

BROWN FORMAN CORP
Form 11-K
June 26, 2003

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)

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

For the Fiscal Year Ended December 31, 2002

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, 2002 and 2001, 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 at 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 Department of Labor's Rules and Regulations for Reporting and Disclosure under

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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
April 25, 2003

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Brown-Forman Corporation Savings Plan for Collectively Bargained Employees
Statements of Net Assets Available for Benefits
December 31, 2002 and 2001

	2002			Participant Directed
	Participant Directed	Nonparticipant Directed	Total	
Investments, at fair value:				
Mutual funds	\$ 2,971,453	--	\$ 2,971,453	\$ 3,201,705
Investment contract and money market portfolios	438,825	--	438,825	367,700
Brown-Forman Corporation Class B common stock	83,929	--	83,929	24,471
	3,494,207	--	3,494,207	3,593,876
Employers' contributions receivable	50,965	--	50,965	50,769
Employees' contributions receivable	51,311	--	51,311	48,288
Net assets available for benefits	\$ 3,596,483	--	\$ 3,596,483	\$ 3,692,933

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

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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, 2002 and 2001

	2002			Participant Directed
	Participant Directed	Nonparticipant Directed	Total	
Additions:				
Contributions:				
Employer	\$ 208,130	--	\$ 208,130	\$ 196,654
Employee	647,984	--	647,984	705,162
	856,114	--	856,114	901,816

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Interest income	14,200	--	14,200	15,551
Dividend income	34,712	--	34,712	25,412
	-----	-----	-----	-----
Total additions	905,026	--	905,026	942,779
	-----	-----	-----	-----
Deductions:				
Withdrawals by participants	224,523	--	224,523	261,069
Net depreciation in fair value	776,781	--	776,781	436,438
Net transfers to other plans	172	--	172	9,359
	-----	-----	-----	-----
Total deductions	1,001,476	--	1,001,476	706,866
Net (decrease) increase	(96,450)	--	(96,450)	235,913
Net assets available for benefits:				
Beginning of year	3,692,933	--	3,692,933	3,457,020
	-----	-----	-----	-----
End of year	\$ 3,596,483	--	\$ 3,596,483	\$ 3,692,933
	=====	=====	=====	=====

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

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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 \$150 of their weekly compensation. Those employees who are members of Local Union 89 at the Louisville Production Operations and Early Times Distillery may contribute to the Plan an amount of not less than \$10 nor more than

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\$150 of their weekly compensation (nor more than \$230 effective August 3, 2003). 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 2002 calendar year, currently \$11,000. 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 \$40 per week for each week of said quarter (\$50 per week effective December 1, 2003). 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 November 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 on a monthly basis 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. Effective January 1, 2002, 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. 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 \$374 and \$95 for 2002 and 2001, 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

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disability.

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- 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 Company, some participants may also withdraw vested interest in the case of financial hardship under guidelines promulgated by the Internal Revenue Service. Effective October 1, 2001, the Bluegrass participants' contributions shall be suspended for twelve months after the receipt of a hardship distribution. Effective January 1, 2002, the suspension period shall be six months.

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.

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3. Investments:

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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 are separately identified.

	December 31			
	2002		2001	
	Number of Shares, Units or Principal Amount	Fair Value	Number of Shares, Units or Principal Amount	Fair Value
Janus Worldwide Fund	7,746	\$ 248,880	6,551	\$ 1,608,538
Fidelity Magellan Fund	20,372	1,608,538	17,704	9,079
Fidelity Equity-Income Fund	10,754	426,598	9,079	3,627
Fidelity Growth Company Fund	4,288	151,866	3,627	16,628
Fidelity Asset Manager	19,845	273,863	16,628	194,641
Fidelity Retirement				194,641
Money Market Portfolio	194,641	194,641	161,998	205,702
Managed Income Portfolio	244,184	244,184	205,702	2,362
Brown-Forman Corporation Class B				8,593
Common Stock Fund	7,786	83,929	2,362	8,593
Other investments	18,739	261,708	8,593	8,593
		----- \$ 3,494,207 =====		----- \$ 3,494,207 =====

During 2002 and 2001, the Plan's investments, including investments bought, sold, and held during the year, appreciated (depreciated) in value as follows:

	2002	2001
Mutual funds	\$ (777,151)	\$ (435,373)
Brown-Forman Corporation		
Class B common stock	370	(1,065)
	----- \$ (776,781) =====	----- \$ (436,438) =====

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 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 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 at End of Year)
 December 31, 2002

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	\$ 49,470
Janus Enterprise Fund	Mutual fund, variable rate and maturity	65,241
Janus Worldwide Fund	Mutual fund, variable rate and maturity	248,880
PIMCO Total Return Fund	Mutual fund, variable rate and maturity	124,779
Fidelity Magellan Fund*	Mutual fund, variable rate and maturity	1,608,538
Fidelity Equity-Income Fund*	Mutual fund, variable rate and maturity	426,598
Fidelity Growth Company Fund*	Mutual fund, variable rate and maturity	151,866
Fidelity Asset Manager*	Mutual fund, variable rate and maturity	273,863
Fidelity Retirement Money Market Portfolio*	Money market portfolio, variable rate and maturity	194,641
Managed Income Portfolio*	Investment contract portfolio, variable rate and maturity	244,184
Spartan U.S. Equity Index Fund*	Mutual fund, variable rate and maturity	22,218
Brown-Forman Corporation*	Class B common stock fund	83,929
		----- \$ 3,494,207 =====

*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, 2002

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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 on behalf of the Plan Administrator by the undersigned thereunto duly authorized.

BROWN-FORMAN CORPORATION SAVINGS PLAN
FOR COLLECTIVELY BARGAINED EMPLOYEES

BY:

/s/ Milton B. Gillis
Milton B. Gillis
Member, Employee Benefits Committee
(Plan Administrator)

Vice President and Director of
Compensation and Employee Benefits

Brown-Forman Corporation

June 24, 2003

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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 April 25, 2003 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, 2002 and 2001 which appear in this Form 11-K.

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/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Louisville, Kentucky
June 24, 2003

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EXHIBIT 99

CERTIFICATE OF PERIODIC FINANCIAL REPORT

I, Milton B. Gillis, Vice President and Director of Compensation and Employee Benefits of Brown-Forman Corporation, on behalf of the Brown-Forman Corporation Employee Benefits Committee which functions as the chief executive officer and chief financial officer of the Brown-Forman Corporation Savings Plan for Collectively Bargained Employees (the "Plan") certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Annual Report on Form 11-K for the Plan for the fiscal year ended December 31, 2002 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and
- (2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Plan.

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

Dated: June 26, 2003

/s/ Milton B. Gillis
Milton B. Gillis
Member, Employee Benefits Committee

Vice President and Director of
Compensation and Employee Benefits

Brown-Forman Corporation