

BROWN-FORMAN

ANNUAL REPORT 2004



IN GOOD COMPANY

FINANCIAL HIGHLIGHTS

(Dollars in millions, except per share amounts)

	2003	2004	% Change
Net Sales	\$2,376	\$2,577	8%
Gross Profit	\$1,180	\$1,298	10%
Operating Income	\$ 378	\$ 407	8%
Net Income	\$ 245	\$ 258	5%
Earnings Per Share			
– Basic	\$ 1.82	\$ 2.12	17%
– Diluted	\$ 1.82	\$ 2.11	16%
Cash Dividends Per Common Share	\$ 0.73	\$ 0.80	10%
Return on Average Invested Capital	15.7%	15.8%	
Return on Average Stockholders' Equity	19.1%	27.8%	
Gross Margin	49.7%	50.4%	
Operating Margin	15.9%	15.8%	

QUARTERLY FINANCIAL INFORMATION

(Expressed in millions, except per share amounts)

	Net Sales	Gross Profit	Net Income	Basic EPS	Diluted EPS	Cash Dividends Per Common Share		Market Price (High-Low) Per Common Share			
						Declared	Paid	Class A High	Class A Low	Class B High	Class B Low
Fiscal 2004	\$2,577	\$1,298	\$258	\$2.123	\$2.112	\$0.800	\$0.800	\$52.25	\$38.25	\$50.00	\$37.55
First Quarter	532	271	31	0.257	0.256	0.375	0.188	42.20	38.25	41.43	37.55
Second Quarter	724	364	88	0.727	0.724	0.000	0.188	43.63	39.13	42.75	38.25
Third Quarter	696	344	81	0.664	0.660	0.425	0.213	50.60	43.00	47.90	42.00
Fourth Quarter	625	319	58	0.475	0.472	0.000	0.213	52.25	48.75	50.00	45.92
Fiscal 2003	\$2,376	\$1,180	\$245	\$1.820	\$1.815	\$0.725	\$0.725	\$40.63	\$29.00	\$40.29	\$29.35
First Quarter	479	247	36	0.264	0.263	0.350	0.175	39.93	29.00	39.93	29.35
Second Quarter	691	338	81	0.592	0.591	0.000	0.175	37.75	32.88	37.68	32.41
Third Quarter	635	308	70	0.511	0.510	0.375	0.188	37.25	31.30	36.94	30.13
Fourth Quarter	571	287	58	0.453	0.451	0.000	0.188	40.63	34.95	40.29	33.95

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BROWN-FORMAN — IN GOOD COMPANY WITH
STRONG LEADERSHIP

I am pleased to report that Brown-Forman Corporation had another outstanding year in fiscal 2004, with earnings per share increasing 16% to \$2.11. During this past year, we reached record levels of sales, gross profit, operating income, and earnings per share, while simultaneously reducing our debt and increasing overall levels of brand-building investments to help ensure our continued prosperity.



OWSLEY BROWN II
Chairman and Chief Executive Officer

Our global beverage business, led by Jack Daniel's Tennessee Whiskey and Southern Comfort, continued to be the main source of the company's profit growth. In addition, benefits from stronger foreign currencies and a modest rebound in the performance of our wine brands contributed to the overall earnings growth. Partially offsetting this solid profit growth was the cost of a legal settlement with Diageo over the distribution of Jack Daniel's in the United Kingdom and a decline in earnings from our Consumer Durables division, which continues to struggle in a challenging environment.

STRONG LEADERSHIP

The theme of this year's Annual Report to Stockholders is "In Good Company." I believe that the two most important characteristics that make Brown-Forman an outstanding company are our world-class brands and an experienced and talented leadership team. Combine these characteristics with a deep commitment to unsurpassed growth in brand equity, earnings, and total shareholder value, and Brown-Forman is truly an exceptional company. I hope that by reading this year's report, you will develop a deeper understanding of how and why this company has been so successful and why we are confident that we will continue to grow in the future.

Fiscal 2004 was a year of management evolution for Brown-Forman. On October 1, 2003, William M. Street retired as president of Brown-Forman Corporation after over 40 years of exemplary service to the company.

From the time he started his career as a sales representative in Florida, to helping establish our first import division, then ultimately dealing with critical issues as president of our company, Bill always conducted himself with the utmost integrity. For



William M. Street, director and former president, Brown-Forman Corporation

a generation, Bill has been at the heart of forging new corporate strategies and helping the company adapt to the ever-changing competitive landscape by keeping our focus on building our brands and developing our people. And, importantly, Bill helped to create an environment where those around him thrived and developed into our new leaders.

One of Bill's important legacies at Brown-Forman was his mentoring of Paul Varga, the new president and chief executive officer of Brown-Forman Beverages, our largest segment. Paul, who has been with Brown-Forman for over 17 years, brings a new and exciting perspective to his role as leader of our Beverage business and as the newest member of our Board of Directors. Paul not only has a



Paul Varga, president and chief executive officer, Brown-Forman Beverages, and James Bareuther, executive vice president and chief operating officer

keen strategic mind and superb leadership

skills, but also has extensive brand wisdom and a determination to ensure that the company works on the most productive issues for the long-term benefit of our shareholders.

Jim Bareuther became the chief operating officer of our Beverage segment, overseeing all of our wine and spirits business. He has over 30 years of experience in the industry, most recently as president of our spirits business in the Americas region, which he helped lead for the past nine years. We are also fortunate to have seasoned executives running important operating groups, including: Don Berg, president of Spirits Americas; Andrew Smith, president of our European, African and Eurasian region; Stuart Beck, president of the Asia Pacific region; David Dearie, president of our Wine business; and Jim Chiles, president of Brown-Forman Distillery Company.

Alongside our geographic presidents are some new faces in brand leadership, including Mark McCallum, chief marketing officer for our spirits brands. Mark joined Brown-Forman in July 2003 with more than 20 years of experience in marketing, advertising, and brand building in both domestic and international markets. He will be a great asset as we continue to develop and refine our strong brand-building culture across the globe. We have also strengthened our business leadership by creating global general manager roles for our brands and brand groups to ensure that each is focused on the best growth opportunities and the right strategic initiatives.

Our strong corporate leadership continues with a quartet of outstanding individuals with a combined 55 years of experience at Brown-Forman. Phoebe Wood continues her critical role as Brown-Forman's chief financial officer and its lead contact with the investment community. In recognizing her extensive leadership



Phoebe Wood, executive vice president and chief financial officer, and Michael Crutcher, vice chairman, general counsel and secretary

skills and valued counsel, she was also appointed vice chairman of Lenox. Michael Crutcher has served as the company's general counsel and secretary of the Board since 1989. Last

relations, civic activities, and overseeing the expanded regulatory demands created by the Sarbanes-Oxley Act and the New York



Jim Welch, vice chairman, and Lois Mateus, senior vice president

Stock Exchange. Jim Welch was also named vice chairman of the company. Along with his continuing duties as head of human resources, he has accepted

responsibility for the company's strategic planning activities and is an active leader on the Board of Lenox. Senior Vice President Lois Mateus, a 22-year veteran with Brown-Forman, continues to lead the company's corporate communications and services functions. She has also been increasingly focused on overseeing the development and appeal of our brand homes while also managing Brown-Forman's community and civic involvement efforts.

The executive management team is made up of some of the best strategic, marketing, finance, and operational minds in the business. Although each member of our team has individual objectives for his or her specific operating area, I can assure you that the group as a whole is intensely focused on one overarching goal – the generation of sustained and superior shareholder returns.

I would also like to acknowledge the contributions of Mike Cheek, who recently moved into a part-time role for Brown-

STRONG LEADERSHIP

Forman, as well as thank him for the leadership that he provided over the past 11 years. His energy and enthusiasm helped lead our spirits business to the fine position that it is in today and we will always be grateful for his contributions to the company.

CONSUMER DURABLES The environment for the tabletop, collectibles, and luggage categories did not improve over the past year, and the financial results were disappointing. To help us respond to this situation, in January 2004, we appointed Jay Hanauer as the chief executive officer of Lenox, Incorporated. Jay served as president of Brown-Forman Distillery Company for the past eight years, where he formed and led an excellent team that consistently created and implemented innovative ways to both improve our product quality and control manufacturing costs. We believe that Jay's demonstrated leadership skills and creative approaches to businesses in transition will greatly benefit the Lenox organization. Before assuming his role as CEO, Jay led a comprehensive review of Lenox and identified a number of major opportunities to help return the business to good



James D. Hanauer, chief executive officer, Lenox, Incorporated

health. Based on this review, Jay and his team developed a series of specific action plans and are already implementing many of them. Although this industry certainly faces many challenges, we are optimistic that new leadership and programs will return this business to the levels of profitability enjoyed in the past.

DIVIDEND INCREASE & STOCK SPLIT Given the solid outlook for increasing profits and cash flow, combined with last year's legislation regarding more favorable tax treatment of dividends, your Board of Directors increased the annual dividend 13.3% to 85 cents per share for calendar 2004. In addition, we completed a 2-for-1 stock split in January 2004. You may find it interesting that Brown-Forman has split its stock on four different occasions since 1980 – every share that you held in 1980 is the equivalent of 18 shares today.

The remainder of this year's annual report will focus on our brands and the people responsible for their growth around the world. I encourage you to read through the timeline included in the financial section of this annual report. I believe you will find it to be an interesting retrospective look at how Brown-Forman has evolved and prospered during the past 134 years.

Thank you for your continued support of Brown-Forman.

SINCERELY YOURS,

A handwritten signature in dark ink, appearing to read "Owsley Brown". The signature is fluid and cursive, with a large, stylized "B" at the end.

OWSLEY BROWN II
Chairman and Chief Executive Officer
June 22, 2004

BROWN-FORMAN — IN GOOD COMPANY WITH
EXCEPTIONAL BRANDS

BEVERAGES

SPIRITS

Jack Daniel's®
www.jackdaniels.com

Gentleman Jack®
www.gentlemanjack.com

Jack Daniel's® Single Barrel
www.jdsinglebarrel.com

Canadian Mist®
www.canadianmist.com

Southern Comfort®
www.southerncomfort.com

Old Forester®
www.oldforester.com

Early Times®
www.earlytimes.com

Woodford Reserve®
www.woodfordreserve.com

Pepe Lopez®
www.pepelopez.com

Don Eduardo®*

Jack Daniel's® Country Cocktails®
www.countrycocktails.com

Jack Daniel's® Original Hard Cola
www.jdhardcola.com

Finlandia®
www.finlandia.com

Glenmorangie®**
www.glenmorangie.com

Glen Moray®**
www.glenmoray.com

Ardbeg®**
www.ardbeg.com

Tuaca®
www.tuaca.com

Appleton®**
www.appletonrumus.com

Amarula®**
www.amarula.com

Blue Grass Cooperage™



WINES

Fetzer® Vineyards
www.fetzer.com

Korbel®**
www.korbel.com

Bel Arbor®

Bonterra® Vineyards
www.bonterra.com

Jekel® Vineyards

Sonoma-Cutrer® Vineyards
www.sonomacutrer.com

Mariah®*

Bolla®
www.bolla.com

Fontana Candida®
www.fontanacandida.com

Michel Picard®*

Mendocino Cooperage™



**Brands represented in the U.S. and other select markets by Brown-Forman*

CONSUMER DURABLES

Lenox® Gifts and Tabletop products, including China, Crystal, and Metals
www.lenox.com

Lenox® Collectibles, Home Décor, and Jewelry
www.lenoxcollections.com

Gorham® Gifts and Tabletop products, including Metals, China, and Crystal
www.gorham1831.com

Dansk® Contemporary Tabletop, Housewares, and Gifts
www.dansk.com

Kirk Stieff® Silver Flatware and Metal Gifts

Hartmann® Luggage, Business Cases, and Personal Leather Accessories
www.hartmann.com



JACK DANIEL'S



L Y N C H B U R G , T E N N E S S E E

BROWN-FORMAN'S SUCCESS IS THE RESULT OF OUR STRONG COMMITMENT TO
BRAND BUILDING AND OUR TALENTED EMPLOYEES.

BEVERAGES

Fiscal 2004 was very strong for Brown-Forman Beverages and our flagship brand, Jack Daniel's Tennessee Whiskey. Jack Daniel's surpassed a significant milestone this year – seven million cases in global volume. Not only is Jack Daniel's the best-selling American whiskey brand in the world by a wide margin, it is the fifth largest premium spirits brand worldwide and continues to grow.

Worldwide volumes for Jack Daniel's were up 6% in fiscal 2004. Depletions in the United States, which represent just over half of the brand's total volume, continued to accelerate and the outlook remains solid. International growth was somewhat mixed. Favorable



*From left:
Michael Keyes,
global general manager,
[Jack Daniel's],
Stuart Beck,
president, B-F Spirits
Asia Pacific, and
Mark McCallum,
chief marketing officer,
spirits brands*

foreign exchange rates coupled with strong volume growth in the United Kingdom, South Africa, and China fueled profits, but these gains were somewhat offset by general weakness in Continental Europe. In addition, a very vibrant Australian market experienced remarkable success in the ready-to-drink category, where sales and profits of Jack Daniel's & Cola advanced at double-digit rates and volume surpassed 700,000 cases in fiscal 2004.

Overall, we remain confident that Brown-Forman's most important brand, Jack Daniel's, remains healthy and well-positioned for growth around the world.

WOODFORD RESERVE, our super premium small batch bourbon, enjoyed another year of excellent growth in fiscal 2004. The brand topped the 50,000 case mark in worldwide sales, an outstanding accomplishment for a brand introduced just eight years ago. In fact, Woodford Reserve is currently the fastest-growing whiskey of any type in the U.S. This wonderful whiskey won a gold medal at the 2003 International Spirits Challenge, the fourth time the brand has won top honors as Best Bourbon at a major international spirits competition. We will continue to invest significant resources behind this brand in the U.S. through our extensive consumer relationship marketing program and through sponsorships, such as with Churchill Downs, home of the Kentucky Derby. We are also increasing our advertising and promotional efforts in the U.K., Germany, Japan, and other export markets to participate in the growth and development of the super-premium spirits segment in those markets.



BEVERAGES



The well-documented positive consumer trends in the U.S. spirits market continued through the end of our fiscal year and certainly boost our confidence in the growth prospects for our premium spirits brands, such as Southern Comfort. These industry trends, as measured by recent National Alcohol Beverage Control Association (NABCA) data, steadily accelerated through the course of calendar year 2003. The data show that total spirits volume was up about 4%, the strongest performance in many years. It is also quite clear that the premium brands are outperforming the mid-priced brands in the U.S. market, and we anticipate this trend will continue for the foreseeable future.

Southern Comfort continued to provide good earnings growth for our Beverage business last year. As we reported previously, this brand has experienced a revitalization over the past several years. In the U.S., we have focused our efforts on creating a more premium positioning for Southern Comfort. A new package and increased investment have fueled above-average price increases, solid volume growth, and very impressive profit delivery. Our goal is to strengthen our ties to the brand's New Orleans heritage,



*From left:
Dana Allen,
global creative director
[Southern Comfort],
Donald Berg,
president, B-F Spirits
Americas, and
Theodore Hissey,
global general manager
[Southern Comfort]*

including Mardi Gras, food recipes, music, and other key associations that anchor the brand to its Louisiana homeplace. Southern Comfort remains a major area of brand-building focus for us as we look to accelerate the momentum that we have built in the U.S.

In the United Kingdom, where Southern Comfort lost volume over the past 10 years, the brand was up 8% last year. Much of this gain can be attributed to



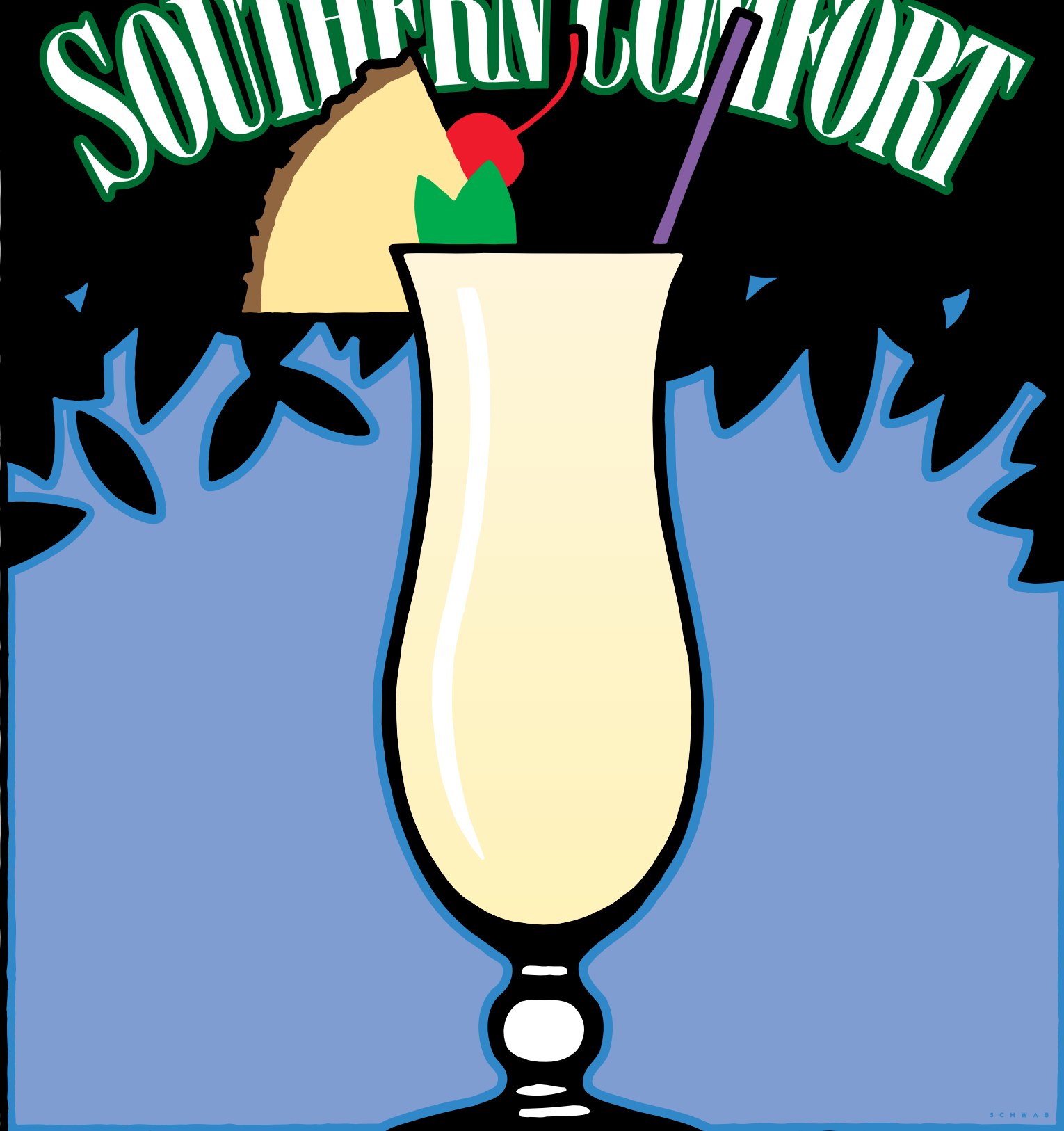
Brown-Forman assuming distribution responsibilities for our own brands in the U.K., where the brand is receiving significantly more focus than it had previously. One of the opportunities that we will concentrate on

over the next few years is replicating the positive success of Southern Comfort in the U.S. and U.K. in other international markets such as South Africa and the Czech Republic.

TUACA liqueur, which is produced in Livorno, Italy, is one of our exciting new brands that we believe has significant long-term growth potential. When Brown-Forman purchased a minority interest in the brand in 1999, it sold only 38,000 cases in the U.S. Since acquiring the remaining interest in February 2003, we have intensified our focus on Tuaca and are reaping positive results. Last year alone, depletions increased 24% to nearly 100,000 cases and the outlook remains excellent.

Most of the brand's volume comes from only six states, where it has gained great popularity with bartenders. Much of our brand-building efforts will continue to focus on bartenders as we expand into the most influential on-premise accounts across the U.S.

SOUTHERN COMFORT



C O M F O R T C O L A D A

SCHWAB

FINLANDIA



C O S M O P O L I T A N

SCHWAB

BEVERAGES



Vodka is one of the largest and fastest growing categories in the distilled spirits industry. Recognizing the value of participating in this vibrant segment of the business, Brown-Forman secured U.S. marketing rights for Finlandia in 1996. After enjoying success with Finlandia in the U.S., we purchased a 35% interest in the brand in 2000 and began expanding our distribution to other countries. In 2002, we purchased an additional 45% interest in Finlandia, giving us 80% ownership as well as full responsibility for global marketing of the brand.



We now have global distribution rights for the brand and sell over 1.7 million cases worldwide. We are working diligently to find the appropriate brand-building models for Finlandia in each market around the globe.

In fiscal 2004, results for Finlandia improved as our efforts began to pay dividends. In the United States, our volumes were up about 8% last year. The U.S. market for premium imported vodkas, while growing consistently, is also extraordinarily competitive. To improve Finlandia's appeal and shelf presence in this dynamic environment, we introduced a new package for the brand last fall. The new bottle is



*From left:
Mark Overdyk,
global general manager
[Finlandia],
Andrew Smith,
president, B-F Spirits,
Europe, Africa and
Eurasia, and
John Accardo,
senior managing
director Eurasia*

taller, more statuesque, and has a unique ice glacier punt in the bottom. We also significantly increased our level of advertising and promotional investment, especially in the on-premise channel. As a result, our volumes are growing. Profits from this volume growth have been offset, however, by modestly lower margins from a price repositioning and the weaker U.S. dollar, which has increased our costs.

Of special note is the brand's performance outside of the U.S., where the growth has been quite strong since we added several Central and Eastern European countries, including the Czech Republic, Poland, and many Baltic and Nordic markets, to our distribution arrangement. The largest market outside of the U.S. is Poland, a market about which we are increasingly optimistic – albeit at lower margins than in the U.S. We believe that the international development of Finlandia is a major opportunity for us, and that we are doing the right things to position the brand to take advantage of this growth potential.

GLENMORANGIE Single Malt Scotch enjoyed a year of solid growth in fiscal 2004. Brown-Forman owns a minority interest in Glenmorangie plc, the owner and producer of Glenmorangie, Glen Moray, and Ardbeg single malt Scotch whiskies. Glenmorangie, which is the largest-selling single malt in Scotland, has been particularly successful in the U.S. by introducing unique expressions of the whisky, such as Glenmorangie Port Wood Finish and the new Burgundy Wood Finish. Over the past year, we expanded our consumer relationship marketing efforts through a new direct mail and gift campaign for some of our most loyal consumers. We also added brand ambassadors in San Francisco and New York City to help accelerate the development of the brand in these important markets.



BEVERAGES

Over the last few years, Brown-Forman's wine business has been adversely affected by a global oversupply of grapes, resulting in significant downward pricing pressure across the U.S. While industry conditions in California improved slightly over the past year, recent estimates from Australia suggest a larger harvest this year from that country. As a result, the global oversupply of wine and corresponding pressure on retail pricing is not expected to improve much over the next year. Partially as a result of these challenges, last year we embarked on a major review of every aspect of our wine business. Since then we've taken many positive steps to put our business on a solid footing in the short-term and to position ourselves for future profitable growth in the long-term.

For example, we have worked hard to improve the price position of our wine brands. Pricing



*From left:
Andrew Mansinne,
global brand director
[California Wines],
David Dearie, president,
B-F Wines, and
Andrew Varga,
global brand director
[Imported Wines]*

for our leading brands, Bolla and Fetzer, was higher year-over-year, but our volumes suffered as competitors continued to reduce their shelf prices. Each brand is being repositioned through bold new packaging, creative marketing communications, and innovative line extensions. For instance, this fall Bolla will introduce a Chianti varietal for the first time in its 120-year history.

In addition to line extensions, we will be more aggressive with our new product development plans in wine over the next year. It is quite clear that new brands and labels have been a huge driver of wine industry growth over the past 10 years. In order to sustain and build our share in the wine business, we intend to participate in these new product development opportunities.

KORBEL California Champagnes, which grew volume by 2% last year, remain the best selling premium sparkling wine or Champagne in the United States, with nearly a 20% market share. Brand owner Gary Heck and Brown-Forman build on that strength by consistently investing significant dollars in brand-building marketing and public relations programs that generate increased sales for Korbel. One example is the Korbel "Perfect Proposal" PR campaign, in which consumers devise creative ways to propose marriage. They submit their ideas to Korbel and the winning entry generates national media exposure for the loving couple – and for Korbel.



WINES



SCHWAB

F R O M T H E G O O D E A R T H

LENOX



SCHWAB

K A T E S P A D E

LENOX, GORHAM, DANSK, AND HARTMANN ARE AMONG THE MOST REVERED BRANDS
IN THE U.S. AND OUR OBJECTIVE IS TO LEVERAGE THIS EQUITY
WITH PRODUCTS AND DESIGNS THAT ARE RELEVANT TO TODAY'S CONSUMERS.

CONSUMER DURABLES



Successfully growing the tabletop, collectibles, and luggage categories remains difficult in the current economic and competitive environment. Sales were essentially flat this year at Lenox, as modest increases in sales to wholesale customers were offset by declines in sales in both the company's retail outlet stores and the direct-to-consumer division. Profits declined sharply, however, as a reduced level of advertising was insufficient to offset a drop in gross profits, higher pension expenses, and several charges incurred in fiscal 2004.

There have been some encouraging success stories this year, however. We are pleased with the recent



introduction of our kate spade co-branded fine china product, which has been greeted with enthusiasm throughout the trade and is getting good early results in the bridal



*From left:
Kathy Thie, executive
vice president,
[Lenox Wholesale],
Louis Scala, president,
brand management, and
chief merchandising officer,
and Louis Fantin,
senior vice president,
secretary, and Lenox counsel*

registry business. This is an example of how Lenox is working to generate excitement and broaden its appeal to consumers.

Over the past year, we completed a thorough strategic review of Lenox. To be successful in this business, we recognize the need to remain focused on reducing fixed costs, increasing production efficiencies, and closing unprofitable retail outlet locations, while simultaneously developing new and relevant products. Although this is a major challenge for the company, we have the right management team in place and have much higher expectations for free cash flow and earnings growth over the next several years.

HARTMANN For the first time in several years, Hartmann Luggage had an increase in sales in fiscal 2004. The luggage industry is finally beginning to show signs of recovering from the poor economy and the aftermath of the September 11, 2001 terrorist attacks that so drastically affected business and leisure travel in the U.S. Hartmann has introduced a number of new products and new designs over the last few years, and one of the latest is the blue polka-dot design featured in the photo at right. Consumers of premium luggage consider stylish design an important factor in their buying decisions, and we believe this new design will attract upscale shoppers looking for quality and style.



COMPANIES TODAY MUST DO MORE THAN ACHIEVE FINANCIAL SUCCESS TO BE
CONSIDERED GOOD CORPORATE CITIZENS.

CORPORATE RESPONSIBILITY

It is essential for businesses to perform with integrity in everything they do, from sales and marketing to environmental stewardship to civic contributions. We believe that Brown-Forman stands out in exemplary fashion in the way we demonstrate our corporate responsibility.



*From left:
Dr. Theodore Lioutas,
director R&D,
James Chiles,
president B-F Distillery
Company, and
Cheryl-Lynne Patrick,
director government
compliance health
and safety*

SOCIAL RESPONSIBILITY Brown-Forman is dedicated to being an industry leader in promoting responsible marketing and advertising. This is both the right thing to do and an integral part of our brand-building strategy.

Brown-Forman is concerned about the problems of alcohol abuse, especially underage drinking and drunk driving. The issue is how to deal best with those problems. We do not favor measures like advertising bans and higher taxes, because they punish all our customers, not just illegal and abusive drinkers. We also think the best model for regulating alcohol ads is by the industry itself through voluntary self-regulation.

America is the most litigious nation in the world. The cost of defending frivolous lawsuits, especially

meritless class action lawsuits, hampers the competitiveness of American business. For a number of years, observers have asked whether the beverage alcohol industry might become the target of class action litigation – “Will alcohol go the way of tobacco?” These concerns became a reality over the last several months as a group of plaintiffs’ lawyers filed similar lawsuits in several states against a number of major alcohol manufacturers, including Brown-Forman. These suits allege that alcohol companies deliberately market their products to young people, and cite this advertisement for our Fontana Candida® Italian Wine to suggest that Brown-Forman is marketing to kids.

We believe the Fontana Candida ad itself offers



compelling evidence of the frivolous nature of the trial lawyers’ claim against our company. The ad appeared in *Glamour* magazine, 75% of whose readers are over the legal

drinking age. The model is over 30 years old. While the costs of defending against even such a baseless lawsuit are substantial, we are committed to prevailing in court and to protecting our right to communicate responsibly with our consumers about our fine brands. After all, the ability to tell our brands’ stories is at the

STEWARDSHIP



SCHWAB

S U S T A I N A B I L I T Y

CORPORATE RESPONSIBILITY

very heart of Brown-Forman's brand-building mission.

A key part of Brown-Forman's mission is to be a leader in a socially responsible industry that has earned the right to market its products to adults in an appropriate manner. The alternative is for beverage alcohol to be viewed as a rogue industry that must be controlled through government-mandated advertising bans or court decrees. We believe strongly that the beverage alcohol industry is responsible, that it is committed to marketing to adult consumers, and that it will only harm our customers, employees, and shareholders if we give in to the class action lawsuit threat.



While Brown-Forman and most other beverage alcohol suppliers have strong track records of responsible advertising, not every industry ad is in good taste

and not every company consistently adheres to high marketing standards. But that doesn't mean we should abandon industry self-regulation. Instead, we should strengthen it. Late last year, the Federal Trade Commission (FTC) studied the effectiveness of beverage industry self-regulation and noted:

"Well-constructed industry self-regulatory efforts offer several advantages over government regulation or legislation ... The beverage alcohol industry has an opportunity to make its self-regulatory programs more effective and credible ... without sacrificing legitimate advertising and marketing activities."

Brown-Forman strongly agrees. That is why, as a founding member of the Distilled Spirits Council of the



United States (DISCUS), Brown-Forman successfully pressed for toughening the voluntary DISCUS "Code of Responsible Practices for Beverage Alcohol Advertising and Marketing." The code contains an important new provision that alcohol

ads appear in media reaching an audience at least 70 percent above the legal drinking age. These changes have been favorably received by the FTC, leaders on Capitol Hill, and some public health advocates. To learn more about the new DISCUS Code, please visit www.distilledspirits.org.

Similarly, in Europe, where alcohol marketing faces numerous threats, Brown-Forman is working with others in the industry to assure a meaningful system of self-regulation. Most recently, we became a member of The Amsterdam Group, an organization of leading distillers and brewers dedicated to promoting self-regulation and responsible drinking (www.amsterdamgroup.org).

Finally, Brown-Forman's commitment to promoting responsible drinking reaches beyond marketing. We believe that education and giving parents the tools needed to talk to their children about alcohol are also keys to success. That is why Brown-Forman is proud to be a founding member of The Century Council, a non-profit organization running many outstanding alcohol education programs around the United States. Please consider visiting the Council's website and sharing it with your family and friends (www.centurycouncil.org).

ENVIRONMENTAL RESPONSIBILITY Brown-Forman is also dedicated to being a good steward of the environment, a commitment evident in our operations. At Fetzer Vineyards we have 222 acres of



certified biodynamic vineyards in addition to 941 acres of certified organic vineyards. Moreover, we have adopted a goal of generating zero waste materials at Fetzer by 2010, as everything generated will either be recycled, reused or reclaimed.

At each of our four distilleries, spent grain by-products are either dried and recovered or sold directly to farmers as high-protein animal feed. Our distillery and bottling operations use reverse osmosis instead of deionization for water treatment, reducing the use of chemicals in the treatment process. Glass, cardboard, oil, shrink wrap, fluorescent lighting, and batteries are recycled, and any waste alcohol or alcohol-related ingredient is sent to a local vendor for processing into low emissions-producing ethanol fuel.

At our wood processing operations, excess sawdust, wood chips, and bark are collected and sold to various paper and mulch producers. Expended metal hoops are collected for salvage and used barrels are reprocessed into planters or wood smoking chips for barbecue grills.

In our offices, we recycle computers, PDAs, mobile

telephones, white paper, and cardboard. We also promote alternative eco-friendly products and reduce energy and water consumption by installing devices to regulate usage.

CIVIC RESPONSIBILITY We believe we have a responsibility as a successful company to give back to the communities in which we do business, especially in Louisville, home of the company's headquarters. A wide variety of organizations benefit from the company's support, especially those providing service in the areas of education, historic preservation, the environment, and the arts. The University of Louisville, Louisville Waterfront Development Corporation, Olmsted Conservancy, Actors Theatre of Louisville, Metro United Way, and African American Cultural Center are just a few organizations that have received major donations from Brown-Forman in recent years.



Amadeus
by Peter Shaffer
at the Actors Theatre
of Louisville
From left:
Michael Gotch and
Michael Ray Escamilla

Support is offered not only through financial assistance, but also through service. Our employees appreciate the personal fulfillment they gain by helping others in a variety of ways, including serving as volunteers, board members, and mentors. The company endorses this service not only because of civic responsibility, but also because we believe that our employees learn from such experiences and can apply that knowledge to their jobs.

A REPORT ON PROGRESS TOWARD OUR ULTIMATE GOALS OF UNSURPASSED GROWTH
IN BRAND EQUITY, EARNINGS, AND TOTAL SHAREHOLDER VALUE.

STRATEGIC IMPERATIVE UPDATE



ur goal of becoming the “Best Brand Builder in the Industry, Period” will drive future growth in brand equity, earnings, and ultimately shareholder value. Introduced in fiscal 2003, this overarching strategic platform is illustrated by an arrow comprised of four distinct strategic imperatives and fueled by the values long-embraced by our company. In fiscal 2004, we continued taking the actions necessary to support these four imperatives.

BUILDING STRONG CONSUMER FRANCHISES

During fiscal 2004, we expanded our Consumer Insights Team to ensure our marketing efforts are grounded in a deep understanding of consumers. Partially as a result of that understanding, we have accelerated our Jack Daniel’s Hispanic efforts in the U.S., generated exceptional growth in South Africa, and most recently, introduced the first reduced carbohydrate wine to the U.S. market.

WINNING AT THE POINT OF PURCHASE

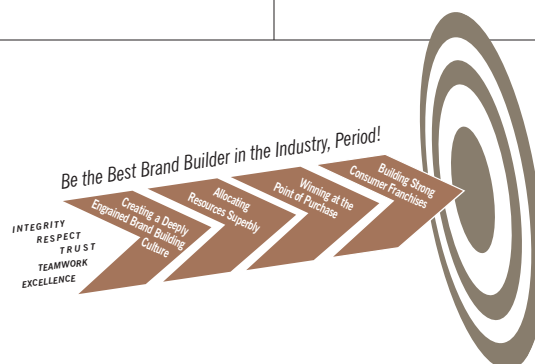
Our success ultimately depends on the ability of consumers to find our brands where they shop, eat, drink, and entertain. Recent changes in our distribution strategies, such as our cost-sharing arrangement in

the U.K. and our acquisition of Finlandia’s distribution network in Poland and the Czech Republic, give us greater control over the presentation and availability of our brands in key markets.

ALLOCATING RESOURCES SUPERBLY Investing in the highest return opportunities for our brands is the key to building value for our shareholders. We are utilizing sophisticated modeling tools to help us allocate funds and other resources in the most efficient manner across both brands and geography. As a result, we stepped up our investment in the U.S. market in fiscal 2004, where spirits are growing at the fastest rate in many years.

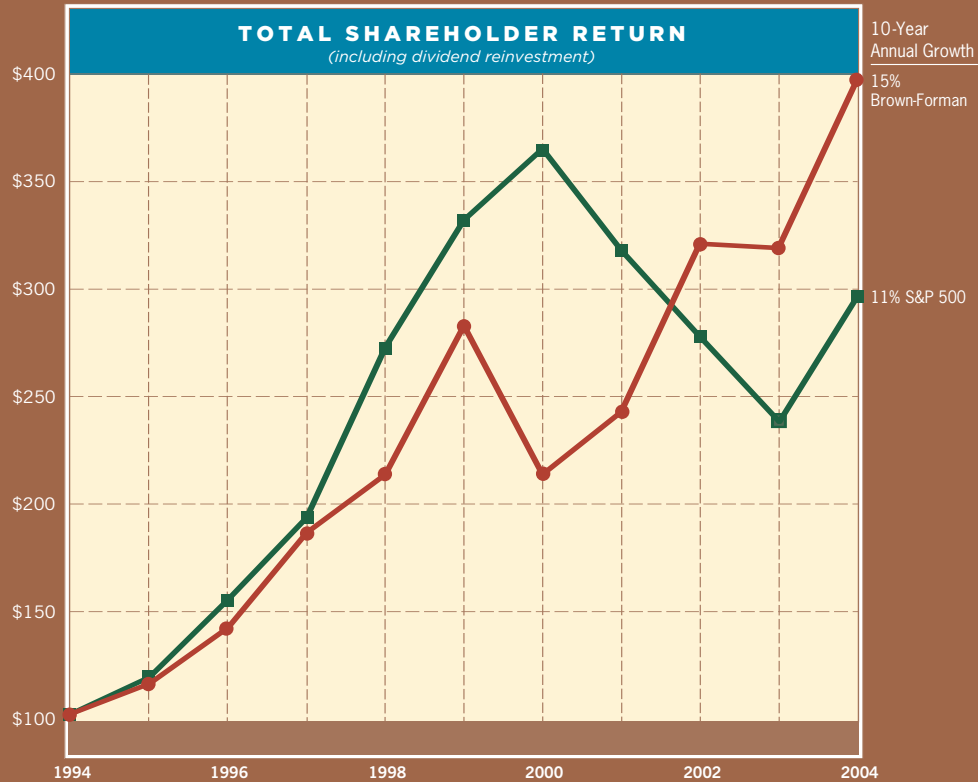
CREATING A DEEPLY ENGRAINED BRAND

BUILDING CULTURE We believe our employees are among our most valuable assets. Providing them with the skills, knowledge, and passion for our brands and our company will create additional momentum for our success. This summer, we are launching Brand Building University with a curriculum designed to focus on the knowledge, skills, and shared experiences most likely to build our consumer brands – and the Brown-Forman brand – for the future.



BROWN-FORMAN — IN GOOD COMPANY WITH

SUPERIOR FINANCIAL RESULTS



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SELECTED FINANCIAL DATA

(Expressed in millions, except per share amounts and ratios)

Year Ended April 30,	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
OPERATIONS										
Net Sales	\$ 1,681	1,801	1,831	1,915	2,020	2,146	2,194	2,223	2,376	2,577
Gross Profit	\$ 812	862	884	956	1,019	1,104	1,152	1,132	1,180	1,298
Operating Income	\$ 268	274	287	307	322	348	374	353	378	407
Net Income	\$ 149	160	169	185	202	218	233	228	245	258
Weighted Average Shares used to calculate Earnings Per Share										
– Basic	138.0	138.0	138.0	137.9	137.2	137.0	137.0	136.7	134.7	121.4
– Diluted	138.0	138.0	138.0	138.0	137.4	137.2	137.1	137.0	135.1	122.0
Earnings Per Share										
– Basic	\$ 1.07	1.15	1.22	1.33	1.46	1.59	1.70	1.66	1.82	2.12
– Diluted	\$ 1.07	1.15	1.22	1.33	1.46	1.59	1.70	1.66	1.82	2.11
Cash Dividends Declared Per Common Share	\$ 0.48	0.51	0.53	0.55	0.58	0.61	0.64	0.68	0.73	0.80
INVESTED CAPITAL										
Average Invested Capital	\$ 835	875	929	948	1,049	1,238	1,357	1,470	1,598	1,719
Average Common Stockholders' Equity	\$ 493	578	671	756	854	974	1,110	1,235	1,283	927
Total Assets at April 30	\$ 1,286	1,381	1,428	1,494	1,735	1,802	1,939	2,016	2,264	2,376
Long-Term Debt at April 30	\$ 247	211	63	50	53	41	40	40	669	630
Total Debt at April 30	\$ 303	267	225	164	297	267	244	207	836	680
OTHER KEY MEASURES										
Cash Flows from Operations	\$ 197	167	176	220	213	241	232	249	243	306
Gross Margin	48.3%	47.9%	48.3%	49.9%	50.5%	51.4%	52.5%	50.9%	49.7%	50.4%
Operating Margin	15.9%	15.2%	15.7%	16.0%	16.0%	16.2%	17.0%	15.9%	15.9%	15.8%
Effective Tax Rate	39.8%	37.8%	38.0%	37.6%	36.5%	36.5%	36.3%	34.5%	34.2%	33.5%
Return on Average Invested Capital	19.5%	19.7%	19.4%	20.4%	19.8%	18.4%	17.9%	15.9%	15.7%	15.8%
Return on Average Common Stockholders' Equity	30.1%	27.5%	25.2%	24.3%	23.6%	22.4%	21.0%	18.5%	19.1%	27.8%
Total Debt to Total Capital	35.7%	29.6%	23.6%	16.7%	24.5%	20.3%	17.1%	13.7%	49.9%	38.5%
Dividend Payout Ratio	45.3%	44.2%	43.3%	41.2%	39.3%	38.1%	37.7%	40.8%	40.4%	37.7%

Notes:

1. Includes the consolidated results of Sonoma-Cutrer Vineyards, Finlandia Vodka Worldwide, and Tuoni e Canepa since their acquisitions in April 1999, December 2002, and February 2003, respectively.
2. Weighted average shares, earnings per share, and cash dividends declared per common share have been adjusted for a 2-for-1 common stock split in fiscal 2004.
3. We define Return on Average Invested Capital as the sum of net income (excluding extraordinary items) and after-tax interest expense, divided by average invested capital. Invested capital is the sum of all interest-bearing debt and preferred and common equity.
4. We define Return on Average Common Stockholders' Equity as income applicable to common stock divided by average common stockholders' equity.
5. We define Total Debt to Total Capital as total debt divided by the sum of total debt and stockholders' equity.
6. We define Dividend Payout Ratio as cash dividends divided by net income.
7. We have reclassified some prior year amounts to conform with this year's presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In the discussion below, we review Brown-Forman's consolidated financial condition and results of operations for the fiscal years ended April 30, 2002, 2003, and 2004. We also make statements relating to our anticipated financial performance and other forward-looking statements and discuss factors that may affect the company's future financial condition and performance. We have prepared a non-exclusive list of risk factors that could cause actual results to differ materially from our anticipated results. Please read this Management's Discussion and Analysis section in conjunction with our consolidated financial statements for the year ended April 30, 2004 and the related notes, and the important information regarding forward-looking statements on page 52.

EXECUTIVE OVERVIEW

Brown-Forman Corporation is a diversified producer and marketer of fine quality consumer products. Our company consists of two business segments: Beverages and Consumer Durables. In fiscal 2004, the Beverage segment generated approximately 96% of the company's total operating income and the Consumer Durables segment generated the remaining 4%.

Our Beverage segment includes both wine and spirits brands, which are produced, marketed, and sold on a global basis. Approximately two-thirds of the segment's sales are generated in the United States, by far the company's largest market. In general, the domestic market for premium spirits brands has improved over the past year. We believe several factors are driving this favorable trend, including positive demographic trends, a growing consumer interest in cocktails, and more effective consumer advertising. In addition, we believe that there are also potential benefits to sales resulting from the increasing popularity of low carbohydrate diets, which is causing some consumers to switch from beer to wine and spirits. We currently anticipate that these trends will continue. However, we recognize that consumer trends can change very quickly and these recent beneficial industry factors may not continue into the future.

Much of the growth for the Beverage segment over the past decade has been from the international markets for our spirits brands. The most important export markets for Brown-Forman are the United Kingdom, Australia, Germany, Spain, Italy, Japan, Canada, and France. As we continue to expand outside of the United States, our financial results are more exposed to foreign exchange rate fluctuations. Although we have purchased foreign currency option contracts for the upcoming year to help protect against a significant strengthening of the U.S. dollar, over the longer term, profits from our international beverage business may be adversely affected if the U.S. dollar strengthens against other currencies.

The wine business has been extremely challenging over the past few years. An oversupply of grapes in both California and Australia has resulted in significant retail price competition, reducing industry margins. Generally, Australian wineries have a lower cost of grapes than comparable quality wineries in California, thereby providing a significant advantage for those producers. Although a weaker U.S. dollar and aggressive cost-cutting in California have helped close the gap, imported wine brands continue to be priced lower than comparable California wine brands. As a result, volumes and margins for many of the major wine brands from California have been weak.

Jack Daniel's Tennessee Whiskey is the most important brand within the Beverage segment and is one of the largest and most profitable spirits brands in the world. Global volume growth for Jack Daniel's accelerated in fiscal 2004 to 6%, the strongest growth rate registered for the brand in five years. In the U.S., which represents about 55% of the brand's volume, consumer demand for Jack Daniel's continued to accelerate in fiscal 2004. The healthy environment for premium spirits, increased levels of advertising and promotional support, and the brand's overall positioning are combining to provide volume growth and increased profitability. It is important to note that a significant percentage of our company's total earnings are derived from the brand. Although it remains very healthy by most consumer measures, and we remain

BROWN-FORMAN TIMELINE: 1870s & 1880s

	1870	1875	1880	1885	1889
GLOBAL	 1870 John D. Rockefeller founds Standard Oil.	 1874 Disraeli becomes British prime minister.	 1876 Alexander Graham Bell invents the telephone.	 1885 Golf is introduced to America.	 1887 Queen Victoria celebrates Golden Jubilee.
BROWN-FORMAN HISTORY	 1870 George Garvin Brown, a 24-year-old pharmaceutical salesman, and his half-brother form J.T.S. Brown and Bro. in Louisville, Kentucky, to sell whiskey in sealed glass bottles to assure its quality. Old Forester Kentucky Straight Bourbon Whisky is the flagship brand.	 1872 George Forman joins as a salesman but soon becomes more valuable as a bookkeeper.	 1874 The company expands to selling bourbon and other whiskeys in 17 states and territories.	 1881 Company changes name to Brown-Thompson and Company, recognizing the expanded role of James Thompson, Mr. Brown's second cousin.	 1882 Firm moves back to "Whiskey Row," the section of Main Street between First and Seventh Streets in Louisville, Kentucky.

MANAGEMENT'S DISCUSSION AND ANALYSIS

confident that we can continue to grow the brand on a global basis, a significant decline in volume or pricing for the brand would hurt the overall earnings for our company.

Southern Comfort, the second most important brand in our Beverage segment, continues to provide good earnings growth. The brand's two largest markets, the U.S. and the U.K., are both performing well, although many of the other international markets for the brand have weakened. The segment's other premium spirits brands, including Finlandia, Tuaca, and Woodford Reserve, have also experienced an acceleration in demand and are expected to be important contributors to the long-term growth of our Beverage business. In contrast, the company's mid-priced spirits brands are not doing as well. Our large, off-premise driven category leaders, such as Canadian Mist and Early Times, are susceptible to price competition in those categories, and discounting over the last 18 months has eroded profits. We recognize that growth from these mid-priced brands will be difficult.

The segment's wine portfolio has struggled in recent years. Our largest wine brand, Fetzer, has been unable to take advantage of lower industry grape costs in California because of its grape purchase commitments. It will be at least three more harvests before Fetzer will derive meaningful cost savings from lower cost grapes. In contrast to the oversupply in California, a shortage of certain Italian grape varieties (primarily Pinot Grigio) and foreign exchange trends have increased costs for Bolla. Aggressive price increases partially offset these cost pressures, but volumes suffered as a result during fiscal 2004.

We have not made major investments in overseas distribution networks; instead, we mostly use other spirits producers to distribute and market our products outside the U.S. In April 2005, many of our distribution contracts in Western Europe will expire. We are currently undertaking an extensive review of our distribution agreements in these markets. As a result, we may have opportunities to improve our distribution arrangements in many of these countries. Although consolidation among spirits producers theoretically could hinder the distribution of our spirits and wine products in the future, to date this has rarely happened. Other spirits companies typically seek to distribute our premium spirits and wine brands, and we expect that demand to continue.

Our Consumer Durables segment includes tabletop, collectibles, and luggage products marketed under the Lenox, Dansk, Gorham, Kirk Stieff, and Hartmann brand names. Sales in our fine china business rely on three primary channels: department stores, company-owned retail outlet stores, and direct-to-the-consumer through catalogs, direct mail and the internet. The financial results from this segment have been disappointing over the past few years, as purchases of fine china and luggage are discretionary and can be deferred in uncertain economic times. The fine china business relies heavily on the department store channel, which has been struggling. Major chains have also consolidated in recent years, which has resulted in a reduction in the number of stores selling our products. In addition, much of the growth in the 1990's was led by the direct-to-consumer division, referred to as Lenox Collections. Unfortunately, this channel, which has the highest profit margins in the

segment, weakened considerably over the past two years.

In partial response to the difficulties of this segment, in January 2004 several members of the senior management team at Lenox were replaced. The new team of executives is already implementing specific actions that should benefit future earnings and cash flow of the segment. These actions include reducing fixed costs, increasing production efficiencies, closing unprofitable retail outlet locations, and developing new products. As a result, we expect an increase in free cash flow and earnings for this segment in the next year.

Overall, we are optimistic about the earnings outlook for fiscal 2005, due to expected growth for Jack Daniel's and Southern Comfort, improved profitability for the wine brands, and benefits from the recent initiatives in the Consumer Durables segment. We currently expect fiscal 2005 earnings to grow approximately 10-15%, to a range of \$2.32 to \$2.42 per share.

CONSOLIDATED SUMMARY OF OPERATING PERFORMANCE

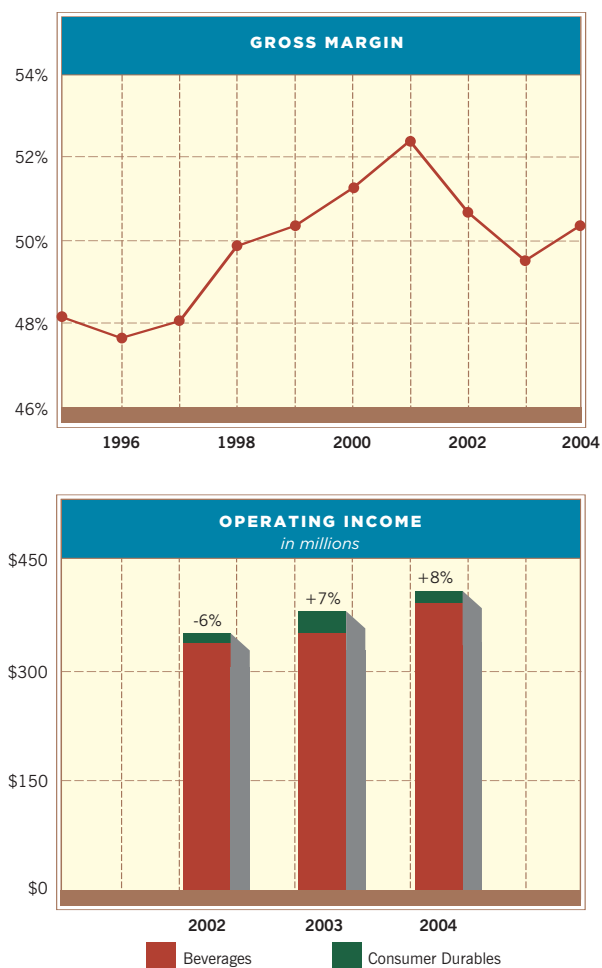
Fiscal 2004 Compared to Fiscal 2003

Consolidated net sales reached record levels in fiscal 2004, growing 8%, or \$201 million. This sales growth reflects an acceleration in demand for premium spirits brands, particularly in the United States, the company's largest market. Beverage sales increased 11%, driven by favorable currency trends, continued volume growth and price increases for our premium spirits brands, the addition of new markets to our distribution agreement for Finlandia and its related agency brands, and the company's new distribution arrangement in the United Kingdom. Sales of our Consumer Durables segment improved 1% as modest increases in sales to wholesale customers, particularly to specialty stores, were offset by declines in sales in the segment's retail and direct-to-consumer channels.

Consolidated international sales of \$628 million (excluding excise taxes) rose 29% in fiscal 2004, reflecting the strengthening of foreign currencies against the U.S. dollar, higher volumes of Jack Daniel's, the addition of new markets to our distribution agreement for Finlandia, and the benefits of the new distribution arrangement in the United Kingdom. Sales in the United States, representing 72% of our revenues (excluding excise taxes), were up a modest 1%, as accelerating volume trends for Jack Daniel's and Southern Comfort, in particular, were partially offset by declines for Fetzer, Bolla, and Lenox retail and direct-to-consumer divisions.

Consolidated gross profit is a key performance measure for us. The same factors described above that drove revenue growth also drove the increase in gross profit.

Gross margin improved from 49.7% to 50.4%, the first increase since fiscal 2001. This improvement was driven by our higher-margin Beverage segment, which grew significantly faster than the Consumer Durables segment. The Beverage segment gross margin benefited from favorable foreign exchange trends, higher prices, the absence of lower-margin discontinued wine brands, and a continuing shift toward higher-margin products.



Consolidated operating income for fiscal 2004 improved 8%, or \$29 million. A \$42 million increase in profits from the Beverage segment was driven by solid gains for both Jack Daniel's and Southern Comfort, benefits from a weaker U.S. dollar, and a modest increase in profits from our wine brands. These gains were partially offset by a \$13 million decline in operating income for Consumer Durables, reflecting the continued challenging environment for tabletop, collectibles, and luggage, as well as several charges incurred in fiscal 2004.

Diluted earnings per share reached a record \$2.11, up 16% over fiscal 2003, representing the largest percentage increase in earnings per share in nine years. This strong earnings performance was fueled by healthy underlying growth for our premium spirits brands, benefits from a weaker U.S. dollar, the effects of the March 2003 share repurchase (+\$0.14), and a modest increase in profits from our wine brands. Tempering the growth in earnings for the year was a significant decline in profits from the Consumer Durables segment, higher pension costs, and the settlement of a lawsuit with Diageo involving the distribution of Jack Daniel's in the United Kingdom.

Basic and diluted earnings per share. We have a stock option plan described in Note 15 to our financial statements. Our plan requires that we purchase shares to satisfy stock option requirements, thereby avoiding

future dilution of earnings that would occur from issuing additional shares. We acquire treasury shares from time to time in anticipation of these requirements. We intend to hold enough treasury stock so that the number of diluted shares is always no more than the original number of shares outstanding at inception of the plan (as adjusted for any share issuances unrelated to our stock option plan). The extent to which the number of diluted shares exceeds the number of basic shares is determined by how much our stock price has appreciated since the options were granted, not by how many treasury shares we have acquired.

Fiscal 2003 Compared to Fiscal 2002

Consolidated net sales grew 7%, or \$153 million. Beverage sales increased 11%, due to solid growth for Jack Daniel's Tennessee Whiskey and Southern Comfort, the impact of our new United Kingdom distribution arrangement, and favorable foreign exchange trends. Significantly lower revenues for our wine brands and our Consumer Durables segment partially offset these gains.

Consolidated gross profit increased \$48 million, or 4%, reflecting the expansion of consumer demand around the world for Jack Daniel's, coupled with significant margin improvement on both Jack Daniel's and Southern Comfort (boosted by higher prices, the new U.K. distribution arrangement, and positive foreign exchange trends). Partially mitigating our gross profit growth in fiscal 2003 were higher grape costs, a competitive pricing environment for wines, and soft retail and direct-to-consumer trends for the Consumer Durables segment.

Consolidated operating income for fiscal 2003 improved 7%, or \$25 million. A \$12 million increase in profits from the Beverage segment was driven primarily by solid gains for Jack Daniel's and Southern Comfort, partially offset by significantly lower earnings on wines. In addition, operating income for the Consumer Durables segment increased \$13 million, largely reflecting the absence of \$17 million of business improvement initiative costs incurred in fiscal 2002.

Diluted earnings per share increased 9% to \$1.81 per share in fiscal 2003. (All EPS amounts have been adjusted to reflect the January 2004 two-for-one stock split). Solid growth from our spirits brands and lower costs associated with business improvement initiatives more than offset the significant decline in profits for wines and Consumer Durables. The benefits of the repurchase of 7.9 million shares of the company's common stock in March 2003 also boosted earnings per share by \$0.01 in fiscal 2003.

OTHER KEY PERFORMANCE MEASURES

Our primary goal is to increase the value of our shareholders' investment. Long-term growth in the market value of our stock is a good indication of our success in delivering an attractive return to shareholders.

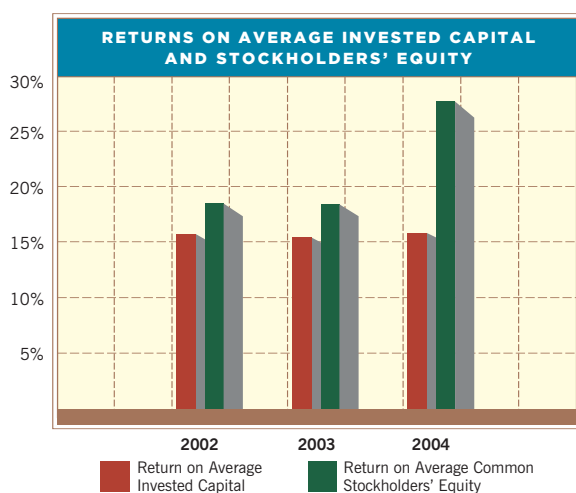
Total shareholder return. A \$100 investment in our Class B stock ten years ago would have grown to \$394 by the end of fiscal 2004, assuming reinvestment of all dividends and ignoring personal taxes and transaction costs. This represents an annualized return of 15% over the ten-year period, compared to 11% for the S&P 500. A more recent investment in Brown-Forman also outperformed the market, with our Class B stock yielding an average annual return of 18% over the three-year

MANAGEMENT'S DISCUSSION AND ANALYSIS

period ended April 30, 2004, compared to an average annual decline of 2% for the S&P 500.

Return on average invested capital. Following several years of declining trends, our return on average invested capital improved slightly in fiscal 2004. We expect this trend to continue in fiscal 2005, as the repayment of approximately \$200 million of our deferred tax liability over a five-year period as required by a change in U.S. tax regulations ended in fiscal 2003. In addition, we expect our recent investments in Finlandia and Tuaca, which were dilutive to our returns last year, will enhance our returns over the long-term. We believe these factors, coupled with our positive outlook for earnings growth and tight management of our investment base, will continue to increase our return on invested capital over time.

Return on average common stockholders' equity grew to near record levels, reflecting the benefit of our March 2003 share repurchase.



BEVERAGE SEGMENT

Summary of Operating Performance

(Dollars in millions)	2002	2003	2004
Net Sales	\$1,618	\$1,795	\$1,992
% Change.	3%	11%	11%
Gross Profit	\$ 849	\$ 900	\$1,024
% Change.	0%	6%	14%
Advertising Expenses	\$ 213	\$ 230	\$ 265
% Change.	0%	8%	15%
SG&A Expenses	\$ 303	\$ 329	\$ 366
% Change.	(4%)	9%	11%
Other Expense (Income)	\$ (3)	\$ (7)	\$ 3
Operating Income	\$ 336	\$ 348	\$ 390
% Change.	3%	4%	12%
Gross Margin	52.5%	50.1%	51.4%
Operating Margin	20.7%	19.4%	19.6%

Our Beverage segment includes strong brands representing a wide range of wine varietals, champagnes, and distilled spirits such as whiskey, bourbon, vodka, tequila, rum, and liqueur. This segment's largest market is the United States, which generally prohibits wine and spirits manufacturers from selling their products directly to consumers. Instead, we sell our products to wholesale distributors, who then sell the products to retailers, who in turn sell to consumers. We also use a similar tiered distribution model in most markets outside the United States.

Distributors and retailers normally keep some of our products on hand as inventory, making it possible for retailers to sell more (or less) of our products to the consumer than distributors buy from us during any given time period. Because we record revenues when we ship our products to distributors, our sales do not necessarily reflect actual consumer demand during any particular period. Ultimately, of course, consumer demand is critical in determining our financial results. Thus, it is important to consider that demand in assessing our performance. Depletions, which are defined as nine-liter case movements from distributors to retailers, are generally used in the wine and spirits industry as the most accurate approximation of consumer demand on a national and international basis.

Fiscal 2004 Compared to Fiscal 2003

Net sales reached nearly \$2 billion in fiscal 2004, increasing \$197 million, or 11%. The major drivers of this growth were:

	% of Growth vs. 2003
• A weaker U.S. dollar	4%
• The full-year impact of new markets for Finlandia and related agency brands; net of discontinued wine brands . .	2%
• The new distribution arrangement in the U.K	1%
• Underlying revenue growth	4%
• Total	11%

We believe that disclosing the 4% underlying revenue growth for fiscal 2004 is important because it is a more accurate reflection of the ongoing operational performance of the segment. However, our spirits sales grew at a higher rate than 4%, driven by solid volume growth and price increases, while revenues fell for our wine portfolio.

It was another strong year for Jack Daniel's Tennessee Whiskey, as volume increased for the twelfth consecutive year. Consumer demand accelerated globally and the brand surpassed an annualized volume of seven million cases, growing 6% for the year. The brand's volumes were particularly strong in the U.S., U.K., Canada, South Africa, and China. Volumes in Korea, Japan, and most of Continental Europe were sluggish, however, as mixed economic conditions and a growing anti-alcohol sentiment in Europe moderated growth in these markets. Results for Southern Comfort were also strong, as growth in the U.S., U.K., and South Africa was only partially offset by weaker performance in Continental Europe. Both brands achieved record sales and profit levels, driven by higher volumes, positive foreign exchange trends, and price increases.

Volumes for Finlandia were also up, reflecting the new markets of distribution added late last fiscal year. Sales of Finlandia in the U.S. improved in the second half of the fiscal year, as the introduction of a new package and increased promotional investments stimulated demand for the brand. However, Canadian Mist struggled in the highly competitive mid-priced whiskey market in the U.S. Several of the segment's super-premium brands, including both Woodford Reserve and Tuaca, experienced accelerating rates of demand and double-digit volume growth.

The company's two largest wine brands, Fetzer and Bolla, both increased pricing this past year more aggressively than their competitors. This factor, coupled with continued competitive pressure from both imported and domestic wine brands, contributed to the significant decline in volumes and sales for these two brands. However, volumes and revenues for Korbel Champagnes were higher in fiscal 2004, as the brand continued to increase its market share in the United States.

The following table highlights worldwide depletion results for our major brands during fiscal 2004:

	Nine-Liter Cases (000s)	% of Growth vs 2003
Jack Daniel's	7,205	6%
Total RTDs ¹	2,540	14%
Southern Comfort	2,185	1%
Canadian Mist	2,150	(7%)
Finlandia ²	1,725	35%
Fetzer	2,550	(14%)
Bolla	1,440	(13%)
Korbel Champagnes	1,145	2%

¹ RTD (ready-to-drink) volumes include Jack Daniel's, Southern Comfort and Finlandia RTD products with the exception of Jack Daniel's Original Hard Cola, which was marketed and sold by SABMiller during fiscal 2004.

² Depletions for Finlandia benefited from the addition of new markets to Brown-Forman's distribution agreement. Excluding these new markets, comparable depletions for Finlandia were up 2%.

Gross profit for the beverage business reached a new milestone of over \$1 billion in fiscal 2004, expanding 14%, or \$124 million. This growth was fueled by the same factors that boosted revenue growth, though overall underlying gross profit growth was much stronger, reflecting volume and margin improvement for Jack Daniel's and Southern Comfort. The following chart details the major factors driving gross profit growth:

	% of Growth vs. 2003
• A weaker U.S. dollar	4%
• The full-year impact of new markets for Finlandia and its related agency brands; net of discontinued wine brands	1%
• The new distribution arrangement in the U.K.	1%
• Underlying gross profit growth	8%
• Total	14%

We believe that disclosing the 8% underlying gross profit growth for fiscal 2004 is important because it is a more accurate reflection of the ongoing operating performance of the segment. The gross margin for our Beverage business increased from 50.1% in fiscal 2003 to 51.4% in fiscal 2004. The major factors driving this improvement were the weaker U.S. dollar, price increases on selected major wine and spirits brands, a higher mix of Jack Daniel's volume, and a higher mix of volumes in the high-margin U.K. market.

Advertising expenses were up 15% as we continued our long track record of reinvesting substantial dollars in brand building activities for our premium spirits brands. Although Jack Daniel's and Finlandia drove most of the increase in advertising investments in fiscal 2004, we also significantly increased our investments behind our developing brands, including Woodford Reserve, Tuaca, and Appleton. The weaker U.S. dollar

BROWN-FORMAN TIMELINE: 1890s & 1900s

	1890	1895	1900	1905	1909
GLOBAL	1891 Pithecanthropus erectus discovered in Java. 	1892 Prince Ito becomes Premier of Japan. 	1893 Karl Benz builds four wheeled automobile. 	1896 Klondike Gold Rush begins. 	1898 Count von Zeppelin builds his airship.
BROWN-FORMAN HISTORY	1890 The firm's name is changed to Brown, Forman and Company when George Forman, who joined the business as a salesman in 1872, becomes a partner and owner of 10 percent of the stock. 	1894 George Garvin Brown is elected as the first president of The National Liquor Dealer's Association and is also elected president of the Wine and Spirits Association. 	1900 Brown-Forman's products are marketed throughout the south and in such major cities as Chicago, San Francisco, Denver, and Milwaukee. 	1901 The company adopts the name of Brown-Forman Company and is incorporated with a capital of \$100,000. 	1902 Company enters the distilling business with the establishment of Brown-Forman Distillery Company Inc. and the purchase of a distillery located in St. Mary's, Kentucky.
					1903 Richard Steiff designs first teddy bears, named for President Roosevelt.
					1905 Albert Einstein publishes "Theory of Relativity."
					1904 George Garvin Brown's son, attorney Owsley Brown, joins the company as secretary, beginning a tradition of apprenticeship that continues to this day.

MANAGEMENT'S DISCUSSION AND ANALYSIS

also drove up our costs for advertising outside of the U.S. over fiscal 2003. On a constant exchange basis, our advertising costs were up 10% for the year.

Selling, general and administrative expenses were up 11%, influenced by the following factors:

	% of Growth vs. 2003
• Consolidation of Finlandia Vodka Worldwide and Tuoni e Canepa (both acquired in late fiscal 2003)	3%
• Higher pension and postretirement expenses	2%
• Incremental sales and marketing personnel in the U.K. (to support the new distribution arrangement)	1%
• Wine reorganization costs	1%
• Underlying SG&A growth	4%
• Total	11%

We believe that disclosing the 4% underlying SG&A growth is important because it is a more accurate reflection of the ongoing operating performance of the segment. **Other expense** was up \$10 million in fiscal 2004 due to the settlement of a lawsuit with Diageo involving the distribution of Jack Daniel's in the United Kingdom.

Operating income reached a record \$390 million in fiscal 2004, growing \$42 million, or 12%, over fiscal 2003. This is the strongest year-over-year growth rate in operating income the Beverage segment has experienced since 1990. Positive factors driving earnings growth were solid performance for our premium spirits brands (fueled in part by the double-digit increase in our brand-building investments), the benefits of a weaker U.S. dollar, and a modest improvement in wines. These gains were only partially offset by the \$10 million in expenses associated with the Diageo litigation settlement, \$4 million in wine restructuring costs, and \$7 million in incremental pension expenses.

Fiscal 2003 Compared to Fiscal 2002

Net sales improved 11%, or \$177 million. Jack Daniel's registered growth for the eleventh consecutive year, as volumes increased in 16 of the brand's top 20 markets around the world. The new U.K. distribution arrangement, positive foreign exchange and higher volumes and pricing for Southern Comfort boosted revenues in fiscal 2003.

Gross profit grew 6%, or \$51 million, reflecting solid gains for Jack Daniel's and Southern Comfort, a more profitable distribution arrangement in the U.K., and favorable foreign exchange movements. These improvements were partially offset by significantly lower profits for our wine brands. The recording of excise taxes for the new U.K. distribution arrangement, higher costs and pricing pressure for wines contributed to the decline in gross margin from 52.5% in fiscal 2002 to 50.1% in fiscal 2003.

Advertising expenses increased 8% as we increased brand-building activities for our spirits brands. **Selling, general and administrative expenses** were up 9%, influenced by an increase in sales and marketing costs related to the new distribution arrangement in the U.K. and new markets added as a result of acquiring additional ownership and distribution of Finlandia.

Operating income grew 4%, or \$12 million, primarily reflecting healthy growth for spirits, tempered partially by lower profits for wines.

BUSINESS ENVIRONMENT FOR WINE AND SPIRITS

Government Policies, Public Attitudes: Our ability to market and sell our beverage alcohol products depends heavily on government policy towards those products and the attitude of society in general toward drinking them. This is true in the United States, our largest market, and around the world.

A small minority of drinkers abuse beverage alcohol, giving rise to public issues of great significance. We strongly oppose abusive drinking and contribute significant resources to programs aimed at understanding and curbing alcohol abuse – especially drunk driving and underage drinking. As a society, we are more likely to curb alcohol abuse through better education about beverage alcohol and moderate drinking than by restricting alcohol advertising and sales or imposing punitive taxation. We and other beverage alcohol producers take a prominent role in encouraging responsible consumption of our products and in warning against alcohol abuse. We observe voluntary industry marketing and advertising guidelines. We support social awareness organizations that fight alcohol abuse and educate consumers about beverage alcohol, often in partnership with public health officials.

Anti-alcohol groups in the U.S. and Europe are increasingly advocating governmental actions that would be unfavorable for our business. Legal or regulatory measures against beverage alcohol (including its advertising and promotion) could adversely affect our sales. Especially in the U.S., distilled spirits are at a marked disadvantage to beer and wine in taxation, advertising, and number and type of sales outlets. Achieving greater cultural acceptance of our products and parity with beer and wine in access to consumers are major goals, which we share with other distillers.

Leveling the Playing Field: Among the objectives we seek are:

- greater access to television advertising for distilled spirits;
- fairer product distribution rules, so that our customers can buy our beverage products more conveniently. Over the past year, our industry has successfully lobbied for laws allowing spirits sales on Sundays in Idaho, Massachusetts and Virginia. We are actively working to pass similar legislation in a number of other U.S. markets;
- ability to use consumer education opportunities such as tastings (in the last two years, the spirits industry helped pass legislation allowing consumer tastings in nine states);
- freedom to advertise our products outdoors (some municipal ordinances discriminate against billboard advertising of spirits products); and
- improved access to foreign markets, many of which have discriminatory tax or other non-tariff barriers to U.S. beverage imports.

Taxes: Like all goods, beverage alcohol sales are sensitive to higher tax rates. No legislation to increase U.S. federal excise taxes on distilled spirits is currently pending, but future tax increases are always possible. From time to time state legislatures increase beverage alcohol taxes. Some states even allow local taxes. A number of states continue to face financial difficulties and could raise excise taxes to remedy this. The cumulative effect of such tax increases over time hurts sales. Because combined federal and state taxes currently account for more than 50% of the price of a typical bottle of bourbon, we work for reasonable excise tax reductions. Over the past year the industry has defeated tax increase proposals in over 30 states, but with several states continuing to face budget problems, we do not expect the threat of state tax increases to abate next fiscal year. Increased tax rates and advertising restrictions also affect beverage alcohol markets outside the U.S. To date, those changes in our export markets have not been significant to our overall business, but that could change.

The Litigation Climate: Publicity surrounding the many lawsuits against the tobacco industry (and, to a lesser extent, against the gun and fast-food industries) has prompted some commentators to suggest that alcohol might be next. We believe that because the products and industry practices differ, the legal theories that created liability for the tobacco companies do not apply to beverage alcohol.

Five class action lawsuits have been filed against Brown-Forman and other spirits, beer, and wine manufacturers alleging that our marketing causes consumption of alcohol by those under the legal drinking age. We will defend these cases and contest the allegations. However, adverse developments in these or similar lawsuits could hurt our Beverage business, and the overall industry.

The Public Health Community: We seek partnerships with the public health community to combat alcohol abuse and improve understanding of beverage alcohol. We have seen some notable successes, but we are disappointed that groups such as the American Medical Association and the World Health Organization so far have chosen to attack beverage alcohol producers rather than work with us jointly to combat alcohol abuse. Long-range, these kinds of attacks could hurt our business.

Exchange Rates: The strength of foreign currencies relative to the U.S. dollar affects profits and costs in our international beverage business. This year, our corporate earnings benefited from a weaker U.S. dollar, particularly in the United Kingdom and Australia. We have entered into foreign currency forward and option contracts to limit the downside risk to foreign exchange fluctuations in fiscal 2005. If the U.S. dollar appreciates significantly, the effect on our business would be negative for any portion of our business that has not been hedged.

CONSUMER DURABLES SEGMENT

Summary of Operating Performance

<i>(Dollars in millions)</i>	2002	2003	2004
Net Sales	\$605	\$581	\$585
% Change	(3%)	(4%)	1%
Gross Profit	\$283	\$280	\$274
% Change	(7%)	(1%)	(2%)
Advertising Expenses	\$ 85	\$ 91	\$ 89
% Change	4%	8%	(3%)
SG&A Expenses	\$171	\$156	\$161
% Change	(1%)	(9%)	4%
Other Expense (Income)	\$ 10	\$ 3	\$ 7
Operating Income	\$ 17	\$ 30	\$ 17
% Change	(64%)	81%	(45%)
Gross Margin	46.8%	48.2%	46.9%
Operating Margin	2.8%	5.2%	2.9%

Our Consumer Durables segment includes tabletop, collectibles, and luggage products marketed under the Lenox, Dansk, Gorham, Kirk Stieff, and Hartmann brand names. Consumer Durables sales made directly to consumers through our own retail stores, direct mail, and the internet are now approaching nearly 60% of the segment's total. The remaining sales for this segment are made to department stores, specialty stores and other distributors.

Fiscal 2004 Compared to Fiscal 2003

Net sales increased \$4 million, or 1%, in fiscal 2004 as the segment expanded into new wholesale channels of distribution, particularly specialty stores. Sales also benefited from the successful introduction of the kate spade tabletop line, which has increased sales through bridal registries. These increases were partially offset by declines in both the segment's retail outlet stores (closed 11 outlet stores in fiscal 2004) and direct-to-consumer division.

Gross profit declined \$6 million, or 2%, in fiscal 2004, despite the modest increase in sales, reflecting a shift in channel and product mix, aggressive discounting designed to lower retail outlet inventories, the unfavorable impact of foreign exchange on product sourced overseas, and \$1 million of higher pension and postretirement expense. As a result, the segment's overall gross margin declined from 48.2% to 46.9%.

Advertising expenses were down 3% in fiscal 2004 due primarily to a decision to decrease consumer direct mail and catalog advertising in response to the decline in consumer response rates. **Selling, general and administrative expenses** increased 4%, driven by \$3 million of severance expenses and \$2 million of incremental pension and postretirement expenses. Excluding these items, selling, general and administrative expenses were essentially flat compared to fiscal 2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other expenses increased \$4 million in fiscal 2004, reflecting a write-down for impaired real estate associated with previous plant closures and start-up costs related to a new distribution center.

Operating income fell \$13 million, or 45%, primarily due to lower consumer response rates in the direct channel. In addition, the segment incurred several charges in fiscal 2004, including severance, a write-down for impaired real estate associated with previous plant closures, and start-up costs related to the new distribution center. The new management team at Lenox has taken steps to reduce fixed costs, increase production efficiencies, close unprofitable retail outlet locations, and develop relevant new products, which we expect will benefit fiscal 2005 results.

Fiscal 2003 Compared to Fiscal 2002

Net sales declined \$24 million, or 4%, in fiscal 2003 reflecting a decline in revenues through the segment's retail outlet stores and a reduction in orders from department stores. In addition, for the first time in eight years, the direct-to-consumer channel, which includes direct mail, catalogs, and the internet, also slowed. Hartmann continued to suffer as airline travel remained depressed, a trend that was further exacerbated by the war in Iraq and the outbreak of the SARS virus.

Gross profit declined \$3 million in fiscal 2003. However, gross margin improved from 46.8% to 48.2%, reflecting firmer pricing, improved product mix, and manufacturing efficiencies resulting from the business improvement initiatives implemented in fiscal 2002.

Advertising expenses were up 8%, due primarily to an increase in advertising of collectible items. **Selling, general and administrative expenses** declined 9%, reflecting the absence of business improvement initiative costs of \$12 million incurred in fiscal 2002 and the tight control of costs.

Operating income increased \$13 million, although the increase largely reflects the absence of \$17 million in costs from business improvement initiatives designed to rationalize manufacturing capacity, streamline procurement, and improve connections with customers.

LIQUIDITY AND CAPITAL RESOURCES

Our ability to consistently generate cash from operations is one of our most significant financial strengths. Our strong cash flows enable us to pay dividends, pursue brand-building programs, make strategic acquisitions, and undertake other initiatives that we believe will enhance shareholder value. Investment grade ratings of A2 from Moody's and A from Standard & Poor's provide us with financial flexibility when accessing credit markets. Cash flows from operations, together with access to global credit markets, are more than adequate to meet our expected operating and capital requirements.

Cash Flow Summary

<i>(Dollars in millions)</i>	2002	2003	2004
Cash from operating activities.	\$249	\$243	\$306
Additions to property, plant, and equipment.	(71)	(119)	(56)
Acquisitions and other investments. . .	(8)	(108)	(7)
Dividends.	(94)	(99)	(97)
Net issuance (repayment) of debt. . . .	(37)	596	(162)
Acquisition of treasury stock.	(13)	(561)	—
Other	4	4	12
Change in cash.	\$ 30	\$ (44)	\$ (4)

Cash provided by operations increased \$63 million, from \$243 million in fiscal 2003 to \$306 million in fiscal 2004, largely reflecting higher earnings and a reduction in the single largest item on our balance sheet – inventory. We successfully managed our inventory levels over this past year through closer management of our supply chain. We reduced our raw materials and finished goods inventories in the Beverage segment and aggressively liquidated excess Consumer Durables inventory.

BROWN-FORMAN TIMELINE: 1910s & 1920s

GLOBAL	BROWN-FORMAN HISTORY
1910 Boy Scouts of America is founded. 1912 Titanic sinks on maiden voyage. 1914 World War I breaks out in Europe. 1918 Armistice ends World War I. 1920 Prohibition begins with the 18th amendment to the U.S. Constitution. 1922 Tutankhamen's tomb discovered in Egypt by Howard Carter. 1929 The world economic crisis begins on "Black Friday."	1910 George Garvin Brown writes and publishes <i>The Holy Bible Repudiates Prohibition</i>. 1917 Owsley Brown becomes president and sole proprietor upon his father's death at the age of 70. 1920 Brown saves the company by applying for and receiving one of only 10 licenses issued by the Treasury Department to sell "medicinal" whiskey to druggists during Prohibition. 1923 In its first acquisition, Brown-Forman purchases the Early Times brand and its entire stock to help supply the increasing demand for medicinal whiskey. 1924 Company moves its offices and stock from Main Street (Whiskey Row) to 18th and Howard Street.

Cash used for investments returned to a more normal level in fiscal 2004, decreasing \$163 million. In fiscal 2003, we had an unusually high level of capital expenditures (see discussion below) and acquired an additional equity stake in Finlandia and the remaining interest in Tuaca.

In comparing fiscal 2003 with fiscal 2002, cash provided by operations declined \$6 million, reflecting higher levels of working capital. Cash used for investments increased \$147 million, reflecting higher levels of capital investments and the acquisitions of Finlandia and Tuaca.

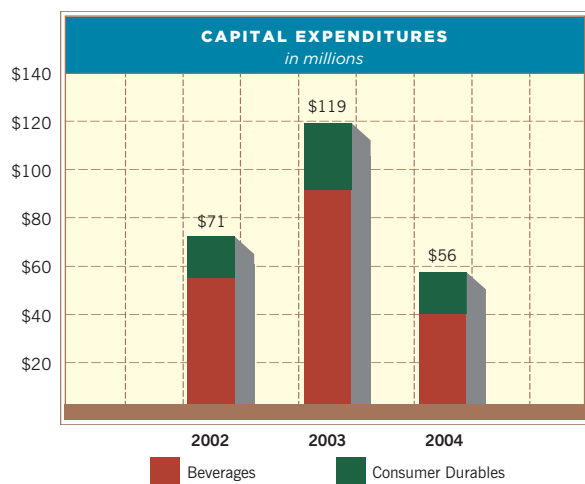
In March 2003, we repurchased 7.9 million shares of our common stock for \$561 million, including transaction costs, through a “Dutch Auction” tender offer. (That amount does not include \$11 million for 155,000 shares that were tendered but not delivered to us. We are pursuing our legal rights in this matter). We financed the repurchase by issuing \$600 million in debt, of which \$250 million is due in 2006 and \$350 million is due in 2008. We expect to meet those obligations through cash from operations.

We have access to short-term capital markets through the issuance of commercial paper, backed by bank credit agreements. Our committed revolving credit agreements total \$400 million, \$200 million of which expire in fiscal 2005 and the remaining \$200 million of which expire in fiscal 2007. The credit agreements provide us with an immediate and continuing source of liquidity. At April 30, 2004, we had no outstanding borrowings under these agreements.

We maintain an SEC shelf registration that gives us prompt access to longer-term financing. At April 30, 2004, we had \$220 million available on our \$250 million shelf registration.

CAPITAL EXPENDITURES

We invested \$71 million in property, plant, and equipment in fiscal 2002, \$119 million in fiscal 2003, and \$56 million in fiscal 2004. Following record spending levels in fiscal 2003, which included the purchase of \$39 million in California vineyard properties that were previously leased through a third-party financing arrangement, spending



returned to more modest levels in fiscal 2004. Expenditures included investments to improve efficiencies of our production and distribution facilities for both our Beverage and Consumer Durables businesses.

We expect capital expenditures for fiscal 2005 to be in the \$60-\$70 million range as we continue to invest in opportunities to improve the efficiencies of our production operations, enhance the quality of our brands and devote resources to building our brands. We expect to fund fiscal 2005 capital expenditure requirements with cash from operations.

LONG-TERM OBLIGATIONS

We have long-term obligations related to contracts, leases, and borrowing arrangements that we enter into in the normal course of business (see Notes 4 and 6 to the accompanying consolidated financial statements). The following table summarizes the amounts of those obligations as of April 30, 2004 and the years in which those obligations must be paid:

Long-Term Obligations (Dollars in millions)	Total	2005	2006-2009	After 2009
Long-term debt	\$633	\$ —	\$630	\$ 3
Unconditional purchase obligations . . .	201	37	112	52
Operating leases	68	27	37	4
Total	<u>\$902</u>	<u>\$64</u>	<u>\$779</u>	<u>\$59</u>

We expect to meet these obligations with internally generated funds.

MARKET RISKS

We have foreign currency forward and option contracts, commodity futures and option contracts, and debt obligations that are exposed to risk from changes in foreign currency exchange rates, commodity prices, and interest rates, respectively. The sensitivity of these instruments to market fluctuations is discussed below. See Note 4 to our consolidated financial statements for information regarding our grape purchase obligations, which are also exposed to commodity price risk, and “Critical Accounting Policies” (page 32) for a discussion of the exposure of our pension and other postretirement plans to risks related to interest rates.

Inflationary, deflationary, and recessionary conditions affecting these market risks also affect the demand for and pricing of our products. See “Important Information Regarding Forward-Looking Statements” (page 52) for further discussion.

Foreign exchange. As a result of continued growth in our international sales, our annual foreign currency receipts now exceed our foreign currency payments by approximately \$250 million. To the extent this foreign currency exposure is not hedged, our results of operations and financial position are positively affected by a weakening of the U.S. dollar against foreign currencies and negatively affected when the dollar strengthens. However, we routinely use foreign currency forward and

MANAGEMENT'S DISCUSSION AND ANALYSIS

option contracts to hedge our foreign exchange risk. Provided the contracts remain effective in hedging the foreign exchange risk, we do not recognize any unrealized gains or losses on the contracts in earnings until the underlying hedged transactions are recognized in earnings. At April 30, 2004, our foreign currency hedges had a total notional value of \$188 million and a net unrealized gain of \$3 million. Assuming the contracts remain effective hedges, we estimate that a 10% increase in the value of the U.S. dollar against the other currencies in which we conduct business would reduce our fiscal 2005 operating income by \$3 million, while a 10% decline in value would increase operating income by \$22 million.

Commodity prices. We are subject to commodity price volatility caused by weather, supply conditions, geopolitical and economic variables, and other unpredictable external factors. We use futures contracts and options to manage the volatility of pricing for certain commodities, primarily corn. At April 30, 2004, we had outstanding hedge positions of approximately 3 million bushels of corn with a negligible net unrealized gain. We estimate that a 10% decline in commodity prices would result in an incremental loss on these contracts of less than \$1 million.

Interest rates. Most of our debt has a fixed interest rate. However, our short-term investments and commercial paper obligations are exposed to the risk of changes in interest rates. Assuming year-end variable rate investment and debt levels, a one percentage point increase in interest rates would have a negligible effect on annual net interest expense.

ENVIRONMENTAL MATTERS

We face environmental claims resulting from the cleanup of several manufacturing or waste disposal sites in the U.S. We accrue for losses associated with environmental cleanup obligations when such losses are probable and can be reasonably estimated. At some sites, there are other potentially responsible parties who are expected to bear part of the costs, in which cases our accrual is based on our estimate of our share of the total costs. A portion of the cleanup costs with respect to certain sites is expected to be paid by insurance. The estimated recovery of cleanup costs from insurers is recorded as an asset when receipt is deemed probable.

We do not believe that any additional environmental cleanup costs we incur will have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

CRITICAL ACCOUNTING POLICIES

Our financial statements reflect certain estimates involved in applying the following critical accounting policies that entail uncertainties and subjectivity. Using different estimates could have a material effect on our operating results, financial condition, and changes in financial condition.

Brands and goodwill. We have obtained most of our brands through acquisitions from other companies. (See Note 3 to the accompanying

consolidated financial statements for recent acquisitions). Upon acquisition, the purchase price is first allocated to identifiable assets and liabilities, including intangible brand names, based on estimated fair value, with any remaining purchase price recorded as goodwill. Goodwill and indefinite-lived brand names are not amortized. As of April 30, 2004, we consider all of our brand names to have indefinite lives.

We assess our brand names and goodwill for impairment at least annually to ensure that future cash flows continue to exceed the related book value. A brand name is impaired if its book value exceeds its fair value. Goodwill is evaluated for impairment if the book value of its reporting unit exceeds its fair value. Fair value is determined using discounted future cash flows, with consideration of market values for similar assets when available. If the fair value of an evaluated asset is less than its book value, the asset is written down to its estimated fair value.

Considerable management judgment is necessary to assess impairment and estimate fair value. The assumptions used in our evaluations, such as forecasted growth rates and cost of capital, are consistent with our internal projections and operating plans.

Property, plant, and equipment. We depreciate our property, plant, and equipment on a straight-line basis using our estimates of useful life, which are 20 to 40 years for buildings and improvements, 3 to 10 years for machinery and equipment, and 3 to 7 years for capitalized software.

We assess our property, plant, and equipment and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset or asset group may not be recoverable. Fair value is determined using discounted future cash flows, with consideration of market values for similar assets when available. If the fair value of an evaluated asset is less than its book value, the asset is written down to its estimated fair value.

Considerable management judgment is necessary to assess impairment and estimate fair value. Assumptions used in these evaluations are consistent with our internal projections and operating plans.

Pension and other postretirement benefits. We sponsor various defined benefit pension plans as well as postretirement plans providing retiree health care and retiree life insurance benefits. Benefits are based on such factors as years of service and compensation level during employment. The benefits expected to be paid are expensed over the employees' expected service. This requires us to make certain assumptions to determine the expected benefit, such as interest rates, return on plan assets, the rate of salary increases, expected service, and health care cost trend rates.

The assets, obligations, and assumptions used to measure pension and retiree medical expenses are determined as of January 31 of the preceding year ("measurement date"). Because obligations are measured on a discounted basis, the discount rate is a significant assumption. It

is based on interest rates for high-quality, long-term corporate debt at each measurement date. The expected return on pension plan assets is based on our historical experience and our expectations for long-term rates of return. The other assumptions also reflect our historical experience and management's best judgment regarding future expectations. We review our assumptions on each annual measurement date. For fiscal 2005, we have reduced the discount rate from 6.5% to 6.0%, based on Moody's AA corporate bond index. Pension and postretirement benefit expense for fiscal 2005 is estimated to be approximately \$16 million, compared to \$7 million for fiscal 2004.

Income taxes. Our annual tax rate is based on our income and the statutory tax rates in the various jurisdictions in which we operate. The decline in the annual rate to 33.5% for fiscal 2004 primarily reflects a shift in earnings from higher taxed jurisdictions in the U.S.

Significant judgment is required in evaluating our tax positions. We establish reserves when we believe that certain positions are likely to be challenged and that we may not succeed, despite our belief that our tax return positions are fully supportable. We adjust these reserves in light of changing facts and circumstances, such as the progress of a tax audit. We believe current reserves are appropriate for all known contingencies, however, it is reasonably possible that a favorable or unfavorable change in this estimate may occur in the near future.

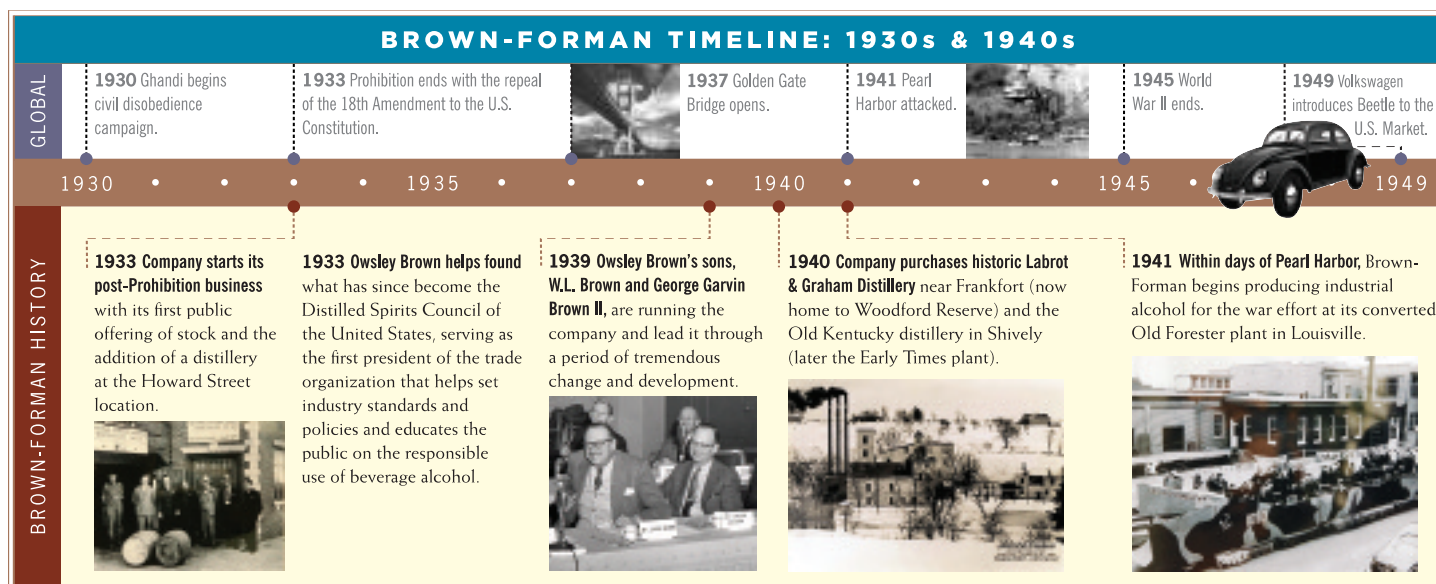
Several years can elapse before a particular matter for which we have established a reserve is resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, we believe that our reserves reflect the likely outcome of known tax contingencies. Our annual tax rate includes the impact of reserve provisions and changes to reserves that we consider appropriate, as well as related interest. Unfavorable settlement of any particular issue could

require use of our cash. Favorable resolution would be recognized as a reduction to our effective tax rate in the year of resolution.

The U.S. Congress has introduced legislation that would, if passed, repeal the current extraterritorial income tax regime, and replace it with a new regime that is compliant with the rules of the World Trade Organization. We realize tax benefits with respect to export sales from the U.S. under the current regime. We are uncertain as to what impact any new legislation in this area would have on our annual tax rate. However, we do not anticipate the impact, if any, would be material.

Contingencies. We operate in a litigious environment, and we get sued in the normal course of business. Sometimes plaintiffs seek substantial damages. Significant judgment is required in predicting the outcome of these suits and claims, many of which take years to adjudicate. We accrue estimated costs for a contingency when we believe that a loss is probable, and adjust the accrual as appropriate to reflect changes in facts and circumstances.

Brown-Forman and many other manufacturers of spirits, wine and beer are defendants in a series of similar class action lawsuits seeking damages and injunctive relief over alleged marketing of beverage alcohol to underage consumers. The suits allege that the defendants have engaged in deceptive marketing practices and schemes targeted at underage consumers, negligently marketed their products to the underage, and fraudulently concealed their alleged misconduct. Brown-Forman denies that we intentionally market beverage alcohol products to minors and denies that our advertising is illegal. We will vigorously defend this position and it is not possible at this time to estimate a possible loss or range of loss, if any, in these lawsuits. However, an adverse result in these lawsuits or similar class action lawsuits could have a material adverse effect on our business.



CONSOLIDATED STATEMENT OF INCOME

(Expressed in millions, except per share amounts)

Year Ended April 30,	2002	2003	2004
Net sales	\$2,223	\$2,376	\$2,577
Excise taxes	250	318	364
Cost of sales	841	878	915
GROSS PROFIT	1,132	1,180	1,298
Advertising expenses	298	321	354
Selling, general, and administrative expenses	474	485	527
Other expense (income), net	7	(4)	10
OPERATING INCOME	353	378	407
Interest income	3	3	2
Interest expense	8	8	21
INCOME BEFORE INCOME TAXES	348	373	388
Income taxes	120	128	130
NET INCOME	\$ 228	\$ 245	\$ 258
EARNINGS PER SHARE			
Basic	\$ 1.66	\$ 1.82	\$ 2.12
Diluted	\$ 1.66	\$ 1.82	\$ 2.11

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

BROWN-FORMAN TIMELINE: 1950s & 1960s

GLOBAL	1951 Electricity produced from atomic energy.	1952 Elizabeth II becomes Queen of England.	1953 New Zealand's Edmund Hillary scales Mt. Everest.	1957 Space age begins when Soviets launch Sputnik I, the first man-made satellite.	1960 John F. Kennedy elected 35th president.	1961 Roger Maris hits record breaking 61st home run.	1962 Vatican Council II opens.	1965 Russian Cosmonaut Alexsei Leonov walks in space.	
	1950	1955	1960	1965	1969				
BROWN-FORMAN HISTORY	1953 Early Times is the No. 1 straight bourbon in America and Old Forester is exported for the first time.	1956 Brown-Forman acquires the Jack Daniel Distillery in Lynchburg, Tennessee, celebrated producer of sour mash Tennessee whiskey. The company also acquires the Jos. Garneau Co., a century-old New York import house.		1960 Company sales exceed \$100 million for the first time.	1965 Brown-Forman acquires the distribution rights to Korbel California Champagnes and Brandies.	1967 Pepe Lopez Tequila and Old Bushmill's Irish Whiskey are added to the Brown-Forman product line.	1968 Fontana Hollywood import firm becomes part of Brown-Forman, adding Bolla Italian wines.		
									

CONSOLIDATED BALANCE SHEET

(Expressed in millions, except share and per share amounts)

April 30,	2003	2004
ASSETS		
Cash and cash equivalents	\$ 72	\$ 68
Accounts receivable, less allowance for doubtful accounts of \$12 in 2003 and \$11 in 2004	325	348
Inventories:		
Barreled whiskey	222	218
Finished goods	203	185
Work in process	112	111
Raw materials and supplies	48	43
TOTAL INVENTORIES	<u>585</u>	<u>557</u>
Current portion of deferred income taxes	56	67
Other current assets	30	43
TOTAL CURRENT ASSETS	<u>1,068</u>	<u>1,083</u>
Property, plant, and equipment, net	506	515
Prepaid pension cost	39	118
Investment in affiliates	41	45
Trademarks and brand names	235	247
Goodwill	311	315
Other assets	64	53
TOTAL ASSETS	<u>\$2,264</u>	<u>\$2,376</u>
LIABILITIES		
Commercial paper	\$ 167	\$ 50
Accounts payable and accrued expenses	297	271
Accrued taxes on income	44	48
Current portion of long-term debt	40	—
TOTAL CURRENT LIABILITIES	<u>548</u>	<u>369</u>
Long-term debt, less unamortized discount of \$4 in 2003 and \$3 in 2004	629	630
Deferred income taxes	78	122
Accrued pension and other postretirement benefits	143	137
Other liabilities	26	33
TOTAL LIABILITIES	<u>1,424</u>	<u>1,291</u>
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common Stock:		
Class A, voting, \$0.15 par value; authorized shares, 57,000,000; issued shares, 56,841,000	4	9
Class B, nonvoting, \$0.15 par value; authorized shares, 100,000,000; issued shares, 69,188,000	6	10
Retained earnings	1,506	1,236
Treasury stock, at cost (16,857,000 and 4,441,000 common shares in 2003 and 2004, respectively)	(593)	(156)
Accumulated other comprehensive loss:		
Cumulative translation adjustment	(2)	16
Pension liability adjustment	(79)	(32)
Unrealized gain (loss) on cash flow hedge contracts	(2)	2
Total accumulated other comprehensive loss	<u>(83)</u>	<u>(14)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>840</u>	<u>1,085</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$2,264</u>	<u>\$2,376</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in millions; amounts in brackets are reductions of cash)

Year Ended April 30,	2002	2003	2004
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$228	\$245	\$258
Adjustments to reconcile net income to net cash provided by (used for) operations:			
Depreciation	55	55	56
Deferred income taxes	(43)	(15)	(1)
Other	3	1	4
Change in assets and liabilities, excluding the effects of businesses acquired or sold:			
Accounts receivable	23	(30)	(23)
Inventories	5	2	25
Other current assets	5	(4)	(13)
Accounts payable and accrued expenses	15	(18)	(25)
Accrued taxes on income	(13)	12	4
Noncurrent assets and liabilities	(29)	(5)	21
Cash provided by operating activities	<u>249</u>	<u>243</u>	<u>306</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant, and equipment	(71)	(119)	(56)
Acquisition of businesses, net of cash acquired	—	(99)	—
Computer software expenditures	(8)	(8)	(5)
Trademark and patent expenditures	—	(1)	(2)
Disposals of property, plant, and equipment	—	1	—
Cash (used for) investing activities	<u>(79)</u>	<u>(226)</u>	<u>(63)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net change in commercial paper	(37)	—	(117)
Proceeds from long-term debt	—	596	—
Debt issuance costs	—	(4)	—
Reduction of long-term debt	—	—	(45)
Proceeds from exercise of stock options	4	7	12
Dividends paid	(94)	(99)	(97)
Acquisition of treasury stock	(13)	(561)	—
Cash (used for) financing activities	<u>(140)</u>	<u>(61)</u>	<u>(247)</u>
Net increase (decrease) in cash and cash equivalents	<u>30</u>	<u>(44)</u>	<u>(4)</u>
Cash and cash equivalents, beginning of year	<u>86</u>	<u>116</u>	<u>72</u>
Cash and cash equivalents, end of year	<u>\$116</u>	<u>\$ 72</u>	<u>\$ 68</u>
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR:			
Interest	\$ 8	\$ 5	\$ 21
Income taxes	\$175	\$130	\$129

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

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Dollars expressed in millions, except per share amounts)

Year Ended April 30,	2002	2003	2004
CLASS A COMMON STOCK			
Balance at beginning of year	\$ 4	\$ 4	\$ 4
Stock split (2-for-1 in 2004)	—	—	5
Balance at end of year	<u>4</u>	<u>4</u>	<u>9</u>
CLASS B COMMON STOCK			
Balance at beginning of year	6	6	6
Retirement of treasury stock	—	—	(1)
Stock split (2-for-1 in 2004)	—	—	5
Balance at end of year	<u>6</u>	<u>6</u>	<u>10</u>
RETAINED EARNINGS			
Balance at beginning of year	1,226	1,360	1,506
Retirement of treasury stock	—	—	(420)
Stock split (2-for-1 in 2004)	—	—	(10)
Loss on issuance of treasury stock	—	—	(4)
Tax benefit related to stock-based compensation	—	—	3
Net income	228	245	258
Cash dividends (\$0.68, \$0.73, and \$0.80 per share, split-adjusted, in 2002, 2003, and 2004, respectively)	(94)	(99)	(97)
Balance at end of year	<u>1,360</u>	<u>1,506</u>	<u>1,236</u>
TREASURY STOCK, AT COST			
Balance at beginning of year	(32)	(40)	(593)
Acquisition of treasury stock	(13)	(561)	—
Treasury stock issued under compensation plans	5	8	16
Retirement of treasury stock (567,000 Class A and 5,414,000 Class B shares in 2004)	—	—	421
Balance at end of year	<u>(40)</u>	<u>(593)</u>	<u>(156)</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance at beginning of year	(17)	(19)	(83)
Net other comprehensive income (loss)	(2)	(64)	69
Balance at end of year	<u>(19)</u>	<u>(83)</u>	<u>(14)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>\$1,311</u>	<u>\$ 840</u>	<u>\$1,085</u>
COMPREHENSIVE INCOME			
Net income	\$228	\$245	\$258
Other comprehensive income (loss):			
Foreign currency translation adjustment	2	13	18
Pension liability adjustment, net of tax of \$52 in 2003 and \$31 in 2004	(3)	(76)	47
Amounts related to cash flow hedges:			
Cumulative effect of accounting change, net of tax of \$1 in 2002	2	—	—
Reclassification to earnings, net of tax of \$1, \$4, and \$3 in 2002, 2003, and 2004, respectively	(2)	6	5
Net loss on hedging instruments, net of tax of \$1, \$4, and \$1 in 2002, 2003, and 2004, respectively	(1)	(7)	(1)
Net other comprehensive income	(2)	(64)	69
Total Comprehensive Income	<u>\$226</u>	<u>\$181</u>	<u>\$327</u>
CLASS A COMMON SHARES OUTSTANDING (in thousands)			
Balance at beginning of year	28,988	28,891	28,420
Acquisition of treasury stock	(97)	(471)	—
Stock split (2-for-1 in 2004)	—	—	28,421
Balance at end of year	<u>28,891</u>	<u>28,420</u>	<u>56,841</u>
CLASS B COMMON SHARES OUTSTANDING (in thousands)			
Balance at beginning of year	39,471	39,457	32,147
Acquisition of treasury stock	(93)	(7,436)	—
Stock split (2-for-1 in 2004)	—	—	32,147
Treasury stock issued under compensation plans	79	126	453
Balance at end of year	<u>39,457</u>	<u>32,147</u>	<u>64,747</u>
TOTAL COMMON SHARES OUTSTANDING (in thousands)	<u>68,348</u>	<u>60,567</u>	<u>121,588</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars expressed in millions, except per share and per option amounts)

1. ACCOUNTING POLICIES ... the accounting policies we apply when preparing our consolidated financial statements. References to "FASB" are to the Financial Accounting Standards Board, the private-sector organization that establishes financial accounting and reporting standards, including Statements of Financial Accounting Standards ("SFAS").

Principles of consolidation. Our consolidated financial statements include the accounts of all wholly-owned and majority-owned subsidiaries. We use the equity method to account for investments in affiliates over which we can exercise significant influence (but not control). We carry all other investments in affiliates at cost. We eliminate all intercompany transactions.

Cash equivalents. Cash equivalents include bank demand deposits and all highly liquid investments with original maturities of three months or less.

Allowance for doubtful accounts. We evaluate the collectibility of accounts receivable based on a combination of factors. When we are aware of circumstances that may impair a specific customer's ability to meet its financial obligations, we record a specific allowance to reduce the net recognized receivable to the amount we reasonably believe will be collected. For all other customers, we recognize allowances for doubtful accounts based on the length of time the receivables are outstanding, the current business environment, and our historical collection experience for customers of similar nature and background.

Inventories. We state inventories at the lower of cost or market, with approximately 80% of consolidated inventories being valued using the last-in, first-out (LIFO) method. All remaining inventories are valued using either the first-in, first-out or the average cost methods. If we did not use the LIFO method, inventories would have been \$130 and \$146 higher than reported at April 30, 2003 and 2004, respectively.

Whiskey must be barrel-aged for several years, so we bottle and sell only a portion of our whiskey inventory each year. Following industry practice, we classify all barreled whiskey as a current asset. We include warehousing, insurance, ad valorem taxes, and other carrying charges applicable to barreled whiskey in inventory costs.

We classify bulk wine inventories as work in process.

Property, plant, and equipment. We state property, plant, and equipment at cost less accumulated depreciation. We calculate depreciation on a straight-line basis over the estimated useful lives of the assets as follows: 20 to 40 years for buildings and improvements, 3 to 10 years for machinery and equipment, and 3 to 7 years for capitalized software costs.

Foreign currency translation. The U.S. dollar is the functional currency for most of our consolidated operations. For those operations, we report all gains and losses from foreign currency transactions in current income. The local currency is the functional currency for some foreign operations. For those investments, we report cumulative translation effects in the cumulative translation adjustment to stockholders' equity.

Revenue recognition. We recognize revenue when title and risk of loss pass to the buyer, which typically is at the time the product is shipped.

Cost of sales. Cost of sales includes the costs of receiving, producing, inspecting, warehousing, insuring, and shipping goods sold during the period.

Shipping and handling fees and costs. We report the amounts we bill to our customers for shipping and handling as net sales, and we report the costs we incur for shipping and handling as cost of sales.

Advertising costs. We expense most advertising costs as we incur them, but we capitalize and amortize certain direct-response advertising costs over periods not exceeding one year. Capitalized advertising costs totaled \$9 at both April 30, 2003 and 2004.

Sales incentives. We offer sales discounts and provide consideration to certain of our distributors under cooperative advertising arrangements. Discounts, which are recorded as a reduction of net sales, totaled \$107, \$120, and \$125 for 2002, 2003, and 2004, respectively. The cost of cooperative advertising arrangements, which are recorded as advertising expenses, totaled \$11, \$10, and \$9 for 2002, 2003, and 2004, respectively.

Selling, general, and administrative expenses. Selling, general, and administrative expenses include the costs associated with our sales force, administrative staff and facilities, and other expenses related to the non-production functions of our business.

Earnings per share. We calculate basic earnings per share as net income divided by the weighted average number of common shares outstanding during the year. We calculate diluted earnings per share the same way, except that the denominator also includes the additional common shares that would have been issued if outstanding stock options had been exercised, as determined by applying the treasury stock method.

The following table presents information concerning basic and diluted earnings per share:

	2002	2003	2004
Basic and diluted net income . .	\$ 228	\$ 245	\$ 258
Share data (in thousands):			
Basic average common			
shares outstanding	136,678	134,748	121,359
Effect of dilutive stock options . .	291	378	627
Diluted average common			
shares outstanding	136,969	135,126	121,986
Basic net income per share . . .	\$ 1.66	\$ 1.82	\$ 2.12
Diluted net income per share . .	\$ 1.66	\$ 1.82	\$ 2.11

Stock options. We apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations

in accounting for stock options. Accordingly, no stock-based employee compensation cost is reflected in net income, as no options granted under those plans had an exercise price below the market value of the underlying stock on the grant date. The following table illustrates the effect on net income and earnings per share if we had instead recognized compensation expense for stock options based on their fair value at their grant dates consistent with the methodology prescribed under SFAS 123, "Accounting for Stock-Based Compensation."

	2002	2003	2004
Net income, as reported	\$ 228	\$ 245	\$ 258
Stock-based employee compensation expense determined under fair value based method, net of tax	4	4	4
Pro forma net income	\$ 224	\$ 241	\$ 254
Earnings per share – pro forma:			
Basic	\$1.64	\$1.79	\$2.09
Diluted	\$1.64	\$1.79	\$2.08
Earnings per share – as reported:			
Basic	\$1.66	\$1.82	\$2.12
Diluted	\$1.66	\$1.82	\$2.11

Our stock option plan requires that we purchase shares to satisfy stock option requirements, thereby avoiding future dilution of earnings that would occur from issuing additional shares. We acquire treasury shares from time to time in anticipation of these requirements. We intend to hold enough treasury stock so that the number of diluted shares is always no more than the original number of shares outstanding at inception of the stock option plan (as adjusted for any share issuances unrelated to the plan). The extent to which the number of diluted shares exceeds the number of basic shares is determined by how much our

stock price has appreciated since the options were granted, not by how many treasury shares we have acquired.

Estimates. To prepare financial statements that conform with generally accepted accounting principles, our management must make informed estimates that affect how we report revenues, expenses, assets, and liabilities, including contingent assets and liabilities. Actual results could (and probably will) differ from these estimates.

Reclassifications. We have reclassified some prior year amounts to conform with this year's presentation.

Other. In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities," which addresses the accounting for assets held in other entities such as trusts and special-purpose companies. As the leasing arrangement that held our developing vineyard properties in a separate trust was terminated in 2003, we had no variable interest entities subject to the provisions of this Interpretation at April 30, 2003 or 2004.

2. GOODWILL AND OTHER INTANGIBLE ASSETS ... how we account for intangible assets. In July 2001, the FASB issued SFAS 141, "Business Combinations," and SFAS 142, "Goodwill and Other Intangible Assets." SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated or completed after June 30, 2001. SFAS 141 also specifies the criteria under which intangible assets acquired in a purchase method business combination should be recognized and reported apart from goodwill. SFAS 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be assessed for impairment at least annually by applying a fair value-based test. SFAS 142 also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS 144. We adopted SFAS 142 as of May 1, 2001.

BROWN-FORMAN TIMELINE: 1970-1979

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979		
GLOBAL		1970 Scientists synthesize first complete gene.		1972 Bobby Fischer wins world chess title.		1973 Secretariat is first Triple Crown winner in 25 years.		1976 Sony introduces home Betamax video system.		1978 John Paul II is first non-Italian pope in 456 years.		1979 Margaret Thatcher elected first woman prime minister of Great Britain.
BROWN-FORMAN HISTORY												
	1971 Company acquires Canadian Mist located in Collingwood, Ontario, and the import rights to Noilly Prat world-famous French vermouths.		1975 W. L. Lyons Brown, Jr., member of the fourth generation of his family in company management, is elected president and chief executive officer after joining the company in 1954.			1979 Brown-Forman acquires Southern Comfort, then known as the Grand Old Drink of the South.						

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars expressed in millions, except per share and per option amounts)

Equity method intangibles totaling \$9 and \$8 as of April 30, 2003 and 2004, respectively, are included in "Investment in Affiliates" in the accompanying consolidated balance sheet. We have no significant intangible assets with definite useful lives and thus had no significant amortization expense during the three years ended April 30, 2004.

3. ACQUISITIONS ... of brands and businesses that add value to our company. The following are major acquisitions made over the past three years, each of which was accounted for as a purchase.

Finlandia. During 2000, we acquired 45% of Finlandia Vodka Worldwide Ltd ("FVW") for \$84. We acquired an additional 35% interest for \$72 (net of cash acquired) in December 2002. This increased our total interest in FVW to 80% and our total net investment to \$158, which we have allocated to the individual assets and liabilities acquired. The investment consists primarily of the Finlandia brand name, which has an indefinite useful life. For financial reporting purposes, we have assigned a value of \$216 to the Finlandia brand name, which is partially offset by a deferred income tax liability of \$57.

The minority shareholder of FVW (Altia Corporation) has an option during a two-year window beginning December 31, 2004, to require us to buy its remaining 20% interest in FVW. Buying the remaining interest would cost us approximately €39 million (\$47 at April 30, 2004) plus interest of 4.5% per year from August 1, 2000.

Tuaca. In February 2003, we acquired the remaining 55% interest in Distillerie Tuoni e Canepa ("T&C") for \$27 in cash (net of cash acquired) and a promissory note of \$33 that was paid in March 2004. T&C is the Italy-based owner and producer of Tuaca liqueur, which we have distributed in the United States since 1999. This increased our total investment in T&C to \$77, which we have allocated to the individual assets and liabilities acquired. The investment consists primarily of indefinite-lived

intangible assets, including the Tuaca brand name and goodwill. For financial reporting purposes, we have assigned a value of \$20 to the Tuaca brand name and \$64 to goodwill.

The operating results of both FVW and T&C have been consolidated with our financial statements since we acquired majority ownership during fiscal 2003. (We previously accounted for our investments in those companies using the equity method). Consolidated pro forma operating results for the fiscal years ended April 30, 2002 and 2003 would not have been materially different from the actual amounts reported for those periods.

The following table shows the effect of the T&C acquisition on the amount recorded as goodwill in the accompanying consolidated balance sheet:

	Beverages	Consumer Durables	Total
Goodwill:			
Balance as of April 30, 2002.	\$116	\$130	\$246
Additions related to Tuoni e Canepa:			
Reclassified from Investment			
in Affiliates	10	—	10
Acquired during period	55	—	55
Balance as of April 30, 2003.	181	130	311
Additions related to Tuoni e Canepa:			
Purchase price allocation			
adjustment	(1)	—	(1)
Foreign currency translation			
adjustment	5	—	5
Balance as of April 30, 2004	\$185	\$130	\$315

BROWN-FORMAN TIMELINE: 1980-1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
GLOBAL	1980 World Health Organization announces worldwide eradication of smallpox.		1981 America launches first reusable space shuttle, "Columbia."	1983 Martin Luther King, Jr. is honored with federal holiday.		1985 Halley's Comet returns after 75 years.		1986 Statue of Liberty turns 100.		1989 Berlin Wall demolished.
BROWN-FORMAN HISTORY	1983 Brown-Forman adds Lenox, Incorporated to its family of brands, bringing with it Lenox china, crystal and giftware, and Hartmann luggage.		1987 Brown-Forman acquires the trademark and U.S. distribution rights for Fontana Candida Italian Wines, the world's leading supplier of frascati wines.				1988 The company launches Gentleman Jack Rare Tennessee Whiskey, the first new whiskey from the Jack Daniel Distillery in more than 100 years.		1989 Lenox, Incorporated celebrates its centennial and marks the occasion with the production of four china patterns based on earlier classic Lenox creations.	
										

4. COMMITMENTS ... for future purchases of grapes and bulk wine, as well as leased facilities and equipment. We have contracted with various growers and wineries to supply some of our future grape and bulk wine requirements. Many of these contracts call for prices to be determined by market conditions, but some contracts provide for minimum purchase prices that may exceed market prices. We have purchase obligations related to these contracts of \$37 in 2005, \$35 in 2006, \$34 in 2007, \$26 in 2008, \$17 in 2009, and \$52 after 2009.

We made rental payments for real estate, vehicles, as well as office, computer, and manufacturing equipment under operating leases of \$31 in 2002, \$32 in 2003, and \$35 in 2004. We have commitments related to minimum lease payments of \$27 in 2005, \$17 in 2006, \$11 in 2007, \$6 in 2008, \$3 in 2009, and \$4 after 2009.

5. CREDIT FACILITIES ... commitments from banks to provide us with liquidity. We have committed revolving credit agreements with various domestic and international banks for \$400, \$200 of which expire in fiscal 2005 and the remaining \$200 of which expire in fiscal 2007. The most restrictive of the agreements' covenants requires that our consolidated total debt to consolidated net worth not exceed a ratio of 2 to 1. At April 30, 2004, we were well within this covenant's parameters. At April 30, 2004, we also had \$220 of debt securities available for issuance under an SEC shelf registration.

6. DEBT ... our long-term debt consisted of the following:

April 30,	2003	2004
2.125% notes, due 2006	\$249	\$249
3.0% notes, due 2008	347	348
6.82% to 7.38% notes, due 2005	30	30
Non-interest bearing note, due 2004	33	—
Variable rate industrial revenue bonds, due through 2026	10	3
	\$669	\$630
Less current portion	40	—
	\$629	\$630

Debt payments required over the next five fiscal years consist of \$280 in 2006 and \$350 in 2008. The weighted average interest rates on the variable rate industrial revenue bonds were 1.6% and 1.2% at April 30, 2003 and 2004, respectively. In addition to long-term debt, we had commercial paper outstanding with weighted average interest rates of 1.2% and 1.0% at April 30, 2003 and 2004, respectively.

7. FOREIGN CURRENCY RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS ... the policies and accounting practices we apply to manage foreign currency risk. Effective May 1, 2001, we adopted SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." That Statement requires that all derivative instruments be reported on the balance sheet at fair value. The cumulative

effect of adopting SFAS 133 was not material to our consolidated financial statements.

We use foreign currency options and forward contracts, generally with average maturities of less than one year, as protection against the risk that the eventual U.S. dollar cash flows resulting from our forecasted sales and purchases of goods in foreign currencies will be adversely affected by changes in exchange rates. We designate these derivative financial instruments as cash flow hedges.

We formally assess (both at inception and at least quarterly) whether the derivative financial instruments are effective at offsetting changes in the cash flows of the hedged transactions. We defer the effective portion of a derivative's change in fair value in Accumulated Other Comprehensive Income (Loss) until the underlying hedged transaction is recognized in earnings. We recognize any ineffective portion of the change in fair value immediately in earnings.

No material gains or losses were recognized in earnings due to the ineffectiveness of cash flow hedges. We expect to reclassify the majority of the existing \$2 net gain from Accumulated Other Comprehensive Loss to earnings during fiscal 2005. However, the amount we ultimately reclassify may differ as a result of future changes in exchange rates.

We had outstanding foreign currency option and forward contracts, hedging primarily British pound, Australian dollar, euro, and Japanese yen revenues, with notional amounts totaling \$110 and \$188 at April 30, 2003 and 2004, respectively. Our credit exposure is, however, limited to the contracts' fair value (see Note 8) rather than their notional amounts. We minimize credit losses by entering into foreign currency contracts only with major financial institutions that have earned investment grade credit ratings.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS ... the liquidation value of our cash, foreign currency contracts, and debt is essentially the same as our recorded book value. The fair value of cash and cash equivalents and commercial paper approximates the carrying amount due to the short maturities of these instruments.

We estimate the fair value of long-term debt using discounted cash flows based on our incremental borrowing rates for similar debt. The fair value of foreign currency contracts is based on quoted market prices. A comparison of the fair values and carrying amounts of these instruments is as follows:

April 30,	2003		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents . . .	\$ 72	\$ 72	\$ 68	\$ 68
Liabilities:				
Foreign currency contracts . . .	3	3	6	6
Commercial paper	167	167	50	50
Long-term debt	669	669	630	623

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars expressed in millions, except per share and per option amounts)

9. BALANCE SHEET INFORMATION ... supplemental information on our year-end balance sheet is as follows:

April 30,	2003	2004
Property, plant, and equipment:		
Land	\$ 88	\$ 92
Buildings	314	346
Equipment	518	538
Construction in process	68	24
	988	1,000
Less accumulated depreciation	482	485
	\$ 506	\$ 515
Accounts payable and accrued expenses:		
Accounts payable, trade	\$ 94	\$ 92
Accrued expenses:		
Advertising	50	37
Compensation and commissions	64	65
Excise and other non-income taxes	18	20
Self-insurance claims	12	12
Interest	4	4
Other	55	41
	203	179
	\$ 297	\$ 271

10. TAXES ON INCOME ... details of our income tax expense, and amounts we owe at year-end. We incur income taxes on our domestic and foreign operations. The following table, which is based on the locations of the taxable entities from which sales were derived (rather than the location of customers), presents the domestic and foreign components of our income before income taxes:

	2002	2003	2004
United States	\$315	\$305	\$305
Foreign	33	68	83
	\$348	\$373	\$388

The income shown above was determined according to financial accounting standards. Because those standards sometimes differ from the tax rules used to calculate taxable income, there are differences between: (a) the amount of taxable income and pretax financial income for a year; and (b) the tax bases of assets or liabilities and their amounts as recorded in our financial statements. As a result, we recognize a current tax liability for the estimated income tax payable on the current tax return, and deferred tax liabilities (income tax payable on income that will be recognized on future tax returns) and deferred tax assets (income tax refunds from deductions that will be recognized on future

tax returns) for the estimated effects of the differences mentioned above. Deferred tax assets and liabilities as of the end of each of the last two years were as follows:

April 30,	2003	2004
Deferred tax assets:		
Postretirement and other benefits	\$ 54	\$ 20
Accrued liabilities and other	15	9
Inventories	42	52
Total deferred tax assets	111	81
Deferred tax liabilities:		
Trademarks and brand names	62	68
Property, plant, and equipment	38	48
Undistributed foreign earnings	17	17
Other	16	3
Total deferred tax liabilities	133	136
Net deferred tax liability	\$ 22	\$ 55

Deferred tax liabilities were not provided on undistributed earnings of certain foreign subsidiaries (\$186 and \$243 at April 30, 2003 and 2004, respectively) because we expect these undistributed earnings to be reinvested indefinitely overseas. If these amounts were not considered permanently reinvested, additional deferred tax liabilities of approximately \$41 and \$45 would have been provided as of April 30, 2003 and 2004, respectively.

Total income tax expense for a year includes the tax associated with the current tax return ("current tax expense") and the change in the net deferred tax liability ("deferred tax expense"). Total income tax expense for each of the last three years was as follows:

	2002	2003	2004
Current:			
Federal	\$144	\$114	\$100
Foreign	5	13	20
State and local	14	16	13
	163	143	133
Deferred:			
Federal	(35)	(11)	1
Foreign	—	(2)	(1)
State and local	(8)	(2)	(3)
	(43)	(15)	(3)
	\$120	\$128	\$130

Our consolidated effective tax rate may differ from current statutory rates due to the recognition of amounts for events or transactions that have

no tax consequences. The following table reconciles our effective tax rate to the federal statutory tax rate in the United States:

	Percent of Income Before Taxes		
	2002	2003	2004
U.S. federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of U.S. federal tax benefit	2.3	2.5	1.8
Income taxed at other than U.S. federal statutory rate	(1.3)	(2.0)	(1.4)
Tax benefit from export sales	(2.0)	(1.7)	(2.1)
Other, net.	0.5	0.4	0.2
Effective rate	34.5%	34.2%	33.5%

11. PENSION AND OTHER POSTRETIREMENT BENEFITS ... we sponsor various defined benefit pension plans as well as postretirement plans providing retiree health care and retiree life insurance benefits. The following discussion provides information about our obligations related to these plans, the assets that are dedicated to meeting the obligations, and the amounts we recognized in our financial statements as a result of sponsoring these plans. We use a measurement date of January 31 to determine the amounts of the plan obligations and assets presented below.

Obligations. We provide eligible employees with pension and other postretirement benefits based on such factors as years of service and compensation level during employment. The pension obligation shown below ("projected benefit obligation") consists of: (a) benefits earned by employees to date based on current salary levels ("accumulated benefit obligation"); and (b) benefits to be received by the employees as a result of expected future salary increases. (The obligation for medical and life

insurance benefits is not affected by future salary increases.) This table shows how the present value of our obligation changed during each of the last two years.

	Pension Benefits		Medical and Life Insurance Benefits	
	2003	2004	2003	2004
Obligation at beginning of year . . .	\$402	\$449	\$69	\$79
Service cost	13	14	2	2
Interest cost	27	29	5	5
Actuarial loss (gain)	25	38	7	(4)
Benefits paid	(18)	(19)	(4)	(3)
Obligation at end of year	\$449	\$511	\$79	\$79

Service cost represents the present value of the benefits attributed to service rendered by employees during the year. Interest cost is the increase in the present value of the obligation due to the passage of time. Actuarial loss (gain) is the change in value of the obligation resulting from experience different from that assumed or from a change in an actuarial assumption. (The actuarial assumptions used are discussed at the end of this note.)

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act") was enacted in December 2003. The Act provides a federal subsidy to plan sponsors for certain qualifying prescription drug benefits covered under the sponsor's postretirement medical benefit plans. The change in the obligation for medical and life insurance benefits during 2004 includes a \$7 million actuarial gain resulting from the Act.

Assets. We specifically invest certain assets in order to fund our pension benefit obligations. Our investment goal is to earn a total return that over

BROWN-FORMAN TIMELINE: 1990-1994

GLOBAL

1990 World Wide Web is born when a Geneva researcher develops HTML.

1991 Collapse of Soviet Union marks end of Cold War.

1992 Bill Clinton becomes first Baby Boomer president.

1993 European Market begins.

1994 Nelson Mandela is sworn in as president of South Africa.

BROWN-FORMAN HISTORY

1990 Lenox, Incorporated acquires Baltimore-based Kirk Stieff Company, the oldest manufacturer of silver and pewter products in the United States.

1991 Dansk International Designs and its subsidiary, Gorham, are added to the company's Consumer Durables segment.

1992 Brown-Forman undertakes a successful national rollout of Jack Daniel's Country Cocktails.

1993 Owsley Brown II succeeds his brother, W. L. Lyons Brown, Jr. as CEO.

1994 Owsley Brown II announces a strategic initiative to expand the company's beverage business into more international markets. One new division is created to build upon existing business in Europe and Japan, and another division is established to create new opportunities in global markets where the company has little or no presence.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars expressed in millions, except per share and per option amounts)

time will grow assets sufficient to fund our plans' liabilities, after providing appropriate levels of contributions and accepting prudent levels of investment risk. In order to achieve this goal, plan assets are invested primarily in funds or portfolios of funds actively managed by outside managers. Investment risk is managed to prudent levels by company policies that require diversification of asset classes, manager styles and individual holdings. We measure and monitor investment risk on an ongoing basis through quarterly and annual performance reviews, and periodic asset/liability studies.

Asset allocation is the most important method for achieving our investment goals and is based on our assessment of the plans' long-term return objectives and the appropriate balances needed for liquidity, stability and diversification. The allocation of our pension plan assets at fair value on January 31, 2003 and 2004, and the target allocation for 2005, by asset category, are as follows:

	Actual 2003	Actual 2004	Target 2005
Equity securities	76%	73%	70%
Debt securities	21	15	15
Real estate	—	4	5
Other	3	8	10
Total	100%	100%	100%

This table shows how the fair value of the pension plan assets changed during each of the last two years. (We do not have assets set aside for postretirement medical or life insurance benefits.)

	Pension Benefits		Medical and Life Insurance Benefits	
	2003	2004	2003	2004
Fair value at beginning of year . . .	\$431	\$334	\$ —	\$ —
Actual return on plan assets	(80)	97	—	—
Retiree Contributions	—	—	1	1
Company contributions	1	9	3	3
Benefits paid	(18)	(19)	(4)	(4)
Fair value at end of year	\$334	\$421	\$ —	\$ —

Consistent with our funding policy, we expect to contribute \$2 to our pension plans and \$5 to our other postretirement benefit plans in 2005.

Funded status. The funded status of a plan refers to the difference between its assets and its obligations. This amount differs from the amount recognized on the balance sheet because, as discussed below, certain changes in the present value of the obligation and the fair value of the plan assets are amortized over several years for accounting purposes. This table reconciles the funded status of the plans to the net amount recognized on the balance sheet.

	Pension Benefits		Medical and Life Insurance Benefits	
	2003	2004	2003	2004
Assets	\$334	\$421	\$ —	\$ —
Obligations	(449)	(511)	(79)	(79)
Funded status	(115)	(90)	(79)	(79)
Unrecognized net loss	203	187	12	7
Unrecognized prior service cost . .	8	8	5	5
Other	(1)	—	—	1
Net amount recognized on balance sheet	\$ 95	\$105	\$(62)	\$(66)

The unrecognized net loss for the pension plans primarily relates to the difference between the actual cumulative return on plan assets versus the expected cumulative return. (See below for assumptions regarding expected return on plan assets.)

The net amount is recognized on the consolidated balance sheet as follows:

	Pension Benefits		Medical and Life Insurance Benefits	
	2003	2004	2003	2004
Prepaid pension cost	\$ 39	\$118	\$ —	\$ —
Accrued postretirement benefits . .	(81)	(71)	(62)	(66)
Other assets	6	5	—	—
Accumulated other comprehensive loss	131	53	—	—
Net amount recognized on balance sheet	\$ 95	\$105	\$(62)	\$(66)

This table compares our pension plans that have assets in excess of their accumulated benefit obligations with those whose assets are less than their obligations. (As discussed above, we do not have assets set aside for postretirement medical or life insurance benefits.)

	Plan Assets		Accumulated Benefit Obligation		Projected Benefit Obligation	
	2003	2004	2003	2004	2003	2004
Plans with assets in excess of accumulated benefit obligation	\$ 57	\$292	\$ 47	\$259	\$ 49	\$292
Plans with accumulated benefit obligation in excess of assets	277	129	358	200	400	219
Total	\$334	\$421	\$405	\$459	\$449	\$511

Pension income. This table shows the components of the pension income recognized during each of the last three years. The income for each year includes amortization of the net loss (gain), prior service cost, and transition asset that was unrecognized as of the beginning of the year.

	<i>Pension Benefits</i>		
	2002	2003	2004
Service cost	\$ 14	\$ 13	\$ 14
Interest cost	27	27	29
Expected return on plan assets	(49)	(49)	(44)
Amortization of:			
Unrecognized prior service cost . . .	1	1	1
Unrecognized net loss (gain)	(2)	—	—
Unrecognized transition asset	(3)	(2)	(1)
Net income	\$(12)	\$(10)	\$ (1)

The prior service cost represents the cost of retroactive benefits granted in plan amendments. These costs are amortized on a straight-line basis over the average remaining service period of the employees expected to receive the benefits. The net loss (gain), which results from experience different from that assumed or from a change in actuarial assumptions, is amortized over at least that same period. The unrecognized transition asset was amortized on a straight-line basis through 2004.

The pension income recorded during the year is estimated at the beginning of the year. As a result, the amount is calculated using an expected return on plan assets rather than the actual return. The difference between actual and expected returns is included in the unrecognized net loss (gain) at the end of the year.

Other postretirement benefit expense. This table shows the components of the postretirement medical and life insurance benefit expense that we recognized during each of the last three years.

	<i>Medical and Life Insurance Benefits</i>		
	2002	2003	2004
Service cost	\$1	\$2	\$2
Interest cost	3	5	5
Amortization of unrecognized net loss	—	—	1
Net expense	\$4	\$7	\$8

Assumptions and sensitivity. We use various assumptions in determining the obligations and expense (income) related to our pension and other postretirement benefit plans. The assumptions used in computing benefit plan obligations as of the end of the last two years were as follows:

	<i>Pension Benefits</i>		<i>Medical and Life Insurance Benefits</i>	
(In percent)	2003	2004	2003	2004
Discount rate	6.50	6.00	6.50	6.00
Rate of salary increase	4.00	4.00	—	—
Expected return on plan assets	8.75	8.75	—	—

GLOBAL

1994

The Hubble telescope confirms existence of black holes in outer space.

1995

Tom Hanks is named best actor for second year in a row.

1996

European Union bans British beef because of mad cow disease.

1997

Scottish researcher clones lamb from adult sheep DNA.

1998

77-year old John Glenn returns to space aboard shuttle.

1999

United States surrenders control of Panama Canal to Panama.

1994

1994 Brown-Forman begins restoration of historic Labrot & Graham Distillery in Versailles, Kentucky, now known as the Woodford Reserve Distillery.



1996

Brown-Forman becomes the exclusive U.S. importer of Finlandia Vodka, one of the fastest-growing spirits brands in the world, and gains entry into the growing U.S. premium vodka category.



1997

Korbel Champagne is named the "Official Champagne of the Millennium" and will be the exclusive champagne of all Times Square New Year's Eve celebrations until 2007.



1998

Woodford Reserve is named the Official Bourbon of the 1998 Breeders' Cup Thoroughbred Racing Championships, and a commemorative bottle is produced to mark the occasion.



1999

Brown-Forman acquires Sonoma-Cutrer Vineyards, the No.1 on-premise wine in the United States in white tablecloth restaurants.



Brown-Forman acquires 45% ownership of Tuaca Liqueur.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars expressed in millions, except per share and per option amounts)

The assumptions used in computing benefit plan expense (income) during each of the last three years were as follows:

	<i>Pension Benefits</i>			<i>Medical and Life Insurance Benefits</i>		
(In percent)	2002	2003	2004	2002	2003	2004
Discount rate.	7.50	7.00	6.50	7.50	7.00	6.50
Rate of salary increase. .	4.50	4.00	4.00	—	—	—
Expected return on plan assets.	10.00	9.50	8.75	—	—	—

The discount rate represents the interest rate used to discount the cash-flow stream of benefit payments to a net present value as of the current date. We base this rate on Moody's AA corporate bond index. A lower assumed discount rate increases the present value of the benefit obligation.

The assumed rate of salary increase reflects the expected annual increase in salaries as a result of inflation, merit increases, and promotions. A lower assumed rate decreases the present value of the benefit obligation.

The expected return on plan assets represents the long-term rate of return that we assume will be earned over the life of the pension assets, considering the distribution of those assets among investment categories and the related historical rates of return.

The assumed healthcare cost trend rates as of the end of the last two years were as follows:

	<i>Medical and Life Insurance Benefits</i>	
(In percent)	2003	2004
Healthcare cost trend rate assumed for next year:		
Present rate before age 65	9.44	8.88
Present rate age 65 and after	11.19	10.38

We project healthcare cost trend rates to decline gradually to 5.5% by 2010 and to remain level after that. Assumed healthcare cost trend rates have a significant effect on the amounts reported for postretirement medical plans. A one percentage point increase/decrease in assumed healthcare cost trend rates would have increased/decreased the accumulated postretirement benefit obligation as of April 30, 2004, by \$6 and the aggregate service and interest costs for 2004 by \$1.

12. BUSINESS SEGMENT INFORMATION ... we do business in two operating segments – Beverages and Consumer Durables. These segments reflect the two categories of products from which we derive our revenues. Our Beverage segment produces, imports, and markets wines and distilled spirits. Our Consumer Durables segment manufactures and sells china, crystal, ceramic and crystal collectibles, silver, luggage, and leather accessories. Segment accounting policies are the same as the policies described in Note 1. We have no intersegment revenues.

The following tables reconcile segment operating results and asset information to consolidated amounts:

	2002	2003	2004
Net sales:			
Beverages.	\$1,618	\$1,795	\$1,992
Consumer Durables	605	581	585
Consolidated	\$2,223	\$2,376	\$2,577
Income before income taxes:			
Beverages.	\$ 336	\$ 348	\$ 390
Consumer Durables	17	30	17
Amounts not allocated to segments:			
Interest expense, net	(5)	(5)	(19)
Consolidated	\$ 348	\$ 373	\$ 388
Depreciation and amortization:			
Beverages.	\$ 37	\$ 38	\$ 40
Consumer Durables	18	17	16
Consolidated	\$ 55	\$ 55	\$ 56
Goodwill:			
Beverages.	\$ 116	\$ 181	\$ 185
Consumer Durables	130	130	130
Consolidated	\$ 246	\$ 311	\$ 315
Total assets:			
Beverages.	\$1,573	\$1,809	\$1,924
Consumer Durables	443	455	452
Consolidated	\$2,016	\$2,264	\$2,376

Our investments in affiliates are included in the Beverage segment's assets. Long-lived assets located outside the United States are not significant.

	2002	2003	2004
Additions to long-lived assets:			
Beverages.	\$ 58	\$ 96	\$ 42
Consumer Durables	21	32	21
Consolidated	\$ 79	\$ 128	\$ 63

The following table presents geographic information about net sales:

	2002	2003	2004
Net sales:			
United States	\$1,830	\$1,824	\$1,823
Other countries	393	552	754
	\$2,223	\$2,376	\$2,577

Net sales are attributed to countries based on where customers are located.

13. CONTINGENCIES ... potential claims against us. We operate in a litigious environment, and we get sued in the normal course of business. Sometimes plaintiffs seek substantial damages. Significant judgment is required in predicting the outcome of these suits and claims, many of which take years to adjudicate. We accrue estimated costs for a contingency when we believe that a loss is probable, and adjust the accrual as appropriate to reflect changes in facts and circumstances.

Brown-Forman and many other manufacturers of spirits, wine and beer are defendants in a series of similar class action lawsuits seeking damages and injunctive relief over alleged marketing of beverage alcohol to underage consumers. The suits allege that the defendants have engaged in deceptive marketing practices and schemes targeted at underage consumers, negligently marketed their products to the underage, and fraudulently concealed their alleged misconduct. Brown-Forman denies that we intentionally market beverage alcohol products to minors and denies that our advertising is illegal. We will vigorously defend this position and it is not possible at this time to estimate a possible loss or range of loss, if any, in these lawsuits. However, an adverse result in these lawsuits or similar class action lawsuits could have a material adverse effect on our business.

14. ENVIRONMENTAL MATTERS ... potential cleanup costs. We face environmental claims resulting from the cleanup of several manufacturing or waste disposal sites in the United States. We accrue for losses associated with environmental cleanup obligations when such losses are probable and can be reasonably estimated. At some sites, there are other potentially responsible parties who are expected to bear part of the costs, in which cases our accrual is based on our estimate of our share of the total costs. A portion of the cleanup costs with respect to certain sites is expected to be paid by insurance. The estimated recovery of cleanup costs from insurers is recorded as an asset when receipt is deemed probable.

We do not believe that any additional environmental cleanup costs we incur will have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

15. STOCK OPTIONS ... a summary of our Plan, how we account for it, and how we fund it. Under our Omnibus Compensation Plan ("the Plan"), we can grant stock options and other stock-based incentive awards for a total of 6,800,000 shares of common stock to eligible employees until April 30, 2005. Shares delivered to employees are limited by the Plan to shares that we purchase for this purpose. No new shares may be issued.

We grant stock options at an exercise price of not less than the fair value of the underlying stock on the grant date. Except for the stock options granted at an exercise price of \$50 per share (discussed below), stock options granted under the Plan become exercisable after three years from the first day of the fiscal year of grant and expire seven years after that date. The fair values of these options granted during 2002, 2003, and 2004 were \$8.69, \$7.77, and \$9.29 per option, respectively. Fair values were estimated using the Black-Scholes pricing model with the following assumptions:

	2002	2003	2004
Risk-free interest rate	4.8%	3.9%	3.6%
Expected volatility	23.6%	24.1%	24.6%
Expected dividend yield	2.1%	2.0%	1.9%
Expected life (years)	6	6	6

We have also granted 1,064,000 stock options with an exercise price of \$50 per share that become exercisable on May 1, 2006, and expire on September 1, 2007. The fair value of these options was \$2.89 per option, using the Black-Scholes pricing model and assuming a risk-free

BROWN-FORMAN TIMELINE: 2000-2002

GLOBAL

George W. Bush is first president since Benjamin Harrison in 1888 to lose the popular vote yet win in the Electoral College.

Researchers complete draft of human genome, master blueprint of the human body.

Hijacked planes crash in New York City, Washington, D.C. and Pennsylvania, killing thousands.

Mad Cow disease spreads in Britain and Europe.

Tiger Woods is first golfer to hold four major titles at the same time.

9/11



BROWN-FORMAN HISTORY

2000

Brown-Forman purchases a minority interest in Glenmorangie plc and becomes sales and marketing representative for its brands in key global markets.




Labrot & Graham Distillery is designated a National Historic Landmark for its national significance in American history and culture.

2001

Brown-Forman forms global alliance with Altia Group to market and sell Finlandia Vodka through Finlandia Vodka Worldwide Ltd, of which Brown-Forman owns 45 percent.

Woodford Reserve Bar and Grill opens at the Louisville International Airport.



Company becomes U.S. marketing and distribution agent for Appleton Estate Jamaican Rums.



2002

Brown-Forman expands its marketing and promotional relationship with Churchill Downs Incorporated, with Woodford Reserve Bourbon, Finlandia Vodka, Finlandia Bloody Mary, Korbel California Champagne and Fetzer California Wines designated as "official" products of Churchill Downs and the Kentucky Derby, Arlington Park, Calder Race Course, and Hollywood Park.

Brown-Forman increases its interest in the Finlandia Vodka Worldwide joint venture to 80 percent.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars expressed in millions, except per share and per option amounts)

interest rate of 6.0%, expected volatility of 18.0%, an expected dividend yield of 2.2%, and an expected life of eight years.

As of April 30, 2004, we have no other significant stock-based awards outstanding under the Plan.

The following table summarizes option activity for the three years ended April 30, 2004. All options are for an equivalent number of shares of Class B common stock.

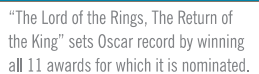
	Options Outstanding (in thousands)	Weighted Average Exercise Price Per Option
Balance, April 30, 2001	3,577	\$33.33
Granted	716	35.74
Exercised	(159)	24.05
Forfeited	(6)	31.18
Balance, April 30, 2002	4,128	34.10
Granted	742	32.13
Exercised	(254)	26.58
Forfeited	(31)	30.19
Balance, April 30, 2003	4,585	34.23
Granted	726	39.24
Exercised	(459)	26.58
Forfeited	(17)	33.68
Balance, April 30, 2004	4,835	\$35.71

The following table summarizes the status of stock options outstanding as of April 30, 2004, by exercise price:

Exercise Price Per Option	Options Outstanding (in thousands)	Remaining Contractual Life (Years)	Options Exercisable (in thousands)
\$18.06	114	2.0	114
24.56	216	3.0	216
25.22	572	6.0	572
30.63	324	4.0	324
31.13	466	5.0	466
32.11	737	8.0	—
34.17	616	7.0	—
39.23	726	9.0	—
\$50.00	1,064	3.3	—
	4,835	5.8	1,692

16. RESTRUCTURING COSTS ... for plant closings announced in 2002. During 2002, we accrued \$17 of costs related to our decision to close three manufacturing plants in the Consumer Durables segment. The \$17 included \$9 of severance costs for 600 terminated employees, \$5 of other estimated cash expenditures, and \$3 of losses on impaired machinery and equipment. We closed one plant during fiscal 2002 and the other two during fiscal 2003. We have replaced the output of these plants by shifting a portion of production to two of our other facilities and by outsourcing the remainder. During 2004, we accrued an additional \$2 for anticipated losses on the sale of buildings and equipment. We have charged \$16 of costs against the accrual through April 30, 2004, including \$8 of severance costs, \$5 of other cash expenditures, and \$3 of losses on impaired machinery and equipment, leaving a remaining accrual balance of \$3 as of April 30, 2004.

BROWN-FORMAN TIMELINE: 2002-2004

GLOBAL		Euro becomes legal tender in Europe.		Salt Lake City hosts Winter Olympic Games.		SARS virus spreads from Asia.		U.S.-led forces invade Iraq and capture Saddam Hussein.		Arnold Schwarzenegger wins California governorship.		"The Lord of the Rings, The Return of the King" sets Oscar record by winning all 11 awards for which it is nominated.
	2002	2003										
BROWN-FORMAN HISTORY		Company acquires U.S. distribution rights to Amarula Cream Liqueur, a world-class liqueur made from the fruit of the South African marula tree.		Brown-Forman increases its interest in Distillerie Tuoni e Canepa, Italian producer of Tuaca Liqueur, to 100 percent ownership.		Finlandia Vodka introduces an elegant new package featuring a "melted glacial ice" look and texture, and a taller, slimmer bottle with a unique ice glacier punt in the bottom.		Flagship brand, Jack Daniel's, reaches a major milestone with 2003 sales exceeding seven million cases.		In recognition of the success of Woodford Reserve Bourbon, the nation's fastest-growing whiskey, the company renames its historic distillery as the Woodford Reserve Distillery, Labrot & Graham Proprietors.		Brown-Forman Beverages CEO Paul Varga rings The Closing Bell™ at the New York Stock Exchange in recognition of the 100th anniversary of Jack Daniel's winning the gold medal as best whiskey at the 1904 World's Fair in St. Louis.
	2004											

REPORT OF MANAGEMENT

As Brown-Forman's CEO and CFO, we are responsible for the presentation, integrity, and objectivity of the information contained in these consolidated financial statements. We have discharged this responsibility by establishing a rigorous system of corporate conduct, internal audit, external audit, and board oversight.

Corporate Conduct: In the current turbulent business climate, we are proud of Brown-Forman's hard-earned reputation for conducting business in a forthright manner. We take seriously our responsibility to foster a strong ethical climate so that employees conduct the company's business according to the highest personal and corporate standards.

Our Code of Conduct and Compliance Guidelines set out unambiguously each employee's duty to ensure open communication throughout the company, disclose potential conflicts of interest, comply with all applicable domestic and foreign laws (including financial disclosure laws), and keep proprietary information confidential. The company systematically assesses compliance with these standards, including annual verification statements signed by all employees, and review by the Audit Committee of our Board of Directors (comprising independent directors).

Internal Audit: We are also responsible for establishing and maintaining a system of internal audit designed to provide reasonable assurance at a reasonable cost that financial records are reliable for preparing financial statements and that assets are properly accounted for and safeguarded. We believe that, as of April 30, 2004, the internal audit system accomplishes its objectives adequately.

External Audit: PricewaterhouseCoopers LLP, independent accountants (PwC), audited the company's consolidated financial statements. As part of its audit, PwC evaluated selected internal accounting controls to establish

the nature, timing, and extent of its audit tests. We gave PwC access to all the company's financial records and related data, as well as the minutes of stockholders', directors', and other appropriate meetings. We believe that all representations made to PwC during the audit were valid and appropriate.

Board Oversight: The Board of Directors, through its Audit Committee, meets with management, the internal auditors, and the independent accountants to ensure that each is discharging its responsibilities properly. Both the independent 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.

Accordingly, we can report that the consolidated financial statements in this Annual Report have been prepared in accordance with generally accepted accounting principles. They include amounts based on our best estimates and judgments. We also prepared the related financial information in this report and are responsible for its accuracy and consistency with the financial statements.



Owsley Brown II
Chairman of the Board and Chief Executive Officer



Phoebe A. Wood
Executive Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO BROWN-FORMAN CORPORATION:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Brown-Forman Corporation and Subsidiaries (the "Company") at April 30, 2003 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended April 30, 2004 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.



Louisville, Kentucky
May 27, 2004

DIRECTORS & OFFICERS

Brown-Forman Corporation Board of Directors

Owsley Brown II ⁽¹⁾

*Chairman and Chief Executive Officer,
Brown-Forman Corporation,
Louisville, Kentucky*

Ina Brown Bond

*President,
River Bend Farm, Inc.,
Goshen, Kentucky*

Barry D. Bramley

*Former Chairman and Chief Executive Officer,
British-American Tobacco Company, Ltd.,
London, England*

Geo. Garvin Brown III

*Chairman,
Trans-Tek, Inc.,
Louisville, Kentucky*

Donald G. Calder ⁽²⁾⁽³⁾

*President and Chief Financial Officer,
G. L. Ohrstrom & Co., Inc.,
New York, New York*

Owsley Brown Frazier

*Former Vice Chairman,
Brown-Forman Corporation,
Louisville, Kentucky*

Richard P. Mayer ⁽²⁾⁽³⁾

*Former Chairman and Chief Executive Officer,
Kraft General Foods North America
(now Kraft Foods Inc.),
Northfield, Illinois*

Stephen E. O'Neil ⁽²⁾⁽³⁾

*Principal,
The O'Neil Group,
New York, New York*

Matthew R. Simmons

*Chairman and Chief Executive Officer,
Simmons and Company,
Houston, Texas*

William M. Street ⁽¹⁾

*Former President,
Brown-Forman Corporation,
Louisville, Kentucky*

Dace Brown Stubbs

*Private Investor,
Vero Beach, Florida*

Paul C. Varga ⁽¹⁾

*President and Chief Executive Officer,
Brown-Forman Beverages,
Louisville, Kentucky*

Brown-Forman Corporation Executive Officers

Owsley Brown II ⁽¹⁾

Chairman and Chief Executive Officer

Michael B. Crutcher ⁽⁴⁾

*Vice Chairman, General Counsel,
and Secretary*

James S. Welch, Jr.

Vice Chairman

Phoebe A. Wood

*Executive Vice President
and Chief Financial Officer*

Lois Mateus

Senior Vice President

William A. Blodgett, Jr.

Vice President

Donald T. Grimes

Vice President

Paul E. Gross

Vice President

Philip A. Lichtenfels

Vice President

Jane C. Morreau

Vice President

Meredith M. Parente

Vice President

Larry W. Perry

Vice President

Lisa P. Steiner

Vice President

Kerry A. Walsh Skelly

Vice President

Brown-Forman Beverages

Paul C. Varga

President and Chief Executive Officer

James L. Bareuther

*Executive Vice President and
Chief Operating Officer*

Stuart A. Beck

*President,
BROWN-FORMAN SPIRITS
ASIA PACIFIC*

Donald C. Berg

*President,
BROWN-FORMAN SPIRITS
AMERICAS*

Robert W. Biles

Senior Vice President

Timothy J. Condon

Senior Vice President

Joseph E. Flock

Senior Vice President

Mark I. McCallum

*Senior Vice President and
Chief Marketing Officer, Spirits*

Theodore W. Hissey

Senior Vice President

John V. O. Kennard

Senior Vice President

Michael J. Keyes

Senior Vice President

Mark A. Overdyk

Senior Vice President

⁽¹⁾ Member of Executive Committee of the Board of Directors

⁽²⁾ Member of Audit Committee

⁽³⁾ Member of Compensation Committee

⁽⁴⁾ Secretary to Board of Directors, Executive Committee,
and Audit Committee

J. Andrew Smith
President,
BROWN-FORMAN SPIRITS
EUROPE, AFRICA & EURASIA

John A. Accardo
Senior Vice President

Gerard J. Anderson
Senior Vice President

David C. M. Dearie
President,
BROWN-FORMAN WINES

Steven N. Dorfman
Senior Vice President

Paul W. Pape III
Senior Vice President

James B. Chiles
President,
BROWN-FORMAN DISTILLERY COMPANY

Thomas R. Beam
Senior Vice President

James D. Hutchinson
Senior Vice President

Bill C. Coleman
President,
Brown-Forman Cooperages

Jill A. Jones
Vice President

Theodore S. Lioutas
Vice President

Lenox, Incorporated
Board of Directors

James D. Hanauer
Chief Executive Officer,
Lenox, Incorporated

Owsley Brown II
Chairman and Chief Executive Officer,
Brown-Forman Corporation,
Louisville, Kentucky

Laura Lee Brown
Owner and co-operator,
Woodland Farm,
Goshen, Kentucky

Owsley Brown Frazier
Director,
Brown-Forman Corporation,
Louisville, Kentucky

Laura L. Frazier
Chairman,
Bittners,
Louisville, Kentucky

Mary Louise Norton
Former Fashion Director,
Town & Country Magazine,
Kennebunkport, Maine

James S. Welch, Jr.
Vice Chairman,
Brown-Forman Corporation,
Louisville, Kentucky

Peter D. Whitford
Chief Executive Officer,
The Wet Seal, Inc.
Foothill Ranch, California

Phoebe A. Wood
Executive Vice President
and Chief Financial Officer,
Brown-Forman Corporation,
Louisville, Kentucky

Lenox, Incorporated
Executive Officers

James D. Hanauer
Chief Executive Officer,
Lenox, Incorporated

James G. Berwick
Chief Financial Officer

Jerome J. Ciszewski
Senior Vice President,
Lenox, Incorporated,
and President,
Lenox Operations Group

Louis A. Fantin
Senior Vice President, Secretary,
and Lenox Counsel

Branka Hannon
Senior Vice President and
Director of Human Resources

Kathleen S. Thie
Executive Vice President,
Lenox Wholesale

Allan J. Coviello
President and
General Merchandise Manager,
Retail

Martha A. Curren
President,
Lenox Collections

Louis C. Scala
President,
Brand Management and
Chief Merchandising Officer

Hartmann, Incorporated
Executive Officer

David A. Herman
President and Chief Executive Officer

IMPORTANT INFORMATION ON FORWARD-LOOKING STATEMENTS

This annual report contains statements, estimates, or projections that constitute “forward-looking statements” as defined under U.S. federal securities laws. Generally, the words “expect,” “believe,” “intend,” “estimate,” “will,” “anticipate,” and “project,” and similar expressions identify a forward-looking statement, which speaks only as of the date the statement is made. Except as required by law, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

We believe that the expectations and assumptions with respect to our forward-looking statements are reasonable. But by their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that in some cases are out of our control. These factors could cause our actual results to differ materially from Brown-Forman’s historical experience or our present expectations or projections. Here is a non-exclusive list of such risks and uncertainties:

- changes in general economic conditions, particularly in the United States where we earn the majority of our profits;
- a strengthening U.S. dollar against foreign currencies, especially the British Pound;
- reduced bar, restaurant, hotel and travel business in wake of other terrorist attacks, such as occurred on 9/11;
- developments in the class action lawsuits filed against Brown-Forman and other spirits, beer and wine manufacturers alleging that our advertising causes illegal consumption of alcohol by those under the legal drinking age, or other attempts to limit alcohol marketing, through either litigation or regulation;
- a dramatic change in consumer preferences, social trends or cultural trends that results in the reduced consumption of our premium spirits brands;
- tax increases, whether at the federal or state level;
- increases in the price of grain and grapes;
- continued depressed retail prices and margins in our wine business because of our excess wine inventories, existing grape contract obligations, and a world-wide oversupply of grapes; and
- the effects on our Consumer Durables business of the general economy, department store business, response rates in our direct marketing business, and profitability of mall outlet operations.

BROWN-FORMAN: BUILDING ON OUR LEGACY

We hope that you have enjoyed exploring this brief review of Brown-Forman’s history. From George Garvin Brown’s founding vision of providing consumers with a reliable source of high-quality whiskey to today’s successful global enterprise, Brown-Forman has consistently demonstrated an unwavering commitment to exceptional products, brand-building excellence, strong leadership, and corporate responsibility. These principles and values will continue to guide us as we progress toward our overarching objective of becoming the best brand builder in the industry, period.



BROWN-FORMAN



CORPORATE INFORMATION

Corporate Headquarters

850 Dixie Highway
Louisville, KY 40210
(502) 585-1100

Internet Address:

<http://www.brown-forman.com>

E-Mail Address:

brown-forman@b-f.com

Employees

On April 30, 2004 Brown-Forman employed about 6,400 people, including approximately 700 on a part-time or temporary basis. Brown-Forman Corporation is an Equal Employment Opportunity and Affirmative Action employer. All human resource practices, actions, and programs are administered without regard to race, color, national or ethnic origin, gender, age, religion, veteran status, sexual preference, or disability. It is also the policy of Brown-Forman to prohibit sexual and other harassment.

Stockholders

The two classes of stock of Brown-Forman Corporation are listed on the New York Stock Exchange. There were 3,458 holders of record of Class A Common Stock and 4,161 holders of record of Class B Common Stock as of April 30, 2004. Shareholders reside in all 50 states and 31 foreign countries.

Dividend Reinvestment Service

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

National City Bank, Dept. 5352
Corporate Trust Operations
P.O. Box 94946
Cleveland, OH 44101-4946

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. The form 10-K can also be downloaded from the company's Web site at www.brown-forman.com. Simply click on the Investor Information section of the Web site and then click on SEC filings to view the Form 10-K, as well as other important documents.

Corporate Governance Guidelines, Committee Charters and Codes

The Board has adopted Corporate Governance Guidelines, which are published at the company's Web site. These guidelines include director responsibilities and qualification standards, director compensation, management succession policies and principles, director access to management and, as appropriate, independent advisors, and an annual performance self-evaluation of the Board.

The company also has posted on its Web site the Audit Committee and Compensation Committee charters, as well as the company's Code of Conduct, which applies to all directors and employees, and a Code of Ethics that applies specifically to the company's senior financial officers. Copies of the Corporate Governance Guidelines, Committee charters and these Codes are also available by writing to our Corporate Secretary, Michael B. Crutcher, 850 Dixie Highway, Louisville, Kentucky 40210 or e-mailing him at Michael_Crutcher@b-f.com.

Listed

New York Stock Exchange
New York City

Registrar and Transfer Agent and Dividend Disbursing Agent

National City Bank
Cleveland, Ohio

E-Mail Address:

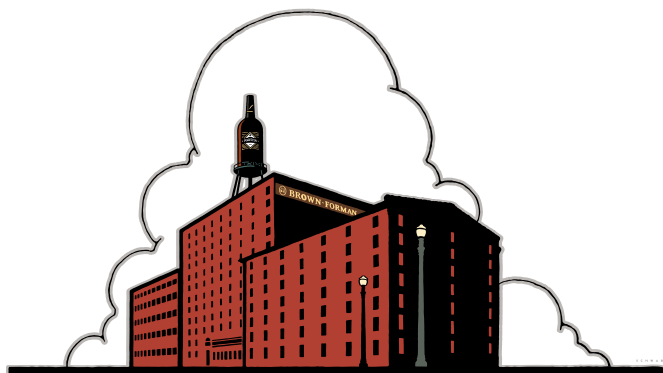
shareholder.inquiries@nationalcity.com

Counsel

Ogden Newell & Welch
Louisville, Kentucky

Auditors

PricewaterhouseCoopers LLP
Louisville, Kentucky



*Your friends at Brown-Forman encourage
you to please drink responsibly.*



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