regular cash dividends have been paid for the 27th consecutive year.



Left: William F. Lucas,
President and Chief
Executive Officer

Right: Robinson S.
Brown, Jr., Chairman
of the Board



The cover represents Brown-Forman's ever-widening range of operation: 1. Brown-Forman Administration Building, Louisville, Kentucky. 2. Canadian Mist Distillery, Collingwood, Ontario. 3. Statue of "Mr. Jack" at Jack Daniel Distillery, Lynchburg, Tennessee. 4. The world of imports of The Jos. Garneau Co., New York, New York, and exports of the Brown-Forman & Jack Daniel International Company. 5. The gas-fired ovens at Blue Grass Cooperage Company, Louisville, Kentucky.

Consolidated net sales for fiscal year 1972 were \$273,342,454, including sales of Canadian Mist of \$33,000,000 for the eight-month period commencing September 1, 1971. Sales for fiscal 1972 exceeded those for any previous fiscal year. Fiscal year 1971 sales amounted to \$222,567,294. Consolidated income before taxes amounted to \$30,814,841 for this fiscal year, compared with \$29,737,934 for fiscal year 1971.

Consolidated net earnings for fiscal 1972 were \$15,264,841, which is equivalent to \$1.33 per share of Common stock, as compared with the previous year's earnings of \$14,637,934, equivalent to \$1.28 per share.

Sales of all major Brown-Forman brands again set new records.

On August 31, 1971, the purchase from Barton Brands, Inc. of the brand Canadian Mist, along with the Canadian distillery, warehouses and Canadian Whisky inventory located at Collingwood, Ontario, was completed, and the Company began selling Canadian Mist. This brand continues its excellent growth pattern.

As in the past, sales of Jack Daniel's Tennessee Whiskey enjoyed a substantial increase. Sales growth of other products marketed by Custom Import House, a division of Jack Daniel's, also continued to progress at a most satisfactory rate.

Sales of our Import Division, The Jos. Garneau Co., set all-time highs. All major Garneau products showed sales improvement with the exception of Ambassador Scotch, which experienced a moderate decline.

Reacting to a growing consumer acceptance of fine imported Burgundy Wines, Brown-Forman and Cruse & Fils Freres, of Bordeaux, France, entered into a joint venture whereby both companies purchased substantial interests in Lionel J. Bruck, S. A., vintners since 1807 in Nuits Saint Georges, France.

On July 13, 1971, the Company, through its Jos. Garneau Division, acquired the exclusive U. S. distribution rights for Noilly Prat French Extra Dry Vermouth, a hallmark of quality throughout the world.

Total export sales experienced a decline during the fiscal year because of the continued reduction of U. S. Military personnel in Southeast Asia. However, other military and local foreign economy markets showed a continuing sales increase.

Blue Grass Cooperage, your Company's barrel manufacturing division, continues its excellent performance. Blue Grass manufactures approximately 20% of all new Bourbon cooperage produced in the United States.

The Company continues to search for acquisition or merger

possibilities within the wine and spirits industry.

Cash dividends were paid on both Common stock and Preferred stock for the 27th consecutive year. On August 19, 1971, your Company paid a 3% stock dividend on Class A and Class B Common stock.

The Annual Meeting of the Company will be held on Tuesday, July 25, 1972, at 4:00 P.M., Louisville Time, at the offices of the Company, 850 Dixie Highway, Louisville, Kentucky. All holders of Brown-Forman voting stock are cordially invited to attend.



Robinson S. Brown, Jr.
Chairman of the Board



William F. Lucas
President and
Chief Executive Officer



Marketing

Your Company continued its pattern of sustained growth by posting increased sales for the 14th consecutive year. All major Brown-Forman brands shared in this sales progress.

Creative advertising and merchandising programs along with innovative packaging made important contributions to this growth. A glass gallon barrel was developed for Old Forester and Early Times Bourbon Whiskies, and for Usher's Green Stripe Scotch Whisky.

Due to the ever increasing popularity of the Early Times Pussycat Cocktail, the Company continued its integrated advertising and merchandising program of this prize-winning, taste-appealing drink.

The Company introduced a new and exciting marketing program for the Canadian Mist brand. This brand continues its dramatic growth in the fast-growing Canadian Whisky category.

The Company continued its aggressive marketing program for Frost 8/80 Dry White Whisky. The merchandising program for the introduction of Frost 8/80 won top honors from the Point of Purchase Institute last year.

To emphasize Usher's Green Stripe as the "Original Light Scotch," a new promotional campaign was introduced

featuring originals in many different areas of activity.

All brands marketed by Brown-Forman's Import Division, The Jos. Garneau Co., set all-time highs, except Ambassador Scotch. The imported wines, including Frescobaldi, Cella and Bolla Italian Wines, Cruse French Wines and Anheuser German Wines recorded very satisfactory sales increases. The Italian Wines have had wide media exposure through television advertisements of Bolla Wines and through radio advertising of Frescobaldi Wines.

Other imports that have shown particularly favorable growth are Martell, the world's largest selling Cognac, and Old Bushmills Irish Whiskey.

Bols Liqueurs and Brandies, Pepe Lopez Tequila, and Veuve Clicquot Champagne all attained increased sales over the previous year.

The Jos. Garneau Company acquired exclusive import rights for the sale and distribution in the United States of Noilly Prat French Extra Dry Vermouth, well-known throughout the world for its quality. Also added to the list of imports was Vila Castanha Portuguese Rose Table Wine.

Since 1859, The Jos. Garneau Co. has been the sole importer for the United States of Veuve Clicquot Ponsardin Champagnes, which were first shipped to the American market in 1782. This Spring, the

House of Clicquot celebrates its 200th anniversary.

Management

W. L. Lyons Brown, a grandson of the founder, George Garvin Brown, retired as Chairman at the Board of Directors Meeting held in July of 1971 following the Annual Meeting of Stockholders. He had served the Company for 38 years, and along with his brother, Geo. Garvin Brown II, guided Brown-Forman's growth to become the largest distiller based in Kentucky.

Robinson S. Brown, Jr., also a grandson of the founder, succeeded W. L. Lyons Brown as Chairman of the Board. He has served the Company in all phases of sales and advertising for 30 years, most recently as Executive Vice President and Director of Marketing.

Four new directors were elected at the Annual Meeting of Stockholders. They were Geo. Garvin Brown III, Owsley Brown II, William N. Lucas and William M. Street.

At the July Board of Directors Meeting, W. L. Lyons Brown, Jr. was advanced to Executive Vice President and Executive Director of Marketing, and Owsley Brown Frazier was elected Senior Vice President and Secretary. Four new Vice Presidents elected were Owsley Brown II, A. Gardner DeWitt, Jr., Earl J. Huber and

William N. Lucas. Clifford G. Rompf, Jr. was elected Assistant Vice President and Assistant Treasurer, and Vernon L. Boylan was elected Assistant Vice President.

Winton E. Smith, President of Jack Daniel Distillery, Lem Motlow, Prop., Inc., announced in October of 1971, the advancement of David J. Mahanes to Executive Vice President and Martin S. Brown to Senior Vice President. The election of Mason L. Tush to President of The Jos. Garneau Co., Brown-Forman's Import Division, was announced in late 1971. He had served as Executive Vice President and Director of Marketing for The Jos. Garneau Co. since 1969. This followed the elevation of Byron G. Tosi to Vice Chairman of the Board of The Jos. Garneau Co.

Ernest Worful, President of Blue Grass Cooperage Company, announced in December of 1971 the election of Albert L. Zimlich, Jr. to Executive Vice President of the Company. A Vice President of Brown-Forman since 1969, he has served as Blue Grass Plant Manager, Vice President, and as a Director of the Cooperage Company.

Robert G. O'Brien was appointed Vice President and Executive Director of the Brown-Forman & Jack Daniel International Company in March of 1972.

In April of this year, Daniel E. Schusterman was elected a Vice President and William R. Carroll, Arthur F. Peer and Kenneth W. Wright were elected Assistant Vice Presidents.

Construction

During the year, additional processing tanks and bottling equipment were installed at the Old Forester plant in Louisville, and the program to upgrade bottling machinery was continued. A new 65,000 square feet bottling supplies warehouse and its conveyor system was completed and work began on a 61,000 square feet expansion of the Shipping Department. Also, a modern grain milling system was installed.

At the Canadian Mist distillery in Collingwood, construction of a seventh warehouse was completed, and work was started on the eighth, which will be completed by mid-1972.

New barrel firing and material handling equipment was installed at the Blue Grass Cooperage Company.

Personnel & Public Relations

Membership in the Company's Quarter Century Club and Ten Year Club continues to expand. The Quarter Century Club has 233 members, including 49 retired employees. The Ten Year Club membership totals 865, including 163 retired employees.

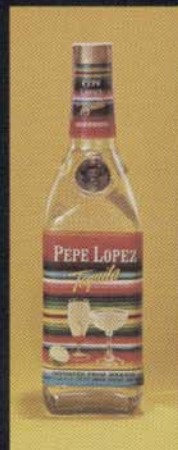
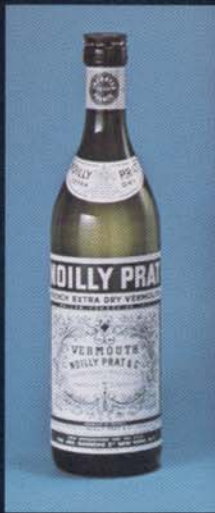
Through the Tuition Refund Plan, Brown-Forman encourages employees to further their education. The Company pays the cost for employees working toward a college degree, depending upon their grades. Interest of the employees in self-development helps make Brown-Forman's policy of promotion from within possible.

At the close of the fiscal year, the Company continues to operate without a labor contract with its largest group of employees.

Blue Grass Cooperage Company

Blue Grass Cooperage Company continues as one of the most modern and progressive cooperage plants in the country. A world safety record for no lost-time accidents was set last September by Blue Grass Cooperage employees.

The continuing world safety record reached two million man-hours in early March of 1972. Viewers watching three television stations heard Blue Grass President Ernest Worful say, "Two million man-hours without a lost-time accident takes teamwork, and a fine relationship between management and employees."



Jack Daniel's

This year, as in past years, Jack Daniel's sales continue at a brisk pace, with demand still in excess of the available supply.

A primary reason for the success of Jack Daniel's is the professional dedication of the people who make it. Since 1866, when Mr. Jack first settled near a clear-running stream in Lynchburg, the citizens of this Tennessee town have continued making Jack Daniel's with painstaking patience and pride.

Today, as you enter the Hollow, you still see ricks of hard maple wood, set aflame in the ancient manner of old-time distillers (burned by skillful rickers into charcoal for mellowing our product). Nearby Jack Daniel's miller checks the grain as it comes to the Hollow, just to make sure he's buying the best; the stiller carefully watches over large tubs of fermenting mash; a barreling crew rolls quantities of just-made whiskey to a hillside warehouse; Lynchburg women busy themselves on the bottling line... readying the familiar square bottles for distribution to our good friends everywhere. You are reminded of a statement Jack Daniel uttered

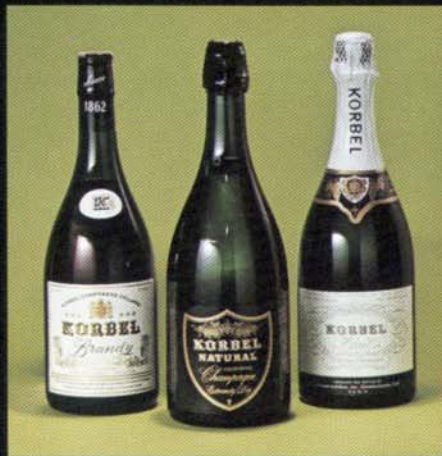
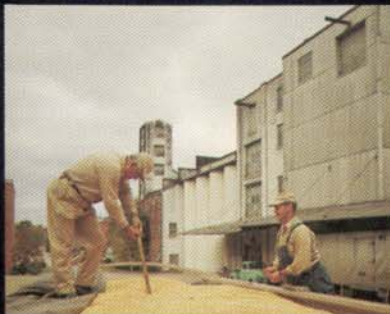
over one hundred years ago: "Every day we make it, we make it the best we can." And you know, the people of Lynchburg still cling to his century-old vow.

Of course, no single group of people is more important to Jack Daniel's than those who buy it. We continue to be blessed with a loyal constituency whose patronage of the brand is singularly intense. Jack Daniel drinkers are not just people who repeatedly prefer the product.

They are people who enjoy *talking* about their preference, defending it vigorously and recommending it to their friends. Part of our selling philosophy is to maintain this unique spirit by involving our customers in various forms of personalized communications. For instance, several 16mm films describing our Hollow and our whiskey are available for group showings nationally; unique Jack Daniel taste tests are conducted by Jack Daniel sales representatives; the distillery itself attracts over 50,000 visitors annually for a personal explanation of how Jack Daniel's is made; afterwards many visitors take time for a country lunch at

Mrs. Bobo's Boarding House, a delightful experience not soon to be forgotten. Old and especially loyal friends of Jack Daniel's are honored as Tennessee Squires, a group of people who actually become Lynchburg landholders as a result of membership.

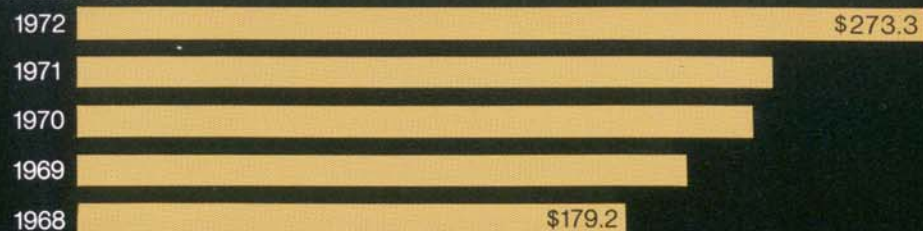
If you'd ever care to visit Jack Daniel's, just drop a note to Mr. Garland Dusenberry, Jack Daniel Hollow, Lynchburg, Tennessee. He'll personally plan your tour of Jack Daniel's and assist you in making reservations to eat at Mrs. Bobo's. If you are more interested in a film showing or taste test, Mr. Dusenberry can arrange either one in your own home town. He is looking forward to hearing from you.



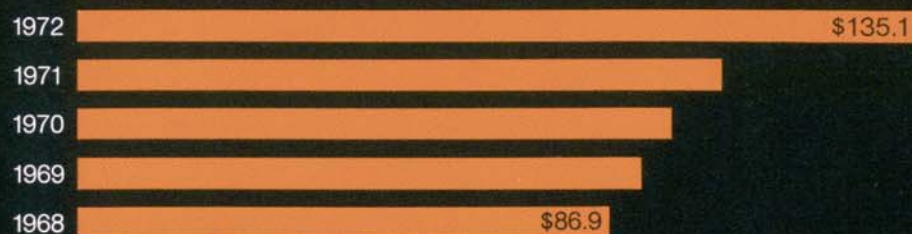
NET SALES including excise taxes

In millions of dollars

Fiscal Year

**WORKING CAPITAL**

In millions of dollars

**STOCKHOLDERS' EQUITY**

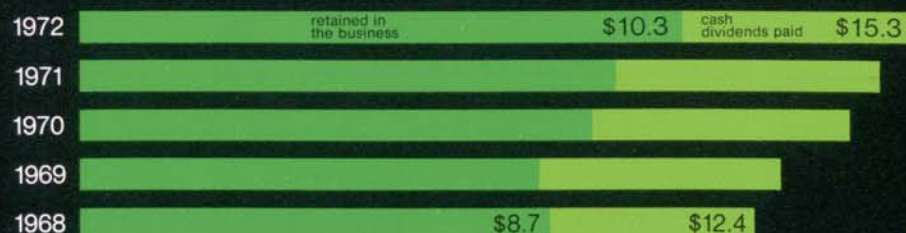
In millions of dollars

**INCOME before income taxes**

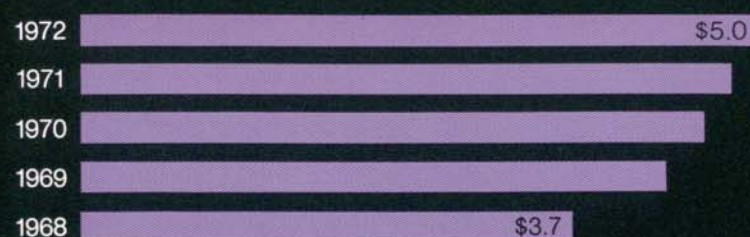
In millions of dollars

**NET INCOME**

In millions of dollars

**DIVIDENDS paid in cash**

In millions of dollars

**DISTRIBUTION OF SALES DOLLAR****FISCAL YEAR 1972**

Consolidated net sales for the fiscal year 1972 amounted to \$273,342,454, including \$33,000,000 from sales of Canadian Mist for the eight-month period commencing September 1, 1971. The sales for fiscal 1972 exceeded those of any previous fiscal year. Sales for the fiscal year 1971 were \$222,567,294. Consolidated income before taxes amounted to \$30,814,841 during the fiscal year, compared with \$29,737,934 in the fiscal year 1971.

Income

Consolidated income after taxes was \$15,264,841 or \$1.33 per share of Common Stock outstanding. Net income for fiscal 1972, like sales, was the highest in the Company's history. During fiscal 1972, an amount of \$163,936 was charged to income, representing amortization on a 40-year basis of the cost of intangible assets acquired from Barton Brands, Inc. Net income for the fiscal year 1971 was \$14,637,934 or \$1.28 per share of Common Stock. The earnings per Common Share were adjusted to reflect the increase in shares outstanding following the 3% stock dividend paid on all Common Shares in August 1971. Cash dividends of \$0.40 per share, for a total of \$4,967,100 were paid to holders of Common and Preferred Shares in the fiscal

year 1972, compared with \$4,810,874 paid in cash dividends during the fiscal year 1971.

During the year, your Company added \$10,297,741 to net worth from consolidated earnings as compared with \$9,827,060 in the fiscal year 1971.

Taxes

Federal excise taxes represented 47% of the Company's sales during the year. These taxes paid by the Company, amounting to \$128,730,033, were in addition to all other taxes imposed at Federal, State and Local levels, including Federal and State income taxes.

Stockholders

All three classes of the stock of Brown-Forman Distillers Corporation are listed on the American Stock Exchange. There were 2,355 holders of the 3,447,214 outstanding shares of Class A Common Stock, 5,463 holders of the 7,653,089 outstanding shares of Class B Common Stock, and 2,716 holders of the 1,177,948 outstanding shares of Preferred Stock. Shareholders reside in 49 states, 12 foreign countries and one outlying territory of the United States.

Stockholders' Equity

At the close of the fiscal year ended April 30, 1972, stockholders' equity was \$137,036,696 or \$11.28 per share of Common

Stock outstanding compared with \$126,046,401 or \$10.31 per share for the prior year.

Inventories

The Company's inventory requirements are projected on marketing potential in future years and are maintained in quantities to meet these requirements. On April 30, 1972, inventories totaled \$123,122,544 compared with \$102,482,320 at April 30, 1971.

Financial Condition

In this fiscal year, your Company refinanced its long-term debt by consummating a revolving credit and term loan agreement with eight (8) banks and the Northwestern Mutual Life Insurance Company.

At the close of the fiscal year ended April 30, 1972, the Company had working capital of \$135,071,118, current assets of \$170,431,703 and current liabilities of \$35,360,585. Comparable figures at April 30, 1971 were working capital of \$104,662,043, current assets of \$139,775,856 and current liabilities of \$35,113,813.

10-Year Record

Operations—For The Fiscal Year	1972	1971
Net Sales*	\$273,342,454	222,567,294
Federal Excise Taxes Paid	\$128,730,033	99,767,626
Income Before Income Taxes	\$ 30,814,841	29,737,934
Income Taxes	\$ 15,550,000	15,100,000
Net Income	\$ 15,264,841	14,637,934
Cash Dividends Paid	\$ 4,967,100	4,810,874
Retained Earnings	\$ 10,297,741	9,827,060
Earnings Per Share of Common Stock**	\$ 1.33	1.28
Shares Outstanding, Common Stock (excluding treasury shares)***	11,100,303	10,756,533
Class A (Voting) Common	3,447,214	3,347,647
Class B (Non-voting) Common	7,653,089	7,408,886

Financial Condition—At End Of Fiscal Year

Total Assets	\$227,615,307	181,160,214
Total Liabilities	\$ 90,578,611	55,113,813
Stockholders' Equity	\$137,036,696	126,046,401
Current Assets	\$170,431,703	139,775,856
Current Liabilities	\$ 35,360,585	35,113,813
Working Capital	\$135,071,118	104,662,043

Employees

Number of Employees	1,840	1,943
Total Payroll	\$ 21,354,647	21,049,035

* Federal excise taxes are included in net sales.

**Net income per common share is based on the current equivalent of average shares outstanding during each year.



1970	1969	1968	1967	1966	1965	1964	1963
219,220,716	199,036,936	179,217,752	163,755,315	154,103,114	137,547,076	123,717,536	119,592,441
97,755,118	90,627,229	80,245,033	78,280,087	75,992,690	69,147,056	63,667,683	59,736,193
30,034,663	26,521,965	23,466,518	20,678,891	20,202,762	17,255,793	15,939,715	14,804,919
16,000,000	13,700,000	11,119,000	9,835,000	9,885,000	8,677,000	8,285,000	7,848,000
14,034,663	12,821,965	12,347,518	10,843,891	10,317,762	8,578,793	7,654,715	6,956,919
4,680,374	4,369,760	3,687,052	3,439,219	3,242,340	2,768,169	2,198,631	1,950,841
9,354,289	8,452,205	8,660,466	7,404,672	7,075,422	5,810,624	5,456,084	5,006,078
1.23	1.12	1.08	1.01	.95	.78	.69	.62
10,432,314	10,114,519	8,073,077	7,323,358	7,132,372	5,749,367	5,599,785	3,626,615
3,228,825	3,135,692	2,509,083	2,436,681	2,369,712	1,915,057	1,865,252	1,208,168
7,203,489	6,978,827	5,563,994	4,886,677	4,762,660	3,834,310	3,734,533	2,418,447
172,100,643	155,400,297	144,841,445	126,921,999	113,324,361	98,602,794	93,733,565	88,998,209
56,266,020	49,239,866	47,566,617	50,264,621	43,573,094	34,293,664	34,874,202	35,594,930
115,834,623	106,160,431	97,274,828	76,657,378	69,751,267	64,309,130	58,859,363	53,403,279
130,865,501	115,411,323	108,446,253	98,569,817	87,988,929	77,659,981	75,013,508	74,218,629
34,266,020	25,239,866	21,566,617	22,264,621	13,573,094	16,293,664	15,074,202	13,994,930
96,599,481	90,171,457	86,879,636	76,305,196	74,415,835	61,366,317	59,939,306	60,223,699
2,004	1,908	1,848	1,861	1,809	1,719	1,352	1,343
19,538,032	18,224,975	17,879,311	16,250,150	15,297,467	12,888,829	10,990,891	10,887,353

***Additional shares of Common Stock were distributed as follows: July 1962 and 1963, 3% stock dividend; 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; July 1966 and September 1967, 3% stock dividend; August 1968, Common Class A and Common Class B Shares were split 5 for 4; August 1969, 1970 and 1971, 3% stock dividend.

Comparative Consolidated Balance Sheet

		April 30,	
		1972	1971
Assets			
	Cash.....	\$ 6,440,916	\$ 5,065,182
	Accounts receivable, trade.....	39,632,730	30,933,187
	Inventories, at lower of average cost or market:		
	Barreled whisky and spirits.....	102,325,374	80,109,672
	Finished goods and in process.....	11,026,519	13,380,785
	Raw materials and supplies.....	9,770,651	8,991,863
		<u>123,122,544</u>	<u>102,482,320</u>
	Other current assets.....	1,235,513	1,295,167
	TOTAL CURRENT ASSETS.....	<u>170,431,703</u>	<u>139,775,856</u>
	Property, plant and equipment, at cost:		
	Land.....	2,557,962	2,062,717
	Buildings.....	30,318,142	26,058,772
	Equipment.....	19,930,621	17,997,502
		<u>52,806,725</u>	<u>46,118,991</u>
	Less accumulated depreciation.....	22,828,764	20,488,504
		<u>29,977,961</u>	<u>25,630,487</u>
	Other assets.....	4,013,368	2,233,830
	Goodwill, franchises, brands and trade-marks, at cost less accumulated amortization of \$163,936 (1972) (Note 2).....	23,192,275	13,520,041
		<u>\$227,615,307</u>	<u>\$181,160,214</u>



		April 30,	
		1972	1971
Liabilities	Current portion of long-term debt.....	\$ 4,314,676	\$ 2,000,000
	Short-term bank borrowings.....		10,000,000
	Accounts payable and accrued expenses.....	27,073,432	19,262,649
	Federal and state taxes on income.....	3,972,477	3,851,164
	TOTAL CURRENT LIABILITIES.....	35,360,585	35,113,813
	Long-term debt, less amount due within one year:		
	Borrowings under Revolving Credit and Term Loan Agreement (Note 3):		
	Revolving credit loans.....	3,000,000	
	8-1/2% note, \$4,000,000 due each September 1, 1979-1986.....	32,000,000	
	6% notes, due \$4,314,676 annually through August 31, 1976.....	17,258,706	
Stockholders' Equity	Note due May 1, 1976, interest at Canadian prime rate plus 1-1/4% (7-1/4% at April 30, 1972).....	2,959,320	
	5-1/2% and 5-7/8% serial notes.....		20,000,000
		55,218,026	20,000,000
	Capital stock:		
	Preferred 40¢ cumulative, \$10 par value, redeemable at \$10.25 per share plus unpaid accrued dividends, 1,177,948 shares authorized and outstanding.....	11,779,480	11,779,480
	Class A common stock, voting, 30¢ par value; authorized shares, 7,000,000; issued shares: 1972, 3,472,459; 1971, 3,372,157.....	1,041,738	1,011,647
	Class B common stock, non-voting, 30¢ par value; authorized shares, 14,000,000; issued shares: 1972, 7,676,896; 1971, 7,455,489.....	2,303,069	2,236,647
	Capital in excess of par value of common stock.....	59,944,525	50,488,303
		75,068,812	65,516,077
	Retained earnings (Notes 3 and 4).....	62,936,443	61,947,924
		138,005,255	127,464,001
	Less common treasury stock, at cost: (1972: Class A, 25,245 shares; Class B, 23,807 shares; 1971: Class A, 24,510 shares; Class B, 46,603 shares).....	968,559	1,417,600
		137,036,696	126,046,401
		\$227,615,307	\$181,160,214

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

Comparative Consolidated Statements

		Years Ended April 30,	
		1972	1971
Income			
	Net sales (Note 2).....	\$273,342,454	\$222,567,294
	Cost of sales.....	<u>191,546,056</u>	<u>150,899,842</u>
		81,796,398	71,667,452
	Selling, advertising, administrative and general expenses....	<u>46,514,612</u>	<u>39,804,995</u>
	Operating profit.....	35,281,786	31,862,457
	Other income, net.....	<u>132,308</u>	<u>215,694</u>
		35,414,094	32,078,151
	Interest expense.....	<u>4,599,253</u>	<u>2,340,217</u>
		30,814,841	29,737,934
	Federal and state taxes on income.....	<u>15,550,000</u>	<u>15,100,000</u>
	Net income.....	<u>\$ 15,264,841</u>	<u>\$ 14,637,934</u>
	Net income per common share (Note 8).....	<u>\$1.33</u>	<u>\$1.28</u>
Retained Earnings			
	Balance, beginning of year.....	\$ 61,947,924	\$ 59,144,117
	Net income.....	<u>15,264,841</u>	<u>14,637,934</u>
		77,212,765	73,782,051
	Dividends:		
	Paid in cash:		
	On preferred stock, 40¢ per share.....	471,179	471,179
	On common stock:		
	Class A, 40¢ per share.....	1,368,929	1,324,660
	Class B, 40¢ per share.....	3,036,815	2,943,015
	Paid in lieu of fractional shares in connection with 3% stock dividend.....	90,177	72,020
	Paid in common stock on common stock, including treasury stock, 3% (1972: Class A, 100,302 shares; Class B, 221,407 shares; 1971: Class A, 97,402 shares; Class B, 214,854 shares).....	9,309,222	7,023,253
		<u>14,276,322</u>	<u>11,834,127</u>
	Balance, end of year (Notes 3 and 4).....	<u>\$ 62,936,443</u>	<u>\$ 61,947,924</u>



Brown-Forman Distillers Corporation

		Years Ended April 30,	
		1972	1971
Capital In Excess Of Par Value Of Common Stock	Balance, beginning of year	\$ 50,488,303	\$ 43,495,811
	Excess of market value over par value of common stock issued as stock dividend	9,212,709	6,929,577
	Gain on disposition of treasury stock	243,513	62,915
	Balance, end of year	<u>\$ 59,944,525</u>	<u>\$ 50,488,303</u>
Changes In Financial Position	Funds provided by:		
	Operations:		
	Net income	\$ 15,264,841	\$ 14,637,934
	Add charges not requiring outlay of working capital:		
	Depreciation	2,635,367	2,335,295
	Other	166,140	
		<u>18,066,348</u>	<u>16,973,229</u>
	Long-term debt	55,218,026	
	Market value of treasury stock transferred to Pension Trusts (1972: Class B, 24,194 shares; 1971: Class A, 25,166 shares)	692,554	603,984
	Dispositions of property, plant and equipment	237,914	83,533
	Other		200,420
		<u>\$ 74,214,842</u>	<u>\$ 17,861,166</u>
	Funds used for:		
	Increase in working capital	\$ 30,409,075	\$ 8,062,562
	Additions to property, plant and equipment	7,220,755	2,768,464
	Repayment of long-term debt	20,000,000	2,000,000
	Cash dividends	4,967,100	4,810,874
	Acquisition of treasury stock		219,266
	Purchase of brand name	9,836,170	
	Other	1,781,742	
		<u>\$ 74,214,842</u>	<u>\$ 17,861,166</u>
	Summary of changes in components of working capital:		
	Increase (decrease) in current assets:		
	Cash	\$ 1,375,734	\$ (1,465,849)
	Accounts receivable, trade	8,699,543	(2,976,987)
	Inventories	20,640,224	13,648,976
	Other current assets	(59,654)	(295,785)
	Decrease (increase) in current liabilities:		
	Current portion of long-term debt	(2,314,676)	
	Short-term bank borrowings	10,000,000	
	Accounts payable and accrued expenses	(7,810,783)	(650,133)
	Federal and state taxes on income	(121,313)	(197,660)
	Increase in working capital	<u>\$ 30,409,075</u>	<u>\$ 8,062,562</u>

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

Notes To Financial Statements

1. The consolidated financial statements include all subsidiaries.

2. Sales for the year ended April 30, 1972 include \$33,000,000 from sales of Canadian Mist for the eight-month period since August 31, 1971. The Company acquired the brand name "Canadian Mist," whisky inventories, whisky production and storage facilities in Canada, and certain other assets for approximately \$35,000,000 in cash and notes as of August 31, 1971. The cost of the brand name, \$9,836,000, is being amortized by charges to income over forty years, using the straight-line method. Other amounts included in the balance sheet caption "Goodwill, franchises, brands and trademarks" at April 30, 1972 were acquired prior to November 1, 1970 and are not being amortized because in management's opinion there is no indication of decline in value.

3. The Company's Revolving Credit and Term Loan Agreement contains, among other provisions, requirements for maintenance of working capital and restrictions

on additional borrowings, reacquisitions of capital stock, and payment of cash dividends. Consolidated retained earnings unrestricted as to payment of cash dividends at April 30, 1972 were \$15,000,000.

The Agreement provides for revolving credit up to \$30,000,000, generally in amounts and for periods of time at the Company's discretion through September 1, 1975. Borrowings bear interest at the prime rate plus 1.3% (6.3% at April 30, 1972). Compensating deposits with the banks are not required. A commitment fee of 1.3% per annum is payable on available daily amounts not borrowed. On or before September 1, 1975, the Company may, in whole or in part, terminate or convert to three-year term loans the amount of revolving credit available under the Agreement.

4. The Company and a subsidiary are defendants in several lawsuits alleging substantial damages. In the opinion of counsel for the Company, the ultimate liability, if

any, from these suits will not materially affect the Company's financial position.

5. The Company accounts for the investment credit as a reduction of Federal income tax expense in the year in which the credit arises.

6. Depreciation charged to cost and expenses was \$2,635,000 in 1972 and \$2,335,000 in 1971, principally determined on the sum-of-the-years-digits method.

7. The Company and its subsidiaries have pension plans covering substantially all employees. Provisions for pension expense were \$509,000 in 1972 and \$693,000 in 1971, and were determined principally under the aggregate cost method. The Company's policy is to fund pension costs accrued.

8. Net income per common share is based on the current equivalent of average shares outstanding during each year, after recognition of dividend requirements on preferred stock.

Auditors' Report

Brown-Forman Distillers Corporation
Louisville, Kentucky

We have examined the consolidated balance sheet of Brown-Forman Distillers Corporation and subsidiaries as of April 30, 1972 and the related consolidated statements of income, retained earnings, capital in excess of par value of common stock, and changes in financial position 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 made a similar examination of the consolidated financial statements for the preceding year.

In our opinion, the aforesaid financial statements present fairly the consolidated financial position of Brown-Forman Distillers Corporation and

LYBRAND, ROSS BROS. & MONTGOMERY
CERTIFIED PUBLIC ACCOUNTANTS

subsidiaries at April 30, 1972 and 1971, and the consolidated results of their operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Lybrand, Ross Bros. & Montgomery
Louisville, Kentucky
June 12, 1972

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Louisville, Kentucky

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 D. L. STREET, Director, Brown-Forman Distillers Corporation, Louisville, Kentucky

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Collingwood, Ontario

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 EARL A. DORSEY, Treasurer
 JOHN W. McINTYRE, Assistant Treasurer
 JOHN S. MOREMEN, Assistant Secretary

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The Kentucky Trust Company, Louisville, Kentucky
 Chemical Bank, New York City

General Counsel

Ogden, Robertson & Marshall, Louisville, Kentucky

Auditors

Lybrand, Ross Bros. & Montgomery, Louisville, Kentucky

