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BROWN FORMAN CORP
Form SC TO-I
February 04, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO
TENDER OFFER STATEMENT UNDER SECTION 14(d) (1) OR 13(e) (1) OF THE
SECURITIES EXCHANGE ACT OF 1934

Brown-Forman Corporation
(Name of Subject Company (Issuer) and Filing Person (Offeror))

CLASS A COMMON STOCK, PAR VALUE \$.15 PER SHARE
CLASS B COMMON STOCK, PAR VALUE \$.15 PER SHARE
(Title of Classes of Securities)

CLASS A COMMON STOCK, 115637 10 0
CLASS B COMMON STOCK, 115637 20 9
(CUSIP Number of Classes of Securities)

MICHAEL B. CRUTCHER
SENIOR VICE PRESIDENT
GENERAL COUNSEL AND SECRETARY
BROWN-FORMAN CORPORATION
850 DIXIE HIGHWAY
LOUISVILLE, KENTUCKY 40210
(502) 585-1100

(Name, Address and Telephone Number
of Person Authorized to Receive Notices and
Communications on Behalf of Filing Person)

WITH A COPY TO:
ERNEST W. WILLIAMS
OGDEN NEWELL & WELCH PLLC
1700 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KENTUCKY 40202-2874
(502) 582-1601

February 4, 2003
(Date Tender Offer First Published, Sent or Given to Security Holders)

Calculation of Filing Fee

TRANSACTION VALUATION*	AMOUNT OF FILING FEE
\$605,900,000	\$55,742.80

* For the purpose of calculating the filing fee only, this amount is based on the purchase of 1,500,000 shares of Class A Common Stock and 6,800,000 shares of Class B Common Stock at the maximum tender offer price of \$73.00 per share.

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

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Amount Previously Paid: -----
Filing Party: -----
Form or Registration No.: -----
Date Filed: -----

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

This Issuer Tender Offer Statement on Schedule TO is filed by Brown-Forman Corporation, a Delaware corporation (the "Company"), in connection with its offer to purchase up to 1,500,000 shares of its Class A Common Stock, par value \$.15 per share ("Class A Shares"), and up to 6,800,000 shares of its Class B Common Stock, par value \$.15 per share ("Class B Shares," and together with the Class A Shares, the "Shares"), in each case, at a price per share between \$63.00 and \$73.00, net to the seller in cash, without interest. The tender offer is being made upon and subject to the terms and conditions set forth in the Offer to Purchase dated February 4, 2003 (the "Offer to Purchase"), and the related Letters of Transmittal (the "Letters of Transmittal"), which together as each may be amended or supplemented from time to time constitute the "Offer."

This Issuer Tender Offer Statement on Schedule TO is intended to satisfy the reporting requirements of Rule 13e-4 under the Securities Exchange Act of 1934, as amended. The information contained in the Offer to Purchase and the Letters of Transmittal, copies of which are attached to this Schedule TO as Exhibits (a)(1)(i) and (a)(1)(ii), respectively, is incorporated herein by reference in response to all of the items of this Schedule TO as more particularly described below. Capitalized terms used herein and not otherwise defined have the meaning ascribed to such terms in the Offer to Purchase.

ITEM 1. SUMMARY TERM SHEET.

The information set forth in the section of the Offer to Purchase captioned "Summary Term Sheet" is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION.

(a) The name of the issuer is Brown-Forman Corporation, a Delaware corporation. The Company's principal executive offices are located at 850 Dixie Highway, Louisville, Kentucky 40210-1091 (mailing address: P.O. Box 1080, Louisville, Kentucky 40201-1080). Its telephone number is (502) 585-1100.

(b) The class of equity securities to which this Schedule TO relates is Class A Common Stock, par value \$.15 per share, and Class B Common Stock, par value \$.15 per share, of the Company. The information set forth in the section of the Offer to Purchase captioned "11. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares" is incorporated herein by reference.

(c) The information set forth in the section of the Offer to Purchase

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captioned "7. Price Range of Shares; Dividends" is incorporated herein by reference.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON.

(a) This Tender Offer Statement is filed by the Company. The information set forth in the section of the Offer to Purchase captioned "10. Certain Information About Us" and "11. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares" is incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION.

(a) The information set forth in the sections of the Offer to Purchase captioned "Summary Term Sheet", "1. Number of Shares; Proration", "2. Tenders by Holders of Fewer than 100 Shares", "3. How to Tender Shares", "4. Withdrawal Rights", "5. Purchase of Shares and Payment of Purchase Price", "6. Certain Conditions of the Offer", "14. Certain Federal Income Tax Consequences", "15. Extension of Offer; Termination; Amendments" and in the Letters of Transmittal is incorporated herein by reference.

(b) The information set forth in the section of the Offer to Purchase captioned "11. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares" is incorporated herein by reference.

2

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

(e) The information set forth in the section of the Offer to Purchase captioned "11. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares" is incorporated herein by reference.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.

(a) and (b) The information set forth in the section of the Offer to Purchase captioned "8. Background and Purpose of the Offer" is incorporated herein by reference.

(c) The information set forth in the section of the Offer to Purchase captioned "11. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares" is incorporated herein by reference.

ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a), (b) and (d) The information set forth in the section of the Offer to Purchase captioned "9. Source and Amount of Funds" is incorporated herein by reference. Negotiations for further financing are currently in progress, and any final agreement reached will be filed as an amendment to this Schedule TO.

ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a) and (b) The information set forth in the section of the Offer to Purchase captioned "11. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares" is incorporated herein by reference.

ITEM 9. PERSONS/ASSETS RETAINED, EMPLOYED, COMPENSATED OR USED.

(a) The information set forth in the section of the Offer to Purchase captioned "16. Fees and Expenses" is incorporated herein by reference.

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ITEM 10. FINANCIAL STATEMENTS.

(a) The information set forth in the section of the Offer to Purchase captioned "10. Certain Information About Us" and the financial information included in Item 8 of the Company's Annual Report on Form 10-K for its fiscal year ended April 30, 2002, filed with the Securities and Exchange Commission (the "Commission") on July 26, 2002, and Part 1 of the Company's Quarterly Report on Form 10-Q for its fiscal quarter ended October 31, 2002, filed with the Commission on December 11, 2002, is incorporated herein by reference. In accordance with Instruction 6 to Item 10 of Schedule TO, summary financial information is contained in the section of the Offer to Purchase captioned "10. Certain Information About Us."

(b) The following pro forma information discloses the effect of the Offer on the Company's income statement, balance sheet and book value per share.

3

UNAUDITED PRO FORMA FINANCIAL INFORMATION

	12 MONTHS ENDED 4/30/02			6 MONTHS ENDED 1	
	HISTORICAL	AT MINIMUM (\$63 PER SHARE)	AT MAXIMUM (\$73 PER SHARE)	HISTORICAL	AT MINIMUM (\$63 PER SHARE)
(IN MILLIONS, EXCEPT PER SHARE DATA AND FINANCIAL RA					
INCOME STATEMENT					
Net Sales.....	\$2,208	\$2,208	\$2,208	\$1,171	\$1,171
Cost of Goods Sold.....	1,075	1,075	1,075	585	585
	-----	-----	-----	-----	-----
Gross Profit.....	1,133	1,133	1,133	586	586
Advertising Expense.....	299	299	299	165	165
SG&A.....	481	481	481	241	241
	-----	-----	-----	-----	-----
Operating Income.....	353	353	353	181	181
Interest Expense, net(1).....	(5)	(26)	(29)	(2)	(12)
	-----	-----	-----	-----	-----
Pre-Tax Income.....	348	327	324	179	168
Taxes(2).....	(120)	(113)	(112)	(62)	(58)
	-----	-----	-----	-----	-----
Net Income.....	\$ 228	\$ 214	\$ 212	\$ 117	\$ 110
	=====	=====	=====	=====	=====
Weighted # of shares (diluted)....	68.484	60.184	60.184	68.592	60.292
EPS.....	\$ 3.33	\$ 3.56	\$ 3.52	\$ 1.71	\$ 1.83
	=====	=====	=====	=====	=====
Book Value Per Share.....	\$19.14	\$13.28	\$11.90	\$20.24	\$14.45
Ratio of Earnings To Fixed Charges.....	18.9x	9.2x	8.6x	21.2x	9.9x
BALANCE SHEET					
ASSETS:					
Cash and cash equivalents.....	\$ 116	\$ 116	\$ 116	\$ 136	\$ 136
Accounts Receivable.....	280	280	280	404	404
Inventories.....	578	578	578	620	620
Other current assets.....	55	55	55	50	50
	-----	-----	-----	-----	-----
Total Current Assets.....	1,029	1,029	1,029	1,211	1,211

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PP&E, net.....	437	437	437	446	446
Goodwill.....	247	247	247	247	247
Other Assets.....	304	304	304	311	311
	-----	-----	-----	-----	-----
Total Assets.....	\$2,016	\$2,016	\$2,016	\$2,215	\$2,215
	=====	=====	=====	=====	=====
LIABILITIES:					
Commercial Paper.....	\$ 167	\$ 167	\$ 167	\$ 259	\$ 259
Accounts Payable.....	296	296	296	325	325
Accrued taxes on income.....	32	32	32	49	49
	-----	-----	-----	-----	-----
Total Current Liabilities.....	495	495	495	633	633
Long Term Debt.....	40	552	635	40	557
Deferred Income Taxes.....	58	58	58	36	36
Accrued Postretirement Benefits...	60	60	60	61	61
Other Liabilities.....	52	52	52	56	56
	-----	-----	-----	-----	-----
Total Liabilities.....	705	1,217	1,300	827	1,344
Shareholders' Equity.....	1,311	799	716	1,388	871
Total Liabilities and Shareholders' Equity.....	\$2,016	\$2,016	\$2,016	\$2,215	\$2,215
	=====	=====	=====	=====	=====
Book Value Per Share.....	\$19.14	\$13.28	\$11.90	\$20.24	\$14.45

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- (1) The interest rates on borrowings to finance the Offer were assumed to be 4.0% for both the year ended April 30, 2002 and the six months ended October 31, 2002.
- (2) The tax rate was assumed to be 34.5% for both the year ended April 30, 2002 and the six months ended October 31, 2002.

4

ITEM 11. ADDITIONAL INFORMATION.

(a) The information set forth in the sections of the Offer to Purchase captioned "11. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares" and "13. Certain Legal Matters; Regulatory and Foreign Approvals" is incorporated herein by reference.

(b) The information set forth in the Offer to Purchase and the related Letters of Transmittal is incorporated herein by reference.

ITEM 12. EXHIBITS.

- (a) (1) (i) Offer to Purchase dated February 4, 2003.
- (a) (1) (ii) (a) Letter of Transmittal, Class A Common Stock
(b) Letter of Transmittal, Class B Common Stock
- (a) (2) Not Applicable.
- (a) (3) Not Applicable.
- (a) (4) Not Applicable.
- (a) (5) (a) Notice of Guaranteed Delivery, Class A Common Stock
(b) Notice of Guaranteed Delivery, Class B Common Stock
(c) Letter from Dealer Manager to Brokers
(d) Letter from Brokers to Clients
(e) Letter from Owsley Brown II to Shareholders
(f) Press Release

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- (g) Advertisement
- (b) Under negotiation; this Schedule TO will be amended to incorporate any finalized credit agreement promptly after execution.
- (d) Not Applicable.
- (g) Not Applicable.
- (h) Not Applicable.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3.

Not applicable.

5

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

BROWN-FORMAN CORPORATION

By:

Name: Lawrence K. Probus
Title: Senior Vice President

Date: February 4, 2003

6

EXHIBIT INDEX

EXHIBIT
NUMBER

DESCRIPTION

- (a) (1) (i) Offer to Purchase dated February 4, 2003.
- (a) (1) (ii) (a) Letter of Transmittal, Class A Common Stock
(b) Letter of Transmittal, Class B Common Stock
- (a) (2) Not Applicable.
- (a) (3) Not Applicable.
- (a) (4) Not Applicable.
- (a) (5) (a) Notice of Guaranteed Delivery, Class A Common Stock
(b) Notice of Guaranteed Delivery, Class B Common Stock
(c) Letter from Dealer Manager to Brokers
(d) Letter from Brokers to Clients
(e) Letter from Owsley Brown II to Shareholders
(f) Press Release
(g) Advertisement
- (b) Under negotiation; this Schedule TO will be amended to incorporate any finalized credit agreement promptly after execution.
- (d) Not Applicable.
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