

BROWN FORMAN CORP
Form PRE 14A
June 14, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Brown-Forman Corporation
(Name of Registrant as Specified In Its Charter)

N/A
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

Edgar Filing: BROWN FORMAN CORP - Form PRE 14A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

June 27, 2012

Dear Brown-Forman Stockholder:

It is our pleasure to invite you to attend Brown-Forman Corporation's 2012 Annual Meeting of Stockholders, which will be held:

Thursday, July 26, 2012

9:30 A.M. (Eastern Daylight Time)

Brown-Forman Conference Center

850 Dixie Highway

Louisville, Kentucky 40210

We enclose herewith our Notice of Annual Meeting, Proxy Statement, 2012 Annual Report to Stockholders, and 2012 Form 10-K.

Your vote is very important to us. **Class A and Class B stockholders are urged to complete and return your proxy card as soon as possible, whether or not you plan to attend the Annual Meeting.**

We hope to see you on July 26. On behalf of the Board of Directors, thank you for your continued support.

Very truly yours,

Paul C. Varga,

Chairman and

Chief Executive Officer

Geo. Garvin Brown IV,

Chairman of the

Board of Directors

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Brown-Forman Corporation will hold its 2012 Annual Meeting of Stockholders in the Conference Center at our corporate offices, 850 Dixie Highway, Louisville, Kentucky 40210, at 9:30 A.M. (Eastern Daylight Time), on Thursday, July 26, 2012.

We are holding this meeting for the following purposes, which are described more fully in the accompanying Proxy Statement:

- i To elect a board of eleven directors;

- j To vote on a proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class A and Class B common stock; and

- k To transact such other corporate business as may properly come before the meeting.

Class A stockholders of record at the close of business on June 18, 2012, are entitled to vote at the meeting. In addition, Class B stockholders of record at the close of business on June 18, 2012, are entitled to vote solely on the proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class B common stock. Stockholders may vote either in person or by proxy. We will not close the stock transfer books in advance of the meeting.

PLEASE complete, sign, and date the enclosed proxy card and return it promptly in the enclosed envelope, whether or not you plan to attend the meeting. Submitting a proxy will not affect your right to vote your shares differently if you attend the meeting in person.

Louisville, Kentucky

June 27, 2012

By Order of the Board of Directors

Matthew E. Hamel, Secretary

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JULY 26, 2012:

The Notice of Annual Meeting, Proxy Statement, 2012 Annual Report to Stockholders, and

2012 Form 10-K are available at www.brown-forman.com/proxy

Table of Contents

PROXY STATEMENT
TABLE OF CONTENTS

<u>GENERAL INFORMATION</u>	1
<u>INTRODUCTION</u>	5
<u>CORPORATE GOVERNANCE</u>	7
<u>Brown-Forman is a Controlled Company</u>	7
<u>Our Board of Directors</u>	7
<u>Company Management</u>	12
<u>Our Controlling Family Stockholders</u>	13
<u>ELECTION OF DIRECTORS</u>	14
<u>Proposal 1: Election of Directors</u>	14
<u>STOCK OWNERSHIP</u>	18
<u>Beneficial Owners of more than 5% of the Company's Voting Stock</u>	18
<u>Stock Owned by Directors and Executive Officers</u>	21
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	22
<u>Proposal 2: Amendment to Restated Certificate of Incorporation to Increase Number of Authorized Shares of Class A and Class B Common Stock</u>	24
<u>AUDIT COMMITTEE</u>	26
<u>Audit Committee Report</u>	26
<u>Fees Paid to Independent Registered Public Accounting Firm</u>	27
<u>Audit Committee Pre-Approval Policies and Procedures</u>	27
<u>Appointment of Independent Registered Public Accounting Firm</u>	28
<u>EXECUTIVE COMPENSATION</u>	29
<u>Overview of Compensation Discussion and Analysis</u>	29
<u>Compensation Discussion and Analysis</u>	31
<u>Compensation Committee Report</u>	41
<u>Compensation Risk Assessment</u>	42
<u>Summary Compensation Table for Fiscal 2012</u>	43
<u>Grants of Plan-Based Awards for Fiscal 2012</u>	45
<u>Outstanding Equity Awards as of April 30, 2012</u>	46
<u>Option Exercises and Stock Vested for Fiscal 2012</u>	48
<u>Pension Benefits</u>	49
<u>Non-qualified Deferred Compensation for Fiscal 2012</u>	50
<u>Potential Payments Upon Termination or Change-in-Control</u>	51
<u>DIRECTOR COMPENSATION</u>	55
<u>Elements of Compensation</u>	55
<u>Fiscal 2012 Director Compensation</u>	57
<u>OTHER INFORMATION</u>	58
<u>Certain Relationships and Related Transactions</u>	58
<u>Other Proposed Action</u>	59
<u>Stockholder Proposals for the 2013 Annual Meeting</u>	59
<u>APPENDIX A</u>	60

Table of Contents

GENERAL INFORMATION

This section sets forth certain frequently asked questions and answers about the Proxy Statement and the Annual Meeting.

Q: Why did I receive these proxy materials?

A: The Board of Directors of Brown-Forman Corporation is soliciting proxies for the 2012 Annual Meeting of Stockholders. The meeting will take place on Thursday, July 26, 2012, at 9:30 A.M. (Eastern Daylight Time), in the Conference Center at our corporate offices, 850 Dixie Highway, Louisville, Kentucky 40210. We are providing you with these proxy materials so that you may cast your vote knowledgeably on the matters to be considered at the Annual Meeting. We will begin mailing this Proxy Statement and accompanying materials on or about June 27, 2012, to holders of record of our Class A and Class B common stock at the close of business on June 18, 2012, the record date for the 2012 Annual Meeting.

Q: When is the record date and what does it mean?

A: The Board has set June 18, 2012, as the record date for the 2012 Annual Meeting. Holders of our Class A common stock at the close of business on the record date are entitled to receive notice of the meeting and to vote at the meeting. In addition, Class B stockholders of record at the close of business on June 18, 2012, are entitled to vote solely on the proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class B common stock. If you purchased Class A or Class B common stock after the record date, you may vote those shares only if you receive a proxy to do so from the person who held the shares on the record date.

Q: May holders of Class B common stock vote at the meeting?

A: ***On Proposal 2 Only.*** Holders of shares of Class B common stock are entitled to vote at the 2012 Annual Meeting of Stockholders solely on Proposal 2 to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class B common stock. Holders of Class B common stock are not entitled to vote on any other matter on the ballot for the Annual Meeting of Stockholders.

Q: What am I voting on?

A: Class A stockholders are being asked to elect a board of eleven directors; to approve an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class A common stock and Class B common stock; and to transact such other corporate business as may properly come before the meeting. Class B stockholders are being asked to approve the amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class B common stock.

Q: How does the Board recommend that I vote?

A: Our Board unanimously recommends that Class A stockholders vote your shares *FOR* the election of each of the nominees to the Board; and that Class A and Class B stockholders vote your shares *FOR* the proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class A and Class B common stock.

Table of Contents

Q: What is the proxy card for?

A: By completing and signing the proxy card, you authorize the individuals named on the card to vote your shares for you, in accordance with your instructions. If you grant a proxy, the persons named as proxy holders will also have the obligation and authority to vote your shares as they see fit on any other matter properly presented for a vote at the meeting. If for any unforeseen reason a director nominee is not available to serve, the persons named as proxy holders may vote your shares at the meeting for another nominee. The proxy holders for this year's Annual Meeting are Geo. Garvin Brown IV, Paul C. Varga, and Matthew E. Hamel.

Q: What happens if I sign and return my proxy card without specifying how I want my shares to be voted?

A: If you sign and return your proxy card without specifying how you want your shares to be voted, our proxy holders will vote your shares: *FOR* the election of each of the nominees to the Board; and *FOR* the proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class A and Class B common stock.

Q: What should I do if I receive more than one proxy card?

A: It is important that you complete, sign, and date each proxy card and each voting instruction card that you receive, because they represent different shares.

Q: How will my dividend reinvestment and employee stock purchase plan shares be voted?

A: Shares of Class A and Class B common stock held by participants in Brown-Forman's dividend reinvestment and employee stock purchase plans are included in your holdings and reflected on your proxy card. These shares will be voted as you direct.

Q: How will the Class B shares I hold in my 401(k) be voted?

A: Shares of Class B common stock held in the Brown-Forman Class B Company Stock Fund (ESOP) by participants in Brown-Forman's 401(k) plan are included in your holdings and reflected on your Class B proxy card. The shares will be voted by Fidelity Management Trust Company, the Trustee of the ESOP, as you direct.

Q: What happens if additional matters are presented at the Annual Meeting?

A: We are not aware of any business to be acted upon at the Annual Meeting other than those matters described in the Notice of Annual Meeting (election of directors; and proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class A and Class B common stock). If a holder of Class A common stock grants a proxy, the persons named as proxy holders will have the authority to vote your shares as they see fit on any additional matters properly presented and brought to a vote at the meeting (and on which your shares are eligible to vote). Proxies granted by holders of Class B common stock will not be voted on any matter other than the amendment to increase the number of authorized shares of Class B common stock.

Q: What is the difference between a stockholder of record and a street name holder?

Edgar Filing: BROWN FORMAN CORP - Form PRE 14A

- A: If your shares are registered in your name with our stock transfer agent, Computershare, you are considered to be the stockholder of record of those shares. The proxy materials have been sent to stockholders of record directly by Brown-Forman Corporation. As a stockholder of record, you have the right to grant your voting proxy to the proxy holders named above, or to vote in person at the meeting. Only stockholders of record may vote in person at the Annual Meeting. If your shares are held in a stock brokerage account or by a bank, your shares are held in street name. The proxy materials have been forwarded to you in a mailing from your broker or bank, which is, for those shares, the stockholder of record. You have the right to direct your broker or bank how to vote your street name shares by using the voting instruction card included in the mailing.

Table of Contents

Q: How many shares must be present or represented to conduct business at the Annual Meeting?

A: A majority of the outstanding shares of Class A common stock must be present in person or represented by proxy to constitute a quorum to conduct business at the Annual Meeting. In addition, a majority of the outstanding shares of Class B common stock must be present in person or by proxy to constitute a quorum with respect to the proposal to amend the Company's Restated Certificate of Incorporation to increase the authorized number of shares of Class B common stock. Abstentions and broker non-votes are counted as present for establishing a quorum. A broker non-vote occurs when a broker does not vote on a matter on the proxy card because the broker does not have discretionary voting power for the particular item and has not received instructions from the beneficial owner.

Q: What is a broker non-vote and why is it important that I instruct my broker how to vote my shares held in street name?

A: If your shares are held in street name (which means they are held of record by a broker), you must instruct your broker how to vote the shares, or your shares will not be voted on any proposal for which the broker does not have discretionary authority to vote. Brokers do not have discretionary authority to vote for the election of directors at the 2012 Annual Meeting. (Brokers do have discretionary authority to vote on the proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class A and Class B common stock.) Accordingly, if your Class A shares are held in street name, it is particularly important that you instruct your broker how you wish to vote your shares if you want your shares to be voted in the election of directors at the 2012 Annual Meeting.

Q: What is householding and how does it affect me?

A: Householding is a procedure approved by the Securities and Exchange Commission (SEC) that permits the delivery of a single Proxy Statement and annual report to multiple stockholders who share the same address and last name. Each stockholder in that household receives his or her own proxy card. We participate in householding to reduce our printing costs and postage fees, and to facilitate voting in households where shares may be held in multiple names and accounts. If you share an address with another stockholder and receive multiple copies of the proxy materials, you may request householding by writing our Secretary, Matthew E. Hamel, 850 Dixie Highway, Louisville, Kentucky 40210, or e-mailing him at Secretary@b-f.com. The proxy materials are available at www.brown-forman.com/proxy. You also may request additional copies at any time by writing or e-mailing our Secretary. If you wish to opt out of householding and receive multiple copies of the proxy materials at the same address next year, you may do so at any time prior to thirty days before the mailing of proxy materials (proxy materials are typically mailed in late June), by writing to our Secretary at the above address.

Q: What if I submit a proxy card and then change my mind as to how I want to vote?

A: If you are a stockholder of record, you may change your vote by granting a new proxy bearing a later date, by providing our Secretary with written notice of revocation of your proxy, or by attending the meeting and casting your vote in person. To change your vote for shares you hold in street name, you will need to follow the instructions in the materials your broker or bank provides you.

Q: Where can I find the voting results of the Annual Meeting?

A: We intend to announce the voting results at the Annual Meeting and to issue a press release on the day of the Annual Meeting. In addition, we will report the results by filing a Form 8-K with the SEC within four business days following the Annual Meeting.

Table of Contents

Q: Whom may I call with questions about the Annual Meeting?

A: For information about your stock ownership, or for other stockholder services, please contact Linda Gering, our Stockholder Services Manager, at (502) 774-7690, or Linda_Gering@b-f.com. For information about the meeting itself, please contact Matthew E. Hamel, our Secretary, at (502) 774-7631, or Secretary@b-f.com.

Q: Who pays for the expenses of this proxy solicitation?

A: Brown-Forman bears the cost of soliciting proxies. We will begin mailing this Proxy Statement and accompanying materials on or about June 27, 2012. Also beginning on June 27, 2012, our directors, officers, and other employees may solicit proxies by regular or electronic mail, phone, fax, the Internet or in person. Directors, officers, and employees of the Company will receive no additional compensation for soliciting proxies. We will reimburse banks, brokers, nominees, and other fiduciaries for their reasonable charges and expenses incurred in forwarding our proxy materials to the beneficial owners of our stock held in street name. In addition, we have retained Proxy Express, Inc., to assist with the distribution of proxy materials for a fee of approximately \$25,000, plus associated expenses.

Table of Contents

INTRODUCTION

This section describes the purpose of this Proxy Statement, who may vote, how to vote, the proposals to be voted upon, and the votes required for approval.

PURPOSE. The Board of Directors of Brown-Forman Corporation is sending you this Proxy Statement to solicit proxies for use at the 2012 Annual Meeting of Stockholders, which will be held Thursday, July 26, 2012, at 9:30 A.M. (Eastern Daylight Time) at Brown-Forman Corporation, 850 Dixie Highway, Louisville, Kentucky. We will begin mailing this Proxy Statement and accompanying materials on or about June 27, 2012, to holders of record of our Class A and Class B common stock at the close of business on June 18, 2012, the record date for the 2012 Annual Meeting.

Also beginning on June 27, 2012, our directors, officers, and other employees may solicit proxies by regular or electronic mail, phone, fax, the Internet or in person. Brown-Forman will pay all solicitation costs. Directors, officers, and employees of the Company will receive no additional compensation for soliciting proxies. We will reimburse banks, brokers, nominees, and other fiduciaries for their reasonable charges and expenses incurred in forwarding our proxy materials to the beneficial owners of our stock held in street name. In addition, we have retained Proxy Express, Inc., to assist with the distribution of proxy materials for a fee of approximately \$25,000, plus associated expenses.

We are providing access to our proxy materials both by sending you this full set of proxy materials and by notifying you of the availability of our proxy materials on the Internet. This Proxy Statement, our 2012 Annual Report to Stockholders, and our 2012 Form 10-K are available at www.brown-forman.com/proxy. **Please complete, sign, date, and return the enclosed proxy card at your earliest convenience.**

CLASSES OF STOCK. We have two classes of common stock, Class A and Class B. As of the close of business on the record date, June 18, 2012, we had outstanding _____ shares of Class A common stock and _____ shares of Class B common stock.

VOTING RIGHTS. If you were a stockholder on June 18, 2012, you may cast one vote for each share registered in your name. Class A stockholders may vote on Proposal 1: Election of Directors, and Proposal 2: Amendment to Restated Certificate of Incorporation to Increase Number of Authorized Shares of Class A and Class B Common Stock. Class B stockholders of record at the close of business on June 18, 2012 are entitled to vote on Proposal 2, but only with respect to the increase in the number of authorized shares of Class B common stock. You may vote your shares either in person or by proxy. To vote by proxy, please complete, sign, date, and return the enclosed proxy card. Granting a proxy will not affect your right to vote shares registered in your name if you attend the meeting and want to vote in person. You may revoke a proxy at any time before it is voted by sending our Secretary written notice of your revocation at the following address: Matthew E. Hamel, 850 Dixie Highway, Louisville, Kentucky 40210; by issuing a new proxy; or by attending the meeting in person and casting your vote there. For any shares you hold in street name, you must submit voting instructions to the stockholder of record (typically your broker or bank) in accordance with the instructions they provide. To revoke your proxy, you must comply with the directions they provide. The proxy holders will vote all shares represented by effective proxies in accordance with the terms stated in the proxy. The proxy holders for this year's Annual Meeting are Geo. Garvin Brown IV, Paul C. Varga, and Matthew E. Hamel.

PROPOSALS.

Proposal 1: Election of Directors. There are eleven nominees for election to our Board of Directors at the upcoming Annual Meeting. Each of the nominees currently serves as a director. The name, age, years of Board service, biographical information, and specific skills and qualifications of each of the nominees are provided beginning on page 14 of this Proxy Statement.

Table of Contents

The Board of Directors unanimously recommends a vote *FOR* the election of each of the director nominees.

Proposal 2: Amendment to Restated Certificate of Incorporation to Increase the Number of Authorized Shares of Class A and Class B Common Stock. Our Board of Directors has authorized a 3 for 2 stock split (the *Stock Split*) for all shares of the Company's Class A and Class B common stock, subject to stockholder approval of an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class A and Class B common stock. The *Stock Split* will be paid out as a stock dividend and will require the Company to issue one new share of Class A common stock for each two shares of Class A common stock outstanding and one new share of Class B common stock for each two shares of Class B common stock outstanding. The *Stock Split* is anticipated to be paid on or about August 10, 2012, to stockholders of record on or about August 3, 2012.

Currently, the Company does not have enough authorized shares of either class of stock to effect the *Stock Split*, and so the Company is seeking stockholder approval to amend the Company's Restated Certificate of Incorporation to: increase the number of authorized shares of \$.15 par value Class A Common Stock to 85,000,000 from 57,000,000; and increase the number of authorized shares of \$.15 par value Class B Common Stock to 400,000,000 from 100,000,000. More information on this proposal, including the text of the proposed amendment, is set forth beginning on page 24 of this Proxy Statement.

The Board of Directors unanimously recommends a vote *FOR* the proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class A and Class B common stock.

QUORUM; VOTES REQUIRED FOR APPROVAL. A majority of the outstanding shares of Class A common stock must be present in person or represented by proxy to constitute a quorum to conduct business at the Annual Meeting. In addition, a majority of the outstanding shares of Class B common stock must be present in person or by proxy to constitute a quorum with respect to the proposal to increase the authorized number of shares of Class B common stock. Abstentions and broker non-votes are counted as present for purposes of determining whether a quorum exists. In the election of directors (Proposal 1), only Class A shares vote, and a nominee will be elected if he or she receives a majority of the votes cast. A majority of the votes cast means that the number of shares voted for a director must exceed the number of shares voted against that director (with abstentions and broker non-votes not counted as votes cast). For the amendment to the Company's Restated Certificate of Incorporation increasing the authorized number of Class A and Class B common shares (Proposal 2), the holders of Class A and Class B common stock each vote as a separate class (with the Class B shares voting on the increase in the authorized number of shares of Class B common stock), and approval requires an affirmative vote of the majority of the outstanding shares of each class (with abstentions counted as a vote against the proposal and broker non-votes not counted as votes cast). For any other matter properly presented and brought to a vote at the meeting, only Class A shares vote, and approval requires the affirmative vote of a majority of the votes cast (with abstentions and broker non-votes not counted as votes cast).

If you sign and return your proxy card without specifying how you want your shares to be voted, our proxy holders will vote your shares: *FOR* the election of each of the nominees to the Board; and *FOR* the proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Class A and Class B common stock.

Table of Contents

CORPORATE GOVERNANCE

This section describes our corporate governance practices in light of the corporate governance rules and regulations of the Securities and Exchange Commission and the New York Stock Exchange.

As a publicly traded, family-controlled company, Brown-Forman enjoys a rare governance opportunity, whereby members of our controlling stockholder group participate directly on our Board of Directors. We believe this governance structure confers a distinct competitive advantage upon the Company, due largely to the long-term ownership perspective of the Brown family. This advantage is sustained by a careful balancing of the roles of our three primary stakeholders: our Board of Directors, Company management, and our stockholders including, in particular, the Brown family.

BROWN-FORMAN IS A CONTROLLED COMPANY.

Our Board has determined that Brown-Forman is a controlled company within the meaning of the New York Stock Exchange (NYSE) rules. A controlled company is one in which more than 50% of the voting power for the election of directors is held by an individual, a group or another company. The Brown family control group owns substantially more than 50% of our Class A voting stock, the overwhelming majority of which historically has voted in favor of the directors proposed by the Board.

Controlled companies are exempt from NYSE listing standards that require a board composed of a majority of independent directors, a fully independent nominating/corporate governance committee, and a fully independent compensation committee. We avail ourselves of the exemptions from having a board composed of a majority of independent directors and a fully independent nominating/corporate governance committee. Notwithstanding the available exemption, our Compensation Committee is composed exclusively of independent directors.

OUR BOARD OF DIRECTORS.

To Brown-Forman, one of the primary benefits of being a controlled company under the NYSE rules is the exemption from the requirement of having a Board composed of a majority of independent directors. This enables greater participation on our Board of Directors by members of the Brown family.

Our Board of Directors is the policy-making body that is ultimately responsible for the business success and ethical climate of the Company. The Board oversees the performance of our senior management team, which is responsible for leading and operating the Company's business. The Board's primary responsibilities include retention, evaluation, and succession planning for the Company's Chief Executive Officer and its Chairman of the Board, as well as oversight of the Company's corporate strategy, financial condition, executive compensation policies and practices, and enterprise risk management. The Board of Directors may retain such independent advisors as it deems necessary or appropriate in the performance of its duties. The Board conducts an annual self-assessment to determine whether it and its committees are functioning effectively.

Corporate Governance Guidelines. The Board has adopted Corporate Governance Guidelines that provide a framework for the conduct of the Board in the exercise of its duties. These guidelines set forth director qualification standards and responsibilities, meeting and attendance requirements, committee composition requirements and responsibilities, policies related to director compensation, director access to management and independent advisors, and an annual self-evaluation requirement for the Board, among other things. The Corporate Governance Guidelines are published on our website at www.brown-forman.com/company/governance.

Director Service. The Board of Directors is authorized to fix the number of directors to serve on the Board from time to time, within a range of three to seventeen members. Directors are elected each year

Table of Contents

at the Annual Meeting by a majority vote of our Class A stockholders. Once elected, a director holds office until the next Annual Meeting of Stockholders or until his or her successor is elected and qualified, unless he or she first resigns, retires, or is removed. Directors are not subject to term limits.

A director may not stand for re-election to the Board after he or she has reached the age of 71. In exceptional circumstances, and upon recommendation of the Corporate Governance and Nominating Committee, the Board may request a director to remain on the Board until a given date, if it finds that such service would be of significant benefit to the Company. Board member service beyond the age of 71 must be approved by the affirmative vote of two-thirds of the directors, excluding the participation and vote of the director concerned.

Director Richard P. Mayer is scheduled to retire from Board service at the expiration of his current term, and thus he will not stand for re-election at the 2012 Annual Meeting. Mr. Mayer served as a member of the Company's Board of Directors for 18 years.

Effective November 16, 2011, the Board of Directors elected Joan C. Lordi Amble to the Board.

Independent Directors. Under NYSE rules, a director qualifies as independent if the board of directors affirmatively determines that the director has no material relationship with the listed company. While the focus of the inquiry is independence from management, the board is required to consider broadly all relevant facts and circumstances in making an independence determination. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. Our Board recognizes the value of having independent directors on the Board and has determined that five of our eleven director nominees have no material relationship with the Company and are therefore independent under NYSE standards. These are Directors Joan C. Lordi Amble, Patrick Bousquet-Chavanne, Bruce L. Byrnes, John D. Cook, and William E. Mitchell. In making its independence determination with respect to Ms. Amble, the Board considered the Company's relationship with the American Express Company, for whom Ms. Amble served as an executive officer until December 2011.

The Board determined that Geo. Garvin Brown IV, Paul C. Varga, and James S. Welch, Jr. are not independent because they are members of Company management. The Board determined that Dace Brown Stubbs is not independent due to her son's employment with the Company. The Board elected not to make a determination with respect to the independence of Martin S. Brown, Jr., and Sandra A. Frazier.

Brown Family Directors. The Company believes that it is strategically important for Brown family members to be actively engaged in the oversight of the Company, including by serving on the Board of Directors. Through participation on the Board, the Brown family's long-term perspective is brought to bear, in some measure, upon each and every Board consideration. Brown family directors serve as an effective link between the Board and the controlling family stockholders. Board service also provides the Brown family with an active means by which to oversee their collective investment. Current Brown family member directors are: Geo. Garvin Brown IV, Martin S. Brown, Jr., Sandra A. Frazier, and Dace Brown Stubbs.

Management Directors. The Company also believes it is essential, from a corporate governance standpoint, that Company management be represented on the Board of Directors. Current Board members who are also members of Company management are: Geo. Garvin Brown IV, Paul C. Varga, and James S. Welch, Jr.

Board Meetings. The Board of Directors held six regular meetings during fiscal 2012. Absent an appropriate reason, attendance is expected for the full meeting by all directors at the Company's Annual Meeting of Stockholders, at all Board meetings, and at all meetings of each committee of which a director is a member. All directors attended all Board meetings during fiscal 2012. All directors then serving were present at the 2011 Annual Meeting of Stockholders.

Table of Contents

Executive Sessions. NYSE rules require non-management directors to meet at regularly scheduled executive sessions without management present. Our non-management directors held two executive sessions in fiscal 2012. John D. Cook, Chairman of the Corporate Governance and Nominating Committee, served as presiding director. NYSE rules additionally require companies whose group of non-management directors includes directors who are not independent under NYSE listing standards to hold an executive session of just the independent directors at least once per year. Our independent directors held two such meetings in fiscal 2012. Mr. Cook served as presiding director for these meetings as well.

Board Committees. Our Board has the following four standing committees: Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Executive Committee. Each Board committee operates pursuant to a written charter. Copies of the charters are posted on our corporate website at www.brown-forman.com/company/governance. Each Board committee conducts an annual self-evaluation (except the Executive Committee, which is evaluated by the full Board periodically) and may hire independent advisors as it deems necessary or appropriate. The Board believes that transparency is a hallmark of good corporate governance. All directors are invited to attend meetings of committees on which they do not sit, which ensures the transparency of committee decision-making.

The following chart sets forth our current Board committee membership.

Board Committee Membership

	Audit	Compensation	Corporate Governance & Nominating	Executive
Joan C. Lordi Amble	X*			
Bruce L. Byrnes	X		X	
Patrick Bousquet-Chavanne		Chair	X	
Geo. Garvin Brown IV			X	X
John D. Cook	X	X	Chair	
Richard P. Mayer ⁽¹⁾		X	X	
William E. Mitchell	Chair*	X		
Paul C. Varga				X
James S. Welch, Jr.				X

* Audit Committee Financial Expert

(1) Mr. Mayer retires from Board (and Board committee) service upon the election of the new slate of directors at the 2012 Annual Meeting of Stockholders.

Audit Committee. The Board has delegated to the Audit Committee responsibility for the integrity of the Company's financial statements; audit process; system of internal controls; assessment of enterprise risk management; the Company's compliance with legal and regulatory requirements; the independent auditor's qualifications, independence and performance; and the performance of the Company's internal audit function. The committee's responsibilities include, among other things, the preparation of the Audit Committee Report that appears in this Proxy Statement on page 26.

Joan C. Lordi Amble, Bruce L. Byrnes, John D. Cook, and William E. Mitchell (Chairman) currently serve on the Audit Committee of our Board of Directors. The Audit Committee held eight meetings during fiscal 2012.

Table of Contents

In addition to the NYSE requirement that each audit committee member satisfy the NYSE director independence standards, audit committee members must comply with the independence standards mandated by Section 301 of the Sarbanes-Oxley Act and set forth in Rule 10A-3 of the Securities Exchange Act of 1934, as amended. Each member of our Audit Committee satisfies these standards. The Board has determined that each member of our Audit Committee is financially literate within the meaning of the NYSE rules, and has designated Ms. Amble and Mr. Mitchell as audit committee financial experts under SEC regulations.

Compensation Committee. The Compensation Committee assists the Board in fulfilling the Board's duties relating to the compensation of our directors, executive officers, and employees. The committee's responsibilities include, among other things, determining the compensation of the Chief Executive Officer; reviewing and approving the compensation of the Chairman of the Board; approving incentive compensation plan design and changes thereto for the Chief Executive Officer and other senior executive officers; assisting the Board in its oversight of risk related to the Company's compensation policies and practices applicable to all employees; overseeing the preparation of the Compensation Discussion and Analysis that appears in this Proxy Statement beginning on page 31; preparing the Compensation Committee Report that appears in this Proxy Statement on page 41; and leading the evaluations of the performance of the Chief Executive Officer and the Chairman of the Board.

The committee has retained Frederic W. Cook & Co. as its independent compensation consultant. For additional information on the services provided by and the fees paid to the Cook firm, as well as the Committee's processes and procedures for the consideration and determination of executive and director compensation, please see the Compensation Discussion and Analysis section of this Proxy Statement, which begins on page 31.

Patrick Bousquet-Chavanne (Chairman), John D. Cook, Richard P. Mayer, and William E. Mitchell currently serve on the Compensation Committee. Each of the committee members qualifies as an independent director under NYSE listing standards, a non-employee director under SEC rules, and an outside director under regulations adopted pursuant to Section 162 of the Internal Revenue Code. The committee held six meetings during fiscal 2012.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee's primary responsibilities are: to assist the Board in identifying, recruiting, and recommending to stockholders appropriate candidates to serve as directors; to review periodically the Company's corporate governance principles in light of developments in corporate governance law and best practices, taking into account the Company's controlled-company status under the NYSE rules; to coordinate and oversee Chief Executive Officer succession planning on behalf of the Board; and to assist the Board with its annual self-evaluation. The Corporate Governance and Nominating Committee held eight meetings during fiscal 2012. John D. Cook (Chairman), Patrick Bousquet-Chavanne, Bruce L. Byrnes, Geo. Garvin Brown IV, and Richard P. Mayer currently serve on the Corporate Governance and Nominating Committee. All of the Corporate Governance and Nominating Committee members are independent under NYSE listing standards, except Geo. Garvin Brown IV.

In evaluating candidates for Board membership, the Corporate Governance and Nominating Committee seeks directors who will represent the best long-term interests of all stockholders. As articulated in our Corporate Governance Guidelines, the Board's view is that all Brown-Forman directors should possess the highest personal and professional ethics, integrity, and values. The Board also believes that it is highly desirable for the directors to possess the following qualities: good judgment, candor, independence, civility, business courage, experience with businesses and other organizations of comparable character and of comparable or larger size, and a lack of possible conflicts of interest.

The Corporate Governance and Nominating Committee and the Board consider diversity in evaluating candidates for Board membership, though neither has adopted a formal policy to that effect. The Board's goal is to maintain a well-balanced membership that combines a variety of experience,

Table of Contents

backgrounds, skills, and perspectives to enable the Board, as a whole, to effectively guide the Company in the pursuit of its strategic objectives. The committee considers an individual's independence; business, professional or public service experience; industry knowledge, experience and relationships; financial expertise; international experience; leadership skills; age, gender, race and other personal characteristics; time availability; and familial relation to our controlling family stockholders.

The Corporate Governance and Nominating Committee has engaged independent search firms to assist in identifying potential Board candidates from time to time. The Board has not adopted a formal policy regarding stockholder-nominated director candidates because the committee believes that the processes used to date have been appropriate and effective for identifying and selecting Board members.

Executive Committee. Pursuant to the by-laws of the Company, the Board by resolution designates the members of the Board Executive Committee, which consists of the Chief Executive Officer, the Chairman of the Board (if separate from the Chief Executive Officer), and one or more other directors as determined by the Board from time to time. The Board can change the committee's membership, fill vacancies in it, and dissolve the committee at any time. The Executive Committee may exercise all of the powers of the Board of Directors on such matters as are delegated to it by the Board, as well as during intervals between meetings of the Board of Directors. Geo. Garvin Brown IV, Paul C. Varga, and James S. Welch, Jr., served as members of the Executive Committee during fiscal 2012. The Executive Committee held one meeting during fiscal 2012.

Board Leadership Structure. Our Board does not have a policy regarding the separation of the roles of Chairman of the Board and Chief Executive Officer, as the Board believes that the determination of whether to separate or combine the roles depends largely upon the identity of the Chief Executive Officer and the membership of the Board, from time to time. Currently, these roles are separate, although in years past, they have been combined. Our Board is led by Geo. Garvin Brown IV, who serves as Chairman of the Board. In his role as Chairman of the Board, Mr. Brown is responsible for chairing Board meetings, chairing our Annual Meeting of Stockholders, serving on the Executive Committee of the Board, and, importantly, serving as the primary liaison between the Board and our controlling family stockholders. Mr. Brown also serves as a member of the Corporate Governance and Nominating Committee of the Board. In addition to his role as Chairman of the Board, Mr. Brown is a member of the Company's senior management (Executive Vice President), providing executive leadership and planning on strategic and operational matters related to the Board and the Brown family. Paul C. Varga serves as Chairman and Chief Executive Officer of the Company. As Chairman and Chief Executive Officer, Mr. Varga is the Company's highest ranking executive officer, and has ultimate responsibility for the Company's operations and performance. Mr. Varga serves as a member of our Board of Directors and is a member of the Executive Committee of the Board.

Our Board has determined that this leadership structure—having a Brown family member serve as Chairman of the Board, having our Chief Executive Officer serve as a member of the Board, and having a Board composed of independent, Brown family and management directors—is appropriate, given our status as a family controlled company and other relevant circumstances. The Board believes that this structure serves the best interests of the Company and its stockholders because it promotes the Brown family's active oversight, engagement, and participation in the Company and its business, and it publicly confirms the fact that Brown-Forman is controlled by the Brown family. In addition, this structure ensures the Board's accessibility to our Chief Executive Officer's comprehensive knowledge of the Company's business and industry, yet relieves our Chief Executive Officer of the added responsibilities attendant to the position of Chairman of the Board, allowing him to focus more on the Company's business strategy and day-to-day operations than on Board governance matters. Further, we believe that the direct participation on the Board by members of the Brown family supports the Board's management oversight function, due to the long-term ownership perspective of our controlling stockholders.

Table of Contents

Board's Role in Risk Oversight. Our Corporate Governance Guidelines require that the Board ensure that appropriate processes are in place for the management of enterprise risk, and our Board considers risk oversight to be an integral part of its role in the Company's strategic planning process. At its meetings, the Board regularly and actively considers how strategic decisions affect the Company's risk profile. While the Board has the ultimate oversight responsibility for the risk management process, the Audit, Compensation, and Corporate Governance and Nominating Committees of the Board play an important role in assisting the Board with its oversight responsibilities.

Specifically, the Board has assigned to the Audit Committee the responsibility to assist it in overseeing the Company's most significant risks financial and otherwise and in periodically reviewing whether management is appropriately monitoring and managing those risks. The Audit Committee holds regular discussions with the Company's Chief Executive Officer, Chief Financial Officer, principal accounting officer, General Counsel, and Director of Internal Audit on the Company's enterprise risk management program (ERMP). The Board has assigned to the Compensation Committee the responsibility to assist it in overseeing risk related to the Company's compensation policies and practices, and the Board has assigned to the Corporate Governance and Nominating Committee the responsibility to assist it in overseeing risk related to corporate governance, board composition, and succession planning for the Chief Executive Officer and the Chairman of the Board. These committees meet regularly with members of management and outside advisors, as necessary, and provide to the Board regular reports on their risk oversight and mitigation activities. In addition, certain management committees—the Disclosure Controls Committee and the Risk Committee—play an integral role in making sure that risk-related information surfaces to the Board as directly and quickly as possible. The Board believes that its leadership structure is conducive to its risk oversight function.

Communication with our Board. Brown-Forman stockholders and other interested parties may communicate with Brown-Forman's directors, including the non-management directors or the independent directors as a group, by sending written communications to our Secretary, Matthew E. Hamel, at 850 Dixie Highway, Louisville, Kentucky 40210, or by e-mail at Secretary@b-f.com. Written communications will be provided to the individual director or group of directors to whom they are addressed, and copies of such communications will be provided to all other directors.

COMPANY MANAGEMENT.

Brown-Forman has long believed that good corporate governance is essential to the Company's long-term success. We continually evaluate our corporate governance practices in the context of our controlled company status to address the changing regulatory environment and adopt those best practices that we believe are best for Brown-Forman.

Code of Conduct and Compliance Guidelines. The Company has adopted the Brown-Forman Code of Conduct and Compliance Guidelines (the Code of Conduct), which set forth standards of ethical behavior applicable to all Company employees and directors. The Code of Conduct contains a Code of Ethics for Senior Financial Officers, which details the Company's expectation that all financial, accounting, reporting, and auditing activities of the Company be conducted in strict compliance with all applicable rules and regulations, and in accordance with the highest ethical standards. The Code of Conduct, including the Code of Ethics for Senior Financial Officers, can be found on our website at www.brown-forman.com/company/governance.

Disclosure Controls Committee. The Company has a Disclosure Controls Committee, which is composed of members of management. The committee has established controls and procedures designed to ensure that information that may be required to be disclosed publicly is gathered and communicated to the committee and, if required, reported in a timely and accurate manner. The committee is also responsible for developing and implementing procedures to assist the Company in complying with SEC Regulation FD (Fair Disclosure). The committee has implemented a financial review process that enables our Chief Executive Officer and Chief Financial Officer to certify our quarterly and annual financial reports with confidence.

Table of Contents

Risk Committee. The Risk Committee, which is composed of members of management, leads the Company's ERMP. The objective of the program is to protect the long-term viability of the Company's business through the identification and management of both the upside and downside potential of risk. Core attributes of the program include the development and implementation of risk management policies and specific corporate governance structures, and the oversight of ongoing processes for identifying, assessing, and prioritizing risk. In support of the program's objectives, the committee is responsible for identifying critical risks facing the Company and assessing the adequacy of measures in place to manage those risks; for communicating the role of all employees in the ERMP; and for integrating the discussion of risk into decision making processes.

OUR CONTROLLING FAMILY STOCKHOLDERS.

Unlike most public companies, Brown-Forman has an engaged family stockholder base with a long-term ownership perspective. We view our status as a publicly traded, family-controlled company as a distinct source of competitive advantage, and we believe that a strong relationship