

# BROWN FORMAN CORP

## FORM 10-Q (Quarterly Report)

Filed 8/31/2000 For Period Ending 7/31/2000

|             |   |
|-------------|---|
| Address     | 850 DIXIE HWY<br>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 JULY 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: August 31, 2000

Class A Common Stock (\$.15 par value, voting) 28,988,091 Class B Common Stock (\$.15 par value, nonvoting) 39,530,582

**BROWN-FORMAN CORPORATION**  
**Index to Quarterly Report Form 10-Q**

PART I - FINANCIAL INFORMATION

|  |        |
|--|--------|
| Item 1. Financial Statements (Unaudited)   | Page   |
| Condensed Consolidated Statement of Income<br>Three months ended July 31, 1999 and 2000          | 3      |
| Condensed Consolidated Balance Sheet<br>April 30, 2000 and July 31, 2000                         | 4      |
| Condensed Consolidated Statement of Cash Flows<br>Three months ended July 31, 1999 and 2000      | 5      |
| Notes to the Condensed Consolidated Financial Statements   | 6 - 8  |
| Item 2. Management's Discussion and Analysis of<br>Financial Condition and Results of Operations | 9 - 11 |
| Item 3. Quantitative and Qualitative Disclosures about Market Risk                               | 11     |

PART II - OTHER INFORMATION

|   |    |
|---|----|
| Item 4. Submission of Matters to a Vote of Security Holders | 12 |
| Item 6. Exhibits and Reports on Form 8-K                    | 12 |
| Signatures  | 13 |

**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<br>July 31, |          |
|--|--------------------------------|----------|
|  | 1999                           | 2000     |
|  | -----                          | -----    |
| Net sales  | \$ 436.6                       | \$ 466.0 |
| Excise taxes   | 52.8                           | 55.6     |
| Cost of sales  | 152.5                          | 155.4    |
|  | -----                          | -----    |
| Gross profit   | 231.3                          | 255.0    |
| Selling, general, and administrative expenses                          | 108.1                          | 115.0    |
| Advertising expenses   | 61.0                           | 72.1     |
|  | -----                          | -----    |
| Operating income   | 62.2                           | 67.9     |
| Interest income  | 2.2                            | 3.1      |
| Interest expense   | 3.9                            | 4.0      |
|  | -----                          | -----    |
| Income before income taxes   | 60.5                           | 67.0     |
| Taxes on income  | 22.1                           | 24.4     |
|  | -----                          | -----    |
| Net income   | \$ 38.4                        | \$ 42.6  |
|  | =====                          | =====    |
| Earnings per share   |                                |          |
| - Basic and Diluted  | \$ 0.56                        | \$ 0.62  |
|  | =====                          | =====    |
| Shares (in thousands) used in the<br>calculation of earnings per share |                                |          |
| - Basic  | 68,508                         | 68,517   |
| - Diluted  | 68,600                         | 68,558   |
| Cash dividends declared per common share                               | \$ 0.295                       | \$ 0.31  |
|  | =====                          | =====    |

See notes to the condensed consolidated financial statements.

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

|  | April 30,<br>2000 | July 31,<br>2000<br>(Unaudited) |
|--|-------------------|---------------------------------|
|  | -----             | -----                           |
| <b>Assets</b>  |                   |                                 |
| -----  |                   |                                 |
| Cash and cash equivalents  | \$ 180.2          | \$ 188.0                        |
| Accounts receivable, net   | 293.7             | 249.9                           |
| Inventories:   |                   |                                 |
| Barreled whiskey   | 202.1             | 205.2                           |
| Finished goods   | 183.7             | 208.5                           |
| Work in process  | 80.3              | 67.8                            |
| Raw materials and supplies   | 48.1              | 52.7                            |
|  | -----             | -----                           |
| Total inventories  | 514.2             | 534.2                           |
| Other current assets   | 32.2              | 25.9                            |
|  | -----             | -----                           |
| Total current assets   | 1,020.3           | 998.0                           |
| Property, plant and equipment, net   | 375.7             | 385.2                           |
| Intangible assets, net   | 269.6             | 268.7                           |
| Other assets   | 136.2             | 154.9                           |
|  | -----             | -----                           |
| Total assets   | \$1,801.8         | \$1,806.8                       |
|  | =====             | =====                           |
| <b>Liabilities</b>   |                   |                                 |
| -----  |                   |                                 |
| Commercial paper   | \$ 220.4          | \$ 208.3                        |
| Accounts payable and accrued expenses  | 280.1             | 251.0                           |
| Current portion of long-term debt  | 6.0               | 6.0                             |
| Accrued taxes on income  | 1.4               | 37.7                            |
| Dividends payable  | --                | 21.2                            |
| Deferred income taxes  | 14.6              | 14.6                            |
|  | -----             | -----                           |
| Total current liabilities  | 522.5             | 538.8                           |
| Long-term debt   | 40.2              | 40.2                            |
| Deferred income taxes  | 95.3              | 82.0                            |
| Accrued postretirement benefits  | 58.3              | 58.5                            |
| Other liabilities and deferred income  | 37.5              | 38.6                            |
|  | -----             | -----                           |
| Total liabilities  | 753.8             | 758.1                           |
| <b>Stockholders' Equity</b>  |                   |                                 |
| -----  |                   |                                 |
| Common stock   | 10.3              | 10.3                            |
| Retained earnings  | 1,080.4           | 1,080.4                         |
| Cumulative translation adjustment  | (13.3)            | (13.0)                          |
| Treasury stock (483,846 and 477,565 Class B<br>common shares at April 30 and July 31,<br>respectively) | (29.4)            | (29.0)                          |
|  | -----             | -----                           |
| Total stockholders' equity   | 1,048.0           | 1,048.7                         |
|  | -----             | -----                           |
| Total liabilities and stockholders' equity   | \$1,801.8         | \$1,806.8                       |
|  | =====             | =====                           |

Note: The balance sheet at April 30, 2000, 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)

|  | Three Months Ended |          |
|--|--------------------|----------|
|  | July 31,           |          |
|  | 1999               | 2000     |
|  | -----              | -----    |
| Cash flows from operating activities:  |                    |          |
| Net income   | \$ 38.4            | \$ 42.6  |
| Adjustments to reconcile net income to net cash provided by (used for) operations: |                    |          |
| Depreciation   | 12.8               | 13.2     |
| Amortization   | 2.6                | 2.7      |
| Deferred income taxes  | (14.2)             | (13.3)   |
| Other  | (1.7)              | (4.7)    |
| Changes in assets and liabilities:   |                    |          |
| Accounts receivable  | 18.0               | 48.8     |
| Inventories  | (15.9)             | (20.7)   |
| Other current assets   | (5.1)              | 5.5      |
| Accounts payable and accrued expenses  | 9.6                | (29.1)   |
| Accrued taxes on income  | 25.4               | 36.3     |
|  | -----              | -----    |
| Cash provided by operating activities  | 69.9               | 81.3     |
| Cash flows from investing activities:  |                    |          |
| Additions to property, plant, and equipment  | (12.5)             | (21.0)   |
| Disposals of property, plant, and equipment  | 0.7                | 0.1      |
| Investment in affiliate  | --                 | (14.8)   |
| Other  | (6.4)              | (4.4)    |
|  | -----              | -----    |
| Cash used for investing activities   | (18.2)             | (40.1)   |
| Cash flows from financing activities:  |                    |          |
| Net change in commercial paper   | (15.0)             | (12.1)   |
| Reduction of long-term debt  | (6.9)              | --       |
| Dividends paid   | (20.2)             | (21.3)   |
|  | -----              | -----    |
| Cash used for financing activities   | (42.1)             | (33.4)   |
|  | -----              | -----    |
| Net increase in cash and cash equivalents  | 9.6                | 7.8      |
| Cash and cash equivalents, beginning of period                                     | 171.2              | 180.2    |
|  | -----              | -----    |
| Cash and cash equivalents, end of period   | \$ 180.8           | \$ 188.0 |
|  | =====              | =====    |

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 2000 annual report on Form 10-K (the "2000 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 2000 Annual Report, which does conform to GAAP.

### 2. 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 \$110.3 million higher than reported as of April 30, 2000, and \$108.5 million higher than reported as of July 31, 2000.

### 3. 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.

### 4. 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.

### 5. Earnings Per Share

Basic earnings per share is calculated using net income 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.

6. Business Segment Information

|   | Three Months Ended |         |
|---|--------------------|---------|
|   | July 31,           |         |
|   | 1999               | 2000    |
|   | -----              | -----   |
| Net sales:                              |                    |         |
| Wine and spirits                        | \$324.4            | \$341.1 |
| Consumer durables                       | 112.2              | 124.9   |
|   | -----              | -----   |
| Consolidated net sales                  | \$436.6            | \$466.0 |
|   | =====              | =====   |
| Operating income (loss):                |                    |         |
| Wine and spirits                        | \$ 64.1            | \$ 68.1 |
| Consumer durables                       | (1.9)              | (0.2)   |
|   | -----              | -----   |
| Interest expense, net                   | 62.2               | 67.9    |
|   | 1.7                | 0.9     |
|   | -----              | -----   |
| Consolidated income before income taxes | 60.5               | 67.0    |
|   | =====              | =====   |

7. Comprehensive Income

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

|   | Three Months Ended |         |
|---|--------------------|---------|
|   | July 31,           |         |
|   | 1999               | 2000    |
|   | -----              | -----   |
| Net income                              | \$ 38.4            | \$ 42.6 |
| Foreign currency translation adjustment | (0.5)              | 0.3     |
|   | -----              | -----   |
| Comprehensive income                    | \$ 37.9            | \$ 42.9 |
|   | =====              | =====   |

8. New Accounting Pronouncement

In June 1998, the Financial Accounting Standards Board 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.

Statement No. 133, as amended by Statements No. 137 and 138, is 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.

## 9. Investment in Affiliate

On May 17, 2000, we reached an agreement with Glenmorangie plc to become the sales and marketing representative for the Glenmorangie and Ardbeg Single Malt Scotch brands in certain global markets, including Continental Europe, the Far East, Australia, Mexico, Canada, the Caribbean, and South America. In connection with this arrangement, we purchased approximately 10% of the voting rights of Glenmorangie plc at a cost of \$14.8 million during the quarter ended July 31, 2000.

## 10. Reclassifications

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

## 11. Subsequent Event

On August 2, 2000, we acquired 45% of Finlandia Vodka Worldwide Ltd (FVW), which owns the Finlandia trademark and the rights to market Finlandia Vodka, at a purchase price of approximately \$84 million. In connection with this purchase, Brown-Forman's rights to distribute Finlandia have been expanded beyond the U.S. to include all markets other than Finland and the Nordic countries, the Baltic States, the Czech Republic and Poland. During the three-year period ending December 31, 2006, Brown-Forman may be required to acquire some or all of the remaining 55% of FVW.

## 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 2000 Annual Report. Note that the results of operations for the three months ended July 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 wine and 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 the United Kingdom, Germany, 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:

First Quarter Fiscal 2001 Compared to First Quarter Fiscal 2000

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

|  | Three Months Ended<br>July 31, |         | Change |
|--|--------------------------------|---------|--------|
|  | 1999                           | 2000    |        |
| Net Sales:                             |                                |         |        |
| Wine & Spirits                         | \$324.4                        | \$341.1 | 5 %    |
| Consumer Durables                      | 112.2                          | 124.9   | 11 %   |
| Total                                  | \$436.6                        | \$466.0 | 7 %    |
| Gross Profit:                          |                                |         |        |
| Wine & Spirits                         | \$175.1                        | \$190.4 | 9 %    |
| Consumer Durables                      | 56.2                           | 64.6    | 15 %   |
| Total                                  | \$231.3                        | \$255.0 | 10 %   |
| Operating Income (Loss):               |                                |         |        |
| Wine & Spirits                         | \$ 64.1                        | \$ 68.1 | 6 %    |
| Consumer Durables                      | (1.9)                          | (0.2)   | N/M    |
| Total                                  | \$ 62.2                        | \$ 67.9 | 9 %    |
| Net Income                             | \$ 38.4                        | \$ 42.6 | 11 %   |
| Earnings per Share - Basic and Diluted | \$ 0.56                        | \$ 0.62 | 11 %   |
| Effective Tax Rate                     | 36.5%                          | 36.4%   |        |

Sales for our wine and spirits segment increased 5%, as demand for Jack Daniel's continued to expand around the world and sales for Southern Comfort rose in the U.S. Gross profit and operating income from the wine and spirits segment increased 9% and 6%, respectively, for the quarter. A higher gross margin reflected the realization of cost efficiencies, modest price increases, and an improving product mix. Operating income for the quarter benefited from hedging gains that more than offset the negative impact of translating weaker foreign currencies into U.S. dollars, as our first quarter hedging position was increased substantially in anticipation of overseas investments, including the acquisition of equity stakes in Finlandia Vodka and Glenmorangie Single Malt Scotch Whiskies. Comparison of operating results for the quarter was affected by last year's millenium activity for Korbel Champagne. Excluding Korbel, first quarter sales, gross profit and operating income for the segment grew 9%, 11% and 12%, respectively.

Revenues and gross profit for the quarter from our consumer durables segment increased 11% and 15%, respectively. Broad-based growth across product lines and channels of distribution reduced the operating loss for this seasonal business to \$0.2 million for the quarter.

Net interest expense declined from last year's first quarter due to lower net debt balances. The reduction in the company's consolidated effective tax rate reflects lower effective state tax rates.

Current business trends indicate a favorable outlook for growth. Consistent marketing investments placed behind our premium brands over the past several years have resulted in increased consumer demand. We expect to sustain this long-term commitment to brand building by expanding advertising outlays 8% to 10% during fiscal 2001. Although a weakening euro and other important currencies may constrain U.S. dollar earnings growth in subsequent quarters, we remain optimistic about continued growth during the remainder of the fiscal year.

As discussed in Note 8 to the accompanying condensed consolidated financial statements, we are required to adopt SFAS No. 133 by May 1, 2001. The adoption of SFAS No. 133 is not expected to have a material impact on our consolidated financial statements.

### **Liquidity and Financial Condition**

Cash and cash equivalents increased by \$7.8 million during the three months ended July 31, 2000, as cash provided by operating activities exceeded cash used for financing and investing activities. Cash provided by operations totaled \$81.3 million, primarily reflecting net income before depreciation and amortization and the normal seasonal increase in accrued income taxes and decrease in accounts receivable during the period. Those amounts were partially offset by a reduction in accounts payable and accrued expenses, and an increase in inventories, as well as a continued partial liquidation of deferred income taxes in compliance with revised U.S. tax regulations. Cash of \$40.1 million was used for investing activities, including the investment of \$14.8 million for an equity stake in Glenmorangie. Cash of \$33.4 million was used for financing activities, reflecting dividend and debt payments made during the period.

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

Since April 30, 2000, 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 4. Submission of Matters to a Vote of Security Holders**

At the Annual Meeting of Stockholders of the company held July 27, 2000, the following matter was voted upon:

Election of Jerry E. Abramson, Barry D. Bramley, Geo. Garvin Brown III, Owsley Brown II, Donald G. Calder, Owsley Brown Frazier, Richard P. Mayer, Stephen E. O'Neil, William M. Street, and Dace Brown Stubbs to serve as directors until the next annual election of directors, or until a successor has been elected and qualified.

|                       | For        | Withheld |
|-----------------------|------------|----------|
|                       | -----      | -----    |
| Jerry E. Abramson     | 27,666,682 | 21,306   |
| Barry D. Bramley      | 27,673,436 | 14,552   |
| Geo. Garvin Brown III | 27,671,192 | 16,795   |
| Owsley Brown II       | 27,674,254 | 13,733   |
| Donald G. Calder      | 27,674,282 | 13,705   |
| Owsley Brown Frazier  | 27,671,192 | 16,795   |
| Richard P. Mayer      | 27,674,066 | 13,921   |
| Stephen E. O'Neil     | 27,673,961 | 14,026   |
| William M. Street     | 27,674,285 | 13,702   |
| Dace Brown Stubbs     | 27,670,872 | 17,115   |

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

(a) Exhibits:

| Exhibit<br>Number | Exhibit                 |
|-------------------|-------------------------|
| -----             | -----                   |
| 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: August 31, 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)*

## ARTICLE 5

This schedule contains summary financial information extracted from the company's July 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                | 3 MOS             |   |
|----------------------------|-------------------|---|
| FISCAL YEAR END            | APR 30 2001       |   |
| PERIOD END                 | JUL 31 2000       |   |
| CASH                       | 188               |   |
| SECURITIES                 | 0                 |   |
| RECEIVABLES                | 250 <sup>1</sup>  |   |
| ALLOWANCES                 | 0                 | 1 |
| INVENTORY                  | 534               |   |
| CURRENT ASSETS             | 998               |   |
| PP&E                       | 819               |   |
| DEPRECIATION               | 434               |   |
| TOTAL ASSETS               | 1,807             |   |
| CURRENT LIABILITIES        | 539               |   |
| BONDS                      | 40                |   |
| PREFERRED MANDATORY        | 0                 |   |
| PREFERRED                  | 0                 |   |
| COMMON                     | 10                |   |
| OTHER SE                   | 1,039             |   |
| TOTAL LIABILITY AND EQUITY | 1,807             |   |
| SALES                      | 466               |   |
| TOTAL REVENUES             | 466               |   |
| CGS                        | 211 <sup>2</sup>  |   |
| TOTAL COSTS                | 211 <sup>2</sup>  |   |
| OTHER EXPENSES             | 0                 |   |
| LOSS PROVISION             | 0                 |   |
| INTEREST EXPENSE           | 4                 |   |
| INCOME PRETAX              | 67                |   |
| INCOME TAX                 | 24                |   |
| INCOME CONTINUING          | 43                |   |
| DISCONTINUED               | 0                 |   |
| EXTRAORDINARY              | 0                 |   |
| CHANGES                    | 0                 |   |
| NET INCOME                 | 43                |   |
| EPS BASIC                  | 0.62 <sup>3</sup> |   |
| EPS DILUTED                | 0.62 <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, 2000 balance.

<sup>2</sup> Includes excise taxes of \$56 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.

---

**End of Filing**

Powered By **EDGAR**  
Online

© 2005 | EDGAR Online, Inc.