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BROWN FORMAN CORP
Form 11-K
June 27, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS
AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2001

OR

() TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-123

- A. Full Title of Plan:
Brown-Forman Corporation Savings Plan
for Collectively Bargained Employees
- B. Name of Issuer of the Securities held Pursuant to the Plan and
the Address of its Principal Executive Office:

Brown-Forman Corporation
850 Dixie Highway
Louisville, Kentucky 40210

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Report of Independent Accountants

To the Employee Benefits Committee
Brown-Forman Corporation

Brown-Forman Corporation Savings Plan
for Collectively Bargained Employees

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Brown-Forman Corporation Savings Plan for Collectively Bargained Employees (the Plan) at December 31, 2001 and 2000, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes at the end of year and of reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the

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Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP
May 2, 2002

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Brown-Forman Corporation Savings Plan for Collectively Bargained Employees Statements of Net Assets Available for Benefits December 31, 2001 and 2000

	2001			
	Participant Directed	Nonparticipant Directed	Total	Participant Directed
Investments, at fair value:				
Mutual funds	\$ 3,201,705	--	\$ 3,201,705	\$ 3,039,317
Investment contract and money market portfolios	367,700	--	367,700	301,252
Brown-Forman Corporation Class B common stock	24,471	--	24,471	16,199
	3,593,876	--	3,593,876	3,356,768
Employers' contributions receivable	50,769	--	50,769	36,112
Employees' contributions receivable	48,288	--	48,288	64,140
Net assets available for benefits	\$ 3,692,933	--	\$ 3,692,933	\$ 3,457,020

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Brown-Forman Corporation Savings Plan for Collectively Bargained Employees Statement of Changes in Net Assets Available for Benefits For the Years Ended December 31, 2001 and 2000

	2001			
	Participant Directed	Nonparticipant Directed	Total	Participant Directed
Additions:				
Contributions:				
Employer	\$ 196,654	--	\$ 196,654	\$ 132,730
Employee	705,162	--	705,162	659,890
	901,816	--	901,816	792,620

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Interest income	15,551	--	15,551	15,441
Dividend income	25,412	--	25,412	21,138
	-----	-----	-----	-----
Total additions	942,779	--	942,779	829,199
	-----	-----	-----	-----
Deductions:				
Withdrawals by participants	261,069	--	261,069	139,412
Net depreciation in fair value	436,438	--	436,438	295,431
Net transfers to other plans	9,359	--	9,359	
	-----	-----	-----	-----
Total deductions	706,866	--	706,866	434,843
	-----	-----	-----	-----
Net increase	235,913	--	235,913	394,356
	-----	-----	-----	-----
Net assets available for benefits:				
Beginning of year	3,457,020	--	3,457,020	3,062,664
	-----	-----	-----	-----
End of year	\$ 3,692,933	--	\$ 3,692,933	\$ 3,457,020
	=====	=====	=====	=====

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Brown-Forman Corporation Savings Plan for Collectively Bargained Employees Notes to Financial Statements

1. Description of Plan:

The sponsor of the Brown-Forman Corporation Savings Plan for Collectively Bargained Employees (the Plan), Brown-Forman Corporation (the Company), is a diversified producer and marketer of fine quality consumer products in domestic and international markets. The Sponsor's operations include the production, importing, and marketing of wines and distilled spirits and the manufacture and sale of luggage and, through the Lenox, Incorporated division, the manufacture and sale of china, crystal and silver.

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the plan agreement for more complete information.

- a. General: The Plan is a defined contribution plan covering substantially all union hourly employees of the Company at the Louisville Production Operations and/or Early Times Distillery and/or Bluegrass Cooperage Company. An employee becomes eligible to participate in the Plan after the completion of twelve consecutive months of employment, provided the employee works a minimum of 1,000 hours within the twelve-month period. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).
- b. Contributions: Certain employees at the Louisville Production Operations and/or Early Times Distillery may contribute to the Plan an amount of not less than \$10 nor more than \$120 of their weekly compensation (an amount of not less than \$10 nor more than \$150 of their weekly compensation effective January 1, 2001). Effective December 4, 2000, those employees who are members of Local Union 89 at the Louisville Production Operations and Early Times Distillery may

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contribute to the Plan an amount of not less than \$10 nor more than \$150 of their weekly compensation. Employees at the Bluegrass Cooperage Company may contribute to the Plan an amount of not less than 2% nor more than 15% of their annual compensation. Employee contributions are not to exceed the Section 402(g) (of the Internal Revenue Code of 1986) limitation for the calendar year, currently \$10,500. New employees may transfer assets from their former employers' qualified plans to the Plan, but cannot make any further contributions to the Plan until they meet the eligibility requirements to participate in the Plan.

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For certain employees at the Louisville Production Operations and/or Early Times Distillery, the Company shall contribute quarterly an amount equal to 50% of the participant's elective deferral for deferral amounts up to an average of \$20 per week for each week of said quarter (\$40 per week effective January 1, 2001 and \$50 per week effective December 1, 2003). Effective December 4, 2000, for employees who are members of Local Union 89 at the Louisville Production Operations and Early Times Distillery, the Company shall contribute quarterly an amount equal to 50% of the participant's elective deferral for deferral amounts up to an average of \$40 per week for each week of said quarter (\$50 per week effective December 1, 2003).

For employees at the Bluegrass Cooperage Company, the Company's matching contribution is equal to 25% of the participant's elective deferral for the first 3% of the participant's annual compensation. Effective October 1, 2001, the Company's matching contribution is equal to 50% of the participant's elective deferral for the first 3% of the participant's annual compensation.

Each participant's account is credited with the participant's contribution and an allocation of (i) the Company's contribution on a quarterly basis, and (ii) plan earnings on a daily basis. Allocations are based on the participants' contributions and compensation as defined in the Plan. The total annual contributions, as defined by the Plan, credited to a participant's account in a plan year may not exceed the lesser of (i) \$30,000, or (ii) 25% of the participant's compensation in the plan year. Additional maximum limits exist if the employee participates in a qualified defined benefit plan maintained by the Company. Forfeited balances of terminated participants' nonvested accounts are used first to reinstate previously forfeited account balances of re-employed participants, if any, and the remaining amounts are used to reduce future company contributions. The forfeited balances totaled \$95 and \$63 for 2001 and 2000, respectively.

Participants can allocate contributions among various investment options in 1% increments. The Plan currently offers ten mutual funds, one investment contract portfolio, and the Brown-Forman Corporation Class B common stock fund as investment options to participants.

- c. Vesting: Participants are immediately vested in their employee contributions plus actual earnings thereon. Vesting in the Company's contribution is 25% per year of continuous service with the Company. Participants will become 100% vested in their company contributions account in case of death, normal retirement, or total and permanent disability.

- d. Withdrawals: Upon termination of service, a participant can elect to transfer his vested interest in the Plan to the qualified plan of his new employer, roll over his funds into an Individual Retirement Account, or receive his vested interest in the Plan in a lump-sum amount or in the form of installment payments over a period of time not to exceed his life expectancy. If the vested account balance is less than \$5,000, a lump-sum distribution will be made. In the event of death, the participant's beneficiary will receive the vested interest in a lump-sum payment. Upon approval of the Employee Benefits Committee, some participants may also withdraw vested interest in the case of financial hardship under guidelines promulgated by the Internal Revenue Service. Effective January 1, 2002, the participant's contribution shall be suspended for six months after the receipt of a hardship distribution.

The distribution to a terminated participant is based on the market value of his vested interest in the Plan on the valuation date available immediately preceding the date of the benefit payment.

2. Summary of Significant Accounting Policies:

- a. Basis of Accounting: The financial statements of the Plan are prepared under the accrual method of accounting. Withdrawals by participants are recorded when paid. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.
- b. Valuation of Investments: Investment contract and money market portfolios are valued at cost which approximates fair value. Mutual funds are valued at their net asset value per share as quoted by the National Association of Securities Dealers. The Brown-Forman Corporation Stock Fund is comprised of Brown-Forman Corporation Class B shares, which are valued at the quoted closing market price.

The Plan presents in the accompanying statements of changes in net assets available for benefits the net appreciation or depreciation in the fair value of its investments which consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments.

- c. Management Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of additions to and deductions from net assets during the reporting periods. Actual results could differ from those estimates.

3. Investments:

The Plan's investments are held by a custodian trust company. The following table presents the fair value of investments. Investments

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that represent 5% or more of the Plan's net assets are separately identified.

	December 31			
	2001		2000	
	Number of Shares, Units or Principal Amount	Fair Value	Number of Shares, Units or Principal Amount	Fa
Janus Worldwide Fund	6,551	\$ 287,208	5,014	\$
Fidelity Magellan Fund	17,704	1,845,118	15,154	1
Fidelity Equity-Income Fund	9,079	442,790	7,257	
Fidelity Growth Company Fund	3,627	193,053	2,503	
Fidelity Asset Manager	16,628	257,734	14,841	
Managed Income Portfolio	205,702	205,702	160,563	
Brown-Forman Corporation Class B Common Stock Fund	2,362	24,471	1,471	
Other investments	170,591	337,800	144,677	
		\$ 3,593,876		\$ 3
		=====		==

During 2001 and 2000, the Plan's investments, including investments bought, sold, and held during the year, appreciated (depreciated) in value as follows:

	2001	2000
Mutual funds	\$ (435,373)	\$ (297,122)
Brown-Forman Corporation Class B common stock	(1,065)	1,691
	\$ (436,438)	\$ (295,431)
	=====	=====

4. Tax Status:

The Internal Revenue Service has determined, and informed the Company by a letter dated December 18, 1996, that the Plan and related trust are designed in accordance with the applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Company believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

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5. Plan Termination:

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of

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plan termination, participants will become 100% vested in their accounts.

6. Related Party Transactions:

Certain administrative costs incurred by the Plan are paid by the Company.

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Brown-Forman Corporation Savings Plan for Collectively Bargained Employees Plan #016 EIN #61-0143150 Schedule H, Line 4i -- Schedule of Assets Held for Investment Purposes at End of Year December 31, 2001

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Current Value
PBHG Growth Fund	Mutual fund, variable rate and maturity	\$ 65,837
Janus Enterprise Fund	Mutual fund, variable rate and maturity	64,225
Janus Worldwide Fund	Mutual fund, variable rate and maturity	287,208
PIMCO Total Return Fund	Mutual fund, variable rate and maturity	31,365
Fidelity Magellan Fund*	Mutual fund, variable rate and maturity	1,845,118
Fidelity Equity-Income Fund*	Mutual fund, variable rate and maturity	442,790
Fidelity Growth Company Fund*	Mutual fund, variable rate and maturity	193,053
Fidelity Asset Manager*	Mutual fund, variable rate and maturity	257,734
Fidelity Retirement Money Market Portfolio*	Money market portfolio, variable rate and maturity	161,998
Managed Income Portfolio*	Investment contract portfolio, variable rate and maturity	205,702
Spartan U.S. Equity Index Fund*	Mutual fund, variable rate and maturity	14,375
Brown-Forman Corporation*	Class B common stock fund	24,471

		\$ 3,593,876
		=====

*Party-in-interest to the Plan

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Brown-Forman Corporation Savings Plan for Collectively Bargained Employees Plan #016 EIN #61-0143150 Schedule H, Line 4j -- Schedule of Reportable Transactions For the Year Ended December 31, 2001

Identity of Party Involved	Description of Asset	Purchase Price	Selling Price	Lease Rental	Expense Incurred with Transaction	Co A
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No reportable transactions.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Brown-Forman Corporation Savings Plan for Collectively Bargained Employees has duly caused this report to be signed by the undersigned thereunto duly authorized.

BROWN-FORMAN CORPORATION SAVINGS PLAN
FOR COLLECTIVELY BARGAINED EMPLOYEES

BY:

/s/ Phoebe A. Wood
Phoebe A. Wood
Executive Vice President and
Chief Financial Officer
(On behalf of the Principal and
as Principal Financial Officer)

June 24, 2002

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Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-74567) of Brown-Forman Corporation of our report dated May 2, 2002 relating to the financial statements and supplemental schedules of the Brown-Forman Corporation Savings Plan for Collectively Bargained Employees as of and for the years ended December 31, 2001 and 2000 which appear in this Form 11-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Louisville, Kentucky
June 24, 2002

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