

# BROWN FORMAN CORP

## FORM 10-Q (Quarterly Report)

Filed 3/6/2000 For Period Ending 1/31/2000

Address	850 DIXIE HWY LOUISVILLE, Kentucky 40210
Telephone	502-585-1100
CIK	0000014693
Industry	Beverages (Alcoholic)
Sector	Consumer/Non-Cyclical
Fiscal Year	04/30

**United States**  
**Securities and Exchange Commission**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended JANUARY 31, 2000

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES**  
**EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

*Commission File No. 1-123*

**BROWN-FORMAN CORPORATION**

(Exact name of Registrant as specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

61-0143150  
(IRS Employer  
Identification No.)

850 Dixie Highway  
Louisville, Kentucky  
(Address of principal executive offices)

40210  
(Zip Code)

(502) 585-1100  
(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year,  
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: March 1, 2000

Class A Common Stock (\$.15 par value, voting) 28,988,091 Class B Common Stock (\$.15 par value, nonvoting) 39,522,569

**BROWN-FORMAN CORPORATION**  
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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements (Unaudited)**

**BROWN-FORMAN CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
(Unaudited)

(Dollars in millions, except per share amounts)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1999	2000	1999	2000
	-----	-----	-----	-----
Net sales	\$ 516.7	\$ 558.1	\$1,530.8	\$1,638.4
Excise taxes	60.7	62.9	189.1	191.6
Cost of sales	194.8	210.6	564.4	607.6
	-----	-----	-----	-----
Gross profit	261.2	284.6	777.3	839.2
Advertising expenses	72.4	76.0	205.9	219.2
Selling, general, and administrative expenses	110.3	121.5	325.2	354.2
	-----	-----	-----	-----
Operating income	78.5	87.1	246.2	265.8
Interest income	1.7	2.6	4.2	7.3
Interest expense	2.5	3.4	8.2	11.5
	-----	-----	-----	-----
Income before income taxes	77.7	86.3	242.2	261.6
Taxes on income	28.4	31.5	88.4	95.5
	-----	-----	-----	-----
Net income	49.3	54.8	153.8	166.1
Less: Preferred stock dividend requirements	--	--	0.2	--
Preferred stock redemption premium	--	--	0.3	--
	-----	-----	-----	-----
Net income applicable to common stock	\$ 49.3	\$ 54.8	\$ 153.3	\$ 166.1
	=====	=====	=====	=====
Earnings per share				
- Basic and Diluted	\$ 0.72	\$ 0.80	\$ 2.23	\$ 2.42
	=====	=====	=====	=====
Shares (in thousands) used in the calculation of earnings per share				
- Basic	68,560	68,510	68,632	68,509
- Diluted	68,677	68,573	68,716	68,585
Cash dividends declared per common share	\$ 0.295	\$ 0.31	\$ 0.855	\$ 0.90
	=====	=====	=====	=====

See notes to the condensed consolidated financial statements.

**BROWN-FORMAN CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
(Dollars in millions)

	April 30, 1999	January 31, 2000 (Unaudited)
	-----	-----
<b>Assets</b>		
-----		
Cash and cash equivalents	\$ 171.2	\$ 121.3
Short-term investments	--	62.5
Accounts receivable, net	273.8	252.5
Inventories:		
Barreled whiskey	190.6	191.1
Finished goods	189.1	190.3
Work in process	89.3	91.6
Raw materials and supplies	55.9	48.6
	-----	-----
Total inventories	524.9	521.6
Other current assets	29.4	33.6
	-----	-----
Total current assets	999.3	991.5
Property, plant and equipment, net	348.0	363.8
Intangible assets, net	264.2	260.4
Other assets	123.9	131.9
	-----	-----
Total assets	\$1,735.4	\$1,747.6
	=====	=====
<b>Liabilities</b>		
-----		
Commercial paper	\$ 226.6	\$ 160.6
Accounts payable and accrued expenses	242.3	277.1
Dividends payable	--	21.2
Current portion of long-term debt	17.8	0.2
Deferred income taxes	30.4	30.4
	-----	-----
Total current liabilities	517.1	489.5
Long-term debt	52.9	47.3
Deferred income taxes	137.2	96.6
Accrued postretirement benefits	56.7	59.1
Other liabilities and deferred income	54.0	54.8
	-----	-----
Total liabilities	817.9	747.3
<b>Stockholders' Equity</b>		
-----		
Common stock	10.3	10.3
Retained earnings	945.0	1,028.5
Cumulative translation adjustment	(8.0)	(9.0)
Treasury stock (490,000 and 485,578 Class B common shares at April 30 and January 31, respectively)	(29.8)	(29.5)
	-----	-----
Total stockholders' equity	917.5	1,000.3
	-----	-----
Total liabilities and stockholders' equity	\$1,735.4	\$1,747.6
	=====	=====

Note: The balance sheet at April 30, 1999, has been taken from the audited financial statements at that date, and condensed.

See notes to the condensed consolidated financial statements.

**BROWN-FORMAN CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Unaudited)

(In millions; amounts in parentheses are reductions of cash)

	Nine Months Ended	
	1999	2000
	-----	-----
Cash flows from operating activities:		
Net income	\$ 153.8	\$ 166.1
Adjustments to reconcile net income to net cash provided by (used for) operations:		
Depreciation	34.0	37.2
Amortization	7.0	7.6
Deferred income taxes	(26.0)	(33.9)
Other	1.8	(5.5)
Changes in assets and liabilities:		
Accounts receivable	33.3	21.3
Inventories	(22.1)	0.5
Other current assets	0.9	(4.2)
Accounts payable and accrued expenses	(14.9)	34.8
Accrued taxes on income	(1.1)	0.5
	-----	-----
Cash provided by operating activities	166.7	224.4
Cash flows from investing activities:		
Additions to property, plant, and equipment	(30.8)	(48.9)
Net purchases of short-term investments	--	(62.5)
Other	(11.6)	(11.0)
	-----	-----
Cash used for investing activities	(42.4)	(122.4)
Cash flows from financing activities:		
Net change in commercial paper	12.5	(66.0)
Reduction of long-term debt	(7.4)	(24.2)
Acquisition of treasury stock	(12.3)	--
Redemption of preferred stock	(12.1)	--
Dividends paid	(58.9)	(61.7)
	-----	-----
Cash used for financing activities	(78.2)	(151.9)
Net increase (decrease) in cash and cash equivalents	46.1	(49.9)
Cash and cash equivalents, beginning of period	78.3	171.2
	-----	-----
Cash and cash equivalents, end of period	\$ 124.4	\$ 121.3
	=====	=====

See notes to the condensed consolidated financial statements.

# BROWN-FORMAN CORPORATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

In these notes, "we," "us," and "our" refer to Brown-Forman Corporation.

### 1. Condensed Consolidated Financial Statements

We prepared these unaudited condensed consolidated statements using our customary accounting practices as set out in our 1999 annual report on Form 10-K (the "1999 Annual Report"). We made all of the adjustments (which includes only normal, recurring adjustments) needed to present this data fairly.

We condensed or left out some of the information found in financial statements prepared according to generally accepted accounting principles ("GAAP"). You should read these financial statements together with the 1999 Annual Report, which does conform to GAAP.

### 2. Short-term Investments

Short-term investments are those with maturities of less than one year, but greater than three months, when purchased. These investments are readily convertible to cash and are stated at cost, which approximates fair value.

### 3. Inventories

We use the last-in, first-out method to determine the cost of almost all of our inventories. If the last-in, first-out method had not been used, inventories would have been \$110.1 million higher than reported as of April 30, 1999, and \$114.8 million higher than reported as of January 31, 2000.

### 4. Environmental

Along with other responsible parties, we face environmental claims resulting from the cleanup of several waste deposit sites. We have accrued our estimated portion of cleanup costs. We expect either the other responsible parties or insurance to cover the remaining costs. We do not believe that any additional costs we incur to satisfy environmental claims will have a material adverse effect on our financial condition or results of operations.

### 5. Contingencies

We get sued in the ordinary course of business. Some suits and claims seek significant damages. Many of them take years to resolve, which makes it difficult for us to predict their outcomes. We believe, based on our legal counsel's advice, that none of the suits and claims pending against us will have a material adverse effect on our financial condition or results of operations.

## 6. Earnings Per Share

Basic earnings per share is calculated using net income reduced by dividend requirements on any outstanding preferred stock, divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated in the same manner, except that the denominator also includes additional common shares that would have been issued if outstanding stock options had been exercised during the period. The dilutive effect of outstanding stock options is determined by application of the treasury stock method.

## 7. Business Segment Information

	(Dollars in millions)			
	Three Months Ended		Nine Months Ended	
	January 31,		January 31,	
	1999	2000	1999	2000
Net sales:				
Wine and spirits	\$365.2	\$393.8	\$1,092.0	\$1,177.8
Consumer durables	151.5	164.3	438.8	460.6
Consolidated net sales	\$516.7	\$558.1	\$1,530.8	\$1,638.4
Operating income:				
Wine and spirits	\$ 64.1	\$ 74.0	\$ 210.2	\$ 225.7
Consumer durables	14.4	13.1	36.0	40.1
Interest expense, net	78.5	87.1	246.2	265.8
Consolidated income before income taxes	\$ 77.7	\$ 86.3	\$ 242.2	\$ 261.6

## 8. Comprehensive Income

Comprehensive income, which is defined as the change in equity from transactions and other events from nonowner sources, was as follows:

	(Dollars in millions)			
	Three Months Ended		Nine Months Ended	
	January 31,		January 31,	
	1999	2000	1999	2000
Net income	\$ 49.3	\$ 54.8	\$153.8	\$166.1
Foreign currency translation adjustment	(0.7)	(1.1)	4.3	(1.0)
Comprehensive income	\$ 48.6	\$ 53.7	\$158.1	\$165.1

## 9. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

## 10. New Accounting Pronouncement

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." Statement No. 133 requires that all derivatives be measured at fair value and recognized in the balance sheet as either assets or liabilities. Statement No. 133 also requires that changes in a derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement and requires formal documentation, designation, and assessment of the effectiveness of derivatives that receive hedge accounting.

In June 1999, the FASB issued Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133," which makes Statement No. 133 effective for fiscal years beginning after June 15, 2000. We plan to adopt Statement No. 133 as of May 1, 2001. The adoption is not expected to have a material impact on our consolidated financial statements.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis along with our 1999 Annual Report. Note that the results of operations for the nine months ended January 31, 2000, do not necessarily indicate what our operating results for the full fiscal year will be. In this Item, "we," "us," and "our" refer to Brown-Forman Corporation.

### Risk Factors Affecting Forward-Looking Statements:

From time to time, we may make forward-looking statements related to our anticipated financial performance, business prospects, new products, and similar matters. We make several such statements in the discussion and analysis which follows, but we do not guarantee that the results indicated will actually be achieved.

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. To comply with the terms of the safe harbor, we note that the following non-exclusive list of important risk factors could cause our actual results and experience to differ materially from the anticipated results or other expectations expressed in those forward-looking statements:

Generally: We operate in highly competitive markets. Our business is subject to changes in general economic conditions, changes in consumer preferences, the degree of acceptance of new products, and the uncertainties of litigation. As our business continues to expand outside the United States, our financial results are more exposed to foreign exchange rate fluctuations and the health of foreign economies.

Beverage Risk Factors: The U.S. beverage alcohol business is highly sensitive to tax increases; an increase in the federal excise tax (which we do not anticipate at this time) would depress our domestic beverage business. Our current outlook for our domestic beverage business anticipates continued success of Jack Daniel's Tennessee Whiskey, Southern Comfort, and our other core spirits brands. Current expectations for our foreign beverage business could prove to be optimistic if the U.S. dollar strengthens against other currencies or if economic conditions deteriorate in the principal countries to which we export our beverage products, including Germany, the United Kingdom, Japan, and Australia. The wine and spirits business, both in the United States and abroad, is also sensitive to political and social trends. Legal or regulatory measures against beverage alcohol (including its advertising and promotion) could adversely affect sales. Product liability litigation against the alcohol industry, while not currently a major risk factor, could become significant if new lawsuits were filed against alcohol manufacturers. Current expectations for our global beverage business may not be met if consumption trends do not continue to increase. Profits could also be affected if grain or grape prices increase.

Consumer Durables Risk Factors: Earnings projections for our consumer durables segment anticipate a continued strengthening of our Lenox and Hartmann businesses. These projections could be offset by factors such as poor consumer response to direct mail, a soft retail environment at outlet malls, further department store consolidation, or weakened demand for tableware, giftware and/or leather goods.

Results of Operations:

Third Quarter Fiscal 2000 Compared to Third Quarter Fiscal 1999

Here is a summary of our operating performance (expressed in millions, except percentages and per share amounts):

	Three Months Ended		Change
	January 31,		
	1999	2000	
	-----	-----	-----
Net Sales:			
Wine & Spirits	\$365.2	\$393.8	8 %
Consumer Durables	151.5	164.3	8 %
	-----	-----	
Total	\$516.7	\$558.1	8 %
Gross Profit:			
Wine & Spirits	\$186.3	\$203.9	9 %
Consumer Durables	74.9	80.7	8 %
	-----	-----	
Total	\$261.2	\$284.6	9 %
Operating Income:			
Wine & Spirits	\$ 64.1	\$ 74.0	15 %
Consumer Durables	14.4	13.1	(9 %)
	-----	-----	
Total	\$ 78.5	\$ 87.1	11 %
Net Income	\$ 49.3	\$ 54.8	11 %
Earnings per Share - Basic and Diluted	\$ 0.72	\$ 0.80	11 %
Effective Tax Rate	36.5%	36.5%	

Sales and gross profit for our wine and spirits segment increased 8% and 9%, respectively, for the quarter. These increases were driven primarily by strong worldwide growth of Jack Daniel's, as well as U.S. growth for Fetzer and Bolla wines and Finlandia Vodka. Advertising and other operating expenses increased at a slower rate than sales and gross profit, resulting in a 15% gain in operating income for the quarter.

Revenues and gross profit from our consumer durables segment increased 8% for the quarter. This growth was driven by improvement across essentially all channels of distribution, including department stores, direct mail and the company's retail operations. Operating income declined 9%, however, as the improvement in sales and gross profit was more than offset by increased advertising and other investments expected to accelerate earnings growth in future periods.

Results of Operations:  
 Nine Months Fiscal 2000 Compared to Nine Months Fiscal 1999

Here is a summary of our operating performance (expressed in millions, except percentages and per share amounts):

	Nine Months Ended January 31,		Change
	1999	2000	
Net Sales:			
Wine & Spirits	\$1,092.0	\$1,177.8	8 %
Consumer Durables	438.8	460.6	5 %
Total	\$1,530.8	\$1,638.4	7 %
Gross Profit:			
Wine & Spirits	\$ 557.8	\$ 610.5	9 %
Consumer Durables	219.5	228.7	4 %
Total	\$ 777.3	\$ 839.2	8 %
Operating Income:			
Wine & Spirits	\$ 210.2	\$ 225.7	7 %
Consumer Durables	36.0	40.1	12 %
Total	\$ 246.2	\$ 265.8	8 %
Net Income	\$ 153.8	\$ 166.1	8 %
Earnings per Share - Basic and Diluted	\$ 2.23	\$ 2.42	9 %
Effective Tax Rate	36.5%	36.5%	

Sales and gross profit for the wine and spirits segment increased 8% and 9%, respectively, led by solid growth of Jack Daniel's, Korbel Champagne, Fetzer and Finlandia. Results were also boosted by the impact of the April 1999 acquisition of Sonoma-Cutrer Vineyards. Operating income increased 7%, as gross profit gains were partially offset by brand-building and other investment activities.

Revenues and gross profit from the consumer durables segment increased 5% and 4%, respectively, primarily reflecting increased consumer demand for fine china dinnerware and crystal in the wholesale channel, as well as strong sales of collectible products. Operating income grew 12% due to effective management of costs and the closing of certain unprofitable stores and facilities.

Net interest expense increased slightly from last year, reflecting financing costs associated with the acquisition of Sonoma-Cutrer Vineyards.

As discussed in Note 10 to the accompanying condensed consolidated financial statements, we plan to adopt FASB Statement No. 133 as of May 1, 2001. The adoption is not expected to have a material impact on our consolidated financial statements.

### **Liquidity and Financial Condition**

Cash and cash equivalents and short-term investments increased by \$12.6 million during the nine months ended January 31, 2000. The increase was generated primarily by \$210.9 million in net income before depreciation and amortization, offset partially by \$90.2 million in debt payments, \$61.7 million in dividends paid, and \$48.9 million in expenditures to expand and modernize our production facilities.

### **Dividends**

On January 27, 2000, the Board of Directors declared a regular quarterly cash dividend of \$0.31 per share on both Class A and Class B common stock, payable April 1, 2000.

### **Year 2000 Issue**

Because of remediation efforts made over the past two fiscal years, the Year 2000 issue has resulted in no disruptions to our business operations. While we will continue to monitor our systems for continued Year 2000 compliance and continue to verify the Year 2000 preparedness of our most important customers and suppliers, we do not anticipate any significant business disruptions related to this matter.

The total cost of our Year 2000 remediation efforts was approximately \$23 million. Of the total cost, approximately \$14 million was attributable to new systems and thus capitalized. The other \$9 million was expensed as incurred. All costs were funded through operating cash flows. No significant additional costs related to the Year 2000 issue are anticipated.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Since April 30, 1999, there have been no material changes in the company's interest rate, foreign currency and commodity price exposures, the types of derivative financial instruments used to hedge those exposures, or the underlying market conditions.

## PART II - OTHER INFORMATION

### Item 6. Exhibits and Reports on Form 8-K

#### (a) Exhibits:

Exhibit Number -----	Exhibit -----
4(a)	Seventh Amendment to the Brown-Forman Corporation Savings Plan
4(b)	Fourth Amendment to the Brown-Forman Corporation Savings Plan for Collectively-Bargained Employees
4(c)	Fifth Amendment to the Brown-Forman Winery Operations Savings Plan
4(d)	Second Amendment to the Hartmann Employee Savings and Investment Plan
4(e)	Corrective Amendment to the Hartmann Employee Savings and Investment Plan
4(f)	Third Amendment to the Lenox Savings Plan for Collectively-Bargained Employees
4(g)	Fourth Amendment to the Lenox, Incorporated Employee Savings and Investment Plan
4(h)	Sixth Amendment to the Lenox Retail Savings and Investment Plan
27	Financial Data Schedule

#### (b) Reports on Form 8-K: None

## SIGNATURES

As required by the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned authorized officer.

### **BROWN-FORMAN CORPORATION** (Registrant)

*Date: March 6, 2000*

*By: /s/ Steven B. Ratoff  
Steven B. Ratoff  
Executive Vice President and  
Chief Financial Officer  
(On behalf of the Registrant and  
as Principal Financial Officer)*

**SEVENTH AMENDMENT  
BROWN-FORMAN CORPORATION SAVINGS PLAN**

The restated Brown-Forman Corporation Savings Plan was adopted by Brown-Forman Corporation effective January 1, 1989.

The Plan provides in Article XII that the Plan may be amended by an instrument in writing duly executed.

It is advisable to amend the Plan in certain respects.

**IT IS THEREFORE AGREED:**

1. Effective for the Plan Year beginning January 1, 2000, the first paragraph of Section 1.21 of Article I, Year of Service, is amended in its entirety as follows:

1.21 Year of Service. For purposes of determining eligibility to participate, a Year of Service is a 12 consecutive month period (computation period) during which an Employee completes at least 1000 Hours of Service. To determine Years of Service and Breaks in Service, the computation period shall begin on the date the Employee first performs an Hour of Service for the Employer. After the initial computation period, the computation period shall shift to the Plan Year which includes the first anniversary of the employment commencement date.

2. Effective for the Plan Year beginning January 1, 2000, Sections 6.02 and 6.03 of Article VI are amended in their entirety as follows:

6.02 Election Request. Elective Contributions for Participants shall be such amounts as the Participant elects to have contributed on the Participant's behalf pursuant to a salary reduction Election Request completed by the Participant and filed with the Employer. In the alternative, the initial Participant elections may be made by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants. Under no circumstances may an Election Request be adopted retroactively.

6.03 Change of Rate. Participants may change the rate of Elective Contributions (in accordance with the Election Request form) by notifying the Employer and the Plan Administrator at least fifteen (15) days prior to the date such changes in contribution are to take effect, or at any other time mutually agreeable between the Employer and the Participant, provided that all Participants under similar circumstances are treated alike. Participants may also make changes in deferrals by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants.

In all other respects, the Brown-Forman Corporation Savings Plan as initially adopted and subsequently amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Employer has caused this Seventh Amendment to the Brown-Forman Corporation Savings Plan to be executed by its duly authorized officer this 20th day of September, 1999, effective as set forth herein.

**BROWN-FORMAN CORPORATION**

*By: /s/ Milton B. Gillis  
MILTON B. GILLIS  
Vice President*

**FOURTH AMENDMENT  
BROWN-FORMAN CORPORATION SAVINGS PLAN FOR COLLECTIVELY-BARGAINED EMPLOYEES**

The Brown-Forman Corporation Savings Plan for Collectively-Bargained Employees was adopted by Brown-Forman Corporation effective January 1, 1996.

The Plan provides in Article XII that the Plan may be amended by an instrument in writing duly executed.

It is advisable to amend the Plan in certain respects.

**IT IS THEREFORE AGREED:**

1. Effective for the Plan Year beginning January 1, 2000, Sections 6.02 and 6.03 of Article VI are amended in their entirety as follows:

6.02 Election Request. Elective Contributions for Participants shall be such amounts as the Participant elects to have contributed on the Participant's behalf pursuant to a salary reduction Election Request completed by the Participant and filed with the Employer. In the alternative, the initial Participant elections may be made by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants. Under no circumstances may an Election Request be adopted retroactively.

6.03 Change of Rate. Participants may change the rate of Elective Contributions (in accordance with the Election Request form) by notifying the Employer and the Plan Administrator at least fifteen (15) days prior to the date such changes in contribution are to take effect, or at any other time mutually agreeable between the Employer and the Participant, provided that all Participants under similar circumstances are treated alike. Participants may also make changes in deferrals by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants.

In all other respects, the Brown-Forman Corporation Savings Plan for Collectively-Bargained Employees as initially adopted and subsequently amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Employer has caused this Fourth Amendment to the Brown-Forman Corporation Savings Plan for Collectively-Bargained Employees to be executed by its duly authorized officer this 20th day of September, 1999, effective as set forth herein.

BROWN-FORMAN CORPORATION

*By: /s/ Milton B. Gillis  
MILTON B. GILLIS  
Vice President*

**FIFTH AMENDMENT  
BROWN-FORMAN WINERY OPERATIONS SAVINGS PLAN**

The restated Fetzer Vineyards Profit Sharing Plan was adopted by Fetzer Vineyards effective December 1, 1994. By amendment effective May 1, 1999, the name of the Plan was changed to the Brown-Forman Winery Operations Savings Plan.

The Plan provides in Article XI that the Plan may be amended by an instrument in writing duly executed.

It is advisable to amend the Plan in certain respects.

**IT IS THEREFORE AGREED:**

1. Effective June 1, 1999, Section 1.17 of Article I is amended in its entirety as follows:

1.17 Year of Service. For purposes of determining eligibility to participate, a Year of Service is a 12 consecutive month period (computation period) during which an Employee completes at least 1000 Hours of Service. To determine Years of Service and Breaks in Service the computation period shall begin on the date the Employee first performs an Hour of Service for the Employer (employment commencement date). After the initial period, the computation period, the computation period shall shift to the Plan Year which includes the first anniversary of the employment commencement date.

For purposes of determining vesting, a Year of Service is equal to twelve (12) Months of Service, beginning on the date the Employee first performs an Hour of Service, whether or not the Months of Service are completed consecutively. To determine the number of whole years of an individual's period of service, nonsuccessive periods of service are aggregated and less than whole year periods of service (whether or not consecutive) are aggregated on the basis that twelve (12) Months of Service (thirty days are deemed to be a month in the case of the aggregation of fractional months) or three hundred sixty-five (365) days of service equal a whole Year of Service. For purposes of vesting, after calculating the Participant's period of service as provided in this section, the Plan may disregard any remaining less than whole year, twelve (12) month, or three hundred sixty-five (365) day period of service. An Employee will receive credit for the aggregate of all Years of Service commencing with the Employee's first day of employment and ending on the date a Break in Service begins.

2. Effective June 1, 1999, Article I is further amended by adding Section 1.18, 1.19, and 1.20 as follows:

1.18 Elapsed Time. For vesting purposes (except for periods of service which may be disregarded on account of the "rule of parity" described in Section 3.07) a Participant will receive credit for the aggregate of all time period(s) commencing with the Participant's first day of employment or reemployment and ending on the date a break in service begins. The first day of employment or reemployment is the first day the Participant performs an hour of service. A Participant will also receive credit for any Period of Severance of less than twelve (12) consecutive months. Fractional periods of a year will be expressed in terms of days.

For purposes of this Section, hour of service shall mean each hour for which a Participant is paid or entitled to payment for the performance of duties for the Employer.

For purposes of this Section, a break in service is a Period of Severance of at least twelve (12) consecutive months.

1.19 Month of Service. For vesting purposes, a calendar month during any part of which an Employee completes an Hour of Service. However, an Employee is credited with a Month of Service for each month during the twelve-month computation period in which the Employee does not incur a Period of Severance.

1.20 Period of Severance. For vesting purposes, a continuous period of time during which the individual is not employed by the Employer. Such period begins on the "Severance from Service Date", which is the date the individual retires, quits, or is discharged, or if earlier, the twelve (12) month anniversary of the date on which the individual was otherwise first absent from work for any reason other than quit, retirement, discharge, or death, such as vacation, holiday, sickness, disability, authorized leave of absence, or layoff. The Period of Severance ends on the date the individual again performs an Hour of Service for the Employer. A Period of Severance of less than 12 consecutive months shall not be taken into account.

In the case of an individual who is absent from work for maternity or paternity reasons, the twelve (12) consecutive month period beginning on the first anniversary of the first date of the absence does not constitute a Period of Severance. For such individual, the Period of Severance begins on the second (2nd) twelve (12) month anniversary of the first day the individual was absent from work. The period between the first and second

(2nd) anniversaries of the first (1st) day of absence from work is neither a period of service nor a Period of Severance. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of the birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of a child by the individual, or (4) for purposes of caring for a child for a period beginning immediately following the child's birth or placement.

3. Effective June 1, 1999, Section 3.03 of Article III is amended in its entirety as follows:

3.03 Period of Service for Vesting Purposes. Service for vesting purposes is taken into account on the basis of Elapsed Time. For purposes of this Section, whether service with a business entity (including but not limited to new entrepreneurial ventures, new divisions, or Affiliated Employers) created or acquired by the Employer or its Affiliated Employers that was not a participant in the Prior Plan on January 1, 1990, shall be deemed to be service with the Employer will be determined by the Executive Committee of the Board of Directors of Brown-Forman Corporation.

4. Effective June 1, 1999, Section 3.05 of Article III is amended in its entirety as follows:

3.05 Effect of Break in Service on Vesting.

(a) Reemployment Before Five Consecutive Breaks in Service. If a terminated Participant is reemployed by the Employer before incurring five consecutive Breaks in Service (only a single Break in Service applies, if completed prior to the first day of the first Plan Year in 1985), both pre-break and post-break Years of Service will count in vesting the Participant's Account balance.

(b) Reemployment of Vested Participant After Five Consecutive Breaks in Service. If a Participant terminates employment with any vested benefit and is reemployed after incurring five consecutive Breaks in Service (only a single Break in Service applies, if completed prior to the first day of the first Plan Year in 1985), all post-break service will be disregarded in determining the vested percentage of such Participant's Account which accrued prior to the break. However, all Years of Service (both pre-break and post-break) will count for purposes of vesting the Participant's Account which accrues after the break.

(c) Reemployment of Non-Vested Participant After Five Consecutive Breaks in Service. If a Participant terminates employment with no vested benefit whatsoever and is reemployed after incurring five consecutive Breaks in Service (only a single Break in Service applies, if completed prior to the first day of the first Plan Year in 1985), all service after the break is disregarded in determining the vested percentage of the Participant's Account that accrued prior to the break. Further, such Participant's pre-break service counts for purposes of determining the vested percentage of the Participant's Account which accrues after the break only if upon reemployment the number of consecutive Breaks in Service is less than the aggregate number of pre-break Years of Service.

For purposes of this subsection (c), in computing a Participant's aggregate Years of Service completed prior to any Break in Service, Years of Service which were disregarded by reason of any prior Break in Service shall likewise be disregarded.

Service earned prior to the first day of the first Plan Year in 1985 is disregarded if the minimum participation and minimum vesting rules then in effect did not require service to be taken into account.

(d) Separate Accounts. If necessary, separate Accounts will be maintained for amounts derived from Employer contributions made before and after a Break in Service. Both Accounts will be adjusted by earnings and losses of the Trust.

5. Section 5.03 of Article V is correctively amended and clarified effective December 1, 1994, consistent with the prior prototype plan document from which the Plan was restated, as follows:

5.03 Matching Contribution by Employer. Each Plan Year the Employer shall contribute to the Trust on a monthly basis a Matching Contribution on behalf of each Participant receiving an Elective Contribution for the month. The amount of the Matching Contribution shall be equal to 50% of the Participant's Elective Contribution for the month; except, however, in applying the matching percentage only Participant Elective Contributions up to 5% of Compensation shall be considered. The Matching Contribution shall be credited to the Matching Account of eligible Participants in accordance with Section 7.03

6. Effective for the Plan Year beginning January 1, 2000, Sections 6.02 and 6.03 of Article VI are amended in their entirety as follows:

6.02 Election Request. Elective Contributions for Participants shall be such amounts as the Participant elects to have contributed on the Participant's behalf pursuant to a salary reduction Election Request completed by the Participant and filed with the Employer. In the alternative, the initial Participant elections may be made by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants. Under no circumstances may an Election Request be adopted retroactively.

6.03 Change of Rate. Participants may change the rate of Elective Contributions (in accordance with the Election Request form) by notifying the Employer and the Plan Administrator at least fifteen (15) days prior to the date such changes in contribution are to take effect, or at any other time mutually agreeable between the Employer and the Participant, provided that all Participants under similar circumstances are treated alike. Participants may also make changes in deferrals by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants.

7. Section 7.03 of Article VII is correctively amended and clarified effective December 1, 1994, consistent with the prior prototype plan document from which the Plan was restated and the first paragraph of the section, by replacing the second paragraph of the section as follows:

Participants shall be eligible to receive a Matching Contribution if they have made elective contributions for the month to which the employer matching contribution relates.

8. Section 7.06 of Article VII is correctively amended, effective December 1, 1994, consistent with the prior prototype plan document from which the Plan was restated, by replacing the references in the third paragraph to "Fiscal Year" with "Plan Year."

In all other respects, the Brown-Forman Winery Operations Savings Plan as initially adopted and subsequently amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Employer has caused this Fifth Amendment to the Brown-Forman Winery Operations Savings Plan to be executed by its duly authorized officer this 22nd day of December, 1999, effective as set forth herein.

**BROWN-FORMAN CORPORATION**

By: /s/ Milton B. Gillis  
MILTON B. GILLIS  
Vice President

**SECOND AMENDMENT  
HARTMANN EMPLOYEE SAVINGS AND INVESTMENT PLAN**

The Hartmann Employee Savings and Investment Plan was adopted by Brown-Forman Corporation for the benefit of employees of Hartmann Luggage Company effective October 1, 1997.

The Plan provides in Article XII that the Plan may be amended by an instrument in writing duly executed.

It is advisable to amend the Plan in certain respects.

**IT IS THEREFORE AGREED:**

1. Effective for the Plan Year beginning January 1, 2000, the first paragraph of Section 1.21 of Article I, Year of Service, is amended in its entirety as follows:

1.21 Year of Service. For purposes of determining eligibility to participate, a Year of Service is a 12 consecutive month period (computation period) during which an Employee completes at least 1000 Hours of Service. To determine Years of Service and Breaks in Service, the computation period shall begin on the date the Employee first performs an Hour of Service for the Employer. After the initial computation period, the computation period shall shift to the Plan Year which includes the first anniversary of the employment commencement date.

2. Effective for the Plan Year beginning January 1, 2000, Sections 6.02 and 6.03 of Article VI are amended in their entirety as follows:

6.02 Election Request. Elective Contributions for Participants shall be such amounts as the Participant elects to have contributed on the Participant's behalf pursuant to a salary reduction Election Request completed by the Participant and filed with the Employer. In the alternative, the initial Participant elections may be made by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants. Under no circumstances may an Election Request be adopted retroactively.

6.03 Change of Rate. Participants may change the rate of Elective Contributions (in accordance with the Election Request form) by notifying the Employer and the Plan Administrator at least fifteen (15) days prior to the date such changes in contribution are to take effect, or at any other time mutually agreeable between the Employer and the Participant, provided that all Participants under similar circumstances are treated alike. Participants may also make changes in deferrals by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants.

In all other respects, the Hartmann Employee Savings and Investment Plan as initially adopted and subsequently amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Employer has caused this Second Amendment to the Hartmann Employee Savings and Investment Plan to be executed by its duly authorized officer this 20th day of September, 1999, effective as set forth herein.

**BROWN-FORMAN CORPORATION**

*By: /s/ Milton B. Gillis  
MILTON B. GILLIS,  
Vice President*

**CORRECTIVE AMENDMENT  
HARTMANN EMPLOYEE SAVINGS AND INVESTMENT PLAN**

A Profit Sharing Plan, including a cash or deferred arrangement, effective October 1, 1997 was adopted by Brown-Forman Corporation for the benefit of employees of Hartmann Luggage Company.

The Plan provides in Article XII that the Plan may be amended by an instrument in writing duly executed.

It is advisable to amend the Plan in certain respects.

**IT IS THEREFORE AGREED:**

1. Section 4.12 of Article IV is hereby amended by adding subparagraph (g) as follows:

(g) For any loan made pursuant to this Section, written spousal consent to the use of the Participant's accrued benefit as security for the loan must be obtained within the ninety (90) day period ending on the date on which the loan is to be secured.

2. The fourth paragraph of Section 7.06 of Article VII is amended in its entirety as follows:

7.06. (continued)

As a result of the allocation of forfeitures, a reasonable error in estimating a Participant's Compensation, a reasonable error in determining the amount of elective deferrals under Section 402(g)(3), or other facts and circumstances which the Commissioner finds justify the availability of the rules of this Section, the Annual Additions to a Participant under this Plan would cause the maximum Annual Additions to such Participant's Accounts to be exceeded, the Plan Administrator shall:

3. Section 9.06 of Article IX is amended by adding the following additional paragraph:

9.06 (continued)

A Pre-Retirement Survivor Annuity is an annuity which is purchasable with 50% of the Participant's vested account balance (determined as of the date of the Participant's death) and which is payable for the life of the Participant's surviving spouse. The value of the Pre-Retirement Survivor Annuity is attributable to Employer contributions and to Employee Contributions in the same proportion as the Participant's vested account balance is attributable to those contributions. The portion of the Participant's account balance not payable under this section is payable to the Participant's beneficiary in accordance with the provisions of Article IV. If the present value of the Pre-Retirement Survivor Annuity does not exceed \$5,000.00, the Plan Administrator, on or before the annuity starting date, must direct the Trustee to make a lump sum distribution to the Participant's surviving spouse in lieu of the Pre-Retirement Survivor Annuity.

In all other respects, the Hartmann Employee Savings and Investment Plan as initially adopted and subsequently amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Employer has caused this Corrective Amendment to the Hartmann Employee Savings and Investment Plan to be executed by its duly authorized officer this 9th day of September, 1999, effective as set forth herein.

**BROWN-FORMAN CORPORATION**

*By: /s/ Milton B. Gillis  
MILTON B. GILLIS  
Vice-President*

**THIRD AMENDMENT  
LENOX SAVINGS PLAN FOR COLLECTIVELY BARGAINED EMPLOYEES**

The Lenox Savings Plan For Collectively Bargained Employees was adopted by Lenox, Incorporated effective March 1, 1997.

The Plan provides in Article XII that the Plan may be amended by an instrument in writing duly executed.

It is advisable to amend the Plan in certain respects.

**IT IS THEREFORE AGREED:**

1. Effective for the Plan Year beginning January 1, 2000, Sections 6.02 and 6.03 of Article VI are amended in their entirety as follows:

6.02 Election Request. Elective Contributions for Participants shall be such amounts as the Participant elects to have contributed on the Participant's behalf pursuant to a salary reduction Election Request completed by the Participant and filed with the Employer. In the alternative, the initial Participant elections may be made by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants. Under no circumstances may an Election Request be adopted retroactively.

6.03 Change of Rate. Participants may change the rate of Elective Contributions (in accordance with the Election Request form) by notifying the Employer and the Plan Administrator at least fifteen (15) days prior to the date such changes in contribution are to take effect, or at any other time mutually agreeable between the Employer and the Participant, provided that all Participants under similar circumstances are treated alike. Participants may also make changes in deferrals by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants.

In all other respects, the Lenox Savings Plan For Collectively Bargained Employees as initially adopted and subsequently amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Employer has caused this Third Amendment to the Lenox Savings Plan For Collectively Bargained Employees to be executed by its duly authorized officer this 17th day of September, 1999, effective as set forth herein.

**LENOX, INCORPORATED**

*By: /s/ James D. Wilson  
JAMES D. WILSON  
Officer*

**FOURTH AMENDMENT  
LENOX, INCORPORATED EMPLOYEE SAVINGS AND INVESTMENT PLAN**

The restated Lenox, Incorporated Employee Savings and Investment Plan was adopted by Lenox, Incorporated effective January 1, 1989.

The Plan provides in Article XII that the Plan may be amended by an instrument in writing duly executed.

It is advisable to amend the Plan in certain respects.

**IT IS THEREFORE AGREED:**

1. Effective for Plan Years beginning on or after January 1, 1999, Article IV, Time and Manner of Payment, is amended to increase the involuntary cashout limit from \$3,500 to \$5,000. The \$3,500 dollar limit is amended to read \$5,000 wherever that \$3,500 dollar limit appears in Article IV of this Plan.

2. Sections 4.03 and 4.04 are correctively amended effective January 1, 1989, to reflect the options for distribution of the transferred ESOP Accounts as follows:

4.03 Manner of Payment of Retirement Benefits. Distribution of a Participant's benefits will be made to the Participant or Beneficiary by one of the following methods as elected by the Participant:

(a) Single Payment. Payment may be made in one lump-sum payment in cash in the year in which distribution is to be made; provided, however, that payment from a Participant's ESOP Account, if any, may be made in one lump-sum payment in cash or in kind.

(b) Lifetime Payments. Payments may be made in cash over a period not extending beyond the life expectancy of the Participant or the joint life expectancies of the Participant and the Participant's Beneficiary.

4.04 Payment Upon Death of Participant. If a Participant dies before having received the entire vested balance of that Participant's benefits, such remaining vested balance, plus the proceeds of any insurance on the life of the Participant held in the Participant's Accounts, shall be paid to or for the benefit of the Participant's Beneficiary in a lump sum payment in cash; provided, however, that payment from a Participant's ESOP Account, if any, may be made in one lump-sum payment in cash or in kind.

3. Effective April 1, 1999, Sections 4.03 and 4.04 are amended in their entirety as follows:

4.03 Manner of Payment of Retirement Benefits. Distribution of a Participant's benefits will be made to the Participant or Beneficiary by one of the following methods as elected by the Participant:

(a) Single Payment. Payment may be made in one lump-sum payment in cash in the year in which distribution is to be made; provided, however, that payment from a Participant's ESOP Account, if any, may be made in one lump-sum payment in cash or in kind. Effective April 1, 1999, payment of all or any portion of a Participant's account balance invested in the Brown-Forman Stock Fund may be made in one lump-sum payment in cash or kind, with in kind distribution in the form of Brown-Forman Corporation Class B shares.

(b) Lifetime Payments. Payments may be made in cash over a period not extending beyond the life expectancy of the Participant or the joint life expectancies of the Participant and the Participant's Beneficiary.

4.04 Payment Upon Death of Participant. If a Participant dies before having received the entire vested balance of that Participant's benefits, such remaining vested balance, plus the proceeds of any insurance on the life of the Participant held in the Participant's Accounts, shall be paid to or for the benefit of the Participant's Beneficiary in a lump sum payment in cash; provided, however, that payment from a Participant's ESOP Account, if any, may be made in one lump-sum payment in cash or in kind. Effective April 1, 1999, payment of all or any portion of a Participant's account balance invested in the Brown-Forman Stock Fund may be made in one lump-sum payment in cash or kind, with in kind distribution in the form of Brown-Forman Corporation Class B shares.

4. Effective April 1, 1999, Section 7.10, Participant Direction of Investment, of Article VII is amended by adding subsection (d) as follows:

(d) The Employer and the Trustee have established the Brown-Forman Stock Fund, composed of employer securities in the form of Brown-Forman Corporation Class B shares, as an additional investment option under the Plan. A Participant may direct the investment of his/her account balance into said Stock Fund under the terms and conditions as agreed upon between the Trustee and the Plan Administrator.

In all other respects, the Lenox, Incorporated Employee Savings and Investment Plan as initially adopted and subsequently amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Employer has caused this Fourth Amendment to the Lenox, Incorporated Employee Savings and Investment

Plan to be executed by its duly authorized officer this 17th day of September, 1999, effective as set forth herein.

**LENOX, INCORPORATED**

*By: /s/ James D. Wilson*  
*JAMES D. WILSON*  
*Officer*

**SIXTH AMENDMENT  
LENOX RETAIL SAVINGS AND INVESTMENT PLAN**

The Lenox Retail Savings and Investment Plan was adopted by Brown-Forman Corporation effective July 1, 1992.

The Plan provides in Article XII that the Plan may be amended by an instrument in writing duly executed.

It is advisable to amend the Plan in certain respects.

**IT IS THEREFORE AGREED:**

1. Effective for the Plan Year beginning January 1, 2000, the first paragraph of Section 1.21 of Article I, Year of Service, is amended in its entirety as follows:

1.21 Year of Service. For purposes of determining eligibility to participate, a Year of Service is a 12 consecutive month period (computation period) during which an Employee completes at least 1000 Hours of Service. To determine Years of Service and Breaks in Service, the computation period shall begin on the date the Employee first performs an Hour of Service for the Employer. After the initial computation period, the computation period shall shift to the Plan Year which includes the first anniversary of the employment commencement date.

2. Effective September 2, 1999, Article III is amended by adding Section 3.12 as follows:

3.12 Former Employees of Crouch and Fitzgerald. A Participant who was employed on September 2, 1999, and whose employment terminated on or after September 2, 1999, as a direct result of the divestiture of Crouch and Fitzgerald, is fully vested and has a nonforfeitable right to the Participant's Account(s) under the Plan.

3. Effective for the Plan Year beginning January 1, 2000, Sections 6.02 and 6.03 of Article VI are amended in their entirety as follows:

6.02 Election Request. Elective Contributions for Participants shall be such amounts as the Participant elects to have contributed on the Participant's behalf pursuant to a salary reduction Election Request completed by the Participant and filed with the Employer. In the alternative, the initial Participant elections may be made by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants. Under no circumstances may an Election Request be adopted retroactively.

6.03 Change of Rate. Participants may change the rate of Elective Contributions (in accordance with the Election Request form) by notifying the Employer and the Plan Administrator at least fifteen (15) days prior to the date such changes in contribution are to take effect, or at any other time mutually agreeable between the Employer and the Participant, provided that all Participants under similar circumstances are treated alike. Participants may also make changes in deferrals by electronic means, under uniform terms and conditions established by the Plan Administrator and conveyed to the Participants.

In all other respects, the Lenox Retail Savings and Investment Plan as initially adopted and subsequently amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Employer has caused this Sixth Amendment to the Lenox Retail Savings and Investment Plan to be executed by its duly authorized officer this 17th day of September, 1999, effective as set forth herein.

**LENOX, INCORPORATED**

*By: /s/ James D. Wilson  
JAMES D. WILSON  
Officer*

## ARTICLE 5

This schedule contains summary financial information extracted from the company's January 31, 2000 Quarterly Report Form 10-Q and is qualified in its entirety by reference to such financial statements.

MULTIPLIER: 1,000,000

PERIOD TYPE	9 MOS	
FISCAL YEAR END	APR 30 2000	
PERIOD END	JAN 31 2000	
CASH	121	
SECURITIES	63	
RECEIVABLES	253 <sup>1</sup>	
ALLOWANCES	0	1
INVENTORY	522	
CURRENT ASSETS	992	
PP&E	796	
DEPRECIATION	432	
TOTAL ASSETS	1,748	
CURRENT LIABILITIES	490	
BONDS	47	
PREFERRED MANDATORY	0	
PREFERRED	0	
COMMON	10	
OTHER SE	990	
TOTAL LIABILITY AND EQUITY	1,748	
SALES	1,638	
TOTAL REVENUES	1,638	
CGS	799 <sup>2</sup>	
TOTAL COSTS	799 <sup>2</sup>	
OTHER EXPENSES	0	
LOSS PROVISION	0	
INTEREST EXPENSE	12	
INCOME PRETAX	262	
INCOME TAX	96	
INCOME CONTINUING	166	
DISCONTINUED	0	
EXTRAORDINARY	0	
CHANGES	0	
NET INCOME	166	
EPS BASIC	2.42 <sup>3</sup>	
EPS DILUTED	2.42 <sup>4</sup>	

<sup>1</sup> Accounts receivable is shown net of allowance for doubtful accounts. Allowance for doubtful accounts has not changed materially from the April 30, 1999 balance.

<sup>2</sup> Includes excise taxes of \$192 million.

<sup>3</sup> Represents Basic EPS, calculated in accordance with SFAS No. 128.

<sup>4</sup> Represents Diluted EPS, calculated in accordance with SFAS No. 128.

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