

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, 2015

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. **002-26821**

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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: July 31, 2015

Class A Common Stock (\$.15 par value, voting)

84,528,000

Class B Common Stock (\$.15 par value, nonvoting)

121,962,627

BROWN-FORMAN CORPORATION

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

BROWN-FORMAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in millions, except per share amounts)

	Three Months Ended	
	July 31,	
	<u>2014</u>	<u>2015</u>
Net sales	\$ 921	\$ 900
Excise taxes	216	201
Cost of sales	210	208
Gross profit	495	491
Advertising expenses	99	95
Selling, general, and administrative expenses	170	169
Other expense (income), net	5	—
Operating income	221	227
Interest expense	7	9
Income before income taxes	214	218
Income taxes	64	62
Net income	\$ 150	\$ 156
Earnings per share:		
Basic	\$ 0.70	\$ 0.75
Diluted	\$ 0.70	\$ 0.75
Cash dividends per common share:		
Declared	\$ 0.580	\$ 0.630
Paid	\$ 0.290	\$ 0.315

See notes to the condensed consolidated financial statements.

BROWN-FORMAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Dollars in millions)

	Three Months Ended July 31,	
	<u>2014</u>	<u>2015</u>
Net income	\$ 150	\$ 156
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	(16)	(24)
Cash flow hedge adjustments	5	16
Postretirement benefits adjustments	4	4
Net other comprehensive income (loss)	(7)	(4)
Comprehensive income	\$ 143	\$ 152

See notes to the condensed consolidated financial statements.

BROWN-FORMAN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)
(Dollars in millions)

	April 30, 2015	July 31, 2015
<u>Assets</u>		
Cash and cash equivalents	\$ 370	\$ 494
Accounts receivable, less allowance for doubtful accounts of \$10 and \$9 at April 30 and July 31, respectively	583	505
Inventories:		
Barreled whiskey	571	599
Finished goods	200	237
Work in process	121	118
Raw materials and supplies	61	81
Total inventories	953	1,035
Current deferred tax assets	16	9
Other current assets	332	328
Total current assets	2,254	2,371
Property, plant and equipment, net	586	608
Goodwill	607	605
Other intangible assets	611	605
Deferred tax assets	18	18
Other assets	112	127
Total assets	\$ 4,188	\$ 4,334
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 497	\$ 438
Dividends payable	—	65
Accrued income taxes	12	54
Current deferred tax liabilities	9	13
Short-term borrowings	190	13
Current portion of long-term debt	250	250
Total current liabilities	958	833
Long-term debt	743	1,229
Deferred tax liabilities	107	112
Accrued pension and other postretirement benefits	311	304
Other liabilities	164	149
Total liabilities	2,283	2,627
Commitments and contingencies		
<u>Stockholders' Equity</u>		
Common stock:		
Class A, voting (85,000,000 shares authorized; 85,000,000 shares issued)	13	13
Class B, nonvoting (400,000,000 shares authorized; 142,313,000 shares issued)	21	21
Additional paid-in capital	99	111
Retained earnings	3,300	3,309
Accumulated other comprehensive income (loss), net of tax	(300)	(304)
Treasury stock, at cost (18,613,000 and 20,823,000 shares at April 30 and July 31, respectively)	(1,228)	(1,443)
Total stockholders' equity	1,905	1,707
Total liabilities and stockholders' equity	\$ 4,188	\$ 4,334

See notes to the condensed consolidated financial statements.

BROWN-FORMAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in millions)

	Three Months Ended July 31,	
	<u>2014</u>	<u>2015</u>
Cash flows from operating activities:		
Net income	\$ 150	\$ 156
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	13	13
Stock-based compensation expense	3	3
Deferred income taxes	1	2
Changes in assets and liabilities	(55)	(27)
Cash provided by operating activities	<u>112</u>	<u>147</u>
Cash flows from investing activities:		
Additions to property, plant, and equipment	(31)	(39)
Cash used for investing activities	<u>(31)</u>	<u>(39)</u>
Cash flows from financing activities:		
Net change in short-term borrowings	5	(176)
Proceeds from long-term debt	—	490
Debt issuance costs	—	(5)
Net payments related to exercise of stock-based awards	(4)	(5)
Excess tax benefits from stock-based awards	16	12
Acquisition of treasury stock	(12)	(230)
Dividends paid	(62)	(65)
Cash provided by (used for) financing activities	<u>(57)</u>	<u>21</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1)</u>	<u>(5)</u>
Net increase (decrease) in cash and cash equivalents	23	124
Cash and cash equivalents, beginning of period	437	370
Cash and cash equivalents, end of period	<u>\$ 460</u>	<u>\$ 494</u>

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 the accompanying unaudited condensed consolidated financial statements pursuant to the rules and regulations of the U.S. Securities and Exchange Commission for interim financial information. In accordance with those rules and regulations, we condensed or omitted certain information and disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). We suggest that you read these condensed financial statements together with the financial statements and footnotes included in our annual report on Form 10-K for the fiscal year ended April 30, 2015 (the 2015 Form 10-K).

In our opinion, the accompanying financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of our financial results for the periods covered by this report.

We prepared the accompanying financial statements on a basis that is substantially consistent with the accounting principles applied in our 2015 Form 10-K, although during the first quarter of fiscal 2016 we adopted new guidance for the presentation of debt issuance costs. Under the new guidance, debt issuance costs are presented as a direct deduction from the debt liability rather than as an asset. In adopting the new guidance, we retrospectively adjusted our balance sheet as of April 30, 2015. As a result, the carrying amounts of other assets (noncurrent) and long-term debt have decreased by \$5 million from the amounts previously reported as of that date.

In May 2014, the Financial Accounting Standards Board (FASB) issued new guidance on the recognition of revenue from contracts with customers. As issued, the new guidance would have become effective for us beginning fiscal 2018. However, the FASB has since deferred the effective date until our fiscal 2019, though permitting voluntary adoption as of the original effective date. The FASB has also proposed further amendments to the new guidance. We are currently evaluating the potential impact of the new guidance and the proposed amendments on our financial statements.

2. Inventories

We use the last-in, first-out (LIFO) method to determine the cost of most of our inventories. If the LIFO method had not been used, inventories at current cost would have been \$234 million higher than reported as of April 30, 2015, and \$239 million higher than reported as of July 31, 2015. Changes in the LIFO valuation reserve for interim periods are based on a proportionate allocation of the estimated change for the entire fiscal year.

3. Income Taxes

Our consolidated interim effective tax rate is based upon our expected annual operating income, statutory tax rates, and income tax laws in the various jurisdictions in which we operate. Significant or unusual items, including adjustments to accruals for tax uncertainties, are recognized in the quarter in which the related event occurs. The effective tax rate of 28.5% for the three months ended July 31, 2015, is based on an expected tax rate of 29.8% on ordinary income for the full fiscal year, as adjusted for the recognition of a net tax benefit related to discrete items arising during the period and interest on previously provided tax contingencies. Our expected tax rate includes current fiscal year additions for existing tax contingency items.

4. Earnings Per Share

We calculate basic earnings per share by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share further includes the dilutive effect of stock-based compensation awards, including stock options, stock-settled stock appreciation rights, restricted stock units, deferred stock units, and shares of restricted stock. We calculate that dilutive effect using the “treasury stock method” (as defined by GAAP).

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

(Dollars in millions, except per share amounts)	Three Months Ended	
	July 31,	
	2014	2015
Net income available to common stockholders	\$ 150	\$ 156
Share data (in thousands):		
Basic average common shares outstanding	213,444	207,263
Dilutive effect of stock-based awards	1,575	1,375
Diluted average common shares outstanding	215,019	208,638
Basic earnings per share	\$ 0.70	\$ 0.75
Diluted earnings per share	\$ 0.70	\$ 0.75

We excluded common stock-based awards for approximately 366,000 shares and 644,000 shares from the calculation of diluted earnings per share for the three months ended July 31, 2014 and 2015, respectively. We excluded those awards because they were not dilutive for those periods under the treasury stock method.

5. Commitments and Contingencies

We operate in a litigious environment, and we are 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 we can make a reasonable estimate of the loss, and then adjust the accrual as appropriate to reflect changes in facts and circumstances. We do not believe it is reasonably possible that these loss contingencies, individually or in the aggregate, would have a material adverse effect on our financial position, results of operations, or liquidity. No material accrued loss contingencies are recorded as of July 31, 2015.

We have guaranteed the repayment by a third-party importer of its obligation under a bank credit facility that it uses in connection with its importation of our products in Russia. If the importer were to default on that obligation, which we believe is unlikely, our maximum possible exposure under the existing terms of the guaranty would be approximately \$17 million (subject to changes in foreign currency exchange rates). Both the fair value and carrying amount of the guaranty are insignificant.

As of July 31, 2015, our actual exposure under the guaranty of the importer's obligation is approximately \$8 million. We also have accounts receivable from that importer of approximately \$13 million at July 31, 2015, which we expect to collect in full.

Based on the financial support we provide to the importer, we believe it meets the definition of a variable interest entity. However, because we do not control this entity, it is not included in our consolidated financial statements.

6. Debt

Our long-term debt (net of unamortized discount and issuance costs) consisted of:

(Dollars in millions)	April 30, 2015	July 31, 2015
2.50% notes, due in fiscal 2016	\$ 250	\$ 250
1.00% notes, due in fiscal 2018	248	249
2.25% notes, due in fiscal 2023	247	247
3.75% notes, due in fiscal 2043	248	248
4.50% notes, due in fiscal 2046	—	485
	993	1,479
Less current portion	250	250
	<u>\$ 743</u>	<u>\$ 1,229</u>

We issued senior, unsecured notes with an aggregate principal amount of \$500 million in June 2015. Interest on the notes will accrue at a rate of 4.5% and be paid semi-annually. As of July 31, 2015, the carrying amount of the notes was \$485 million (\$500 million principal, less discounts of \$10 million and issuance costs of \$5 million).

As of April 30, 2015, our short-term borrowings of \$190 million included \$183 million of commercial paper, with an average interest rate of 0.17% , and a remaining maturity of 13 days . No commercial paper was outstanding at July 31, 2015.

7. Pension and Other Postretirement Benefits

The following table shows the components of the pension and other postretirement benefit cost recognized for our U.S. benefit plans during the periods covered by this report. Information about similar international plans is not presented due to immateriality.

(Dollars in millions)	Three Months Ended July 31,	
	<u>2014</u>	<u>2015</u>
<u>Pension Benefits :</u>		
Service cost	\$ 5	\$ 6
Interest cost	8	9
Expected return on plan assets	(10)	(10)
Amortization of net actuarial loss	6	7
Net cost	<u>\$ 9</u>	<u>\$ 12</u>
<u>Other Postretirement Benefits :</u>		
Interest cost	\$ 1	\$ 1
Net cost	<u>\$ 1</u>	<u>\$ 1</u>

8. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. We categorize the fair values of assets and liabilities into three levels based upon the assumptions (inputs) used to determine those values. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant management judgment. The three levels are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than those included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be derived from or corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity.

The following table summarizes the assets and liabilities measured or disclosed at fair value on a recurring basis:

(Dollars in millions)	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
April 30, 2015:				
Assets:				
Currency derivatives	\$ —	\$ 59	\$ —	\$ 59
Liabilities:				
Currency derivatives	—	18	—	18
Short-term borrowings	—	190	—	190
Current portion of long-term debt	—	253	—	253
Long-term debt	—	735	—	735
July 31, 2015:				
Assets:				
Currency derivatives	—	75	—	75
Liabilities:				
Currency derivatives	—	11	—	11
Short-term borrowings	—	13	—	13
Current portion of long-term debt	—	252	—	252
Long-term debt	—	1,219	—	1,219

We determine the fair values of our currency derivatives (forward contracts) using standard valuation models. The significant inputs used in these models, which are readily available in public markets or can be derived from observable market transactions, include the applicable exchange rate, forward rates, and discount rates. The discount rates are based on the historical U.S. Treasury rates.

The fair value of short-term borrowings approximates their carrying amount. We determine the fair value of long-term debt primarily based on the prices at which similar debt has recently traded in the market and also considering the overall market conditions on the date of valuation.

We measure some assets and liabilities at fair value on a nonrecurring basis. That is, we do not measure them at fair value on an ongoing basis, but we do adjust them to fair value in some circumstances (for example, when we determine that an asset is impaired). No material nonrecurring fair value measurements were required during the periods presented in these financial statements.

9. Fair Value of Financial Instruments

The fair value of cash, cash equivalents, and short-term borrowings approximate the carrying amounts due to the short maturities of these instruments. We determine the fair value of derivative financial instruments and long-term debt as discussed in Note 8.

Below is a comparison of the fair values and carrying amounts of these instruments:

(Dollars in millions)	<u>April 30, 2015</u>		<u>July 31, 2015</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Assets:				
Cash and cash equivalents	\$ 370	\$ 370	\$ 494	\$ 494
Currency derivatives	59	59	75	75
Liabilities:				
Currency derivatives	18	18	11	11
Short-term borrowings	190	190	13	13
Current portion of long-term debt	250	253	250	252
Long-term debt	743	735	1,229	1,219

10. Derivative Financial Instruments

Our multinational business exposes us to global market risks, including the effect of fluctuations in currency exchange rates, commodity prices, and interest rates. We use derivatives to help manage financial exposures that occur in the normal course of business. We formally document the purpose of each derivative contract, which includes linking the contract to the financial exposure it is designed to mitigate. We do not hold or issue derivatives for trading or speculative purposes.

We use currency derivative contracts to limit our exposure to the currency exchange risk that we cannot mitigate internally by using netting strategies. We designate most of these contracts as cash flow hedges of forecasted transactions (expected to occur within three years). We record all changes in the fair value of cash flow hedges (except any ineffective portion) in accumulated other comprehensive income (AOCI) until the underlying hedged transaction occurs, at which time we reclassify that amount into earnings. We assess the effectiveness of these hedges based on changes in forward exchange rates. The ineffective portion of the changes in fair value of our hedges (recognized immediately in earnings) during the periods presented in this report was not material.

We do not designate some of our currency derivatives as hedges because we use them to at least partially offset the immediate earnings impact of changes in foreign exchange rates on existing assets or liabilities. We immediately recognize the change in fair value of these contracts in earnings.

We had outstanding currency derivatives, related primarily to our euro, British pound, and Australian dollar exposures, with notional amounts totaling \$1,212 million at April 30, 2015 and \$1,258 million at July 31, 2015 .

We use forward purchase contracts with suppliers to protect against corn price volatility. We expect to physically take delivery of the corn underlying each contract and use it for production over a reasonable period of time. Accordingly, we account for these contracts as normal purchases rather than derivative instruments.

During May 2015, we entered into interest rate derivative contracts (U.S. treasury lock agreements) to manage the interest rate risk related to the anticipated issuance of fixed-rate senior, unsecured notes. We designated the contracts as cash flow hedges of the future interest payments associated with the anticipated notes. Upon issuance of the notes in June 2015 (see Note 6), we settled the contracts for a gain of \$8 million . The entire gain was recorded to AOCI and will be amortized as a reduction of interest expense over the life of the notes.

The following table presents the pre-tax impact that changes in the fair value of our derivative instruments had on AOCI and earnings during the periods covered by this report:

(Dollars in millions)	Classification	Three Months Ended	
		July 31,	
		2014	2015
Currency derivatives designated as cash flow hedges:			
Net gain (loss) recognized in AOCI	n/a	\$ 5	\$ 29
Net gain (loss) reclassified from AOCI into income	Net sales	(2)	13
Interest rate derivatives designated as cash flow hedges:			
Net gain (loss) recognized in AOCI	n/a	—	8
Derivatives not designated as hedging instruments:			
Currency derivatives – net gain (loss) recognized in income	Net sales	—	3
Currency derivatives – net gain (loss) recognized in income	Other income	(9)	4

We expect to reclassify \$48 million of deferred net gains recorded in AOCI as of July 31, 2015 , to earnings during the next 12 months. This reclassification would offset the anticipated earnings impact of the underlying hedged exposures. The actual amounts that we ultimately reclassify to earnings will depend on the exchange rates in effect when the underlying hedged transactions occur. The maximum term of our outstanding derivative contracts was 36 months at April 30, 2015 and 36 months at July 31, 2015 .

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The following table presents the fair values of our derivative instruments as of April 30, 2015 and July 31, 2015 .

(Dollars in millions)	<u>Classification</u>	Fair value of derivatives in a <u>gain</u> <u>position</u>	Fair value of derivatives in a <u>loss position</u>
April 30, 2015:			
Designated as cash flow hedges:			
Currency derivatives	Other current assets	\$ 42	\$ (2)
Currency derivatives	Other assets	20	(3)
Currency derivatives	Accrued expenses	—	(6)
Currency derivatives	Other liabilities	—	(6)
Not designated as hedges:			
Currency derivatives	Other current assets	3	(1)
Currency derivatives	Accrued expenses	1	(7)
July 31, 2015:			
Designated as cash flow hedges:			
Currency derivatives	Other current assets	47	—
Currency derivatives	Other assets	25	(1)
Currency derivatives	Accrued expenses	—	(4)
Currency derivatives	Other liabilities	—	(3)
Not designated as hedges:			
Currency derivatives	Other current assets	5	(1)
Currency derivatives	Accrued expenses	—	(4)

The fair values reflected in the above table are presented on a gross basis. However, as discussed further below, the fair values of those instruments that are subject to net settlement agreements are presented in our balance sheets on a net basis.

In our statement of cash flows, we classify cash flows related to cash flow hedges in the same category as the cash flows from the hedged items.

Credit risk. We are exposed to credit-related losses if the counterparties to our derivative contracts default. This credit risk is limited to the fair value of the contracts. To manage this risk, we contract only with major financial institutions that have earned investment-grade credit ratings and with whom we have standard International Swaps and Derivatives Association (ISDA) agreements that allow for net settlement of the derivative contracts. Also, we have established counterparty credit guidelines that are regularly monitored and that provide for reports to senior management according to prescribed guidelines, and we monetize contracts when we believe it is warranted. Because of these safeguards, we believe we have no derivative positions that warrant credit valuation adjustments.

Some of our derivative instruments require us to maintain a specific level of creditworthiness, which we have maintained. If our creditworthiness were to fall below that level, then the counterparties to our derivative instruments could request immediate payment or collateralization for derivative instruments in net liability positions. The aggregate fair value of all derivatives with creditworthiness requirements that were in a net liability position was \$18 million at April 30, 2015 and \$9 million at July 31, 2015 .

Offsetting. As noted above, our derivative contracts are governed by ISDA agreements that allow for net settlement of derivative contracts with the same counterparty. It is our policy to present the fair values of current derivatives (i.e., those with a remaining term of 12 months or less) with the same counterparty on a net basis in the balance sheet. Similarly, we present the fair values of noncurrent derivatives with the same counterparty on a net basis. Current derivatives are not netted with noncurrent derivatives in the balance sheet. The following table summarizes the gross and net amounts of our derivative contracts.

(Dollars in millions)	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in <u>Balance</u> <u>Sheet</u>	Net Amounts Presented in <u>Balance Sheet</u>	Gross Amounts Not Offset in <u>Balance Sheet</u>	<u>Net Amounts</u>
April 30, 2015:					
Derivative assets	\$ 65	\$ (6)	\$ 59	\$ —	\$ 59
Derivative liabilities	(24)	6	(18)	—	(18)
July 31, 2015:					
Derivative assets	77	(2)	75	—	75
Derivative liabilities	(13)	2	(11)	—	(11)

No cash collateral was received or pledged related to our derivative contracts as of April 30, 2015 and July 31, 2015 .

11. Accumulated Other Comprehensive Income

The following table summarizes the changes in each component of accumulated other comprehensive income (AOCI), net of tax, during the three months ended July 31, 2014 and 2015 :

	Currency Translation <u>Adjustments</u>	Cash Flow Hedge <u>Adjustments</u>	Postretirement Benefits <u>Adjustments</u>	<u>Total AOCI</u>
Balance at April 30, 2014	\$ 6	\$ (4)	\$ (190)	\$ (188)
Net other comprehensive income (loss)	(16)	5	4	(7)
Balance at July 31, 2014	<u>\$ (10)</u>	<u>\$ 1</u>	<u>\$ (186)</u>	<u>\$ (195)</u>
Balance at April 30, 2015	\$ (108)	\$ 28	\$ (220)	\$ (300)
Net other comprehensive income (loss)	(24)	16	4	(4)
Balance at July 31, 2015	<u>\$ (132)</u>	<u>\$ 44</u>	<u>\$ (216)</u>	<u>\$ (304)</u>

The following table presents the components of net other comprehensive income (loss) during the three months ended July 31, 2014 and 2015 :

	Pre-Tax	Tax	Net
Three Months Ended July 31, 2014			
Currency translation adjustments	\$ (16)	\$ —	\$ (16)
Cash flow hedge adjustments:			
Net gain (loss) on hedging instruments	5	(1)	4
Reclassification to earnings ¹	2	(1)	1
Postretirement benefits adjustments:			
Net actuarial gain (loss) and prior service cost	—	—	—
Reclassification to earnings ²	6	(2)	4
Net other comprehensive income (loss)	<u>\$ (3)</u>	<u>\$ (4)</u>	<u>\$ (7)</u>
Three Months Ended July 31, 2015			
Currency translation adjustments	\$ (23)	\$ (1)	\$ (24)
Cash flow hedge adjustments:			
Net gain (loss) on hedging instruments	37	(12)	25
Reclassification to earnings ¹	(13)	4	(9)
Postretirement benefits adjustments:			
Net actuarial gain (loss) and prior service cost	—	—	—
Reclassification to earnings ²	7	(3)	4
Net other comprehensive income (loss)	<u>\$ 8</u>	<u>\$ (12)</u>	<u>\$ (4)</u>

¹ Pre-tax amount is classified as net sales in the accompanying consolidated statements of operations.

² Pre-tax amount is a component of pension and other postretirement benefit expense (as shown in Note 7).

12. Dividends Payable

On July 23, 2015, our Board of Directors declared a regular quarterly cash dividend of \$0.315 per share on our Class A and Class B common stock. Stockholders of record on September 8, 2015, will receive the cash dividend on October 1, 2015.

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

You should read the following discussion and analysis in conjunction with both our unaudited condensed consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report and our 2015 Form 10-K. Note that the results of operations for the three months ended July 31, 2015, 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.

Volume and Depletions

When discussing volume, unless otherwise specified, we refer to “depletions,” a term commonly used in the beverage alcohol industry. We define “depletions” as either (a) our shipments directly to retailers or wholesalers, or (b) shipments from our distributor customers to retailers and wholesalers. Because we generally record revenues when we ship our products to our customers, our reported sales for a period do not necessarily reflect actual consumer purchases during that period. We believe that our depletions measure volume in a way that more closely reflects consumer demand than our shipments to distributor customers do.

Volume is discussed on a nine-liter equivalent unit basis (nine-liter cases) unless otherwise specified. At times, we use a “drinks-equivalent” measure for volume when comparing single-serve ready-to-drink (RTD) or ready-to-pour (RTP) brands to a parent spirits brand. “Drinks-equivalent” depletions are RTD and RTP nine-liter cases converted to nine-liter cases of a parent brand on the basis of the number of drinks in one nine-liter case of the parent brand. To convert RTD volumes from a nine-liter case basis to a drinks-equivalent nine-liter case basis, RTD nine-liter case volumes are divided by 10, while RTP nine-liter case volumes are divided by 5.

Non-GAAP Financial Measures

We use certain financial measures in this report that are not measures of financial performance under GAAP. These non-GAAP measures, which are defined below, should be viewed as supplements to (not substitutes for) our results of operations and other measures reported under GAAP. The non-GAAP measures we use in this report may not be defined and calculated by other companies in the same manner.

We present changes in certain income statement line-items that are adjusted to an “underlying” basis, which we believe assists in understanding both our performance from period to period on a consistent basis, and the trends of our business. Non-GAAP “underlying” measures include changes in (a) underlying net sales, (b) underlying cost of sales, (c) underlying excise taxes, (d) underlying gross profit, (e) underlying advertising expenses, (f) underlying selling, general, and administrative expenses, and (g) underlying operating income. To calculate each of these measures, we adjust for (a) foreign currency exchange and (b) if applicable, estimated net changes in distributor inventories. We explain these adjustments below.

- “Foreign exchange.” We calculate the percentage change in our income statement line-items in accordance with GAAP and adjust to exclude the cost or benefit of currency fluctuations. Adjusting for foreign exchange allows us to understand our business on a constant dollar basis, as fluctuations in exchange rates can distort the underlying trend both positively and negatively. (In this report, “dollar” always means the U.S. dollar unless stated otherwise.) To eliminate the effect of foreign exchange fluctuations when comparing across periods, we translate current-period results at prior-period rates.
- “Estimated net change in distributor inventories.” This measure refers to the estimated net effect of changes in distributor inventories on changes in our measures. For each period being compared, we estimate the effect of distributor inventory changes on our results using depletion information provided to us by our distributors. We believe that this adjustment reduces the effect of varying levels of distributor inventories on changes in our measures and allows to understand better our underlying results and trends.

Management uses “underlying” measures of performance to assist it in comparing and measuring our performance from period to period on a consistent basis, and in comparing our performance to that of our competitors. We also use underlying measures as metrics of management incentive compensation calculations. Management also uses underlying measures in its planning and forecasting and in communications with the board of directors, stockholders, analysts, and investors concerning our financial performance. We have provided reconciliations of the non-GAAP measures adjusted to an “underlying” basis to their nearest GAAP measures in the tables below under “Results of Operations – Year-Over-Year Period Comparisons” and have consistently applied the adjustments within our reconciliations in arriving at each non-GAAP measure.

Important Information on Forward-Looking Statements:

This report contains statements, estimates, and projections that are “forward-looking statements” as defined under U.S. federal securities laws. Words such as “aim,” “anticipate,” “aspire,” “believe,” “continue,” “could,” “envision,” “estimate,” “expect,” “expectation,” “intend,” “may,” “plan,” “potential,” “project,” “pursue,” “see,” “seek,” “should,” “will,” and similar words identify forward-looking statements, which speak only as of the date we make them. 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. By their nature, forward-looking statements involve risks, uncertainties, and other factors (many beyond our control) that could cause our actual results to differ materially from our historical experience or from our current expectations or projections. These risks and uncertainties include those described in Part I, Item 1A. Risk Factors of our 2015 Form 10-K and those described from time to time in our future reports filed with the Securities and Exchange Commission, including:

- Unfavorable global or regional economic conditions, and related low consumer confidence, high unemployment, weak credit or capital markets, budget deficits, burdensome government debt, austerity measures, higher interest rates, higher taxes, political instability, higher inflation, deflation, lower returns on pension assets, or lower discount rates for pension obligations
- Risks associated with being a U.S.-based company with global operations, including commercial, political, and financial risks; local labor policies and conditions; protectionist trade policies or economic or trade sanctions; compliance with local trade practices and other regulations, including anti-corruption laws; terrorism; and health pandemics
- Fluctuations in foreign currency exchange rates, particularly a stronger U.S. dollar
- Changes in laws, regulations, or policies – especially those that affect the production, importation, marketing, labeling, pricing, distribution, sale, or consumption of our beverage alcohol products
- Tax rate changes (including excise, sales, VAT, tariffs, duties, corporate, individual income, dividends, capital gains) or changes in related reserves, changes in tax rules (for example, LIFO, foreign income deferral, U.S. manufacturing, and other deductions) or accounting standards, and the unpredictability and suddenness with which they can occur
- Dependence upon the continued growth of the Jack Daniel’s family of brands
- Changes in consumer preferences, consumption, or purchase patterns – particularly away from larger producers in favor of smaller distilleries or local producers, or away from brown spirits, our premium products, or spirits generally, and our ability to anticipate or react to them; bar, restaurant, travel, or other on-premise declines; shifts in demographic trends; unfavorable consumer reaction to new products, line extensions, package changes, product reformulations, or other product innovation
- Decline in the social acceptability of beverage alcohol products in significant markets
- Production facility, aging warehouse, or supply chain disruption
- Imprecision in supply/demand forecasting
- Higher costs, lower quality, or unavailability of energy, water, raw materials, product ingredients, labor, or finished goods
- Route-to-consumer changes that affect the timing of our sales, temporarily disrupt the marketing or sale of our products, or result in higher implementation-related or fixed costs
- Inventory fluctuations in our products by distributors, wholesalers, or retailers
- Competitors’ consolidation or other competitive activities, such as pricing actions (including price reductions, promotions, discounting, couponing, or free goods), marketing, category expansion, product introductions, or entry or expansion in our geographic markets or distribution networks
- Risks associated with acquisitions, dispositions, business partnerships or investments – such as acquisition integration, or termination difficulties or costs, or impairment in recorded value
- Inadequate protection of our intellectual property rights
- Product recalls or other product liability claims; product counterfeiting, tampering, contamination, or product quality issues
- Significant legal disputes and proceedings; government investigations (particularly of industry or company business, trade or marketing practices)
- Failure or breach of key information technology systems
- Negative publicity related to our company, brands, marketing, personnel, operations, business performance, or prospects
- Failure to attract or retain key executive or employee talent
- Our status as a family “controlled company” under New York Stock Exchange rules

Summary of Operating Performance

	Three months ended July 31,			
	2014	2015	Reported Change	Underlying Change ¹
Net sales	\$ 921	\$ 900	(2)%	7%
Excise taxes	216	201	(7)%	6%
Cost of sales	210	208	(1)%	10%
Gross profit	495	491	(1)%	7%
Advertising	99	95	(4)%	3%
SG&A	170	169	(1)%	6%
Operating income	\$ 221	\$ 227	3 %	9%
<i>Gross margin</i>	<i>53.7 %</i>	<i>54.5 %</i>	<i>0.8pp</i>	
<i>Operating margin</i>	<i>23.9 %</i>	<i>25.2 %</i>	<i>1.3pp</i>	
Interest expense, net	\$ 7	\$ 9	36 %	
<i>Effective tax rate</i>	<i>29.8 %</i>	<i>28.5 %</i>	<i>(1.3)pp</i>	
Diluted earnings per share	\$ 0.70	\$ 0.75	7 %	

¹ See “Non-GAAP Financial Measures” above for details on our use of “underlying changes” for net sales, excise taxes, cost of sales, gross profit, advertising expenses, SG&A expenses, and operating income, including how these measures are calculated and the reasons why we think this information is useful to readers.

Overview

For the three months ended July 31, 2015 , compared to same period last year, we grew underlying net sales 7% (reported declined 2%), increased underlying operating income 9% (reported 3%), and delivered a 7% increase in diluted earnings per share.

These operating results were driven by the continued global net sales growth of our American whiskey portfolio, led by the Jack Daniel’s family of brands, including significant contributions from Jack Daniel’s Tennessee Fire, and by Woodford Reserve. These increases in net sales were partially offset by higher underlying advertising and SG&A expenses. In addition, foreign exchange negatively affected our reported operating income as a result of the strengthening of the dollar against nearly all currencies.

Our financial condition remained strong. We received proceeds of \$490 million from the issuance of long-term debt in June 2015, while continuing to invest in our capacity expansion projects and returning \$295 million to shareholders during the three months ended July 31, 2015 , through dividends and share repurchases.

RESULTS OF OPERATIONS – FISCAL 2016 YEAR-TO-DATE HIGHLIGHTS

Market Highlights

The following table provides supplemental information for our largest markets for the three months ended July 31, 2015, compared to the same period last year. We discuss results for the markets most affecting our performance below the table. Unless otherwise indicated, all related commentary is for the three months ended July 31, 2015, compared to the same period last year.

Top 10 Markets¹ - Fiscal 2016 Net Sales Growth by Geographic Area**Percentage change versus prior year period**

Three months ended July 31, 2015

Geographic area	Net Sales ²			Underlying *
	Reported	Foreign Exchange	Net Chg in Est. Distributor Inventories	
United States	8%	—%	2%	10%
Europe	(1%)	15%	(1%)	13%
<i>United Kingdom</i>	11%	6%	—%	17%
<i>Germany</i>	8%	16%	—%	23%
<i>Poland</i>	(4%)	21%	—%	17%
<i>France</i>	(1%)	14%	—%	13%
<i>Russia</i>	(46%)	17%	(7%)	(36%)
<i>Turkey</i>	2%	24%	—%	26%
<i>Rest of Europe</i>	(6%)	18%	(4%)	8%
Australia	(30%)	19%	—%	(10%)
Other	(8%)	12%	1%	5%
<i>Mexico</i>	(1%)	18%	—%	17%
<i>Canada</i>	9%	12%	(16%)	4%
<i>Rest of Other</i>	(14%)	8%	4%	(2%)
TOTAL	(2%)	9%	1%	7%

* Totals may differ due to rounding

¹ Top 10 markets as ranked based on percentage of total Fiscal 2015 Net Sales. See 2015 Form 10-K “Results of Operations - Fiscal 2015 Market Highlights” and “Note 13. Supplemental Information.”

² See “Non-GAAP Financial Measures” above for details on our use of “underlying change” in net sales, including how this measure is calculated and the reasons why we think this information is useful to readers.

- **United States.** Underlying net sales growth was driven primarily by the Jack Daniel’s family of brands, led by volumes from Jack Daniel’s Tennessee Fire (JDTF), which was introduced nationally late in fiscal 2015, and to a lesser extent, Jack Daniel’s Tennessee Whiskey (JDTW) volume growth. Continued double-digit volume growth by Woodford Reserve also contributed to the underlying net sales growth, while lower volumes for Southern Comfort, Canadian Mist, and Jack Daniel’s Tennessee Honey (JDTH) partially offset these gains.
- **Europe.** Underlying net sales grew in nearly all markets, most notably in the United Kingdom, Germany, and Turkey. These gains were partially offset by declines in Russia, where lower consumer demand led to volume declines and unusually high discounts reduced pricing. Reported net sales were hurt across Europe by foreign exchange due to the dollar strengthening against all currencies compared with the prior-year period.
 - In the United Kingdom, underlying net sales growth was driven by higher volumes of JDTW and JDTH, primarily in the off-trade channel, driven in part by strong demand from retail customers as well as comparison with weaker results in the prior-year period.
 - In Germany, underlying net sales growth was driven predominantly by higher volumes of JDTW compared with relatively weak results in prior-year period when retail- and wholesale-trade inventory reductions depressed results.

- In Turkey, underlying net sales growth was driven by higher volumes and increased pricing for JDTW and a more favorable customer mix.
- In France, underlying net sales growth was driven by higher volumes of JDTH and JDTW, as the Jack Daniel's family of brands gained market share in the world's third largest whiskey market.
- In Poland, underlying net sales growth was driven by volume gains for Finlandia, which benefited from comparison with weak results in the prior-year period. Finlandia continued to suffer from generally soft consumer demand for premium vodkas in Poland.
- In Russia, underlying net sales declines were driven primarily by higher discounting and lower volumes for JDTW and, to a lesser extent, for Finlandia.
- **Australia.** The decline in underlying net sales was driven by lower volumes for Jack Daniel's RTDs and JDTW due in part to weak consumer demand for spirits and spirit-based RTDs and increasing competition. In addition, prior-period results reflected a buy-in ahead of our August 2014 price increases associated with excise tax increases.
- **Other.** In Mexico, the increase in underlying net sales was driven by higher volumes for New Mix. The growth in New Mix was due to low trade inventories at the beginning of fiscal 2016 and a buy-in in advance of a price increase in June 2015.

Brand Highlights

The following table highlights the worldwide results of our largest brands for the three months ended July 31, 2015, compared to the same period last year. We discuss results of the brands most affecting our performance below the table. Unless otherwise indicated, all related commentary is for the three months ended July 31, 2015, compared to the same period last year.

Major Brands Worldwide Results

Three months ended July 31, 2015	Percentage change versus prior year				
	Volumes	Net Sales ¹			Underlying *
		9L Depletions	Reported	Foreign Exchange	
Brand family / brand					
Jack Daniel's Family	3%	(3%)	8%	1%	6%
Jack Daniel's Tennessee Whiskey	3%	(4%)	8%	—%	4%
Jack Daniel's Tennessee Honey	14%	4%	8%	6%	18%
Other Jack Daniel's whiskey brands ²	63%	21%	6%	18%	45%
Jack Daniel's RTDs/RTP ³	(4%)	(16%)	12%	(1%)	(4%)
New Mix RTDs	43%	28%	24%	—%	51%
Finlandia Family	(4%)	(18%)	19%	2%	3%
Southern Comfort Family	(6%)	(6%)	6%	(3%)	(4%)
Canadian Mist Family	(6%)	(3%)	—%	(1%)	(5%)
el Jimador Family	6%	(5%)	8%	7%	11%
Woodford Reserve Family	26%	26%	4%	(2%)	28%
Herradura	21%	14%	11%	3%	28%

* Totals may differ due to rounding

¹ See "Non-GAAP Financial Measures" above for details on our use of "underlying change" in net sales, including how this measure is calculated and the reasons why we think this information is useful to readers.

² In addition to the brands separately listed here, Other Jack Daniel's whiskey brands includes Gentleman Jack, Jack Daniel's Single Barrel, Jack Daniel's Sinatra™ Select, Jack Daniel's No. 27 Gold Tennessee Whiskey, Jack Daniel's 1907 Tennessee Whiskey, Jack Daniel's Tennessee Rye Whiskeys, and Jack Daniel's Tennessee Fire.

³ Jack Daniel's RTD and RTP products include all RTD line extensions of Jack Daniel's, such as Jack Daniel's & Cola, Jack Daniel's & Diet Cola, Jack & Ginger, Jack Daniel's Country Cocktails, and the seasonal Jack Daniel's Winter Jack RTP.

- **Jack Daniel's family of brands** grew underlying net sales 6% (reported declined 3%) and was the most significant contributor to our underlying net sales growth. Reported net sales were hurt by foreign exchange due to the dollar strengthening in essentially all markets. The following are details about the underlying performance of the Jack Daniel's family of brands:

- **JDTW** grew volumes, most notably in Germany, the United States, the United Kingdom, and Turkey. These gains were partially offset by declines in Australia and Russia.
- **JDTH** grew volumes, most notably in Europe, including the United Kingdom and France, our largest European markets for JDTH. These gains were partially offset by a slight decline in the United States.
- Among our **Other Jack Daniel's whiskey brands**, the most significant contributor to underlying net sales growth was JDTF, launched nationally in the United States at the end of fiscal 2015. JDTF delivered about half of the underlying net sales growth in the Jack Daniel's family of brands for the three months ended July 31, 2015.
- **Jack Daniel's RTDs/RTP** overall volumes declined slightly, driven primarily by declines in Australia.
- Underlying net sales for **Southern Comfort** declined 4% (reported declined 6%). Net sales declined in the United States and Australia, two of Southern Comfort's top three markets. These declines were partially offset by gains in the brand's second largest market, the United Kingdom. In the United States, the brand continued to be affected negatively by competitive pressure from flavored whiskeys.
- Underlying net sales for **New Mix RTDs** increased 51% (reported 28%) driven by low trade inventories at the beginning of fiscal 2016 and a buy-in in advance of price increase in June 2015. We do not believe this growth rate will continue.
- Underlying net sales for **Finlandia** increased 3% (reported declined 18%) driven predominately by a modest recovery in Poland compared with a weak prior-year period, partially offset by volume declines in Russia.
- Underlying net sales of **Herradura** increased 28% (reported 14%) driven primarily by volume gains in Mexico and the United States, as well as improved price/mix in Mexico. We expect the growth rate of Herradura to moderate when our results start to compare with the October 2014 launch of Herradura Ultra in Mexico.
- **Woodford Reserve** led the growth of our super- and ultra-premium American whiskeys with underlying net sales increasing 28% (reported 26%). Most of this growth came from the United States, where the brand continued to gain share of the ultra-premium bourbon category.

RESULTS OF OPERATIONS – YEAR-OVER-YEAR PERIOD COMPARISONS

NET SALES

<i>Percentage change versus the prior year period ended July 31</i>	3 Months
Change in reported net sales	(2)%
Foreign exchange	9 %
Estimated net change in distributor inventories	1 %
Change in underlying net sales	7 %
<i>Change in underlying net sales attributed to:*</i>	
Volume	5 %
Net price/mix	2 %

* Totals may differ due to rounding

For the three months ended July 31, 2015, **net sales** were \$900 million, a decrease of 2% or \$21 million compared to the same period last year. After adjusting reported results for the negative effect of foreign exchange and the estimated net decrease in distributor inventories, underlying net sales grew 7%.

The primary factors contributing to the 7% growth in underlying net sales for the three months ended July 31, 2015 were:

- Volume driven by:
 - JDTF following its nationwide launch in the United States in the fourth quarter of fiscal 2015;
 - JDTW, led by increases in Germany, the United States, and the United Kingdom;
 - New Mix in Mexico, driven by low trade inventories at the beginning of fiscal 2016 and a buy-in in advance of a price increase in June 2015; and
 - JDTH, led by gains in Europe, particularly in the United Kingdom and France.
- Net price/mix driven by:
 - JDTW, led by improvement in Turkey and Germany;
 - Higher pricing for our tequila brands in Mexico;
 - Higher prices for our used barrel sales driven by higher demand and tight supply; and
 - Favorable mix driven by the growth of higher priced brands such as Woodford Reserve.

The primary factors partially offsetting underlying net sales growth for the three months ended July 31, 2015 were:

- Lower underlying net sales in Australia for Jack Daniel's RTDs/RTP and JDTW.
- Lower volumes for Southern Comfort in the United States and Australia, driven by lower consumer demand, particularly in the on-premise channel.

COST OF SALES

<i>Percentage change versus the prior year period ended July 31</i>	3 Months
Change in reported cost of sales	(1)%
Foreign exchange	12 %
Estimated net change in distributor inventories	— %
Change in underlying cost of sales*	10 %
<i>Change in underlying cost of sales attributed to:*</i>	
Volume	5 %
Cost/mix	5 %

* Totals may differ due to rounding

Cost of sales for the three months ended July 31, 2015 was \$ 208 million, a decrease of \$2 million compared to the same period last year. Underlying cost of sales increased 10% after adjusting reported costs for the positive effect of foreign exchange. The

increase in underlying cost of sales was driven by volume growth and higher input costs, including wood, glass, grain, and grapes. Looking ahead, we expect that input costs will increase in the low-to-mid single digits.

GROSS PROFIT

<i>Percentage change versus the prior year period ended July 31</i>	3 Months
Change in reported gross profit	(1)%
Foreign exchange	6 %
Estimated net change in distributor inventories	1 %
Change in underlying gross profit*	7 %

* Totals may differ due to rounding

Gross profit of \$ 491 million decreased \$4 million, or 1% , for the three months ended July 31, 2015 . Underlying gross profit grew 7% after adjusting reported results for the negative effect of foreign exchange and the estimated net decrease in distributor inventories. The increase in underlying gross profit resulted from the same factors that contributed to the increase in underlying net sales and the combined increase in underlying cost of sales and underlying excise taxes.

Gross margin improved to 54.5% for the three months ended July 31, 2015 , up approximately 80 basis points from 53.7% in the same period last year, primarily due to a favorable mix shift and, to a lesser extent, higher pricing.

ADVERTISING EXPENSES

<i>Percentage change versus the prior year period ended July 31</i>	3 Months
Change in reported advertising	(4)%
Foreign exchange	7 %
Change in underlying advertising	3 %

Advertising expenses of \$ 95 million decreased \$4 million, or 4% , for the three months ended July 31, 2015 compared to the same period last year. Underlying advertising expenses increased 3% after adjusting reported results for the benefit of foreign exchange. The increase in underlying advertising expenses was driven primarily by higher spending for the Jack Daniel’s family of brands, and particularly in the United States related to the launch of JDTF, partially offset by lower spending in Australia and lower spending for Southern Comfort globally.

SELLING, GENERAL, AND ADMINISTRATIVE (SG&A) EXPENSES

<i>Percentage change versus the prior year period ended July 31</i>	3 Months
Change in reported SG&A	(1)%
Foreign exchange	6 %
Change in underlying SG&A	6 %

* Totals may differ due to rounding

SG&A expenses of \$ 169 million decreased \$1 million, or 1% on a reported basis for the three months ended July 31, 2015 , while underlying SG&A grew 6% after adjusting reported results for the favorable effect of foreign exchange. The increase in underlying SG&A was driven primarily by higher compensation and related expenses.

OPERATING INCOME

<i>Percentage change versus the prior year period ended July 31</i>	3 Months
Change in reported operating income	3%
Foreign exchange	3%
Estimated net change in distributor inventories	4%
Change in underlying operating income	9%

* Totals may differ due to rounding

Operating income of \$ 227 million increased \$6 million, or 3% for the three months ended July 31, 2015 compared to the same period last year. Underlying operating income grew 9% after adjusting for the negative effect of foreign exchange and an estimated net decrease in distributor inventories. The same factors that contributed to the growth in underlying gross profit also contributed to the growth in underlying operating income, enhanced by a slower rate of growth in operating expenses.

Operating margin improved 130 basis points to 25.2% for the three months ended July 31, 2015 from 23.9% in the same period last year. The same factors that drove the increase in our gross margin benefited our operating margin. Additionally, operating expenses, which grew at a slower rate than gross profit, contributed to the increase in our operating margin in the quarter.

The **effective tax rate** in the three months ended July 31, 2015 was 28.5% compared to 29.8% for the same period last year. The decrease in our effective tax rate was driven by a reduction in tax expense related to discrete items arising during the period.

Diluted earnings per share of \$ 0.75 in the three months ended July 31, 2015 increased 7% from the \$ 0.70 reported for the same period last year. The increase resulted from the same factors that contributed to the increase in operating income as well as a reduction in the shares outstanding resulting from share repurchases and a decrease in the effective tax rate.

Liquidity and Financial Condition

Cash flows. Cash and cash equivalents increased \$124 million during the three months ended July 31, 2015, compared to an increase of \$23 million during the same period last year. Cash provided by operations of \$147 million was up \$35 million from the same period last year, due primarily to the timing of normal fluctuations in working capital items. Cash used for investing activities was \$39 million during the three months ended July 31, 2015, compared to \$31 million for the same prior-year period. The increase reflects a higher level of capital spending, including \$8 million for the purchase of a stove mill in Indiana.

Cash provided by financing activities was \$21 million during the three months ended July 31, 2015, up \$78 million from the cash used for financing activities during the same period last year. The increase largely reflects proceeds of \$490 million from the issuance of long-term debt in June 2015, partially offset by a \$218 million increase in share repurchases and a \$181 decrease in short-term borrowings compared to the same period last year. The impact on cash and cash equivalents as a result of exchange rate changes was a decline of \$5 million for the three months ended July 31, 2015, compared to a decline of \$1 million for the same period last year.

As discussed above, we received proceeds of \$490 million (\$500 million principal amount, less discounts) from senior notes issued in June 2015. The \$500 million 4.50% notes are due on July 15, 2045.

Liquidity. We continue to manage liquidity conservatively to meet current obligations, fund capital expenditures, and maintain dividends, while reserving adequate debt capacity for acquisition opportunities.

In addition to our cash and cash equivalent balances, we have access to several liquidity sources to supplement our cash flow from operations. One of those sources is our \$1 billion commercial paper program that we regularly use to fund our short-term credit needs and to maintain our access to the capital markets. During the quarter ended July 31, 2015, our commercial paper borrowings averaged \$225 million, with an average maturity of 32 days and an average interest rate of 0.19%. Commercial paper outstanding was \$183 million at April 30, 2015, and \$0 at July 31, 2015.

Our commercial paper program is supported by cash and cash equivalent balances and available commitments under our currently undrawn \$800 million bank credit facility that matures on November 20, 2018, which also serves as a source of liquidity. Further, we believe that the markets for investment-grade bonds and private placements are very accessible sources of long-term financing that could provide for any additional liquidity needs. Although unlikely, under extreme market conditions, one or more participating banks may not be able to fully fund our credit facility.

We have high credit standards when initiating transactions with counterparties and closely monitor our counterparty risks with respect to our cash balances and derivative contracts. If a counterparty's credit quality were to deteriorate below our credit standards, we would expect either to liquidate exposures or require the counterparty to post appropriate collateral.

As of July 31, 2015, we had total cash and cash equivalents of \$494 million. Of this amount, \$334 million was held by foreign subsidiaries whose earnings we expect to reinvest indefinitely outside of the United States. We do not expect to need the cash generated by those foreign subsidiaries to fund our domestic operations. In the unforeseen event that we were to repatriate cash from those foreign subsidiaries, we would be required to provide for and pay U.S. taxes on permanently repatriated earnings.

As announced on July 23, 2015, our Board of Directors declared a regular quarterly cash dividend of \$0.315 per share on our Class A and Class B common stock. Stockholders of record on September 8, 2015, will receive the cash dividend on October 1, 2015.

We believe our current liquidity position is strong and sufficient to meet all of our future financial commitments. A quantitative covenant of our \$800 million bank credit facility requires the ratio of consolidated EBITDA (as defined in the agreement) to consolidated interest expense to be at least 3 to 1. At July 31, 2015, with a ratio of 37 to 1, we were well within the covenant's parameters.

Share repurchases. As we announced on October 15, 2014, our Board of Directors authorized us to repurchase up to \$250 million of our outstanding Class A and Class B common shares from October 15, 2014, through October 14, 2015, subject to market and other conditions. As we announced on March 25, 2015, the Board approved a \$1 billion increase to the share repurchase authorization and extended it through March 24, 2016, subject to market and other conditions. We may repurchase those shares in open market purchases, block transactions, and privately negotiated transactions in accordance with applicable federal securities laws. We can modify, suspend, or terminate this repurchase program at any time without prior notice. As of July 31, 2015, we have repurchased a total of 5,261,854 shares under this program for approximately \$485 million, leaving \$765 million available for additional repurchases through March 24, 2016. The results of this share repurchase program are summarized in the following table.

Period	Shares Purchased		Average Price Per Share, Including Brokerage Commissions		Total Cost of Shares (Millions)
	Class A	Class B	Class A	Class B	
October 15, 2014 – October 31, 2014	350	2,200	\$ 87.63	\$ 87.99	\$ —
November 1, 2014 - January 31, 2015	15,585	735,058	\$ 87.99	\$ 88.10	\$ 66
February 1, 2015 - April 30, 2015	26,507	2,096,918	\$ 91.22	\$ 90.28	\$ 192
May 1, 2015 - July 31, 2015	21,041	2,364,195	\$ 95.43	\$ 95.22	\$ 227
	<u>63,483</u>	<u>5,198,371</u>	<u>\$ 91.80</u>	<u>\$ 92.22</u>	<u>\$ 485</u>

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks arising from adverse changes in (a) foreign exchange rates, (b) commodity prices affecting the cost of our raw materials and energy, and (c) interest rates. We try to manage risk through a variety of strategies, including production initiatives and hedging strategies. Our foreign currency hedging contracts are subject to changes in exchange rates, our commodity forward purchase contracts are subject to changes in commodity prices, and some of our debt obligations are subject to changes in interest rates. Established procedures and internal processes govern the management of these market risks. Since April 30, 2015, there have been no material changes to the disclosure on this matter made in our 2015 Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) (our principal executive and principal financial officers), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures: are effective to ensure that information required to be disclosed by the company in the reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms; and include controls and procedures designed to ensure that information required to be disclosed by the company in such reports is accumulated and communicated to the company's management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting. There has been no change in our internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We operate in a litigious environment and we are sued in the normal course of business. We do not anticipate that any currently pending suits will have, individually or in the aggregate, a material adverse effect on our financial position, results of operations, or liquidity.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risks and uncertainties discussed in Part I, Item 1A. Risk Factors in our 2015 Form 10-K, which could materially adversely affect our business, financial condition or future results. There have been no material changes to the risk factors disclosed in our 2015 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about shares of our common stock that we acquired during the quarter ended July 31, 2015 :

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs
May 1, 2015 - May 31, 2015	1,312,149	\$92.96	1,276,220	\$ 873,300,000
June 1, 2015 - June 30, 2015	822,588	\$96.62	822,588	\$ 793,800,000
July 1, 2015 - July 31, 2015	286,428	\$101.21	286,428	\$ 764,800,000
Total	2,421,165	\$95.18	2,385,236	

As we announced on October 15, 2014, our Board of Directors authorized us to repurchase up to \$250 million of our outstanding Class A and Class B common shares from October 15, 2014, through October 14, 2015, subject to market and other conditions. As we announced on March 25, 2015, the Board approved a \$1 billion increase to the share repurchase authorization and extended it through March 24, 2016, subject to market and other conditions. Of the 2,421,165 total shares presented in the above table, 2,385,236 were acquired under these Board authorizations. The remaining 35,929 shares presented in the above table were acquired from employees to satisfy income tax withholdings triggered by the vesting of restricted shares.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following documents are filed with this Report:

10.1	Form of Restricted Stock Unit Award Agreement (2015).
10.2	Form of Performance Based Restricted Stock Award Agreement (2015).
10.3	Form of Stock Appreciation Right Award Agreement (2015).
31.1	CEO Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2	CFO Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32	CEO and CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (not considered to be filed).
101	The following materials from Brown-Forman Corporation's Quarterly Report on Form 10-Q for the quarter ended July 31, 2015, formatted in XBRL (eXtensible Business Reporting Language): (a) Condensed Consolidated Statements of Operations, (b) Condensed Consolidated Statements of Comprehensive Income, (c) Condensed Consolidated Balance Sheets, (d) Condensed Consolidated Statements of Cash Flows, and (e) Notes to the Condensed Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BROWN-FORMAN CORPORATION

(Registrant)

Date: August 26, 2015

By: /s/ Jane C. Morreau

Jane C. Morreau

Executive Vice President
and Chief Financial Officer

(On behalf of the Registrant and
as Principal Financial Officer)

BROWN-FORMAN
2013 OMNIBUS COMPENSATION PLAN
RESTRICTED STOCK UNIT AWARD

<u>SUMMARY</u>	
Participant:	
Grant Date:	July 23, 2015
Vesting Date:	April 30, 2019
Number of Class B Common RSUs:	
Class B Common Stock Price per Share on Grant Date:	\$

THIS AWARD, effective as of the Grant Date set forth above, represents a grant of Class B Common Restricted Stock Units by Brown-Forman Corporation, a Delaware corporation (the “Company”), under the Company’s 2013 Omnibus Compensation Plan (the “Plan”) to the Company employee named above (“Participant”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

1. Grant of Restricted Stock Units. The Company hereby grants to the Participant that number of Class B Common Restricted Stock Units (“RSUs”) set forth in the summary table above. Each RSU represents the right to receive one share of the Company’s Class B Common Stock, subject to the terms and conditions set forth herein and in the Plan. The RSUs are granted pursuant to Section 7.3 of the Plan as “market value units” (“MVUs”), and for purposes of the Plan, shall be designated and treated as MVUs under the Plan.

2. Restrictions on Transferability. Until the delivery of shares of the Company’s Class B Common Stock with respect to the RSUs in accordance with the terms of this Award, the RSUs may not be sold, assigned, transferred, disposed of, pledged or otherwise hypothecated by the Participant. Any attempted sale, assignment, transfer, disposition, pledge or hypothecation of the RSUs shall be void and of no effect, and the Company shall have the right to disregard the same on its books and records and issue “stop transfer” instructions to its transfer agent.

3. Risk of Forfeiture and Payment of Shares. Except as provided herein or in the Plan, the risk of forfeiture to which the RSUs are subject shall expire, and the number of shares of the Company’s Class B Common Stock represented by this Award shall be issued to the Participant on the vesting date set forth in the summary table above (“Vesting Date”) provided that the Participant remains continuously employed by the Company or its Affiliates through the Vesting Date.

4. Termination of Employment. In the event the Participant does not remain continuously employed by the Company or its Affiliates through the Vesting Date, the following rules will apply:

4.1 Retirement. “Retirement” means termination of employment on or after reaching age 55 with at least five (5) full years of service, or on or after reaching age 65 with any service. If the Participant terminates employment by reason of Retirement, the RSU Vesting Date will remain the same, except that the Participant will not be required to remain employed from the Retirement date through the Vesting Date in order to receive payment hereunder; provided, however, that if the Participant terminates employment by reason of Retirement during fiscal 2016, the number of RSUs subject to this Award shall be prorated based upon the number of whole months worked during fiscal 2016 prior to Retirement (out of a 12 month year), with the remaining portion being immediately canceled and forfeited. Retirement does not accelerate the Vesting Date or the issuance of Shares on such date. Any Participant who is entitled to receive payment pursuant to this Section 4.1 and who is also eligible to receive a cash severance payment from the Company shall, as a condition of not being required to remain employed from the Retirement date through the Vesting Date pursuant to this Section 4.1 and of receiving such cash severance payment, be required to execute a general release waiving all claims, if any, arising from the Participant’s employment or termination from employment that such Participant may have against the Company and its employees, agents and affiliates.

4.2 Death/Disability. If the Participant dies or terminates employment due to Disability (Disability to be determined by the Plan Administrator in its sole discretion in accordance with Section 2.16 of the Plan), the RSU will vest immediately and the number of shares of the Company’s Class B Common Stock represented by this Award shall be delivered to the Participant’s beneficiary(ies), as determined pursuant to Section 8 below, within thirty (30) days of the Participant’s death or termination of employment due to Disability, with the payment date within such period to be determined by the Company in its sole discretion; provided, however, that if the Participant dies or terminates employment due to Disability during fiscal 2016, the number of RSUs subject to this Award shall be prorated based upon the number of whole months worked during fiscal 2016 prior to the Participant’s termination of employment due to death/Disability (out of a 12 month year), with the remaining portion being immediately canceled and forfeited.

4.3 Voluntary Termination, Involuntary Termination for Cause, Involuntary Termination for Poor Performance. Unvested RSUs shall be immediately forfeited to the Company, without compensation to the Participant, in the event of the Participant’s voluntary

termination, involuntary termination for Cause (as such term is defined in the Plan), or involuntary termination for poor performance (as determined by the Plan Administrator in its sole discretion).

4.4 Involuntary Termination – “No Fault”. If the Participant’s employment is involuntarily terminated with “no fault” on the part of the Participant (as determined by the Plan Administrator in its sole discretion), the RSU Vesting Date will remain the same, except that the Participant will not be required to remain employed following such “no fault termination” date in order to receive payment hereunder; provided however, that if the Participant’s employment is involuntarily terminated with “no fault” on the part of the Participant during fiscal 2016, the number of RSUs subject to this Award shall be prorated based upon the number of months worked during fiscal 2016 prior to termination (out of a 12 month year), with any unearned portion being immediately canceled and forfeited. A “no fault” termination does not accelerate the Vesting Date or the issuance of Shares on such date. Any Participant who is entitled to receive payment pursuant to this Section 4.4 and who is also eligible to receive a cash severance payment from the Company shall, as a condition of not being required to remain employed from the “no fault termination” date through the Vesting Date in order to receive payment pursuant to this Section 4.4 and of receiving such cash severance payment, be required to execute a general release waiving all claims, if any, arising from the Participant’s employment or termination from employment that such Participant may have against the Company and its employees, agents and affiliates.

4.5 Termination for any Other Reasons. Unless otherwise determined by the Plan Administrator, in its sole discretion, if the Participant’s employment terminates for any reason other than those set out in items 4.1, 4.2, 4.3 or 4.4 immediately above or item 5 below prior to the Vesting Date, unvested RSUs shall be immediately forfeited to the Company, without compensation to the Participant. Notwithstanding the foregoing, if the Plan Administrator determines to accelerate the Vesting Date for any Award upon the Participant’s termination of employment, the payment date will be a date within sixty (60) days following the Participant’s termination of employment, with the payment date within such period to be determined by the Company in its sole discretion.

5. Change in Control. Upon the occurrence of a Change in Control, as defined in the Plan, RSUs shall be treated in accordance with Article 11 of the Plan; provided however, that in the event a termination without Cause or by Constructive Discharge (with the circumstances constituting a Constructive Discharge to be determined by the Plan Administrator in its discretion at or prior to a Change of Control) following a Change of Control occurs during the Company’s fiscal 2016 (including what would have been such fiscal year in the absence of the Change in Control, “Fiscal 2016”), the number of RSUs subject to this Award shall be prorated based upon the number of whole months worked during Fiscal 2016 prior to termination (out of a 12 month year), with any unearned portion being immediately canceled and forfeited.

6. Rights as a Shareholder. The Participant has no rights as a shareholder including, but not limited to, the right to receive dividends or dividend equivalents, or to vote on shareholder issues, with respect to the RSUs. Shareholder rights accrue only upon the delivery of the Shares subsequent to the vesting of the RSUs on the Vesting Date.

7. Recapitalization. If there is any change in the Company’s equity capitalization through the declaration of stock dividends, a recapitalization, stock splits, or through merger, consolidation, exchange of Shares, or otherwise, or in the event of an extraordinary dividend or other corporate transaction, the Plan Administrator shall adjust the number and class of Shares subject to this Award (including by making a different kind or class of securities subject to the Award), or take other action pursuant to Section 4.4 of the Plan, to prevent dilution or enlargement of the Participant’s rights.

8. Beneficiary Designation. The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Award is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when delivered during the Participant’s lifetime to the Company at its executive offices, addressed to the attention of the Compensation Department in Louisville, Kentucky. Absent a Participant’s proper and timely designation of a beneficiary under this Section 8, any benefits payable under this Award upon the Participant’s death shall be paid to the Participant’s estate.

9. Continuation of Employment. This Award shall not confer upon the Participant any right to continued employment by the Company, nor shall this Award interfere in any way with the Company’s right to terminate the Participant’s employment at any time. A transfer of the Participant’s employment between the Company and any of its subsidiaries, or between any divisions or subsidiaries of the Company shall not be deemed a termination of employment for purposes of the vesting of RSUs.

10. Tax Consequences. By accepting this Award, the Participant acknowledges that (i) the Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of this Award and/or its vesting and the issuance of Class B Common Stock in connection therewith; (ii) he or she understands that the Company may deduct or withhold an amount of Class B Common Stock, or require the Participant to remit cash to the Company, sufficient to satisfy the minimum Federal, state, and local taxes (including the Participant’s FICA obligation) required by law to be withheld with respect to the delivery of Shares pursuant to the vesting of this Award; and (iii) he or she is encouraged to consult with a qualified tax advisor concerning the RSUs.

11. Miscellaneous.

11.1 This Award and the Participant's rights under it are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules as the Plan Administrator may adopt. The Plan Administrator may, in its sole discretion, administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and the RSUs, all of which shall be binding upon the Participant.

11.2 Subject to the provisions of the Plan and any applicable law (including Section 409A of the Code), the Board of Directors may terminate, amend, or modify the Plan; *provided, however*, that no such termination, amendment, or modification of the Plan may in any way adversely affect the Participant's rights under this Award, without the written consent of the Participant.

11.3 This Award shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. The Participant agrees to take all steps necessary to comply with all Federal and state securities laws applicable to this Award.

11.4 The Company's obligations under the Plan and this Award shall bind any successor to the Company, whether succession results from a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

11.5 To the extent not preempted by Federal law, this Award shall be governed by, and construed in accordance with, the laws of the State of Delaware.

11.6 This Award is subject to the terms of the Plan and Administrative Guidelines promulgated under it from time to time. In the event of a conflict between this document and the Plan, the Plan as well as any determinations made by the Plan Administrator as authorized by the Plan, shall govern.

11.7 The parties acknowledge and agree that, to the extent applicable, this Award shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Grant Date. Notwithstanding any provision of this Award to the contrary, in the event that the Company determines that any compensation or benefits payable or provided under this Award may be subject to Section 409A of the Code, the Company may adopt such limited amendments to this Award and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (i) exempt the compensation and benefits payable under this Award from Section 409A of the Code and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Award or (ii) comply with the requirements of Section 409A of the Code. Although the Company intends to take such actions so as to allow the Award to avoid adverse tax treatment pursuant to Section 409A of the Code and otherwise, the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on the Participant.

11.8 Notwithstanding any other provision of this Award, to the extent the delivery of the shares of the Company's Class B Common Stock represented by this Award is treated as non-qualified deferred compensation subject to Section 409A of the Code, then (a) no delivery of such shares shall be made upon a Participant's termination of employment unless such termination of employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Treasury Regulations and (b) if the Participant is deemed at the time of his termination of employment to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then to the extent delayed delivery of the shares of the Company's Class B Common Stock to which the Participant is entitled under this Award, and which is deliverable to the Participant due to his or her termination of employment, is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such delivery of shares shall not be made to the Participant prior to the earlier of (x) the expiration of the six-month period measured from the date of the Participant's "separation from service" with the Company (as such term is defined in Section 1.409A-1(h) of the Treasury Regulations) or (y) the date of the Participant's death. The determination of whether the Participant is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his separation from service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Section 1.409A-1(i) of the Treasury Regulations and any successor provision thereto).

11.9 THIS AWARD IS SUBJECT TO THE BROWN-FORMAN CORPORATION INCENTIVE COMPENSATION RECOUPMENT POLICY. BY EXECUTION HEREOF, THE UNDERSIGNED ACKNOWLEDGES THAT HE OR SHE HAS BEEN PROVIDED WITH A COPY OF SUCH INCENTIVE COMPENSATION RECOUPMENT POLICY AND UNDERSTANDS THE TERMS AND CONDITIONS THEREOF.

IN WITNESS WHEREOF, the Company has executed this Restricted Stock Unit Award effective as of the Grant Date set forth above.

By: Kirsten Hawley
Senior Vice President,
Chief Human Resources Officer

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2016 Form

**BROWN-FORMAN
2013 OMNIBUS COMPENSATION PLAN
RESTRICTED STOCK AWARD AGREEMENT**

SUMMARY	
Participant:	
Award Date:	July 23, 2015
Performance Period	May 1, 2015 through April 30, 2018
Share Calculation Date:	As soon as practicable following the Performance Period
Restriction Ending Date:	April 30, 2019
Target Dollar Award:	\$
Class of Shares:	Brown-Forman Corporation Class A Common
Award Date Price per Share:	\$

THIS AWARD, effective as of the Award Date set forth above, represents a grant of Class A Common Restricted Stock by Brown-Forman Corporation, a Delaware corporation (the “Company”), under the Company’s 2013 Omnibus Compensation Plan (the “Plan”) to the Company employee named above (“Participant”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

1. Award. The Plan Administrator shall designate a Target Dollar Award amount for each Participant within 90 days of the beginning of the Performance Period, and shall designate one or more performance measures as set forth in Article 8 of the Plan (“Performance Measures”) for the Performance Period. In arriving at a Target Dollar Award, the Plan Administrator has the right, but not the requirement, to solicit input from the Participant as to the target dollars to be delivered as Restricted Stock. Shortly after the end of the Performance Period, the Target Dollar Award will be adjusted for actual performance against the approved Performance Measures, which shall never be less than one-half nor more than one-and-one-half times the Target Dollar Award (the “Adjusted Dollars”), and the Adjusted Dollars will be converted into shares of Class A Common Restricted Stock by dividing the Adjusted Dollars by the Award Date Price per Share, rounding up to the next whole share (the “Initial Calculation of Restricted Shares”). The number of shares of Restricted Stock issuable to the Participant under this Award shall then be increased by a number of shares of Restricted Stock equivalent in value to the dividends that would have been payable on the Initial Calculation of Restricted Shares in fiscal years two and three of the Performance Period, calculated using the Award Date Price per Share, rounding up to the next whole share. Restricted Stock shall be issued in the name of the Participant, legended with the appropriate restriction, and held in escrow by the Company or its agent. Upon the vesting of the Restricted Stock, and the satisfaction of applicable withholding requirements under federal, state, local and foreign law, the Company shall issue or cause to be delivered to the participant one or more unlegended stock certificates in respect of such Restricted Stock.

2. Term; Vesting. The term of this Award is for a period of four years from the first day of the Performance Period of the Award. The Participant must remain continuously employed by the Company for a period of four fiscal years beginning with the fiscal year of the Award and extending through the Restriction Ending Date in order to be considered vested in the Award, except as provided in Section 3 below. Assuming continued employment, following the Restriction Ending Date the restrictions will be removed and the unrestricted vested shares shall be delivered to the Participant.

3. Termination of Employment. In the event the Participant does not remain continuously employed by the Company until the Restriction Ending Date, the following rules will apply:

3.1 Retirement. “Retirement” means termination of employment, with the consent of the Company, on or after reaching age 55 with at least five (5) full years of service, or on or after reaching age 65 with any service. If the Participant terminates employment by reason of Retirement, the Performance Period and Share Calculation Date will remain unaffected; except that the Participant will not be required to remain employed following his or her Retirement date in order to receive the delivery of the shares hereunder; provided, however, that if the Participant terminates employment by reason of Retirement during fiscal 2016, the Target Dollar Award of this Award shall be prorated based upon the number of whole months worked during fiscal 2016 prior to Retirement (out of a 12 month year), with any unearned portion of the Award being immediately canceled and forfeited. Notwithstanding any other provision of this Award, the number of shares of the Company’s Class A Common Stock represented by this Award which are to be delivered pursuant to this Section 3.1 (with the number of shares to be delivered calculated under the applicable provisions of this Award) shall be delivered to the Participant within sixty (60) days of the end of the Performance Period (or if the Retirement date shall occur following the end of the Performance Period, within sixty (60) days of the Retirement date), with the delivery date within such period to be determined by the Company in its sole discretion. Any Participant who is entitled to receive the delivery of the shares pursuant to this Section 3.1 and who is also eligible to receive a cash severance payment from the Company shall, as a condition of receiving the shares which are to be delivered pursuant to this Section 3.1 and such cash severance payment, be required to execute a general release waiving all claims, if any, arising from the Participant’s employment or termination from employment that such Participant may have against the Company and its employees, agents and affiliates.

3.2 Death/Disability. If the Participant dies or terminates employment due to Disability (“Disability” to be determined by the Plan

Administrator in its sole discretion in accordance with Section 2.16 of the Plan), the Adjusted Dollars shall equal the Target Dollar Award, the Award shall vest immediately, and the number of shares of the Company's Class A Common Stock represented by this Award shall be delivered to the Participant's beneficiary(ies) within thirty (30) days of the Participant's death or termination of employment due to Disability, with the delivery date within such period to be determined by the Company in its sole discretion; provided, however, that if the Participant dies or terminates employment due to Disability during fiscal 2016, the Target Dollar Award of this Award shall be prorated based upon the number of whole months worked during fiscal 2016 prior to death/termination due to Disability (out of a 12 month year), with any unearned portion being immediately canceled and forfeited.

3.3 Voluntary Termination, Involuntary Termination for Cause, Involuntary Termination for Poor Performance . The full amount of the Award shall be immediately forfeited to the Company, without compensation to the Participant, in the event of the Participant's voluntary termination, involuntary termination for Cause (as such term is defined in the Plan), or involuntary termination for poor performance (as determined by the Plan Administrator in its sole discretion) prior to the Restriction Ending Date.

3.4. Involuntary Termination – "No Fault" . If the Participant's employment is involuntarily terminated with "no fault" on the part of the Participant (as determined by the Plan Administrator in its sole discretion), the Performance Period and Share Calculation Date will remain unaffected; except that the Participant will not be required to remain employed following his or her "no fault" termination in order to receive the delivery of the shares hereunder; provided, however, that if the Participant's employment is involuntarily terminated with "no fault" on the part of the Participant during fiscal 2016, the Target Dollar Award of this Award shall be prorated based upon the number of months worked during fiscal 2016 prior to termination (out of a 12 month year), with any unearned portion being immediately canceled and forfeited. Notwithstanding any other provision of this Award, the number of shares of the Company's Class A Common Stock represented by this Award which are to be delivered pursuant to this Section 3.4 (with the number of shares to be delivered calculated under the applicable provisions of this Award) shall be delivered to the Participant within sixty (60) days of the end of the Performance Period (or if the "no fault" termination date shall occur following the end of the Performance Period, within sixty (60) days of the "no fault" termination date), with the delivery date within such period to be determined by the Company in its sole discretion. Any Participant who is entitled to receive the delivery of the shares pursuant to this Section 3.4 and who is also eligible to receive a cash severance payment from the Company shall, as a condition of receiving the shares which are to be delivered pursuant to this Section 3.4 and such cash severance payment, be required to execute a general release waiving all claims, if any, arising from the Participant's employment or termination from employment that such Participant may have against the Company and its employees, agents and affiliates.

3.5 Termination for any Other Reasons . Unless otherwise determined by the Plan Administrator, in its sole discretion, if the Participant's employment terminates for any reason other than those set out in items 3.1, 3.2, 3.3 or 3.4 above or item 4 below prior to the Restriction Ending Date, the full amount of the Award shall be immediately forfeited to the Company, without compensation to the Participant. Notwithstanding the foregoing, if the Plan Administrator determines to accelerate the Restriction Ending Date for any Award upon the Participant's termination of employment, the delivery date of any Shares will be a date within sixty (60) days following the Participant's termination of employment, with the delivery date within such period to be determined by the Company in its sole discretion.

4. Change in Control. Upon the occurrence of a Change in Control, as defined in the Plan, Awards shall be treated in accordance with Article 11 of the Plan; provided however, that in the event a termination without Cause or by Constructive Discharge (with the circumstances constituting a Constructive Discharge to be determined by the Plan Administrator in its discretion at or prior to a Change of Control) following a Change of Control occurs during fiscal 2016 (including what would have been such fiscal year in the absence of the Change in Control, "Fiscal 2016"), the Target Value Dollar Award of this Award shall be prorated based upon the number of whole months worked during Fiscal 2016 prior to termination (out of a 12 month year), with any unearned portion being immediately canceled and forfeited.

5. Rights as a Stockholder. During the Performance Period prior to the issuance of Restricted Stock, the Participant has no rights as a stockholder (including, but not limited to, the right to receive regular quarterly dividends or dividend equivalents). However, following the issuance of Restricted Stock after the end of the Performance Period, the Participant will have the same stockholder rights as other holders of Class A Common Stock except that vesting and the right to sell the shares is restricted as provided herein. Dividends (or dividend equivalents) are payable to the Participant following the issuance of Restricted Stock after the end of the Performance Period prior to the Restriction Ending Date, unless the payment of such dividends creates issues (as determined by the Plan Administrator) under any IRS or SEC regulations including IRC Section 162(m), in which case they will be accrued and paid out at the time the underlying Restricted Stock becomes free of restrictions (or at such later date as the Plan Administrator determines such issues are no longer present).

6. Restrictions on Transfer. Prior to the Restriction Ending Date and the removal of the restrictions on the Shares, this Award and the Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

7. Recapitalization. If there is any change in the Company's Shares through the declaration of stock dividends, a recapitalization, stock splits, or through merger, consolidation, exchange of Shares, or otherwise, or in the event of an extraordinary dividend or other corporate transaction, the Plan Administrator shall adjust the number and class of Shares, as well as the Award Price per Share, subject to this Award (including by making a different kind or class of securities subject to the Award), or take other action pursuant to Section 4.4 of the Plan, to prevent dilution or enlargement of the Participant's rights.

8. Beneficiary Designation. The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently

or successively) to whom any benefit under this Award is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when delivered during the Participant's lifetime to the Company at its executive offices, addressed to the attention of the Compensation Department in Louisville, Kentucky.

9. Continuation of Employment. This Award shall not confer upon the Participant any right to continued employment by the Company, nor shall this Award interfere in any way with the Company's right to terminate the Participant's employment at any time. A transfer of the Participant's employment between the Company and any of its subsidiaries, or between any divisions or subsidiaries of the Company shall not be deemed a termination of employment.

10. Miscellaneous.

A) This Award and the Participant's rights under it are subject to all the terms and conditions of the Plan and this Restricted Stock Award Agreement, as they may be amended from time to time, as well as to such rules as the Plan Administrator may adopt. The Plan Administrator may impose such restrictions on this Award as it may deem advisable, including, without limitation, restrictions under applicable Federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares. The Restricted Stock shall be subject to the requirements that, if at any time the Plan Administrator shall determine that (i) the listing, registration or qualification of Class A Common Stock subject or related thereto upon any securities exchange or under any federal or state law, or (ii) the consent or approval of any governmental body, or (iii) an agreement by the Participant with respect to the disposition of shares of Class A Common Stock is necessary or desirable as a condition of, or in connection with, the delivery or purchase of shares pursuant thereto, then in such event, the grant of Restricted Stock shall not be effective unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Plan Administrator.

The Plan Administrator may administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Award, all of which shall be binding upon the Participant.

B) Subject to the provisions of the Plan, the Board of Directors may terminate, amend, or modify the Plan; *provided, however,* that no such termination, amendment, or modification of the Plan may in any way adversely affect the Participant's rights under this Award, without the written consent of the Participant. This Agreement may not be modified, amended or waived except by an instrument in writing signed by both parties hereto. The waiver by either party of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

C) The Company may deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy Federal, state, and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any exercise of the Participant's rights under this Award.

The Participant may remit sufficient cash to the Company to satisfy the withholding requirement or the Participant may elect to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having an aggregate Fair Market Value, on the date the tax is to be determined, equal to the minimum amount required to be withheld. Such elections shall be irrevocable, shall be in writing, and shall be signed by the Participant before the day that the transaction becomes taxable.

D) The Participant agrees to take all steps necessary to comply with all applicable Federal and state securities law in exercising his or her rights under this Award.

E) This Award shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

F) The Company's obligations under the Plan and this Award shall bind any successor to the Company, whether succession results from a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

G) To the extent not preempted by Federal law, this Award shall be governed by, and construed in accordance with, the laws of the State of Delaware.

H) At all times when IRC Section 162(m) applies, all Awards to Designated Executive Officers shall comply with its requirements, unless the Plan Administrator determines that compliance is not desired or necessary for any Award or Awards. To that end, the Plan Administrator may make such adjustments it deems appropriate for a specific Award or Awards, except that a performance-based Award cannot be replaced by a non-performance-based Award if performance goals are not achieved.

I)The parties acknowledge and agree that, to the extent applicable, this Award shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Treasury Regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of this Award to the contrary, in the event that the Company determines that any compensation or benefits payable or provided under this Award may be subject to Section 409A of the Code, the Company may adopt such limited amendments to this Award and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (i) exempt the compensation and benefits payable under this Award from Section 409A of the Code and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Award or (ii) comply with the requirements of Section 409A of the Code.

Notwithstanding any other provision of this Award, to the extent the issuance of the Restricted Stock represented by this Award following the Performance Period does not qualify as a “short term deferral” pursuant to Section 1.409A-1(b)(4) (or any other exception to Section 409A) and is treated as non-qualified deferred compensation subject to Section 409A of the Code, then (a) no delivery of such shares shall be made upon a Participant’s termination of employment unless such termination of employment constitutes a “separation from service” within the meaning of Section 1.409A-1(h) of the Treasury Regulations and (b) if the Participant is deemed at the time of his termination of employment to be a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code, then to the extent delayed delivery of the shares to which the Participant is entitled under this Award, and which is deliverable to the Participant due to his or her termination of employment, is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such delivery of shares shall not be made to the Participant prior to the earlier of (x) the expiration of the six-month period measured from the date of the Participant’s “separation from service” with the Company (as such term is defined in Section 1.409A-1(h) of the Treasury Regulations) or (y) the date of the Participant’s death. The determination of whether the Participant is a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his separation from service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Section 1.409A-1(i) of the Treasury Regulations and any successor provision thereto).

Although the Company intends to take such actions so as to allow the Award to avoid adverse tax treatment pursuant to Section 409A of the Code and otherwise, the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on the Participant.

J) This Award is subject to the terms of the Plan and Administrative Guidelines promulgated under it from time to time. In the event of a conflict between this document and the Plan, the Plan document as well as any determinations made by the Plan Administrator as authorized by the Plan document, shall govern.

K)The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

L)THIS AWARD IS SUBJECT TO THE BROWN-FORMAN CORPORATION INCENTIVE COMPENSATION RECOUPMENT POLICY. BY EXECUTION HEREOF, THE UNDERSIGNED ACKNOWLEDGES THAT HE OR SHE HAS BEEN PROVIDED WITH A COPY OF SUCH INCENTIVE COMPENSATION RECOUPMENT POLICY AND UNDERSTANDS THE TERMS AND CONDITIONS THEREOF.

IN WITNESS WHEREOF, the Company has executed this Award effective as of the Grant Date set forth above.

BROWN-FORMAN CORPORATION

By: Kirsten Hawley
Senior Vice President,
Chief Human Resources Officer

**BROWN-FORMAN 2013 OMNIBUS COMPENSATION PLAN
EMPLOYEE STOCK-SETTLED STOCK APPRECIATION RIGHT AWARD**

Capitalized terms used below have the definitions assigned to them in the Brown-Forman 2013 Omnibus Compensation Plan (the “Plan”), or as defined herein.

SUMMARY	
Participant:	
Grant Date:	July 23, 2015
First Exercise Date:	May 1, 2018
Expiration Date:	April 30, 2025
Number of Shares:	
Class of Shares:	Brown-Forman Corporation Class B Common
Grant Price:	

THIS AWARD (the “Award”), effective as of the Grant Date shown above, represents the grant of a stock appreciation right under the Plan by Brown-Forman Corporation, a Delaware corporation (the “Company”), to the Participant named above, who is an employee of the Company or one or more of its Affiliates.

1. Grant of Stock Appreciation Right. The Company hereby grants to the Participant a Stock-Settled Stock Appreciation Right (the “SSAR”), subject to the terms and conditions of the Plan, the Administrative Guidelines to the Plan, and those set forth in this Award.

2. Value of the SSAR. The SSAR shall entitle the Participant, upon exercise of the SSAR (in whole or in part), to receive from the Company an amount payable in the form of Class B Common Shares determined by multiplying:

- A) the appreciated value of one Class B Common Share, calculated as the Fair Market Value of one Class B Common Share on the date of exercise minus the Grant Price as shown above; by
- B) the number of Class B Common Shares with respect to which the SSAR is exercised.

3. Term. Subject to Section 5 below, the term of this Award is for a period of ten years from the first day of the fiscal year of grant. To exercise the SSAR, the Participant must remain continuously employed by the Company or one of its Affiliates for at least three years from the first day of the fiscal year of grant, except as provided in Section 5 below. Assuming continuous employment, the SSAR will become exercisable on the First Exercise Date shown above, and it must be exercised before the close of business on the Expiration Date shown above. Subject to applicable securities laws, if on the last day of the term of this SSAR (or, if earlier, the last date on which this SSAR may be exercised pursuant to Section 5 below) the Fair Market Value of one Share exceeds the Grant Price shown above, the Participant has not exercised the SSAR and the SSAR has not otherwise expired, the SSAR shall be deemed to have been exercised by the Participant on such day and the appropriate number of Shares shall be issued to the Participant in accordance with Sections 2 and 4 hereof, or at such later time as would not violate any applicable securities laws; provided, that this provision shall not apply to an SSAR that expires on account of a for Cause termination pursuant to Section 5(C) and such SSAR shall expire unexercised as provided therein.

4. Form of Payment. The Company shall satisfy its obligation upon the Participant’s exercise of the SSAR (in whole or in part) in Class B Common Shares based upon the Fair Market Value of the Company’s Class B Common Shares on the date of exercise, as determined by the Plan Administrator in accordance with Section 2.21 of the Plan. Notwithstanding the foregoing, no fractional Share shall be distributed in settlement of the SSAR, and any portion of the SSAR which would be settled in a fractional Share shall be treated in such manner as determined by the Committee not to have adverse financial accounting treatment or adverse federal income tax treatment pursuant to IRC Section 409A.

5. Termination of Employment. In the event the Participant does not remain continuously employed by the Company during the term of the SSAR, the following rules will apply:

- A) **Retirement.** “Retirement” means termination of employment on or after reaching age 55 with at least five (5) full years of service, or on or after reaching age 65 with any service. If the Participant terminates employment by reason of Retirement, this SSAR will continue in force until the earlier of (a) the Expiration Date; or (b) the end of seven years following the date of Retirement; provided however, that if the Participant terminates employment by reason of Retirement during fiscal 2016, the number of Shares subject to this SSAR shall be prorated based upon the number of whole months worked during fiscal 2016 prior to Retirement (out of a 12 month year), with the remaining portion being immediately canceled and forfeited. Retirement does not affect the First Exercise Date

of this SSAR. Any Participant who is entitled to the extended time for exercise of this SSAR pursuant to this Section 5(A) and who is also eligible to receive a cash severance payment from the Company shall, as a condition of being afforded the extended exercise period and of receiving such cash severance payment, be required to execute a general release waiving all claims, if any, arising from the Participant's employment or termination from employment that such Participant may have against the Company and its employees, agents and affiliates.

- B) Death/Disability. If the Participant dies or terminates employment due to Disability ("Disability" to be determined by the Plan Administrator in its sole discretion in accordance with Section 2.16 of the Plan), the SSAR will become immediately exercisable (if not already exercisable) and must be exercised by the earlier of (a) the Expiration Date or (b) the end of five years following the date of death or termination of employment due to Disability. If the Participant dies or terminates employment due to Disability during fiscal 2016, the number of Shares with respect to which this SSAR shall become exercisable pursuant to the first sentence of this Section 5B) shall be prorated based upon the number of whole months worked during fiscal 2016 prior to death/termination of employment due to Disability (out of a 12 month year), with the remaining portion being immediately canceled and forfeited. An exercisable SSAR shall be exercised by the person(s) named as the Participant's beneficiary(ies), or, if the Participant has not named one or more beneficiaries, by whoever has acquired the Participant's rights by will or by the laws of descent and distribution.
- C) Involuntary Termination for Cause. A SSAR granted to a Participant who is terminated for Cause, as defined in the Plan, shall expire immediately as of the date and time that the Participant is notified of the termination and may not be exercised.
- D) Involuntary Termination for Poor Performance. A SSAR granted to a Participant whose employment is involuntarily terminated for poor performance (as determined by the Plan Administrator in its sole discretion) prior to the First Exercise Date shall expire immediately as of the date and time that the Participant is notified of the termination and may not be exercised. A SSAR granted to a Participant whose employment is involuntarily terminated for poor performance (as determined by the Plan Administrator in its sole discretion) on or after the First Exercise Date must be exercised within thirty days following termination (provided, however, where necessary, the thirty-day period may be delayed or bifurcated because of required trading black-out periods).
- E) Involuntary Termination – No Fault. A SSAR granted to a Participant whose employment is involuntarily terminated with "no fault" on the part of the Participant (as determined by the Plan Administrator in its sole discretion) will continue in force until the later of (a) twelve months following the date of termination; or (b) twelve months following the First Exercise Date; provided however, that if the Participant's employment is involuntarily terminated for "no fault" during fiscal 2016, the number of Shares subject to this SSAR shall be prorated based upon the number of whole months worked during fiscal 2016 prior to termination (out of a 12 month year), with the remaining portion being immediately canceled and forfeited. Involuntary termination for "no fault" does not affect the First Exercise Date of this SSAR. Any Participant who is entitled to the extended time for exercise of this SSAR pursuant to this Section 5(E) and who is also eligible to receive a cash severance payment from the Company shall, as a condition of being afforded the extended exercise period and of receiving such cash severance payment, be required to execute a general release waiving all claims, if any, arising from the Participant's employment or termination from employment that such Participant may have against the Company and its employees, agents and affiliates.
- F) Voluntary Termination. A SSAR granted to a Participant who terminates employment voluntarily prior to the First Exercise Date shall expire immediately as of the date and time of such termination and may not be exercised. A SSAR granted to a Participant who terminates employment voluntarily on or after the First Exercise Date shall continue in force until the earlier of (a) the Expiration Date or (b) the end of thirty days following the date of termination (provided, however, where necessary, the thirty-day period may be delayed or bifurcated because of required trading black-out periods). Voluntary Termination does not affect the First Exercise Date.
- G) Termination for any Other Reasons. If the Participant's employment terminates for any reason other than those set out in items A through F above, and in the absence of any action by the Plan Administrator, the SSAR shall expire immediately as of the time and date of termination, and may not be exercised. However, the Plan Administrator, in its sole discretion, based on the facts and circumstances of such termination, may accelerate the First Exercise Date of all or any portion of the SSAR, and/or may delay the expiration of all or any portion of the SSAR to any date not later than the Expiration Date.

6. Change in Control or Potential Change in Control. In the event of a Change in Control, as defined in the Plan, the First Exercise Date and the Participant's rights with respect to the SSAR shall be governed by the terms of Article 11 of the Plan.

7. Rights as a Shareholder. The Participant has no rights as a shareholder (including, but not limited to, the right to receive dividends or dividend equivalents, or to vote on shareholder issues) with respect to Shares potentially available upon exercise of the SSAR. Shareholder rights accrue only to holders of Shares issued and delivered pursuant to exercise of the SSAR.

8. Restrictions on Transfer. The SSAR may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, the SSAR shall be exercisable during the Participant's lifetime only by the Participant or the Participant's duly appointed legal representative.

9. Recapitalization. If there is any change in the Company's Shares through the declaration of Share dividends or extraordinary cash dividends, or through a recapitalization resulting in Share splits, or through merger, consolidation, exchange of Shares, or similar corporate transaction, the Plan Administrator shall adjust the number and class of Shares subject to the SSAR, as well as the Grant Price, or take other action pursuant to Section 4.4 of the Plan to prevent dilution or enlargement of the Participant's rights.

10. Beneficiary Designation. The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Award is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when delivered during the Participant's lifetime to the Company at its executive offices, addressed to the attention of the Compensation Department in Louisville, Kentucky.

11. Continuation of Employment. This Award shall not confer upon the Participant any right to continued employment by the Company, nor shall this Award interfere in any way with the Company's right to terminate the Participant's employment at any time. A transfer of the Participant's employment between the Company and any of its subsidiaries, or between any divisions or subsidiaries of the Company shall not be deemed a termination of employment.

12. Tax Consequences . By accepting the SSAR, the Participant acknowledges that (i) he or she understands that upon either the grant or the exercise of the SSAR, he or she may recognize adverse tax consequences, and (ii) he or she understands that the Company may deduct or withhold an amount of Class B Common Shares, or require the Participant to remit cash to the Company, sufficient to satisfy minimum Federal, state, and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any exercise of the Participant's rights under this Award. The Participant is encouraged to consult with a qualified tax advisor concerning the SSAR. In addition, the Participant agrees that the SSAR shall be administered and settled as required for the SSAR to be deemed not to be deferred compensation subject to the provisions of IRC Section 409A or the Treasury Regulations promulgated thereunder. Although the Company intends to take such actions so as to allow the Award to avoid adverse tax treatment pursuant to Section 409A of the Code and otherwise, the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on the Participant.

13. Miscellaneous.

A) This Award and the Participant's rights under it are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as any Administrative Guidelines the Plan Administrator may adopt. The Plan Administrator may impose such restrictions on any Shares acquired pursuant to the exercise of the SSAR as it may deem advisable, including, without limitation, restrictions under applicable Federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares. The Plan Administrator in conjunction with the Company's compliance officer may designate periods during which the SSAR may not be exercised by Participants.

The Plan Administrator may, in its sole discretion, administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and the SSAR, all of which shall be binding upon the Participant.

B) Subject to the provisions of the Plan, the Board of Directors may terminate, amend, or modify the Plan; *provided, however*, that no such termination, amendment, or modification of the Plan may in any way adversely affect the Participant's rights under this Award, without the written consent of the Participant.

C) The Participant agrees to take all steps necessary to comply with all applicable Federal and state securities law in exercising his or her rights under this Award.

D) This Award shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

E) The Company's obligations under the Plan and this Award, with respect to the SSAR, shall bind any successor to the Company, whether succession results from a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

F) To the extent not preempted by Federal law, this Award shall be governed by, and construed in accordance with, the laws of the State of Delaware.

G) At all times when IRC Section 162(m) applies, all Awards to Designated Executive Officers shall comply with its requirements, unless the Plan Administrator determines that compliance is not desired or necessary for any Award or Awards. To that end, the Plan Administrator may make such adjustments it deems appropriate for a specific Award or Awards.

- H) This Award is subject to the terms of the Plan and Administrative Guidelines promulgated under it from time to time. In the event of a conflict between this document and the Plan, the Plan document as well as any determinations made by the Plan Administrator as authorized by the Plan document, shall govern.
- I) THIS AWARD IS SUBJECT TO THE BROWN-FORMAN CORPORATION INCENTIVE COMPENSATION RECOUPMENT POLICY. BY EXECUTION HEREOF, THE UNDERSIGNED ACKNOWLEDGES THAT HE OR SHE HAS BEEN PROVIDED WITH A COPY OF SUCH INCENTIVE COMPENSATION RECOUPMENT POLICY AND UNDERSTANDS THE TERMS AND CONDITIONS THEREOF.

IN WITNESS WHEREOF, the Company has executed this Award effective as of the Grant Date set forth above.

BROWN-FORMAN CORPORATION

By: Kirsten Hawley
Senior Vice President,
Chief Human Resources Officer

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2016 Form

CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Paul C. Varga, certify that:

1. I have reviewed this Quarterly report on Form 10-Q of Brown-Forman Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 26, 2015

By: /s/ Paul C. Varga

Paul C. Varga

Chief Executive Officer and Chairman of the
Company

CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Jane C. Morreau, certify that:

1. I have reviewed this Quarterly report on Form 10-Q of Brown-Forman Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 26, 2015

By: /s/ Jane C. Morreau
Jane C. Morreau
Executive Vice President and Chief Financial
Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Brown-Forman Corporation (“the Company”) on Form 10-Q for the period ended July 31, 2015 , as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in the capacity as an officer of the Company, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 26, 2015

By: /s/ Paul C. Varga
Paul C. Varga
Chief Executive Officer and Chairman of
the Company

By: /s/ Jane C. Morreau
Jane C. Morreau
Executive Vice President and Chief
Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certificate is being furnished solely for purposes of Section 906 and is not being filed as part of the Report.