



Brown-Forman Corporation



ANNUAL REPORT 1990

BROWN-FORMAN CORPORATION

Brown-Forman Corporation has been a proud Louisville citizen since 1870.

Brown-Forman's new Forester Center office facility, formerly a whiskey storage warehouse, has been recognized by preservation groups for adaptive reuse of an historic building.

Brown-Forman, founded in 1870, is a diversified producer and marketer of fine quality consumer products, including Jack Daniel's Tennessee Whiskey, Canadian Mist, Southern Comfort, Korbel California Champagnes, Lenox fine china, crystal and giftware, and Hartmann luggage.

On April 30, 1990, Brown-Forman employed 5,400 people.

Brown-Forman Corporation is an Equal Employment Opportunity and Affirmative Action employer. All personnel actions and programs are administered without regard to race, color, national origin, sex, age, religion, handicap, or veteran status.



HIGHLIGHTS

BROWN-FORMAN CORPORATION

(Expressed in thousands except per share amounts and ratios)

	1990	1989	% Change
Net Sales	\$1,292,562	\$1,287,079	—
Net Sales Less Excise Taxes	\$1,016,556	\$1,005,781	1%
Operating Income	\$ 224,944	\$ 208,480	8%
Net Income	\$ 92,505	\$ 144,497	(36%)
Cash Dividends Paid	\$ 53,069	\$ 42,997	23%
Stockholders' Equity	\$ 595,300	\$ 555,679	7%
Per Common Share:			
Earnings	\$ 3.29	\$ 5.15	(36%)
Cash Dividends	\$ 1.88	\$ 1.52	24%
Stockholders' Equity (Book Value)	\$ 20.86	\$ 19.44	7%
Weighted Average Common Shares Outstanding	27,978	27,978	
Return on Average Total Capital Employed	13.8%	23.2%	
Return on Average Common Stockholders' Equity	18.2%	33.5%	

Regular cash dividends have been paid for the 45th consecutive year.

QUARTERLY DATA

(Expressed in thousands except per share amounts)

	Net Sales	Gross Profit	Net Income	Net Income	Per Share of Common Stock		
					Cash Dividends Paid	Market Price (High-Low)	
						American Stock Exchange	
						Class A	Class B
Fiscal 1990 (1)	\$1,292,562	\$598,984	\$92,505	\$3.29	\$1.88	\$85 ¹ / ₂ – \$57 ¹ / ₂	\$91 ³ / ₄ – \$58 ³ / ₈
Quarters							
Fourth (1)	281,836	129,231	24,552	.87	.52	74 ³ / ₈ – 60 ³ / ₈	78 ¹ / ₄ – 60 ³ / ₈
Third	321,265	148,401	31,237	1.12	.52	85 ¹ / ₂ – 68 ¹ / ₈	91 ³ / ₄ – 71 ³ / ₈
Second	401,747	185,464	(4,721)	(.17)	.42	80 ³ / ₈ – 72	83 ³ / ₄ – 73 ³ / ₄
First	287,714	135,888	41,437	1.47	.42	75 – 57 ¹ / ₂	78 ⁷ / ₈ – 58 ³ / ₈
Fiscal 1989 (2)	\$1,287,079	\$572,046	\$144,497	\$5.15	\$1.52	\$63 – \$40 ⁷ / ₈	\$66 ⁵ / ₈ – \$41 ⁷ / ₈
Quarters							
Fourth	251,918	121,688	21,255	.76	.42	63 – 58 ⁵ / ₈	66 ⁵ / ₈ – 59 ⁵ / ₈
Third (2)	352,161	153,478	57,925	2.06	.42	60 ³ / ₄ – 47	64 ¹ / ₂ – 48 ⁵ / ₈
Second (2)	387,014	168,071	42,102	1.50	.34	52 – 40 ⁷ / ₈	54 ¹ / ₂ – 41 ⁷ / ₈
First	295,986	128,809	23,215	.83	.34	49 ¹ / ₄ – 41 ³ / ₄	51 ³ / ₈ – 42 ³ / ₄

- (1) Net income for fiscal 1990 was reduced \$48 million by nonrecurring items. These items include a \$60 million write-off of the remaining intangible assets associated with California Cooler in the second quarter, and \$12 million in income from the cumulative effect of the change in accounting for income taxes adopted retroactive to the first quarter, which has been restated.
- (2) Net income in fiscal 1989 was increased \$17 million by nonrecurring items. These items include a \$22 million gain on the sale of U.S. marketing rights for Martell Cognacs in the third quarter and a \$5 million provision to cover the costs associated with the shutdown of the California Cooler plant in the second quarter.

TO OUR STOCKHOLDERS



I am very pleased to report that in fiscal year 1990 Brown-Forman gained market share in a highly competitive domestic wine and spirits industry, expanded its presence and profitability in the international market and completed acquisitions of strategic importance within the consumer durables sector. Our performance has been significantly rewarded by long-term growth in the market value of Brown-Forman's stock. An investment in Brown-Forman has increased sixfold over the past ten years.

Excluding nonrecurring items, net income for the 1990 fiscal year rose 9% to \$139.6 million or \$4.97 per share, compared to \$127.6 million or \$4.54 per share the previous year. The largest of these nonrecurring items was a charge of \$59.9 million for a write-off of California Cooler's remaining intangible assets. The company also adopted FASB Statement No. 96 which resulted in the reduction of Brown-Forman's deferred tax liability and increased earnings by \$11.5 million. In fiscal 1989, two nonrecurring items were also reported which increased net income in that year by \$16.9 million. Including these nonrecurring items, reported fiscal 1990 net income was \$92.5 million or \$3.29 per share, compared to \$144.5 million or \$5.15 per share in the prior year.

The company's cash flow remained strong and stable, providing more than adequate internally generated funds to meet operating and capital expenditure requirements and to pay record dividends during the year.

Brown-Forman's strong performance continued to result from increasing consumer demand for our large and profitable brands. The company's wine and spirits business in the United States continued to provide the majority of sales and operating income. Our major brands, Jack Daniel's Tennessee Whiskey, Southern Comfort, Canadian Mist Canadian Whisky, and Korbel California Champagnes, accounted for most of these earnings.

Operating income from wine and spirits improved 14% to a record \$204.5 million in fiscal 1990. According to industry data, the consumer is drinking less, but more premium, higher quality products. The company continued to achieve growth within the premium segment of the domestic market, despite declining long-term trends in total wine and distilled spirits consumption in the United States. During fiscal 1990, Brown-Forman's major beverage brands outperformed the domestic market and captured

market share within their respective categories due to pricing and marketing strategies designed to enhance the premium image and long-term growth prospects of these brands.

Brown-Forman has increased its emphasis on premium brands with the introduction of Gentleman Jack, a high-priced premium whiskey, Icy Vodka, imported from Iceland, and Sempé, a fine armagnac. We are encouraged that these brands will improve the company's position in the premium segment and in the future, we will continue to aggressively pursue the development and introduction of higher priced products. Consistent with this strategy of focusing our sales and marketing strengths on the premium segment of the U.S. market, Brown-Forman sold popular priced Cella Italian Wines during the year.

The strong cash flow generated by our domestic beverage business not only allows us to focus on nurturing additional premium brands, but also provides the financial resources and flexibility required to initiate new growth opportunities. These include innovative products and line extensions, new ventures, new markets, and the development of our existing high-growth businesses both internally and through selective acquisitions.

Brown-Forman's overseas business was the fastest-growing sector and the largest contributor to operating income growth in fiscal 1990. Brown-Forman International once again achieved extraordinary results with all performance measures including unit volume, market share, revenues, and profits reaching record levels. Profitability continues to be enhanced by favorable exchange rates and low effective tax rates.

The company's products are being accepted at an accelerated pace around the world. We believe this is the result of many factors including strong economies in Europe, Japan and much of the industrialized world, a growing appeal for imported, premium-image brands with strong consumer franchises, especially those associated with America, and significant investments in advertising and marketing support. In fiscal 1990, Jack Daniel's reported record volume in virtually every developed country growing over 25% outside the United States. During the same period, Southern Comfort depletions overseas grew more than 9%.

In addition to exploiting the very high growth of our beverage brands overseas, we are expanding Brown-Forman's export business with Lenox China and Crystal and Hartmann Luggage. We believe that the development of these premium brands in the international market represents an attractive long-term financial opportunity for Brown-Forman. In the

coming year, we will make substantial investments in research, marketing support and personnel for Lenox and Hartmann in the export market.

Fiscal 1990 was a year of mixed results for Brown-Forman's consumer durables sector. The Lenox retail and direct response marketing businesses realized greater sales and operating profits during the year, continuing to indicate the very positive response of the American consumer to Lenox products in these channels of distribution. However, we encountered significant weakness within the traditional department store channel, primarily due to the much publicized financial difficulties of the large U.S. department store chains. Reacting to these developments, retailers substantially reduced inventories below normal levels. This sales decline and a change in our pricing and promotional strategy for Hartmann Luggage, which should have long-term benefits, resulted in a 17% decline in operating earnings for consumer durables for the fiscal year. Despite this earnings decline, we believe that over the long-term the consumer durables sector will show solid performance as department stores stabilize and consumer demand for tabletop products returns to its historic patterns of growth.

We were disappointed late last year when the shareholders of Cristalleries de Saint-Louis S.A., a small French crystal company, did not approve the share recapitalization necessary to implement the agreement made by their Board of Directors to sell the company to Brown-Forman. However, we continue our search for acquisitions whose quality products and image complement Brown-Forman's existing portfolio of premium products, and two such acquisitions were concluded in fiscal 1990.

In November, Brown-Forman acquired Crouch & Fitzgerald, located in New York City, which is the oldest luggage store in the United States. Crouch & Fitzgerald's commitment to quality, its rich history and image are consistent with our traditional marketing philosophy. In March, the company acquired the Kirk Stieff Company, the oldest and one of the most respected manufacturers of high-quality silver and pewter products in this country. These acquisitions complement the company's existing portfolio of premium tabletop, giftware, and luggage products.

During the past year, worldwide political and economic events of profound significance and historic proportions have resulted in an increasingly integrated global marketplace which is much more competitive, but which affords substantial opportunities for future growth. Brown-Forman is well-positioned within the consumer products sector to capitalize on many of these

promising opportunities during the decade of the 1990's. Several factors cause our optimism:

- Our domestic markets are large and well-established, and our international markets are strong and vibrant;
- Our businesses are comprised of well-known, profitable brands;
- Our products are recognized for their quality and premium image;
- Our employees are committed to excellence.



Brown-Forman's operating strategies have been modified over the years to reflect the dynamics of shifting consumer tastes and market conditions, as well as changing government fiscal and monetary policies. However, our overriding objective to provide a total return to shareholders that rivals that of the top tier of companies in the world has remained constant. You will be pleased to know that Brown-Forman's 21% average total return to shareholders over the past ten years ranks near the top of Fortune 500 companies.

It is a great pleasure to commend our dedicated employees, distributors, and associated retailers and agents worldwide for their outstanding performance this past year. I also wish to thank you, our shareholders, for your continued confidence and loyal support.

With best wishes,

A handwritten signature in dark ink, appearing to read 'W. L. Lyons Brown, Jr.' with a stylized flourish at the end.

W. L. Lyons Brown, Jr.
Chairman and Chief Executive Officer
June 25, 1990

Brown-Forman Corporation's core business-the manufacture and marketing of wines and spirits in the U.S.-experienced an outstanding year in fiscal 1990.



Brown-Forman Corporation's wine and spirits business in the U.S., which is handled by its unified manufacturing and marketing division, Brown-Forman Beverage Company, continued to provide the majority of the company's sales and operating income. Fiscal 1990 was a successful year for us in this area. Brown-Forman's major beverage brands continued to outperform the domestic market and capture market share, and profits were enhanced by modest price increases on most brands.

While pressure continued on the beverage industry due to legislative and social issues and the possibility of increased taxation, declines in total distilled spirit volume - now about 1.5% to 2% per year - moderated during calendar 1989 for the third consecutive year. The rate of decline

in domestic sales of bourbon was even with 1988, and significantly lower than the declines experienced during the 1985-87 period. Wine sales declined by about 2%, the same rate as in 1988 and 1987.

Our major brands have outperformed their respective categories for many years and we expect this positive performance to continue. The industry trend toward fewer suppliers and brands enhanced our ability to gain market share in what is still an enormous and, for the skilled marketer, highly profitable business. To supplement our use of traditional marketing channels, we have developed innovative brand publicity programs for reaching the consumer that have proven to be very successful. Examples include the popular Jack Daniel's Tennessee Squire direct mail program and the annual Early Times Turf Classic stakes race at Churchill Downs. Finally, a realignment of some of our sales and marketing resources in fiscal 1990 has strengthened our premium wine and distilled spirits organizations.

Jack Daniel's continued as the top selling premium brand of spirits in the U.S., outselling its nearest competitor by more than 25%. The brand enjoys



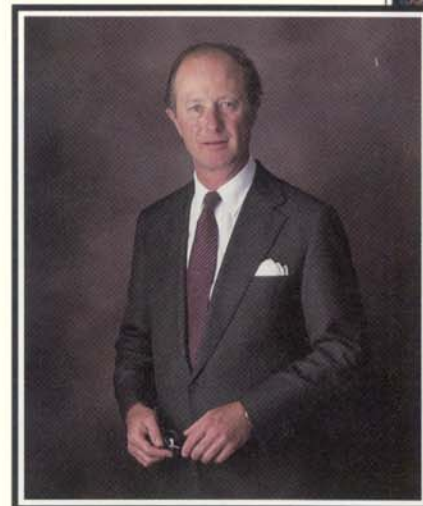
Early Times increased volume and market share in fiscal 1990.



The introduction of Gentleman Jack Rare Tennessee Whiskey has surpassed expectations.

the support of a unique advertising theme that has helped make it the leading distilled spirit brand in unaided awareness. In fiscal 1990, Jack Daniel's gained market share

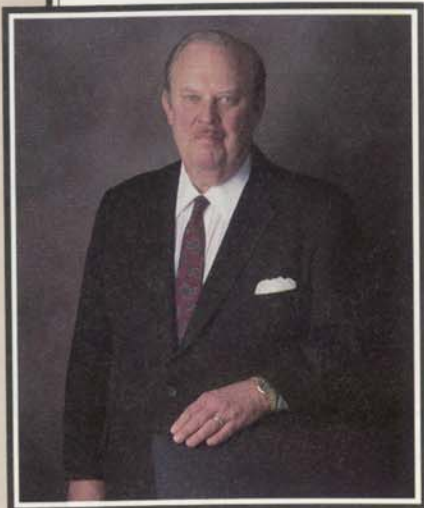
among all distilled spirits products, with domestic depletions about equal to the prior year's. Drink programs such as Lynchburg Lemonade and Tennessee Mud have been valuable



Owsley Brown II



Jack Daniel's is the top selling premium brand of spirits in the U.S. and is growing rapidly overseas.



Owsley Brown Frazier

tools in showing the consumer new ways to enjoy our Tennessee Whiskey.

Southern Comfort enjoyed its fifth consecutive year of domestic depletion growth in fiscal 1990, one of only a few established brands in the industry to grow during the year. Consumer awareness of Southern Comfort and its advertising also increased.

Early Times increased volume and market share and Usher's Scotch also gained market share during the fiscal year. Canadian Mist, our largest volume brand, which competes in the upper end of the popular price segment, maintained share in its category while experiencing a modest depletion decline. It remains the largest-selling Canadian whisky in America.

Bushmills Irish Whiskey continued its steady depletion growth.

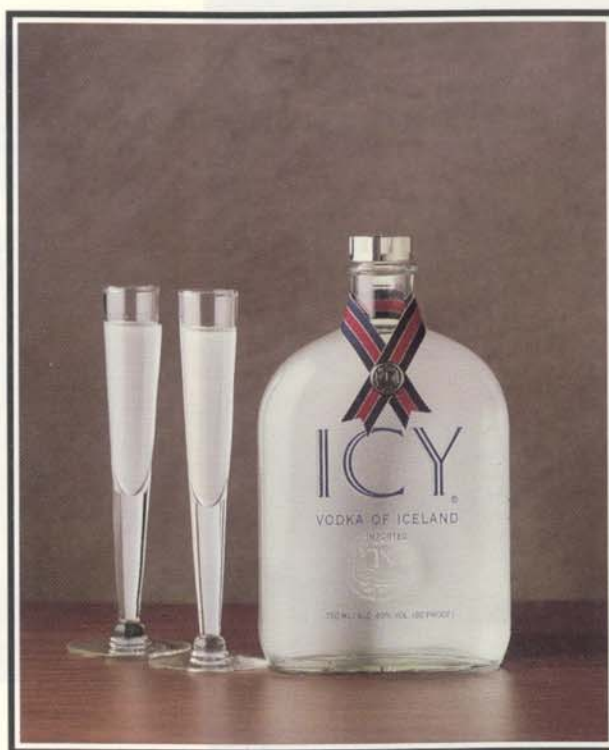
Korbel Brandy also enjoyed a strong performance, particularly in the major brandy state of Wisconsin where it gained both market share and volume, solidifying its position as the largest-selling brandy in the state.

Korbel Champagne, the leading brand in our wine portfolio and the best-selling premium champagne in the U.S., experienced record volume gains during the key selling period of October through December. During fiscal 1990, the entire U.S. sparkling wine market continued a decline that began in 1986; however, the decrease in Korbel's depletions for the year was less than the category and the brand gained market share. We believe new and innovative Korbel advertising will show positive results and our marketing investment for this brand will be increased in the new fiscal year.

Our other wine brands performed well, considering a general weakness in the wine business. While all imported table wines fell 12.5%, Bolla wine depletions declined only 6%. Fontana Candida Italian wine volume gained 6% and ended the year at a record level. Also, Parducci experienced a modest volume gain during fiscal year 1990.

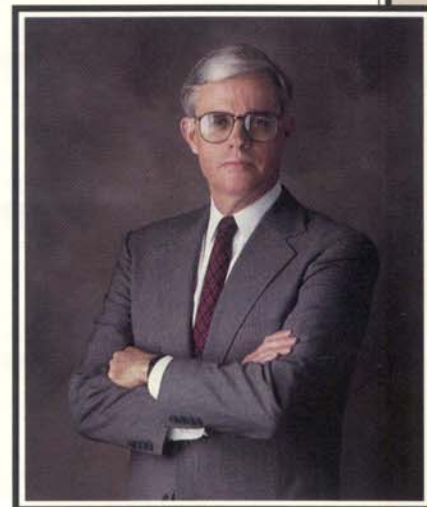
Brown-Forman continues to benefit from growth segments within the industry. According to Impact Newsletter, the top 50 premium brands in the U.S. grew 2.3% last year, indicating the consumer is drinking less, but more premium, higher

Icy is Brown-Forman's new entry in the rapidly growing premium imported vodka market.



quality products. Brown-Forman enjoys an 11% share of this important market. In this category, Jack Daniel's is the largest-selling premium brand, surpassing its nearest competitors - Seagram's V.O., Absolut, Canadian Club and Dewar's - by more than 25%.

Brown-Forman has increased its emphasis on premium brands, and we will continue to aggressively pursue their development in the future. Gentleman Jack Rare Tennessee Whiskey, a super premium whiskey introduced in the fall of 1988, has



William M. Street

Canadian Mist is Brown-Forman's largest volume brand and the largest-selling Canadian whisky in America.

Major Brands' Worldwide Depletions in Fiscal 1990

	Nine-Liter Cases	Change From Fiscal 1989	1990 1989
Jack Daniel's Black Label	4,100,000	4%	
Early Times	1,550,000	5%	American Spirits
Canadian Mist	3,595,000	(3%)	Imported Spirits
Bolla	1,040,000	(6%)	
Southern Comfort	2,545,000	5%	Wines and Specialties
Korbel Champagnes	1,155,000	(4%)	

surpassed our expectations. Icy Vodka, our entry in the growing premium imported vodka segment, could become an important member of our portfolio of premium brands. Our World Class Brands division imports two premium products: Sempé, a high-priced armagnac with potential for consumers who trade up from cognac; and Black Bush, the special malt whiskey from Ireland, which

continued its impressive percentage growth in fiscal 1990.

The past year was an exciting one for our beverage production group. Records were set for production volume, productivity, and safety. In addition, our production management was reorganized to allow for the development of entrepreneurial business concepts and a more effective utilization of assets. We believe that major investments in the beverage production area in recent years have made us the most efficient producer of high-quality distilled spirits and one of the most productive bottlers in the industry. New management information systems have been incorporated into each of our production facilities and we have state-of-the-art systems for warehouse and inventory control. Continued investment in research and development will keep us on the leading edge of new production concepts and technology.

Bolla Italian Wines are the largest-selling premium imported wines in America.



The enjoyment of wine and spirits is a legal right exercised today by more than 100 million Americans, the vast majority of whom do so responsibly and without adverse effect to themselves or their families or to society.

Brown-Forman has always been concerned about the dangers of irresponsible and illegal drinking and the

problems caused by a small percentage of drinkers who misuse these products. As a founder of the Distilled Spirits Council of the United States (DISCUS), we have for many years underwritten public education programs on responsible drinking and funded ongoing research on the causes of alcoholism and alcohol abuse.

There are some people who are trying to equate any alcohol use with alcohol abuse and thereby seek to remove moderate drinking from the mainstream of contemporary social behavior. We oppose their efforts. The use of wine and spirits is one of life's most ancient pleasures and we support the right of all people of legal drinking age to use and enjoy our products responsibly.



Korbel Champagne is the best-selling premium champagne in the U.S.

Lenox retail and direct response marketing businesses achieved record sales and profits in fiscal 1990.



The Garden Bird Sculptures are among the most popular items in the Lenox Collections line.

Hartmann is a premier brand in the upper-end luggage and leather goods market.



Fiscal 1990 results for Lenox, Incorporated were mixed. Uncertain conditions in the department store field and a new long-term strategy for Hartmann caused earnings to decline, although there were many positive aspects to the year. Two new china dinnerware lines were introduced: Ambassador, an ivory body china with a unique design that appeals to upscale consumers; and Debut, a new white body line created for the bridal market. Both were well accepted by our dealers.

In March 1990, Lenox acquired the Kirk Stieff Company, the oldest and one of the most respected manufacturers of high-quality silver and pewter products in the U.S. Distribution through Lenox channels, beginning in fiscal 1991, should result in sales increases for Kirk Stieff.

The Lenox Merchandising division achieved record

sales and profits in fiscal 1990. This division operates 15 company-owned retail stores, and at least four more are scheduled to open in fiscal 1991. In addition to providing incremental sales and profits, these stores give Lenox the ability to test new products, displays and merchandising techniques, while enhancing the Lenox image.

The fastest-growing segment of Lenox continues to be Lenox Collections which markets specially-designed collectible products by mail order. Since its establishment in the early 1980's, this highly profitable operation has quickly captured a meaningful share of the estimated \$1.5 billion direct response collectible market in the U.S. One of our many successful new product offerings in fiscal 1990 was the Lenox Spice Village collection, 24 porcelain spice jars shaped as tiny houses. In addition to introducing a number of new product concepts to the U.S. consumer this year, Lenox Collections will also be exploring expansion opportunities outside the U.S.

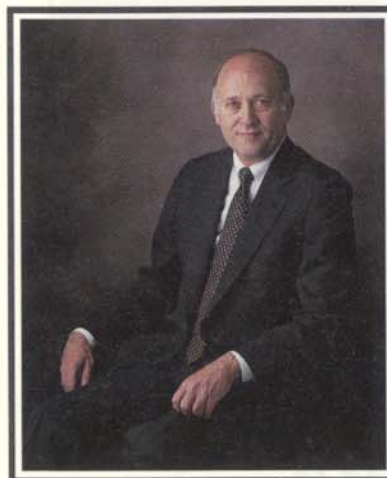
Hartmann, the oldest luggage company operating in the U.S. and a premier brand in the upper-end luggage and leather goods market, initiated a trade program to protect the long-term quality image of Hartmann. The brand enjoys a remarkable reputation, and long-term

growth prospects are good. The recent acquisition of New York-based Crouch & Fitzgerald, the oldest luggage store in the U.S., offers an excellent opportunity to expand our retail division and increase the distribution of Hartmann products.

Athalon, a leading manufacturer and marketer of sport bags and

softsided luggage, acquired by Brown-Forman in 1988, showed improved sales and earnings for the year.

In keeping with the company's focus on its core businesses which include tabletop, luggage and leather goods products, the recognition segment of the Lenox Awards division was sold in February 1990.



James B. Chiles



Tosca, from the Grand Tier Collection, is one of several new china dinnerware patterns from Lenox.

Brown-Forman's overseas beverage business continued to enjoy record growth in fiscal 1990.

Early Times and Old Forester are popular Kentucky bourbons sold in some of Brown-Forman's overseas markets.



Brown-Forman's overseas business had another extraordinary year in fiscal 1990. Our export division, Brown-Forman International, Ltd., achieved record levels of volume, market share, revenues and profits. Highlights include:

- Jack Daniel's Tennessee Whiskey achieved record volume in virtually every developed country of the world, growing 25% outside the U.S.;
- Southern Comfort volume grew over 9%, reaching record levels in almost every country;
- Export revenues concluded a five-year period of growth that has averaged 29% on a compounded annual basis;

- Export profits reached record levels and were the leading factor in the increase in Brown-Forman's operating income for the fiscal year.

Jack Daniel's and Southern Comfort each enjoy a unique, high-quality image overseas, and they command premium retail prices. High margins, favorable exchange rates, and low effective tax rates, have allowed Brown-Forman International and its distributors to aggressively invest in marketing programs to support these brands. These programs have provided a solid foundation for continued long-term volume growth.

Jack Daniel's achieved major volume gains in the United Kingdom, Japan and Germany. Australia, the brand's largest market, and Canada experienced solid growth with volume reaching record levels. The brand enjoyed strong growth in many of our smaller volume markets as well. Greece and Spain realized exceptional gains while Italy and New Zealand also experienced large increases. Jack Daniel's is now enjoyed by consumers in more than 100 countries, and long-term growth prospects remain excellent, especially

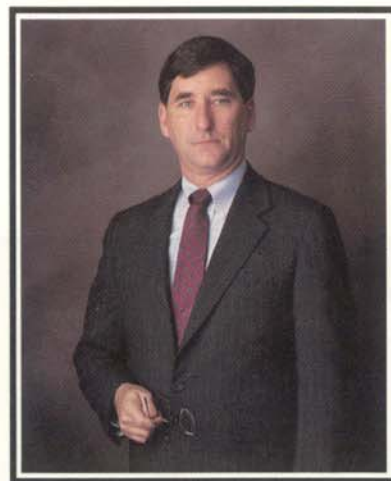


with the expanding popularity of bourbon and Tennessee whiskey in Western Europe and the Pacific Rim. We also anticipate opportunities in Eastern Europe in the years ahead.

The Jack Daniel's advertising theme, which has remained basically unchanged for 36 years, is the same the world over. Consumers everywhere appreciate the story of the small distillery in Lynchburg, Tennessee and the time-honored tradition of craftsmanship and quality begun by Mr. Jack Daniel in 1866.

To support continued long-term growth of the brand, overseas investment in advertising and promotion will be significantly increased in fiscal 1991.

Our largest volume brand overseas, Southern Comfort, again achieved record depletions in Australia and the United Kingdom. We believe the brand is the leading premium-priced specialty product in both markets. "The Grand Old Drink of the South" also enjoyed excellent growth in Germany, Ireland, New Zealand,



E. Peter Rutledge



Southern Comfort, "The Grand Old Drink of the South," enjoys a unique image throughout the world.



Langdon Gate, from the Ambassador Collection, will soon be introduced abroad by Brown-Forman International, Ltd.

the Netherlands and in European Duty Free accounts. Greece realized exceptional growth while Canada experienced a slight decline for the year. Prospects for continued growth of Southern Comfort overseas remain good. The rate of increase, however, will depend on our success in adding more non-English speaking countries to the existing major volume markets.

International advertising for Southern Comfort is deeply rooted in the heritage of the American South. In certain overseas markets, such as Germany, advertising portrays the old South and features the mighty steam-powered paddlewheel boats of a bygone era. In England and Australia, a more contemporary setting focuses on New Orleans where Southern Comfort originated. We are continuing to provide a high level of advertising and promotional support for Southern Comfort.



O ENVELHECIMENTO DO WHISKEY
JACK DANIEL'S exige verões quentes, invernos frios e homens como Lawrence Burns.
O calor do verão faz o whiskey penetrar no carvalho do barril onde ele ganha corpo e cor. O ar frio do inverno traz o whiskey de volta ao interior do barril. Homens como Burns acompanham esta delicada atividade ano após ano. Para um whiskey, não há melhor lugar para se descansar que um depósito da Jack Daniel's. E pelo jeito do Burns, para os homens também não.

JACK DANIEL'S TENNESSEE WHISKEY

IMPORTADO E DISTRIBUÍDO POR: BROWN-FORMAN INTERNATIONAL, LTD. - SÃO PAULO, SP - BRASIL

têm o talento do Jack Daniel's Tennessee Whiskey.

JACK DANIEL'S TENNESSEE WHISKEY

IMPORTADO E DISTRIBUÍDO POR: BROWN-FORMAN INTERNATIONAL, LTD. - SÃO PAULO, SP - BRASIL



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JACK DANIEL'S TENNESSEE WHISKEY

IMPORTADO E DISTRIBUÍDO POR: BROWN-FORMAN INTERNATIONAL, LTD. - SÃO PAULO, SP - BRASIL



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Jack Daniel's advertising theme, basically unchanged since 1954, is the same the world over.

Early Times Kentucky Bourbon is marketed in Australia, New Zealand and Japan. In fiscal 1990, the brand realized exceptional growth in Japan where we believe it is the second-largest selling bourbon. Old For-ester's international volume was unchanged from last year.

In addition to its beverage brands, Brown-Forman International has begun to market Lenox China and Crystal and Hartmann Luggage. Market research studies indicate excellent potential for these premium brands outside the U.S. During February 1990, Lenox became the first American company to participate in the widely-acclaimed tabletop trade fair in Frankfurt, Germany where response to the Lenox product line was most encouraging.

In the year ahead, Lenox and Hartmann products will be strongly supported in existing overseas markets while carefully selected new markets are added. Investments will be made in staff and marketing

programs to develop consumer awareness and ensure appreciation of the high quality and exceptional reputation of these fine products. We look forward to this segment of our business playing a significant role in Brown-Forman's continuing success in the export market.



*The Hartmann
gift collection*

*Research indicates
excellent potential
for quality
Hartmann and
Lenox products
outside the U.S.*



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REPORT OF MANAGEMENT



We are responsible for the presentation of the information contained in the consolidated financial statements and for its integrity and objectivity. Our statements have been prepared in accordance with generally accepted accounting principles and include amounts based on our best estimates and judgments with appropriate consideration to materiality. We also prepared the related financial information and are responsible for its accuracy and consistency with the financial statements.

The consolidated financial statements have been audited by Coopers & Lybrand, independent certified public accountants. We have made available to Coopers & Lybrand all the company's financial records and related data, as well as the minutes of stockholders', directors', and other appropriate meetings. Furthermore, we believe that all representations made to Coopers & Lybrand during the audit were valid and appropriate.

We are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance at reasonable costs that financial records are reliable for preparing financial statements. The company has an internal audit function that is intended to provide a review and monitoring process that allows the company to be reasonably sure that the system of internal control operates effectively. In addition, as part of the audit of the financial statements, Coopers & Lybrand completed a study and evaluation of selected internal accounting controls to establish a basis for reliance thereon in determining the nature, timing, and extent of audit tests to be applied. We have considered the internal auditors' and Coopers & Lybrand's recommendations concerning the system of internal control and have taken actions that we believe are cost-effective in the circumstances to respond appropriately to these recommendations. We believe that as of April 30, 1990, the system of internal control is adequate to accomplish the objectives discussed herein.

We also recognize our responsibility for fostering a strong ethical climate so that the company's affairs are conducted according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in the company's code of conduct, which is publicized throughout the company. The code of conduct addresses, among other things, the necessity of ensuring open communication within the company; potential conflicts of interests; compliance with all applicable domestic and foreign laws, including those relating to financial disclosure; and the confidentiality of proprietary information. The company maintains a systematic program to assess compliance with these policies.

The Board of Directors, through its Audit Committee, comprised solely of directors who are not employees of the company, meets with management, the internal auditors and the independent certified public accountants to ensure that each is properly discharging its respective responsibilities. Both the independent certified public accountants and the internal auditors have free access to the Audit Committee, without management present, to discuss the results of their work, including internal accounting controls and the quality of financial reporting.

W. L. Lyons Brown, Jr.
Chairman of the Board and
Chief Executive Officer

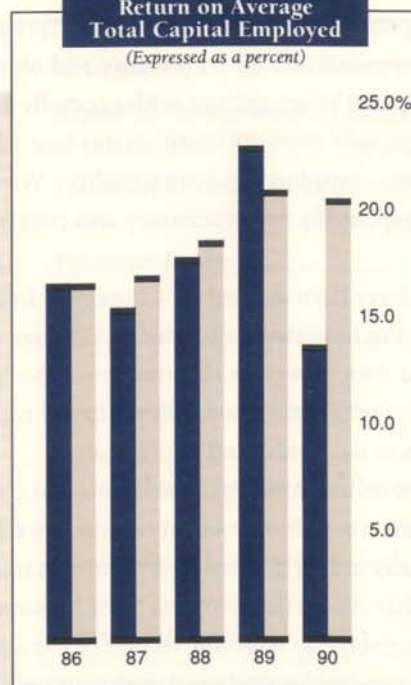
Owsley Brown II
President

Clifford G. Rompf, Jr.
Senior Vice President

FINANCIAL REVIEW CHARTS

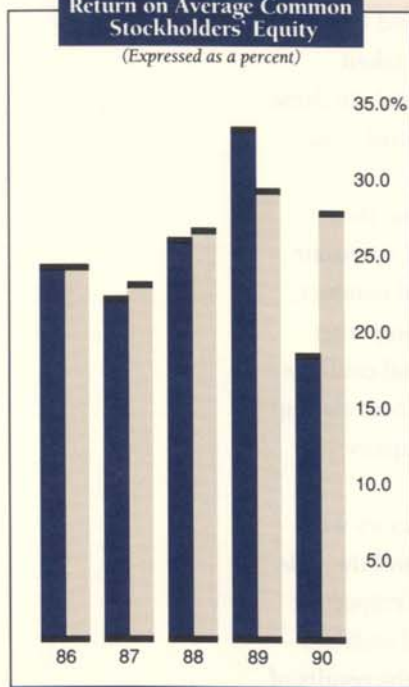
BROWN-FORMAN CORPORATION

Return on Average Total Capital Employed
(Expressed as a percent)



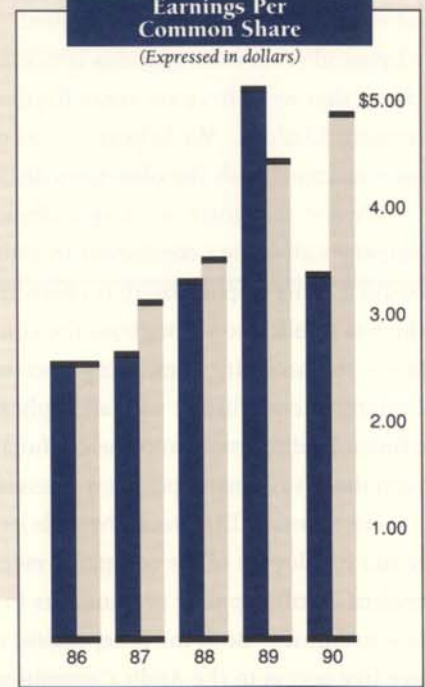
■ As reported
■ Excluding nonrecurring items

Return on Average Common Stockholders' Equity
(Expressed as a percent)



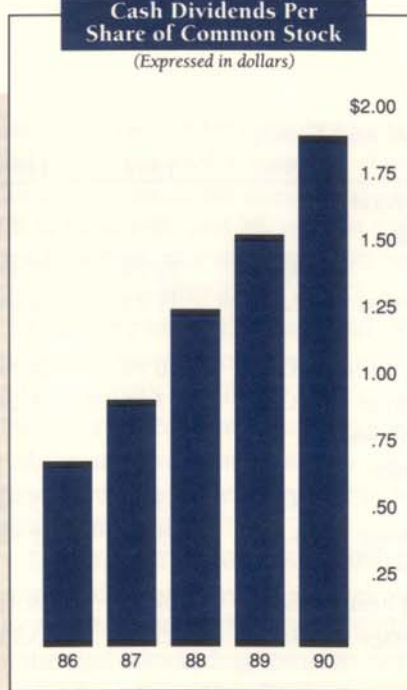
■ As reported
■ Excluding nonrecurring items

Earnings Per Common Share
(Expressed in dollars)

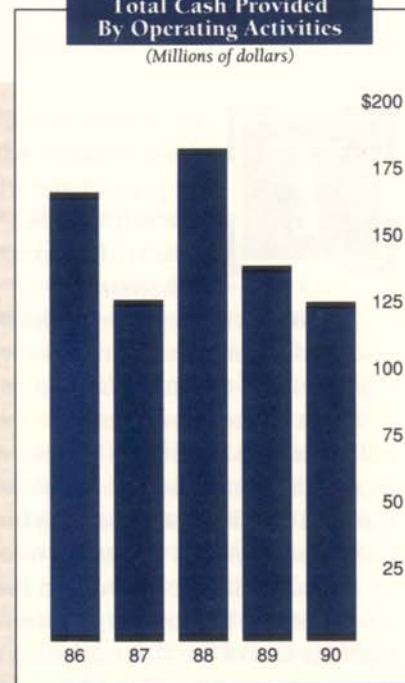


■ As reported
■ Excluding nonrecurring items

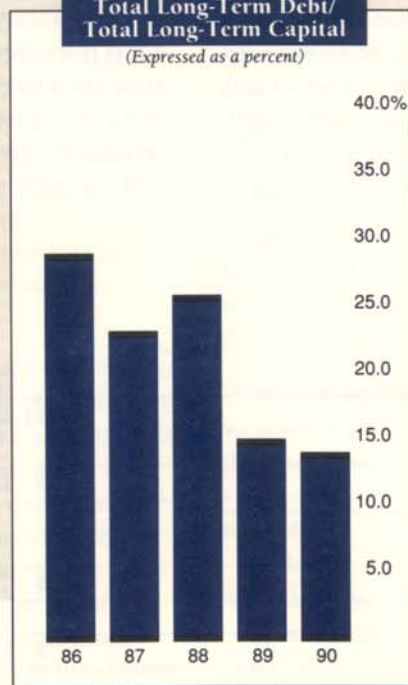
Cash Dividends Per Share of Common Stock
(Expressed in dollars)



Total Cash Provided By Operating Activities
(Millions of dollars)



Total Long-Term Debt/Total Long-Term Capital
(Expressed as a percent)



For the graphs shown above the following definitions apply:

1. Return on Average Total Capital Employed is defined as the sum of net income (excluding extraordinary items), the after-tax cost of interest, the change in deferred income taxes and the amortization of intangible assets during the year, divided by average total capital employed. Average total capital employed is the sum of all interest-bearing debt, deferred income taxes, and preferred and common equity, averaged at year-end.
2. Return on Average Common Stockholders' Equity is defined as the sum of income applicable to common stock plus the change in deferred income taxes, and the amortization of intangible assets during the year, divided by the average common stockholders' equity.
3. Total Long-Term Debt to Total Long-Term Capital is defined as long-term debt divided by the sum of long-term debt, noncurrent portion of deferred income taxes, and preferred and common equity.
4. Please refer to page 20 for a description of nonrecurring items.

BROWN-FORMAN CORPORATION



his section supplements the consolidated financial statements beginning on page 24 and will assist the reader in evaluating Brown-Forman's fiscal 1990 results of operations and financial condition.

Net income, as reported in the three years under discussion, has been affected by various income and expense items which are nonrecurring in nature. Fiscal 1990 net income was reduced \$47 million for the \$60 million noncash charge to eliminate all remaining intangible assets related to California Cooler, to recognize a \$12 million gain resulting from the adoption of FASB Statement No. 96, and to record a \$1 million gain on the sale of Lenox Awards. In fiscal 1989, net income was increased \$17 million, because of a \$22 million gain from the sale of the U.S. marketing rights for Martell Cognacs, and a \$5 million charge for closing the California Cooler plant. In fiscal 1988, net income was reduced \$6 million for a \$33 million noncash charge for a write-down of intangible assets relating to California Cooler, a \$17 million gain on the sale of ArtCarved and \$10 million of tax benefits due to the sale of ArtCarved and foreign tax credits. In subsequent discussions, these items should be considered when nonrecurring items are mentioned.

Results of Consolidated Operations

Summary of Operating Performance

(Expressed in thousands, except percentage amounts and earnings per common share)

	1990	1989	1988
Net Sales	\$1,292,562	\$1,287,079	\$1,354,598
% Change	.4%	(5.0%)	(3.6%)
Operating Income	\$ 224,944	\$ 208,480	\$ 191,684
% Change	7.9%	8.8%	5.2%
Net Income			
As Reported	\$ 92,505	\$ 144,497	\$ 103,399
% Change	(36.0%)	39.7%	15.4%
Excluding Nonrecurring Items	\$ 139,629	\$ 127,577	\$ 109,225
% Change	9.4%	16.8%	12.0%
Earnings Per Common Share			
As Reported	\$ 3.29	\$ 5.15	\$ 3.25
% Change	(36.1%)	58.5%	16.9%
Excluding Nonrecurring Items	\$ 4.97	\$ 4.54	\$ 3.43
% Change	9.5%	32.4%	13.6%

Net sales increased slightly in fiscal 1990 with overseas wine and spirit sales growing significantly and the consumer durables segment experiencing solid sales

Returns on Capital and Equity

	1990	1989	1988
Return on Average Total Capital Employed			
As Reported	13.8%	23.2%	17.4%
Five Year Average	17.0%	17.2%	16.0%
Excluding			
Nonrecurring Items	20.3%	20.9%	18.1%
Five Year Average	18.2%	17.0%	16.2%
Return on Average Common Stockholders' Equity			
As Reported	18.2%	33.5%	25.8%
Five Year Average	24.5%	25.3%	22.8%
Excluding			
Nonrecurring Items	27.4%	29.7%	26.8%
Five Year Average	26.4%	25.0%	23.2%

The long-term growth in the market value of the company's stock is a good indication of the total return to shareholders. A \$100 investment in Brown-Forman's Class B stock ten years ago would have grown to more than \$695 by the end of fiscal 1990, assuming reinvestment of all dividends and ignoring personal taxes and transaction costs. This is a market value increase of 21% annually over the ten year period.

growth. Modest price increases in fiscal 1990, on major beverage brands, improved net sales with volume trends remaining stable in a declining market.

Excluding sales of beverage brands added or eliminated and divisions added or disposed of in the consumer durables segment, net sales increased 6% in fiscal 1990, 7% in fiscal 1989 and 2% in fiscal 1988. These sales trends indicate that the company's base businesses and brands remain strong.

Operating income during fiscal 1990 benefited from modest domestic price increases on major brands and volume growth outside the U.S., somewhat offset by a decline in the consumer durables segment. Lenox China and Crystal have been negatively affected by the recent financial difficulties experienced by several large department store chains.

Earnings per share in fiscal 1990 and 1989 benefited from a reduction in average shares outstanding due to the March 1988 purchase of 4.1 million shares, or 13% of the total outstanding common stock.

The increase in the effective tax rate in 1990 is a result of the \$60 million charge to write off the remaining California Cooler intangible assets, and the \$12 million gain from the adoption of FASB Statement No. 96. Excluding these nonrecurring items, the effective tax rate has been consistently 35% to 38% for the periods reported. The improvement in the effective tax rate for 1989 and 1988 was a result of the reduction in the federal statutory rate and nonrecurring items which affected tax expense. Note 5 on page 33 provides more detail into the components of the effective tax rate.

California Cooler

Since the acquisition of California Cooler in 1985, the category has undergone dramatic changes. The category experienced significant price competition and high levels of promotional support, as well as a large number of competitors. The category has seen sales decline and a consolidation take place, leaving fewer brands with larger market share. Brown-Forman responded to these competitive pressures by writing down for accounting and financial reporting purposes the intangible assets related to California Cooler by \$33 million in fiscal 1988 and by later concluding an agreement with The Stroh Companies, Inc. in January 1989. This agreement transferred to Stroh the exclusive license to manufacture and market California Cooler in the United States, its territories and possessions. The company believed that the brand would benefit from Stroh's more efficient production facilities and its large distribution network.

Brown-Forman retained worldwide ownership of the brand and continued to manufacture and market the brand overseas.

During fiscal 1990, the company determined that the value of California Cooler's intangible assets was permanently impaired and recorded a \$60 million noncash charge for the write-off of all remaining intangible assets associated with this brand. This charge includes the reversal of a previously established \$11 million reserve for contingencies associated with the California Cooler acquisition. While this write-off reduced reported earnings, it had no impact on cash flow and future earnings will no longer be affected by the \$.10 per share annual charge for California Cooler amortization. In fiscal 1990, the company recorded California Cooler amortization of \$.05 per share.

In addition to the write-off of the related intangible assets, Brown-Forman and The Stroh Companies, Inc. have signed a letter of intent for the termination of the January 1989 agreement. As a result, Brown-Forman will resume responsibility for domestic manufacturing and marketing of the brand in July 1990.

Sale of U.S. Marketing Rights for Martell

On January 31, 1989 the company sold the U.S. marketing rights for the Martell brand to Joseph E. Seagram and Sons, Inc. for \$36 million in cash. As a result, net income increased \$22 million, or \$.80 per share. By contract, Brown-Forman would have retained these marketing rights until April 1993.

Wine and Spirits

Summary of Operating Performance

(Expressed in thousands, except percentage amounts)

	1990	1989	1988
Net Sales	\$974,846	\$1,002,112	\$1,002,770
% Change	(2.7%)	—	(5.7%)
Net Sales Less			
Excise Taxes	\$698,840	\$ 720,814	\$ 714,760
% Change	(3.0%)	.8%	(5.6%)
Operating Income	\$204,484	\$ 178,710	\$ 158,134
% Change	14.4%	13.0%	.9%

The wine and spirits business continues to be Brown-Forman's largest segment, representing 75% of consolidated net sales, with the domestic beverage business contributing the largest share of this segment.

BROWN-FORMAN CORPORATION

The overseas beverage business has experienced record growth over the past five years. The overseas beverage business is especially profitable, with its high margins, favorable tax rates and growth opportunities, making it the leading factor in the segment's increased operating income this year.

Jack Daniel's, Southern Comfort and other brands experienced increased sales in fiscal 1990 in the U.S. These increases were partially due to modest price increases, and the company anticipates additional price increases in fiscal 1991. The company generally did not experience volume declines in shipments as a result of these price increases. Net sales in the U.S., excluding brands which have been sold, transferred, discontinued or added during the periods reported, showed positive growth in 1990 and 1989 versus a slight decline in 1988.

Sales outside the U.S. continued to show strong increases, principally from Jack Daniel's and Southern Comfort. Jack Daniel's volume is evenly dispersed around the developed nations of the world while Southern Comfort, with a larger case volume, is concentrated in fewer markets. In order to continue the long-term growth of the international business, Brown-Forman plans to make significant increases in spending on marketing support programs which may have a short-term negative impact on profits in fiscal 1991.

Wine and spirits operating income in 1990 benefited from modest price increases taken on major brands, as well as volume growth primarily overseas. Operating income in 1989 and 1988 benefited from low production costs due to efficiencies and favorable commodity prices. Production costs have increased slightly in fiscal 1990.

Consumers of wine and spirits products are consuming less, but continue to purchase more premium, high-quality products. Brown-Forman is well positioned to take advantage of this trend with its portfolio of high-quality products such as Jack Daniel's and Southern Comfort. Consumption trends could be negatively affected by potential increases in excise taxes which tend to increase retail prices, thereby reducing demand.

Consumer Durables

This segment contains Lenox China, Crystal, Collections and Merchandising, Hartmann Luggage and other related companies. Sales and operating income of the jewelry and candles businesses, which were disposed of in fiscal 1988, have been excluded from the summary of operating performance below. This information is presented in the "other" category in Note 6, on page 34 of this report.

Summary of Operating Performance

(Expressed in thousands, except percentage amounts)

	1990	1989	1988
Net Sales	\$317,716	\$284,967	\$248,134
% Change	11.5%	14.8%	10.4%
Operating Income	\$ 39,430	\$ 47,519	\$ 39,788
% Change	(17.0%)	19.4%	18.4%

The consumer durables segment is currently 25% of consolidated net sales. Net sales of this segment reflect solid growth while Lenox China and Crystal sales decreased due primarily to financial difficulties of several large department store chains. The decline in sales of Lenox China and Crystal had a significant negative impact on operating income. The company expects the problems associated with department store sales to improve in fiscal 1991 with these divisions returning to a growth trend. In addition, a new trade program, which was implemented for Hartmann products in fiscal 1990 to protect the quality image of the Hartmann brand, negatively affected operating income.

The Merchandising division continues to show growth as the company adds stores and experiences greater volume. This division sells directly to the customer through company-owned stores rather than through traditional retail outlets.

The Collections division continues to realize strong growth in net sales and is the fastest-growing division of the consumer durables segment. This division is a direct response mail-order organization for specially designed ceramic and crystal products. The company expects this strong growth to continue.

Brown-Forman sold Lenox Awards, a maker of recognition products, during fiscal 1990 and recorded a \$2.1 million pretax gain (\$1.2 million after-tax).

In addition to the disposal of the Awards division, the company purchased Crouch & Fitzgerald and the Kirk Stieff Company during 1990. Crouch & Fitzgerald, a prestigious New York luggage and leather retail establishment, provides opportunities to expand retail operations as well as the distribution of Hartmann products. The Kirk Stieff Company is one of the oldest manufacturers of high quality silver and pewter products in the U.S. Brown-Forman will distribute this brand through the Lenox channels of distribution in fiscal 1991, to enhance sales of Kirk Stieff products. Building upon the success of the beverage export business, the company is establishing a structure which will support further international sales of Lenox China, Crystal and Hartmann Luggage in new markets around the world.

Consolidated Financial Condition

Liquidity and Capital Resources

(Expressed in thousands)

	1990	1989	1988
Cash Provided By (Used For)			
Operating Activities	\$125,399	\$138,234	\$182,143
Investing Activities	(36,338)	1,932	104,340
Dividends	(53,069)	(42,997)	(40,264)
Other Financing Activities	(25,800)	(50,669)	(225,666)
Increase in Cash and Cash Equivalents	\$ 10,192	\$ 46,500	\$ 20,553
Net Working Capital	\$388,197	\$313,153	\$287,371

Cash flow continued to be strong, providing more than adequate cash to meet operating and capital expenditure requirements.

Net working capital increased \$75 million, primarily as a result of a \$10 million increase in cash and cash equivalents, \$48 million increase in total inventories, \$19 million increase in the current portion of deferred taxes payable and a \$25 million decrease in the current portion of long-term debt. The \$48 million increase in inventory reflects the need for additional barreled whisky inventories and higher inventory at Lenox China and Crystal due to new product introductions and lower sales. Changes in assets and liabilities caused cash provided from operating activities to decline from \$182 million in fiscal 1988 to \$138 million in 1989 and \$125 million in 1990.

The total long-term debt to total long-term capital ratio decreased to 14.2% in 1990, from 14.7% and 25.5% in 1989 and 1988. The decrease in 1990 is principally the result of an increase in total equity. The decrease in 1989 is a result of the repayment of a \$50 million, 10% note due March 17, 1989 and the \$25 million, 10.05% note due September 6, 1989 becoming currently payable. The payment was made from funds provided from operations.

Capital Expenditures

Brown-Forman invested \$50 million in property, plant and equipment in 1990, up from \$38 million invested in 1989 and \$26 million in 1988. Capital expenditures are expected to be between \$45 and \$55 million in 1991, much of which is planned for modernization of plants and machinery, as well as expanded capacity at Lenox China. The capital expenditures requirements for fiscal 1990 have been met with funds provided by operations and the company anticipates meeting such capital requirements during 1991 from internally generated funds.

Capital Resources

Brown-Forman entered into three five-year revolving credit agreements during fiscal 1989 providing for aggregate lines of credit totaling \$300 million. These resources are maintained for general corporate use including acquisitions, share repurchases and debt refinancing. The lines of credit were unused at April 30, 1990.

Dividends

Quarterly dividends were increased from \$.42 to \$.52 per share in the third quarter. This 24% increase is based on the expectation of continued strong and stable cash flow. The increased dividend rate produces an indicated annual dividend of \$2.08 per common share. Cash dividends per common share were \$1.88 in fiscal 1990, \$1.52 in fiscal 1989 and \$1.24 in fiscal 1988. Regular cash dividends have been paid for 45 consecutive years.

Environment

Note 9 on page 35 discusses the effect of environmental issues on Brown-Forman's financial statements.

11-YEAR CONSOLIDATED SELECTED FINANCIAL DATA

BROWN-FORMAN CORPORATION

For Fiscal Year Ended April 30

(Expressed in thousands except per share amounts and ratios)

Operations	1990	1989	1988
Net Sales	\$1,292,562	1,287,079	1,354,598
Excise Taxes	\$ 276,006	281,298	288,010
Net Sales Less Excise Taxes	\$1,016,556	1,005,781	1,066,588
Gross Profit	\$ 598,984	572,046	555,825
Operating Income	\$ 224,944	208,480	191,684
Interest Income	\$ 7,250	6,172	1,513
Interest Expense	\$ 16,654	24,821	18,399
Net Income	\$ 92,505	144,497	103,399
Weighted Average Common Shares Outstanding	27,978	27,978	31,687
Earnings Per Common Share	\$ 3.29	5.15	3.25
Cash Dividends Per Common Share	\$ 1.88	1.52	1.24
Common Stock Splits			

Total Capital Employed in the Business

Current Debt	\$ 827	25,830	790
Long-Term Debt	\$ 114,484	115,281	190,973
Deferred Income Taxes	\$ 115,697	113,641	102,441
Preferred Stock	\$ 11,779	11,779	11,779
Common Stockholders' Equity	\$ 583,521	543,900	442,601
Total Capital	\$ 826,308	810,431	748,584
Average Total Capital	\$ 818,370	779,508	820,768
Average Common Stockholders' Equity	\$ 563,711	493,251	510,270
Amortization/Write-off of Intangibles	\$ 68,260	9,804	43,475
Net Working Capital	\$ 388,197	313,153	287,371
Total Assets	\$1,020,984	1,003,272	932,284

Ratios

Return on Average Total Capital Employed	13.8%	23.2%	17.4%
Return on Average Common Stockholders' Equity	18.2%	33.5%	25.8%
Total Long-Term Debt to Total Long-Term Capital	14.2%	14.7%	25.5%
Total Cash Dividends Paid to Net Income	57.4%	29.8%	38.9%
Current Assets to Current Liabilities	3.0:1	2.5:1	2.7:1

(1) Includes the operations of California Cooler Co. and Lenox, Incorporated since their acquisition on September 5, 1985 and July 14, 1983, respectively.

(2) The company adopted FASB Statement No. 96 "Accounting for Income Taxes" in 1990. The cumulative effect increased net income by \$11,500,000.

(3) Net income was reduced \$59,900,000 and \$33,000,000 to write off the intangible assets of California Cooler in 1990 and 1988, respectively.

(4) On January 31, 1989 the company completed the sale of the U.S. marketing rights for Martell Cognacs resulting in an after-tax gain of \$22,300,000.

(5) On April 27, 1988 the company completed the sale of the ArtCarved jewelry division resulting in an after-tax gain of \$16,700,000.

(6) Earnings per common share are based on the weighted average number of common shares outstanding during each year; both earnings and cash dividends per common share have been appropriately adjusted for the 3-for-2 stock split in fiscal 1987 and the 2-for-1 stock split in fiscal 1982.

1987	1986	1985	1984	1983	1982	1981	1980
1,404,465	1,288,808	1,208,113	1,146,343	885,089	860,556	768,772	675,823
306,355	293,944	279,721	282,550	280,237	282,457	268,475	252,432
1,098,110	994,864	928,392	863,793	604,852	578,099	500,297	423,391
563,421	519,471	470,705	426,075	343,189	328,928	272,335	219,080
182,126	190,080	188,088	175,448	171,724	162,362	134,447	108,082
1,814	1,309	1,945	2,975	9,550	8,450	3,280	1,470
22,125	28,145	35,749	34,969	7,098	8,541	9,978	14,064
89,584	86,376	81,684	73,554	95,176	86,771	67,249	50,388
32,083	32,070	35,508	37,757	37,757	37,757	37,757	37,757
2.78	2.68	2.29	1.94	2.51	2.29	1.77	1.32
.90	.67	.59	.59	.59	.51	.45	.40
3-for-2					2-for-1		

19,544	30,490	28,214	43,597	16,666	16,666	16,666	16,666
199,454	235,919	266,162	264,411	49,736	66,402	81,668	98,334
84,236	62,058	39,949	26,819	7,462	7,537	2,745	2,569
11,779	11,779	11,779	11,779	11,779	11,779	11,779	11,779
577,938	516,365	454,053	506,521	455,773	385,256	318,086	268,424
892,951	856,611	800,157	853,127	541,416	487,640	430,944	397,772
874,781	828,384	826,642	697,272	514,528	459,292	414,358	397,359
547,152	485,209	480,287	481,147	420,515	351,671	293,255	251,017
9,852	8,439	8,135	6,712	2,803	2,156	2,212	2,225
336,657	309,894	325,845	356,535	360,878	306,039	261,207	239,336
1,056,699	1,037,799	935,383	982,827	635,058	575,134	510,190	460,365

15.2%	15.8%	14.6%	16.9%	19.8%	21.3%	18.0%	14.8%
22.1%	24.1%	21.3%	20.6%	23.3%	26.5%	23.6%	20.3%
22.8%	28.6%	34.5%	32.7%	9.5%	14.1%	19.6%	25.7%
32.8%	25.3%	26.2%	30.8%	23.8%	22.6%	26.2%	30.9%
2.8:1	2.5:1	3.0:1	3.1:1	4.3:1	3.9:1	3.7:1	4.0:1

CONSOLIDATED STATEMENT OF INCOME

BROWN-FORMAN CORPORATION

	Year Ended April 30,		
	1990	1989	1988
<i>(Expressed in thousands except per share amounts)</i>			
Net sales	\$1,292,562	\$1,287,079	\$1,354,598
Excise taxes	276,006	281,298	288,010
Cost of sales	417,572	433,735	510,763
Gross profit	598,984	572,046	555,825
Selling, advertising, administrative and general expenses	374,040	363,566	364,141
Operating income	224,944	208,480	191,684
Gain before income taxes on sale of Lenox Awards in 1990, Martell marketing rights in 1989 and ArtCarved in 1988	2,103	36,000	33,581
Interest income	7,250	6,172	1,513
Interest expense	16,654	24,821	18,399
Nondeductible write-off of intangible assets	59,868	—	33,000
Income before taxes	157,775	225,831	175,379
Taxes on income:			
Taxes on operations	75,911	67,668	60,373
Taxes on sale of Lenox Awards, Martell marketing rights and ArtCarved	885	13,666	16,875
Nonrecurring tax benefit	—	—	(5,268)
Total taxes on income	76,796	81,334	71,980
Income before cumulative effect of change in accounting for income taxes	80,979	144,497	103,399
Cumulative effect of change in accounting for income taxes	11,526	—	—
Net income	\$ 92,505	\$ 144,497	\$ 103,399
Earnings per common share:			
Income before cumulative effect of change in accounting for income taxes	\$ 2.88	\$ 5.15	\$ 3.25
Cumulative effect of change in accounting for income taxes	.41	—	—
Net income	\$ 3.29	\$ 5.15	\$ 3.25

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year Ended April 30,		
	1990	1989	1988
<i>(Expressed in thousands except per share amounts)</i>			
Balance, beginning of year	\$ 767,340	\$ 665,840	\$ 602,705
Net income for the year	92,505	144,497	103,399
Cash dividends:			
Preferred, per share: \$.40	(471)	(471)	(471)
Common, per share: 1990, \$1.88; 1989, \$1.52; 1988, \$1.24			
Class A	(19,880)	(16,073)	(13,888)
Class B	(32,718)	(26,453)	(25,905)
Total cash dividends	(53,069)	(42,997)	(40,264)
Balance, end of year	\$ 806,776	\$ 767,340	\$ 665,840

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands; amounts in brackets are reductions of cash)	Year Ended April 30,		
	1990	1989	1988
Cash flows from operating activities:			
Net income	\$ 92,505	\$144,497	\$103,399
Adjustments to reconcile net income to net cash provided by (used for) operations:			
Depreciation	25,439	21,070	21,483
Amortization of intangible assets	8,392	9,804	10,475
Cumulative effect of change in accounting for income taxes	(11,526)	—	—
Deferred income taxes	15,932	11,200	18,205
Gain net of income taxes on sale of Lenox Awards, Martell marketing rights and ArtCarved	(1,218)	(22,334)	(16,706)
Nondeductible write-off of intangible assets	59,868	—	33,000
Other	(10,515)	(8,015)	(9,677)
Change in assets and liabilities, excluding the effects of companies disposed of:			
Accounts receivable	(2,935)	(10,094)	13,107
Inventories	(47,932)	(6,062)	6,933
Other current assets	(13,690)	912	13,868
Accounts payable and accrued expenses	9,933	5,660	(1,261)
Accrued taxes on income	1,146	(8,404)	(10,683)
Cash provided by operating activities	125,399	138,234	182,143
Cash flows from investing activities:			
Proceeds from sale of Lenox Awards, Martell marketing rights and ArtCarved	12,139	36,000	118,384
Proceeds from sale of distribution rights	—	—	17,512
Additions to intangible assets	—	—	(15,721)
Additions to property, plant and equipment	(50,067)	(37,951)	(25,519)
Disposals of property, plant and equipment	5,038	3,542	10,272
Other	(3,448)	341	(588)
Cash provided by (used for) investing activities	(36,338)	1,932	104,340
Cash flows from financing activities:			
Commercial paper	—	—	(18,494)
Proceeds from long-term debt	—	16,696	99,700
Reduction of long-term debt	(25,800)	(67,349)	(108,441)
Acquisition of treasury stock	—	(16)	(198,431)
Dividends paid	(53,069)	(42,997)	(40,264)
Cash (used for) financing activities	(78,869)	(93,666)	(265,930)
Net increase in cash and cash equivalents	10,192	46,500	20,553
Cash and cash equivalents, beginning of year	95,630	49,130	28,577
Cash and cash equivalents, end of year	\$105,822	\$ 95,630	\$ 49,130

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

BROWN-FORMAN CORPORATION

(Expressed in thousands except share amounts)	1990	April 30, 1989	1988
Assets			
Cash and cash equivalents	\$ 105,822	\$ 95,630	\$ 49,130
Accounts receivable	159,801	159,034	148,940
Inventories:			
Barreled whisky	137,141	122,727	116,156
Finished goods	98,337	73,951	71,667
Work in process	26,597	23,885	22,864
Raw materials and supplies	27,943	24,296	28,110
Total inventories	290,018	244,859	238,797
Other current assets	31,575	17,906	18,818
Total Current Assets	587,216	517,429	455,685
Property, plant and equipment, at cost:			
Land	10,367	9,872	9,770
Buildings	105,260	91,668	90,618
Equipment	224,652	201,250	177,110
	340,279	302,790	277,498
Less accumulated depreciation	(160,852)	(141,718)	(129,764)
Net property, plant and equipment	179,427	161,072	147,734
Intangible assets, net of accumulated amortization of \$56,856 in 1990, \$58,823 in 1989, and \$49,243 in 1988	212,615	289,557	297,259
Other assets	41,726	35,214	31,606
Total Assets	\$1,020,984	\$1,003,272	\$932,284

The accompanying notes are an integral part of the consolidated financial statements.

	1990	April 30, 1989	1988
Liabilities			
Accounts payable and accrued expenses	\$ 147,882	\$ 138,587	\$132,927
Current portion of long-term debt	827	25,830	790
Accrued taxes on income	30,891	39,859	34,597
Deferred income taxes	19,419	—	—
Total Current Liabilities	199,019	204,276	168,314
Long-term debt	114,484	115,281	190,973
Deferred income taxes	96,278	113,641	102,441
Deferred income	15,903	14,395	16,176
Total Liabilities	425,684	447,593	477,904
Stockholders' Equity			
Capital Stock:			
Preferred \$.40 cumulative, \$10 par value, redeemable at company's option at \$10.25 per share plus unpaid accrued dividends; 1,177,948 shares authorized and outstanding	11,779	11,779	11,779
Class A common stock, voting, \$.15 par value; authorized shares, 18,000,000; issued shares, 12,061,902	1,809	1,809	1,809
Class B common stock, non-voting, \$.15 par value; authorized shares, 36,000,000; issued shares, 26,664,315	4,000	4,000	4,000
Capital in excess of par value of common stock	89,761	89,761	89,761
Retained earnings	806,776	767,340	665,840
Cumulative translation adjustment	(1,584)	(1,769)	(1,584)
Less common treasury stock, at cost:			
(1990 and 1989: Class A, 1,487,721 shares; Class B, 9,260,927 shares; 1988: Class A, 1,487,686 shares; Class B, 9,260,666 shares)	(317,241)	(317,241)	(317,225)
Common Stockholders' Equity	583,521	543,900	442,601
Total Stockholders' Equity	595,300	555,679	454,380
Total Liabilities and Stockholders' Equity	\$1,020,984	\$1,003,272	\$932,284

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BROWN-FORMAN CORPORATION

1. ACCOUNTING POLICIES

A brief description of the principal accounting methods and policies follows:

Principles Of Consolidation

The consolidated financial statements include the accounts of all subsidiaries.

Cash Equivalents

Marketable securities that are highly liquid and have maturities of three months or less at the date of purchase are classified as cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Approximately 85% at April 30, 1990 and 1989 and 86% at April 30, 1988 of the total amount of consolidated inventories are stated on the basis of the last-in, first-out (LIFO) method. All remaining inventories generally are valued using the first-in, first-out and average cost methods.

If the LIFO method had not been used, inventories would have been \$27,612,000, \$24,933,000 and \$36,310,000 higher than reported at April 30, 1990, 1989, and 1988, respectively.

A substantial portion of barreled whisky will not be sold within one year because of the duration of aging processes. All barreled whisky is classified as a current asset in accordance with industry practice.

Warehousing, insurance, ad valorem taxes and other carrying charges applicable to barreled whisky held for aging, and excise taxes generally when paid, are included in inventory costs.

Depreciation

Provision for depreciation is made on the basis of estimated useful lives of depreciable assets, principally using the straight-line method.

Intangible Assets

Intangible assets, principally the excess of purchase price over the fair value of identifiable net assets of acquired businesses, are stated at cost less accumulated amortization. These assets are amortized over their estimated useful lives, not exceeding forty years using the straight-line method.

Deferred Income

Deferred income primarily represents proceeds received from a multi-year agreement for the distribution rights of certain of the company's spirit brands in the export market. These proceeds are being recognized over a ten-year period.

Earnings Per Common Share

Earnings per common share are based upon weighted average common shares outstanding of 27,977,569 in 1990, 27,977,600 in 1989, and 31,686,546 in 1988, after recognition of dividend requirements on preferred stock.

2. CHANGES IN OPERATIONS

On February 27, 1990, the company completed the sale of the Lenox Awards division. The sale resulted in a pretax gain of \$2,103,000 (\$1,218,000 net of income tax).

Since the acquisition of California Cooler in 1985, the profitability of the brand has declined significantly due to increased price competition and lower volume. In the fourth quarter of 1988, net income was reduced by a \$33,000,000 noncash charge to write down California Cooler's intangible assets to the value estimated at that time. In 1990, the company determined the value of these intangible assets had been further impaired and all remaining intangible assets associated with this brand were written off. Accordingly, net income was reduced in the second quarter of 1990 by a \$59,868,000 noncash charge which included the reversal of a previously established \$11,000,000 reserve for contingencies associated with the acquisition of this brand. In the second quarter of 1989, net income was reduced by \$5,400,000 for the closing costs associated with the shutdown of the California Cooler production facility in Stockton, California. California Cooler is now produced for the company under contract with others.

The company sold the U.S. marketing rights for Martell Cognacs effective January 31, 1989 for \$36,000,000. The sale resulted in a pretax gain of \$36,000,000 (\$22,334,000 net of income tax).

On April 27, 1988, the company completed the sale of the ArtCarved jewelry division for approximately \$118,400,000. The sale resulted in a pretax gain of \$33,600,000 (\$16,706,000 net of income tax).

3. LONG-TERM DEBT

A summary of long-term debt follows (in thousands):

	1990	April 30, 1989	1988
9.375% notes, 9.421% effective rate due 1998 (less unamortized discount of \$240 at April 30, 1990; \$270 at April 30, 1989; and \$300 at April 30, 1988).	\$ 99,760	\$ 99,730	\$ 99,700
Borrowings from insurance companies:			
10.00% note, due March 17, 1989	—	—	50,000
10.05% note, due September 6, 1989	—	25,000	25,000
Variable rate industrial revenue bonds at rates ranging from 5.53% to 7.81% due through 1999	14,771	15,511	16,253
Other	780	870	810
	115,311	141,111	191,763
Less current portion	827	25,830	790
	\$114,484	\$115,281	\$190,973

The company has in place \$300,000,000 in three revolving credit agreements with nineteen banks, ten of which are foreign. At April 30, 1990, the company had no outstanding borrowings under these agreements. These revolving credit agreements were entered into during fiscal 1989 and allow for borrowing through fiscal 1994. These agreements provide that the company may select among various interest rate alternatives based on prime, LIBOR and competitive bid pricing. The revolving credit agreements contain various covenants. The most restrictive of these covenants requires a minimum level of net worth. At April 30, 1990, net worth (as defined) exceeded the required level by \$338,000,000.

During April 1988, the company issued \$100,000,000 of 9 3/8% notes due April 1, 1998 at 99.7% of par in the public market.

At April 30, 1988, the 10.00% note to an insurance company was classified as long-term debt and excluded from current maturities based upon the company's intention to refinance on a long-term basis and maintain sufficient long-term backup lines of credit.

Long-term debt payment requirements for the five fiscal years after April 30, 1990 are as follows: 1991—\$827,000; 1992—\$2,237,000; 1993—\$835,000; 1994—\$824,000; 1995—\$2,609,000.

Cash paid for interest was \$17,475,000 in 1990, \$16,536,000 in 1989 and \$19,468,000 in 1988.

BROWN-FORMAN CORPORATION

4. PENSION PLANS

The company has funded pension plans covering substantially all employees. The benefits for these plans are based primarily on years of service and employees' pay near retirement for the salaried employees and stated amounts for each year of service for the union and hourly employees. The company also has

unfunded plans that provide retirement benefits in excess of qualified plan formulas or regulatory limitations for certain employees.

Pension income was \$4,076,000 for 1990, \$4,465,000 for 1989 and \$3,757,000 for 1988. Net pension income for 1990, 1989 and 1988 included the following components (*in thousands*):

	1990	1989	1988
Benefit cost for service during the year	\$ (4,679)	\$ (4,686)	\$ (6,053)
Interest cost on projected benefit obligations	(11,317)	(10,369)	(10,267)
Recognized gain on plan assets	17,378	16,706	16,994
Net amortization of unrecognized amounts	2,694	2,814	3,083
Net pension income	\$ 4,076	\$ 4,465	\$ 3,757
Details of return on plan assets:			
Actual return on plan assets	\$13,027	\$19,332	\$(18,648)
Deferred (gain) loss on plan assets	4,351	(2,626)	35,642
Recognized gain on plan assets	\$17,378	\$16,706	\$ 16,994

The amounts included in the accompanying consolidated balance sheet were based on the funded status of the plans at January 31, 1990 and 1989 and are as follows (*in thousands*):

	1990		1989	
	FUNDED PLANS	UNFUNDED PLANS	FUNDED PLANS	UNFUNDED PLANS
Actuarial present value of benefit obligations:				
Vested benefit obligations	\$100,495	\$ 5,335	\$ 80,782	\$ 5,918
Nonvested benefit obligations	6,861	875	1,941	256
Accumulated benefit obligations	107,356	6,210	82,723	6,174
Additional amounts related to assumed pay increases	24,150	1,936	31,311	2,150
Projected benefit obligations	131,506	8,146	114,034	8,324
Plan assets at market value	174,549	—	171,500	—
Plan assets in excess of (less than) benefit obligations	43,043	(8,146)	57,466	(8,324)
Unamortized April 1, 1986 net (asset) obligations	(46,488)	5,163	(50,801)	5,583
Unrecognized net (gain) loss resulting from experience different from that assumed and changes in actuarial assumptions	23,553	(2,498)	6,884	(1,605)
Unrecognized prior service cost	7,790	493	7,864	524
Adjustment required to recognize minimum liability	—	(1,789)	—	—
Contributions subsequent to measurement date	—	63	5	65
Prepaid (accrued) pension cost	\$ 27,898	\$ (6,714)	\$ 21,418	\$ (3,757)

The projected benefit obligation was determined using a weighted average discount rate of 8.5% for 1990, 9.25% for 1989 and 9% for 1988. The expected rate of return on plan assets was 9.5% and the weighted average rate of future compensation was 5.5% for these years. The plan assets consist primarily of stocks, bonds and insurance contracts.

The company's policy for funded plans is to make contributions equal to or greater than the requirements prescribed by the Employee Retirement Income Security Act (ERISA).

In addition to pension benefits, the company and its subsidiaries provide certain health care and life insur-

ance benefits for retired employees. Substantially all employees may become eligible for those benefits if they reach normal retirement age while working with the company. The costs of these benefits, which are expensed as claims are paid, totaled \$1,619,000 in 1990, \$1,286,000 in 1989, and \$1,084,000 in 1988.

5. TAXES ON INCOME

During the second quarter of 1990, the company adopted Financial Accounting Standards Board Statement No. 96, "Accounting for Income Taxes" and has restated the first quarter as if adoption had occurred May 1, 1989. The cumulative effect to the first quarter and year increased earnings by \$11.5 million or \$.41 per share. Prior years' data have not been restated.

The provision for taxes on income is comprised of the following (in thousands):

	1990	1989	1988
Currently payable:			
Federal	\$46,060	\$50,701	\$27,577
Foreign	3,186	4,296	1,922
State and Local	11,618	11,929	7,978
	60,864	66,926	37,477
Deferred:			
Federal	13,603	12,023	14,734
Foreign	353	(2,670)	1,691
State and Local	1,976	1,847	1,780
	15,932	11,200	18,205
Charge equivalent arising from acquisitions	—	3,208	16,298
	\$76,796	\$81,334	\$71,980

United States and foreign components of income before income taxes are as follows (in thousands):

	1990	1989	1988
United States	\$119,851	\$191,953	\$151,839
Foreign	37,924	33,878	23,540
	\$157,775	\$225,831	\$175,379

The following is a reconciliation of the effective tax rates with the United States statutory rates:

	Percent of Income Before Taxes		
	1990	1989	1988
Statutory rate	34.0%	34.0%	36.0%
State taxes, net of U.S.			
Federal tax benefit	5.7	4.1	5.6
Income taxed at other than U.S. Federal statutory rate	(3.5)	(1.9)	(3.7)
Tax benefit of Foreign Sales Corporation	(1.0)	(.6)	(.5)
Nondeductible amortization/write-off of intangible assets	14.5	1.2	9.8
Adjustment of prior years' accruals	(.3)	(.4)	(.8)
Nonrecurring tax benefit	—	—	(3.0)
Foreign tax credit	—	—	(3.0)
Other, net	(.7)	(.4)	.6
	48.7%	36.0%	41.0%

Deferred income taxes arise from temporary differences in the recognition of certain items of revenue and expense for income tax and consolidated financial statement purposes. The source of each difference and the related tax effect are as follows (in thousands):

	1990	1989	1988
Depreciation	\$ 630	\$(1,011)	\$ 430
Intercompany transactions relating to inventories	11,502	13,034	19,431
Deferred income	(783)	712	(6,471)
Undistributed foreign earnings	4,047	3,148	1,912
Other	536	(4,683)	2,903
	\$15,932	\$11,200	\$18,205

Deferred income taxes were not provided on certain undistributed earnings (\$43,123,000 at April 30, 1990) of foreign subsidiaries because such undistributed earnings are expected to be reinvested indefinitely in such operations.

Cash paid for income taxes was \$63,203,000 in 1990, \$66,194,000 in 1989 and \$32,407,000 in 1988.

BROWN-FORMAN CORPORATION

6. BUSINESS SEGMENT INFORMATION

The company's operations have been classified into two business segments: wine and spirits and consumer durables. The wine and spirits segment includes the production, importing and marketing of wines and distilled spirits. The consumer durables segment primarily includes the manufacture and sale of china, crystal and luggage. The "other" category principally involves the production and sale of jewelry and candles. The company has disposed of these businesses.

Summarized financial information by business segment for 1990, 1989, and 1988 is as follows (in thousands):

	1990	1989	1988
Net sales:			
Wine and Spirits	\$ 974,846	\$1,002,112	\$1,002,770
Consumer Durables	317,716	284,967	248,134
Other	—	—	103,694
	\$1,292,562	\$1,287,079	\$1,354,598
Operating income:			
Wine and Spirits	\$ 204,484	\$ 178,710	\$ 158,134
Consumer Durables	39,430	47,519	39,788
Other	—	—	8,776
Corporate	(18,970)	(17,749)	(15,014)
	\$ 224,944	\$ 208,480	\$ 191,684
Total assets:			
Wine and Spirits	\$ 504,094	\$ 524,943	\$ 520,492
Consumer Durables	395,639	372,535	348,497
Corporate	121,251	105,794	63,295
	\$1,020,984	\$1,003,272	\$ 932,284
Depreciation and amortization:			
Wine and Spirits	\$ 19,250	\$ 17,614	\$ 16,973
Consumer Durables	14,406	13,158	11,914
Other	—	—	2,990
Corporate	175	102	81
	\$ 33,831	\$ 30,874	\$ 31,958
Capital expenditures:			
Wine and Spirits	\$ 27,051	\$ 22,293	\$ 15,907
Consumer Durables	22,365	15,341	8,430
Other	—	—	907
Corporate	651	317	275
	\$ 50,067	\$ 37,951	\$ 25,519

Classes of products which contributed 10% or more to consolidated net sales:

	1990	1989	1988
American Spirits	\$ 437,554	\$ 398,782	\$ 372,373
Imported Spirits	224,084	253,389	265,949
Wines and Specialties	313,208	349,941	364,448
	\$ 974,846	\$1,002,112	\$1,002,770

There were no significant intersegment sales or transfers during 1990, 1989 and 1988. Operating income by business segment excludes interest income, interest expense and net unallocated corporate expenses. Corporate assets consist principally of cash and cash equivalents, certain corporate receivables and other assets.

Foreign assets and revenues, and export sales each represents less than 10% of the company's total. No material amounts of the company's sales are dependent upon a single customer.

7. STOCKHOLDERS' EQUITY

Changes in consolidated stockholders' equity during the three years ended April 30, 1990, are shown in the accompanying Consolidated Statement of Retained Earnings and in the following table (in thousands):

	Capital in Excess of Par Value of Common Stock	Treasury Stock
Balance, April 30, 1987	\$ 89,747	\$ (118,780)
Acquisition of treasury stock (Class A, 625,849 shares; Class B, 3,487,800 shares)	—	(198,455)
Treasury stock issued in connection with employee benefit plans (Class B, 567 shares)	14	10
Balance, April 30, 1988	\$ 89,761	\$ (317,225)
Acquisition of treasury stock (Class A, 35 shares; Class B, 261 shares)	—	(16)
Balance, April 30, 1989 and 1990	\$ 89,761	\$ (317,241)

The company acquired as treasury stock 625,849 shares of Class A and 3,487,800 shares of Class B common stock that were tendered to the company at \$48 per share during 1988.

Adjustments from foreign currency financial statement translations during the three years ended April 30, 1990, were not material.

8. OTHER INFORMATION

Accounts payable and accrued expenses are comprised of the following (in thousands):

	1990	April 30, 1989	1988
Accounts payable, trade	\$ 38,946	\$ 34,795	\$ 37,957
Accrued expenses:			
Compensation and commissions	44,144	33,522	28,712
Excise and other non-income taxes	25,873	14,848	17,868
Interest	12,828	13,649	5,364
Advertising	16,849	9,767	8,776
Contingent payment obligations	—	—	5,680
Other	9,242	32,006	28,570
	108,936	103,792	94,970
	\$147,882	\$138,587	\$132,927

9. CONTINGENCIES

Various suits and claims (asserted and unasserted) arising in the ordinary course of business are pending or threatened against the company. The company also faces claims resulting from environmental issues at several waste deposit sites, the ultimate cost of which is difficult to predict because of uncertainties over the magnitude of the cleanup, the company's liability in proportion to other responsible parties and the extent, if any, of insurance coverage. While some of these suits and claims seek significant financial recoveries from the company, management believes, based on, among other things, information received from legal counsel, that the ultimate resolution of these matters will not have a material effect on the company's financial statements.

10. QUARTERLY RESULTS (UNAUDITED)

The 1990 and 1989 unaudited quarterly results are presented on page 1 of this annual report.

REPORT OF INDEPENDENT ACCOUNTANTS

Brown-Forman Corporation Louisville, Kentucky

We have audited the accompanying consolidated balance sheets of Brown-Forman Corporation and Subsidiaries as of April 30, 1990, 1989 and 1988, and the related consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Brown-Forman Corporation and Subsidiaries at April 30, 1990, 1989 and 1988, and the consolidated results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 5, Brown-Forman Corporation and Subsidiaries changed their method of accounting for income taxes during the year ended April 30, 1990.

Coopers & Lybrand

Coopers & Lybrand
Louisville, Kentucky
June 11, 1990

BROWN-FORMAN DIRECTORS & OFFICERS

As of May 31, 1990

Corporate Directors

Geo. Garvin Brown III
Chairman,
Transportation Technology
International, Inc. and
Kustom Concepts Inc.,
Louisville, Kentucky

Owsley Brown II⁽¹⁾
President,
Brown-Forman Corporation

W. L. Lyons Brown, Jr.⁽¹⁾
Chairman and Chief
Executive Officer,
Brown-Forman Corporation

Owsley Brown Frazier⁽¹⁾
Vice Chairman,
Brown-Forman Corporation

Stephen E. O'Neil⁽²⁾⁽³⁾
Partner, Mishkin,
O'Neil & McAllister,
New York, New York

John S. Speed⁽²⁾⁽³⁾
Consultant, Johnson & Higgins
of Kentucky, Inc.,
Louisville, Kentucky

William M. Street⁽¹⁾
Vice Chairman,
Brown-Forman Corporation

James S. Welch⁽²⁾⁽³⁾
Partner, Ogden,
Sturgill & Welch,
Louisville, Kentucky

Corporate Officers

W. L. Lyons Brown, Jr.
Chairman and
Chief Executive Officer

Owsley Brown Frazier
Vice Chairman

William M. Street
Vice Chairman

Owsley Brown II
President

Michael B. Crutcher⁽⁴⁾
Senior Vice President,
General Counsel
and Secretary

John P. Bridendall
Senior Vice President

Russell C. Buzby
Senior Vice President

Lois Musselman
Senior Vice President

Clifford G. Rompf, Jr.
Senior Vice President

John S. Harston
Vice President

David R. Jackson
Vice President

F. Richard Lennon
Vice President

Charles E. Muntan
Vice President

Larry W. Perry
Vice President

Leon R. Timmons
Vice President and
Deputy General Counsel

Christopher A. Sailer
Treasurer

Robinson S. Brown III
Assistant Vice President

Jay R. Colvin
Assistant Vice President

John J. Davis III
Assistant Vice President

Milton B. Gillis
Assistant Vice President

John W. Hagan
Assistant Vice President

Edward L. Hickerson
Assistant Vice President

Robert K. Holmes, Jr.
Assistant Vice President

Oliver H. London
Assistant Vice President

John L. Smart
Assistant Vice President

James R. Stokely III
Assistant Vice President

Rebecca F. Schupbach
Assistant Secretary

Terry L. Lange
Assistant Treasurer

⁽¹⁾ Member of Executive Committee

⁽²⁾ Member of Audit Committee

⁽³⁾ Member of Compensation
Committee

⁽⁴⁾ Secretary of Executive
Committee and Board

Principal Officers of Major Divisions And Subsidiaries

Brown-Forman Beverage Company

Louisville, Kentucky

Owsley Brown II
Chairman and
Chief Executive Officer

William M. Street
President and
Chief Operating Officer

Executive Vice Presidents

Arthur S. Hancock
Stephen B. Kauffman
Daniel E. Schusterman
Stephen F. Thompson

Senior Vice Presidents

C. Jack Davis
Jerald L. Decker
David W. Higgins
John V.O. Kennard
John S. Moremen
Edwin W. Morgan, Jr.

Jon G. Shastid
President,
California Cooler
Charles H. Staff
Hans L. Stern
Timothy D. Younkin

Vice Presidents

Richard J. Balicki
Robert W. Biles
Jerry A. Binder
John A. Blakeney
Richard K. Bowman
J. McCauley Brown
John E. Bujake
Edward A. Churchill
Edward P. Coccari
Vernon G. Connell
Joseph H. Fanning
Joseph E. Flock
David M. Fredrickson
Robert E. Goeddel
Herbert R. Gousha
John H. Graff
Stephen P. Griffin
Robert H. Hausladen, Jr.
Daniel L. Hayes
James D. Hutchinson
Donald F. James
William E. Juckett
Donald L. Kelley
Norbert J. Kruer
William E. Lafavers
Bob R. Lagow
Nicholas D. Migliaccio
Anthony T. Pacchia
James E. Razzino
Lavon A. Riegel
William M. Roof
Salvatore Ruriani
Richard A. Schoch
Michael A. Smith
John S. Sutton, Jr.
Richard C. Tongberg
Patricia E. Voss
Dennis E. Walsh
Stephen C. Whitlow
Elmore A. Willets III
C. Kenneth Wilson
Lewis R. Zweibel, Jr.

Assistant Vice Presidents

Donald C. Berg
William S. Creason
William G. Escher
Michael G. Haering
Paul W. Pape
Lynn O. Wilkinson
Anthony J. Zierer

World Class Brands, Ltd.

Nashville, Tennessee

Peter V. Bucci
Managing Director

**Brown-Forman
Production Companies**

Ronald J. Ralph
President,
Blue Grass Cooperage
Company, Inc.
Chairman,
Clintock Ltd.
Mt. Eagle Corporation
Albert L. Zimlich, Jr.
President,
Canadian Mist Distillers, Limited
Early Times Distillers Company

Thomas R. Beam
Vice President and
General Manager,
Jack Daniel Distillery,
Lem Motlow, Prop., Inc.

Patrick T. Hendricks
Vice President and
General Manager,
Thoroughbred Plastics
Corporation

Mark J. Schnarr
President,
BFBC Venture Company

Mimi M. Zinniel
Vice President,
BFBC Venture Company

Brown-Forman Enterprises

Louisville, Kentucky

Raymond E. Dryden
President

Ronald N. Tommasini
Vice President

**Brown-Forman
International, Ltd.**

Louisville, Kentucky

E. Peter Rutledge
Chairman and
Chief Executive Officer

Hugh E. M. Murphy
Executive Vice President

Michael A. Ryan
Senior Vice President

Vice Presidents

Harvey N. Dondero
Joseph A. Manero

William J. O'Meara
Kevin E. Sachs
J. Andrew Smith

Assistant Vice Presidents

Stuart A. Beck
R. Murray Cabot
G. David Crute
Nicholas Herbert-Jones

Lenox, Incorporated

Lawrenceville, New Jersey

James B. Chiles
President and
Chief Operating Officer

Elwood L. LaForge, Jr.
Senior Vice President and
Chief Financial Officer

Stephen F. Lichtenstein
Senior Vice President,
General Counsel and Secretary

R. Wayne Parchman
Vice President

Louis A. Fantin
Assistant Secretary

Lenox Products Group

Lawrenceville, New Jersey

Richard E. Stearns
President

Lenox Manufacturing

Lawrenceville, New Jersey

Raymond L. McGee
President

Kirk Stieff Company

Baltimore, Maryland

Pierce B. Dunn
President

Lenox Merchandising

Lawrenceville, New Jersey

Michael J. Velsmid
President

Lenox Collections

Langhorne, Pennsylvania

Stephen M. Yanklowitz
President

**Hartmann Luggage and
Leather Goods Group**

Lawrenceville, New Jersey

Christopher M. Hoch
President

BROWN-FORMAN CORPORATION

P.O. Box 1080
Louisville, Kentucky
40201-1080
(502) 585-1100

Wine and Spirits

American Spirits:

Jack Daniel's Tennessee Whiskey
Early Times Old Style
Kentucky Whisky
Old Forester Kentucky Straight
Bourbon Whisky
Gentleman Jack Rare Tennessee Whiskey

Imported Spirits:

Canadian Mist Canadian Whisky
Usher's Scotch Whisky
Black Bush Special Irish Whiskey
Bushmills Irish Whiskey
Icy Vodka
Sempé Armagnac
Pepe Lopez Tequila

Wines and Specialties:

Southern Comfort
Korbel California Champagnes
California Cooler
Bolla Italian Wines
Fontana Candida Italian Wines
Parducci Premium
California Wines
Korbel California Brandy
Bols Liqueurs
Noilly Prat Vermouths
Earl Grey English Liqueur

Consumer Durables

Lenox China
Lenox Crystal
Lenox Collections
Kirk Stieff Silver and Pewter Products
Hartmann Luggage and Business Cases
Athalon Luggage and Sport Bags

Stockholders

All three classes of stock of Brown-Forman Corporation are listed on the American Stock Exchange. There were 2,102 holders of record of Class A Common Stock, 4,295 holders of record of Class B Common Stock, and 1,440 holders of record of Preferred Stock as of April 30, 1990. Shareholders reside in 50 states, 14 foreign countries and 3 outlying territories of the United States.

Dividend Reinvestment Service

For information on the company's Dividend Reinvestment Service, write to :

The Chase Manhattan Bank, N.A.
P.O. Box 283
Bowling Green Station
New York, NY 10274

Listed

American Stock Exchange
New York City

Registrar and Transfer Agent and Dividend Disbursing Agent

The Chase Manhattan Bank, N.A.
New York City

Counsel

Ogden, Sturgill & Welch
Louisville, Kentucky

Auditors

Coopers & Lybrand
Louisville, Kentucky

Form 10-K

Interested stockholders may obtain without charge a copy of the company's Form 10-K, as filed with the Securities and Exchange Commission, upon written request to: Stockholder Services, Brown-Forman Corporation, P.O. Box 1080, Louisville, KY 40201-1080.