BROWN-FORMAN
DISTILLERS CORPORATION

Annual Report
APRIL 30, 1945
There is nothing better in the market.

1945 Diamond Anniversary

ONE FAMILY — ONE TRADITION FOR 75 YEARS

BROWN-FORMAN DISTILLERY COMPANY, INC., AT LOUISVILLE IN KENTUCKY
BROWN-FORMAN DISTILLERS CORPORATION

Annual Report
April 30, 1945

DIVISIONS

BROWN-FORMAN DISTILLERY COMPANY
Louisville, Kentucky

EARLY TIMES DISTILLERY CO.
Shively, Kentucky

KENTUCKY DEW DISTILLING CO.
Frankfort, Kentucky

MANOR DISTILLERIES, INC.
Manor, Pennsylvania

LABROT & GRAHAM
Frankfort, Kentucky
July 6, 1945

TO THE STOCKHOLDERS:

There are annexed hereto the Balance Sheet and Surplus and Income Accounts of the Corporation for the year ended April 30, 1945 as certified to by Messrs. Lybrand, Ross Bros. & Montgomery.

Net sales for the year were $33,558,808.31 as compared with $22,605,964.06 for the preceding year. Net profit before provision for Federal and State taxes on income increased from $4,012,219.97 in the year ended April 30, 1944 to $5,131,132.00 in the year ended April 30, 1945. Net income for the year under review was $1,360,032.00 as compared with $1,073,808.71 in the preceding year after deducting Federal and State taxes on income. The Corporation earned $4.34 per share on the Common stock which compares with $3.34 per share earned in the previous year.

On April 30, 1945, the Corporation called for retirement all the remaining 513 shares of $6.00 Cumulative Preferred stock. Pursuant to the sinking fund provisions applicable to the $5.00 Prior Preferred stock, 1,161 shares of that stock were bought in the open market and retired at a cost of $102,447.19.

Since the close of the fiscal year, an initial dividend of 20c per share has been declared on the Common stock payable July 1st to stockholders of record June 15, 1945.

During the past year, a successful advertising campaign was continued and increased on our brands, Old Forester and Brown-Forman’s King Black Label. This being the Corporation’s 75th Anniversary, we have featured the slogan—“One Family—One Tradition for 75 years.”

During the year, in furtherance of the war effort, all production facilities of this Corporation, with the exception of the months of August and January, were devoted exclusively to the production of alcohol for the Government.

The two months beverage manufacturing period allowed us to substantially increase our case sales over last year and still basically maintain our inventories of whiskies.

On behalf of our management, I wish to thank our employees, our distributors and our retailers for their loyal service and cooperation during the year.

Respectfully submitted,

By order of the Board of Directors,

W. L. LYONS BROWN, President
Brown-Forman Distillers Corporation,

Louisville, Kentucky.

We have examined the balance sheet of Brown-Forman Distillers Corporation as of April 30, 1945, and the statements of income and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of the Brown-Forman Distillers Corporation at April 30, 1945, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Lybrand, Ross Bros. & Montgomery

Louisville, Kentucky,

July 6, 1945.
BROWN-FORMAN DISTILLING CORPORATION
(INCORPORATED IN KENTUCKY)

BALANCE SHEET, June 30, 1944

ASSETS:

Cash on hand and demand deposits........................................... $ 2,870,856.34
United States Treasury Certificates......................................... 115,000.00
Accounts receivable, trade.................................................. 2,997,950.00
Less, allowance for doubtful accounts................................... 42,194.40

Inventories:

Finished stock:
  Barreled whiskey at average cost, including carrying charges (subject to withdrawal taxes) (Note 2)........... 4,974,297.94
  Cased goods, at lower of average cost or market.......................... 232,594.22
  Alcohol, dried grain, etc., at average cost............................. 33,426.85

In process, at average cost.................................................. 5,240,319.01
Raw materials and supplies, at lower of average cost or market........ 272,853.01

Accrued storage, claims, deposits, etc.................................... 610,822.15
Accounts receivable, officers and employees............................... 6,123,994.17
Livestock, at cost.................................................................. 190,344.39

Total current assets.................................................................. 12,283,423.22

Cash surrender value of life insurance...................................... 1,155.93
Post-war refund of Federal excess profits tax............................. 26,316.79

Land, buildings and equipment, at cost:
  Land.................................................................................. 165,960.70
  Buildings and equipment....................................................... 302,700.00
  $2,821,041.90
Less, allowance for depreciation.............................................. 806,628.61

Prepaid insurance, and other deferred charges............................. 2,014,413.29
Brands and trade-marks............................................................ 2,298,480.97

$15,238,540.01

Notes to Financial Statements:

1. The wholly owned subsidiaries of the Company were liquidated as of November 15, 1944. Operations of the subsidiaries to the date of liquidation resulted in neither gain nor loss.

2. Warehouse certificates representing barreled whiskey inventoried at approximately $1,358,000.00 are pledged as collateral to notes payable to banks.

3. The Company has provided, for Federal and State taxes on income, an aggregate amount believed to be the maximum amount payable. The Company has filed, for prior years, (and contemplates filing for the current year) claims substantial in amounts, under the relief provisions of the Internal Revenue Code as amended. However, because of the uncertainties of interpretation of the relief provisions, the Company is unable to predict the reduction in taxes, if any, that may be obtained.

4. Under the terms of the Prior Preferred stock, the Company is required to set aside in a sinking fund, within 120 days after the end of the fiscal year, certain amounts to be used for retirement of Prior Preferred stock. The amount to be so set aside on or prior to August 28, 1945, will be $146,604.80.

5. A bank agreement provides among other things that "the Company will not pay any dividends upon its Common stock (other than dividends payable in its own Common stock) nor purchase, redeem or otherwise acquire any of its capital stock of any class, except out of its net earnings available for such purpose earned after April 30, 1943, and not then (except with the consent in writing of all of the Banks), unless during the fiscal year ended not earlier than 120 days of the date provision is made for
LIABILITIES:

Accounts payable, trade and miscellaneous.......................... $ 541,809.25
Accrued compensation, commissions, taxes, interest, etc. ................. 364,150.13
Provision for Federal and State taxes on income (Note 3)............... 5,434,299.69
Customers' deposits on materials purchased for their account........... 226,241.45

Total current liabilities.......................................................... 6,566,500.52

Notes payable, banks (Note 2):

Due July 1, 1946...............................................................$ 705,000.00
Due July 1, 1947............................................................. 1,375,000.00

Mortgage notes payable, maturing $33,000 each on July 15, 1946
 to 1950 inclusive............................................................. 2,080,000.00

CAPITAL:

Prior preferred $5 cumulative stock, no par value, redeemable and
liquidating value $100 per share plus accrued and unpaid dividends, authorized
18,000 shares (1,161 shares issued, redeemed and not reissuable), outstanding 16,223 2/5 shares
at stated value of $100 per share (Note 4).................................. 1,622,340.00
Common stock, $1 par value, authorized 300,000 shares, issued
294,487 shares........................................................................ 294,487.00

Surplus, as annexed:

Capital (Note 7)..................................................................... 425,916.38
Earned (Notes 3 and 5)............................................................. 4,103,305.81

Prior preferred stock (207 shares) held in treasury, at acquisition
cost ............................................................................. 6,446,049.19

$15,238,540.01

FINANCIAL STATEMENTS

such payment, purchase, redemption or acquisition there were sufficient such earnings available therefor
earned during such fiscal year after adding $800,000.00 to the Company's consolidated net working capital
(as defined in the bank agreement) in such year and paying, or making provision for the payment of
$80,000.00 dividends upon Preferred stock outstanding during such fiscal year."

Earned surplus not restricted, in accordance with the above terms of the bank agreement, amounted
to $412,331.55 at April 30, 1945.

6. The Company's contracts, for the year ended April 30, 1944, subject to the Renegotiation Act, have been
reviewed by the designated Government Agency and it was determined that excessive profits had been
realized in the amount of $30,000. The amount refunded net of credits allowed for Federal income and
excess profits taxes is $7,914.00 and is reflected in the accompanying financial statements.
The Company has been requested to furnish certain information relative to contracts for the year ended
April 30, 1944 by the designated Government Agency. In the opinion of the management, renegotiation
proceedings for the year ended April 30, 1944 will have no effect on the net profit for that year and the
effect, if any, of possible renegotiation of contracts for the year ended April 30, 1945 will be incon-
sequential in comparison to net income for that year.

7. During the year ended April 30, 1944, the excess ($304,227) of par value of Common stock and of
stated value of Prior Preferred $5 Cumulative stock issued, over stated value of Preferred $5 Cumulative
stock exchanged (on which dividends of $891,149 had accrued) was charged to capital surplus.
STATEMENT OF SURPLUS
FOR THE YEAR ENDED APRIL 30, 1945

Balances, May 1, 1944..............................................$412,263.57 $2,843,182.06

Add:
Net income for the year ended April 30, 1945, as annexed........... 1,360,032.00
Excess of par value over cost of 1,161 shares of prior preferred stock purchased and retired.................. 13,652.81

$425,916.38 $4,203,214.06

Deduct:
Cash dividends on preferred stock:
Prior preferred $5 cumulative stock, $5.00 per share......................... $81,953.25
Preferred $6 cumulative stock, $35.00 per share, accumulated to date of call.......................... 17,955.00

$ 0 $99,908.25

Balances, April 30, 1945 (Notes 3, 5 and 7)..................................$425,916.38 $4,103,305.81

The appended notes to financial statements are an integral part of this statement of surplus.

STATEMENT OF INCOME
FOR THE YEAR ENDED APRIL 30, 1945

Sales, less returns, allowances, and freight out............................ $33,558,808.31
Cost of sales.......................................................... 25,659,044.15
Profit on storage, handling, and bottling and conversion for others 7,899,764.16

139,569.54

Selling and advertising expenses.............................................. 8,039,333.70
Administrative and general expenses........................................ 651,329.08

2,757,824.10

Operating profit.................................................................... 5,281,509.60

Other income:
Discounts earned............................................................... 28,149.35
Miscellaneous, net................................................................ 10,768.69

38,918.04

Other expenses:
Discounts allowed.............................................................. 59,851.58
Interest, net..................................................................... 121,530.06

181,381.64

Profit before renegotiation settlement and Federal and State taxes on income.............................................. 5,139,046.00

Renegotiation settlement for the fiscal year ended April 30, 1943, less income taxes applicable thereto (Note 6). 7,914.00

5,131,132.00

Federal and State taxes on income, estimated (Note 3):
Federal excess profits (less debt retirement credit of $312,000, and post-war refund of $77,800.).................. 3,538,200.00
Federal normal and surtax..................................................... 185,800.00
State............................................................................. 47,100.00

3,771,100.00

Net income (Note 3)................................................................ $1,360,032.00

Provision for depreciation (including amortization of $88,370.10 of defense facilities) of $171,693.06 is included in the above statement.
The appended notes to financial statements are an integral part of this statement of income.
The Traditional Early Times Distillery at Shively, Kentucky

The picturesque plant of Labrot & Graham—Kentucky Dew Distilling Company
BE RIGHT - DRINK LIGHT

-1945-
Diamond Anniversary
One Family - One Tradition
for 75 Years

BROWN-FORMAN

KING
Black Label
BLENDED WHISKY

It's WHISPER LIGHT

KING BLACK LABEL
Blended Whisky, 86 Proof. The straight whiskies in this product are 51 months or more old. 40% straight whiskies; 60% grain neutral spirits.

BROWN-FORMAN DISTILLERS CORPORATION • At Louisville in Kentucky