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BROWN FORMAN CORP
Form 11-K
June 29, 2007

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, 2006

OR

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

Commission File Number 002-26821

- 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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INDEX

| | Pages |
|---|-------|
| Report of Independent Registered Public Accounting Firm | 2 |
| Financial Statements | |
| Statement of Net Assets Available for Benefits, December 31, 2006 and 2005 | 3 |
| Statement of Changes in Net Assets Available for Benefits Year Ended December 31, 2006 | 4 |
| Notes to Financial Statements | 5-10 |
| Supplemental Schedule | |
| Form 5500 Schedule H, Line 4i - Schedule of Assets (Held at End of Year), December 31, 2006 | 11 |
| Signatures | 12 |
| Consent of Independent Registered Public Accounting Firm | 13 |
| Note: Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable. | |

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
Brown-Forman Corporation Savings Plan
for Collectively Bargained Employees

In our opinion, the accompanying statements of net assets available for benefits and the related statement 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, 2006 and 2005, and the changes in net assets available for benefits for the year ended December 31, 2006 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) at December 31, 2006 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and

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

/s/ PricewaterhouseCoopers LLP
Louisville, Kentucky
June 29, 2007

2

Brown-Forman Corporation Savings Plan for Collectively Bargained Employees Statements of Net Assets Available for Benefits December 31, 2006 and 2005

| | Participant Directed | |
|---|----------------------|--------------|
| | 2006 | 2005 |
| Investments, at fair value | | |
| Mutual funds | \$ 6,726,106 | \$ 5,878,290 |
| Common collective trust fund | 301,948 | 315,866 |
| Brown-Forman Corporation | | |
| Class B common stock fund | 594,907 | 588,300 |
| | 7,622,961 | 6,782,456 |
| Employers' contributions receivable | 97,530 | 53,216 |
| Employees' contributions receivable | 16,261 | 38,500 |
| Net assets available for benefits at fair value | 7,736,752 | 6,874,172 |
| Adjustment from fair value to contract value for interest in collective trust relating to fully benefit- responsive investment contracts | 3,035 | 3,586 |
| Net assets available for benefits | \$ 7,739,787 | \$ 6,877,758 |

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

3

Brown-Forman Corporation Savings Plan for Collectively Bargained Employees Statement of Changes in Net Assets Available for Benefits Year Ended December 31, 2006

| | Participant Directed |
|---------------|-------------------------|
| | ----- |
| Additions | |
| Contributions | |

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| | |
|-----------------------------------|--------------|
| Employer | \$ 359,351 |
| Employee | 903,963 |
| | ----- |
| | 1,263,314 |
| Interest income | 26,892 |
| Dividend income | 67,740 |
| Net appreciation in investments | 592,638 |
| | ----- |
| Total additions | 1,950,584 |
| | ----- |
| Deductions | |
| Withdrawals by participants | 1,088,002 |
| Administrative expenses | 553 |
| | ----- |
| Total deductions | 1,088,555 |
| Net increase | 862,029 |
| Net assets available for benefits | |
| Beginning of year | 6,877,758 |
| | ----- |
| End of year | \$ 7,739,787 |
| | ===== |

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

4

Brown-Forman Corporation Savings Plan for Collectively Bargained Employees Notes to Financial Statements December 31, 2006 and 2005

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 Company's operations include the production, importing, and marketing of wines and distilled spirits and the manufacture and sale of luggage.

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.

General

The Plan is a defined contribution plan covering substantially all union hourly employees of the Company at the Louisville Production Operations, Early Times Distillery, and Bluegrass Cooperage Company. An employee becomes eligible to participate in the Plan, including receipt of Company matching contributions, 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).

Contributions

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Employees at the Louisville Production Operations or Early Times Distillery may 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. Effective January 1, 2006 and June 1, 2006, employees at the Louisville Production Operations and Early Times Distillery who are members of Local Unions 1089 or 320 and 110 or 369, respectively, may contribute between 1% and 50% of their weekly compensation. Effective January 1, 2007, employees at the Bluegrass Cooperage Company may contribute between 1% and 50% of their weekly compensation. Employee contributions are not to exceed the Section 402(g) of the Internal Revenue Code (the IRC) limitation for the calendar year of \$15,000 and \$14,000 for 2006 and 2005, respectively. 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.

Effective January 1, 2006 and June 1, 2006, employees at the Louisville Production Operations and Early Times Distillery who are members of Local Unions 1089 or 320 and 110 or 369, respectively, and who have completed one year of service shall be automatically enrolled at a 1% effective deferral of their compensation unless they elect otherwise. Effective January 1, 2007, employees at the Bluegrass Cooperage Company who are members of Local Unions 110, 320 or 2309 and who have completed one year of service shall be automatically enrolled at a 1% effective deferral of their compensation unless they elect otherwise.

Effective January 1, 2006 and June 1, 2006, eligible participants of the Local Unions 1089 or 320 and 110 or 369, respectively, who have attained age 50 before the close of the plan year may make catch-up contributions in an amount of 1% to 50% of the employee's compensation, subject to the limitations of the IRC. Effective January 1, 2007, eligible participants of the Bluegrass Cooperage Company Local Unions 110, 320 or 2309 who have attained age 50 before the close of the plan year may make catch-up contributions in an amount of 1% to 50% of the employee's compensation, subject to the limitations of the IRC.

5

For employees 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 \$50 per week for each week of said quarter. For employees at the Bluegrass Cooperage Company, 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. Effective January 1, 2006 and June 1, 2006, for employees at the Louisville Production Operations and Early Times Distillery that are members of Local Unions 1089 or 320 and 110 or 369, respectively, the Company shall contribute quarterly an amount equal to 100% of the participant's elective deferral for the first 3% of deferred compensation and 50% of the next 2% of deferred compensation. Effective January 1, 2007, for employees at the Bluegrass Cooperage Company that are members of Local Unions 110, 320 or 2309, the Company shall contribute quarterly an amount equal to 100% of the participant's elective deferral for the first 3% of deferred compensation and 50% of the next 2% of deferred compensation.

Each participant's account is credited with the participant's contribution on a semi-monthly basis (on a monthly basis prior to November 15, 2004) and an allocation of (i) the Company's contribution on a quarterly basis, and

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(ii) plan earnings on a daily basis. Effective March 20, 2006, participants that are paid weekly shall have their accounts credited with the participants' contributions on a weekly 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) \$40,000, or (ii) 100% 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.

Participants can allocate contributions among various investment options in 1% increments. The Plan currently offers several different investment choices, including mutual funds, a money market portfolio, a common collective trust fund, an asset allocation fund, and a Brown-Forman Stock Fund to participants.

Vesting

Participants are immediately vested in their employee contributions plus actual earnings thereon. Vesting in the Company's contributions and earnings thereon 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.

6

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 (IRA), 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. Prior to March 28, 2005, if the vested account balance was less than \$5,000, a lump sum distribution was made. Effective March 28, 2005, if the vested account balance is \$1,000 or less, an automatic lump sum distribution will be made. If the vested account balance is greater than \$1,000 up to \$5,000, and the participant does not direct otherwise, it will be rolled over into an IRA with Fidelity Management Trust Company (Fidelity), the trustee and record keeper as described in the Plan. In the event of death, the participant's beneficiary will receive the vested interest in a lump-sum payment or in the form of an installment payment. A participant may also withdraw their vested interest in the case of financial hardship under guidelines promulgated by the Internal Revenue Service. The participant's contributions shall be suspended for six months after the receipt of a hardship distribution.

Forfeited Accounts

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 \$83 and \$80 for 2006 and 2005, respectively. In 2006, no forfeited nonvested accounts were used to reinstate previously forfeited account balances of re-employed participants and/or reduce company contributions.

2. Summary of Significant Accounting Policies

Basis of Accounting

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The financial statements of the Plan are prepared under the accrual method of accounting.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end. The Brown-Forman Corporation Stock Fund, a unitized employer stock fund, is comprised of Brown-Forman Corporation Class B shares, which are valued at the quoted closing market price, and a cash component. The value of a unit reflects the combined market value of the underlying Sponsor stock and market value of the short-term cash position. The Plan's interest in the Fidelity Managed Income Portfolio (a collective trust) is valued based on information reported by the investment advisor using the audited financial statements of the collective trust at year-end.

7

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (the FSP), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective trust. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

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

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.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 157 "Fair Value Measurements" (SFAS 157). The standard defines fair value, outlines a framework for measuring fair value, and details the required disclosures about fair value measurements. The standard is effective for fiscal years beginning after November 15, 2007. We are evaluating the impact of the adoption of SFAS 157 on our financial statements.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and

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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 period. Actual results could differ from those estimates.

Payment of Benefits

Benefits are recorded when paid.

8

3. Investments

The Plan's investments are held by a custodian trust company. The following table presents the fair value of investments. Investments that represent 5% or more of the Plan's net assets at fair value at one or both year ends are separately identified.

| | December 31 | | | |
|--|--|---------------------|--|-------------|
| | 2006 | | 2005 | |
| | Number of Shares, Units or Principal Amount | Fair Value | Number of Shares, Units or Principal Amount | Fa |
| Investments at fair value: | | | | |
| Fidelity Magellan Fund | 29,394 | 2,631,346 | 24,230 | 2 |
| Fidelity Equity-Income Fund | 16,942 | 991,934 | 17,020 | |
| Fidelity Growth Company Fund | 7,836 | 546,244 | 7,796 | |
| Fidelity Diversified International Fund | 17,375 | 642,022 | 17,198 | |
| Brown-Forman Corporation Class B Common Stock | 8,765 | 580,609 | 8,303 | |
| Other investments | 778,737 | 2,230,806 | 642,956 | 1 |
| | | <u>\$ 7,622,961</u> | | <u>\$ 6</u> |
| | | ===== | | == |

During 2006, the Plan's investments, including gains on investments bought and sold, as well as held during the year, appreciated (depreciated) in value as follows:

| | 2006 |
|--|-------------------|
| Mutual funds | <u>\$ 608,825</u> |
| Brown-Forman Corporation Class B common stock | <u>(16,187)</u> |
| | <u>\$ 592,638</u> |
| | ===== |

4. Tax Status

The Internal Revenue Service has determined, and informed the Company by a letter dated April 16, 2003, that the Plan and related trust are designed

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in accordance with the applicable sections of the 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 provisions of the IRC.

9

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

6. Related Party Transactions

Certain Plan investments are shares of mutual funds managed by Fidelity. Fidelity is the trustee as described in the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Certain administrative costs incurred by the Plan are paid by the Company. Administrative expenses of \$553 in 2006 were allocated to participants' accounts.

The Brown-Forman Corporation Class B Common Stock Fund is a unitized employer stock fund comprised of Brown-Forman Corporation Class B shares and a cash component. The participants of the Plan, as well as participants in other Sponsor plans, may invest in this employer stock fund. The total fund was comprised of \$23,158,920 of Brown-Forman Corporation Class B Common Stock and \$570,323 of the cash component as of December 31, 2006. During 2006, purchases and sales of 411,824 and 408,109 shares of Brown-Forman Corporation Class B stock, respectively, were made by the employer stock fund. Participants in the Plan have a 3% interest in this fund.

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

10

Brown-Forman Corporation Savings Plan for Collectively Bargained Employees
Plan #016 EIN #61-0143150
Schedule H, Line 4i --
Schedule of Assets (Held at End of Year)
December 31, 2006

| Identity of Issue, Borrower, Lessor or Similar Party | Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | Current Value |
|---|--|------------------|
|---|--|------------------|

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| | | |
|--|--|--------------|
| Janus Enterprise Fund | 3,955 Mutual Fund Shares | \$ 187,667 |
| PIMCO Total Return Fund | 13,407 Mutual Fund Shares | 139,162 |
| Royce Low Priced Stock Fund | 3,642 Mutual Fund Shares | 61,294 |
| Hartford Capital Appreciation | 2,461 Mutual Fund Shares | 131,642 |
| Fidelity Magellan Fund* | 29,394 Mutual Fund Shares | 2,631,346 |
| Fidelity Equity-Income Fund* | 16,942 Mutual Fund Shares | 991,934 |
| Fidelity Growth Company Fund* | 7,836 Mutual Fund Shares | 546,244 |
| Fidelity Low Priced Stock Fund* | 5,714 Mutual Fund Shares | 248,800 |
| Fidelity Diversified International Fund* | 17,375 Mutual Fund Shares | 642,022 |
| Fidelity Freedom Income* | 155 Mutual Fund Shares | 1,783 |
| Fidelity Freedom 2000* | 80 Mutual Fund Shares | 996 |
| Fidelity Freedom 2010* | 7,256 Mutual Fund Shares | 106,086 |
| Fidelity Freedom 2020* | 12,585 Mutual Fund Shares | 195,446 |
| Fidelity Freedom 2030* | 1,160 Mutual Fund Shares | 18,590 |
| Fidelity Freedom 2040* | 710 Mutual Fund Shares | 6,735 |
| Fidelity Freedom 2005* | 4,632 Mutual Fund Shares | 53,781 |
| Fidelity Freedom 2015* | 13,184 Mutual Fund Shares | 160,850 |
| Fidelity Freedom 2025* | 7,278 Mutual Fund Shares | 92,941 |
| Fidelity Freedom 2035* | 2,301 Mutual Fund Shares | 30,348 |
| Fidelity Freedom 2045* | 90 Mutual Fund Shares | 971 |
| Fidelity Freedom 2050* | 26 Mutual Fund Shares | 282 |
| Fidelity Retirement Money Market Portfolio* | 378,861 Mutual Fund Shares | 378,861 |
| Managed Income Portfolio* | 304,983 Common collective trust fund units | 301,948 |
| Spartan U.S. Equity Index Fund* | 1,959 Mutual Fund Shares | 98,325 |
| Brown-Forman Corporation Stock Fund: | | |
| Brown-Forman Class B Stock* | 8,765 Common stock shares | 580,609 |
| Institutional Money Market Portfolio - Class I* | Money market deposit account, interest rate 5.24% | 14,298 |
| | | ----- |
| | | \$ 7,622,961 |
| | | ===== |

*Party-in-interest to the Plan

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:

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/s/ Bruce Cote
Bruce Cote
Member, Employee Benefits Committee
(Plan Administrator)
Vice President, Director
HR Employee Services
Brown-Forman Corporation

June 29, 2007

12

EXHIBIT

Consent of Independent Registered Public Accounting Firm

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 June 29, 2007 relating to the financial statements and supplemental schedule of the Brown-Forman Corporation Savings Plan for Collectively Bargained Employees, which appears in this Form 11-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Louisville, Kentucky
June 29, 2007

13