BROWN FORMAN CORP
Form 11-K
June 29, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS

AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the Fiscal Year Ended December 31, 2005

OR

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

Commission File Number 002-26821

A. Full Title of Plan:
Brown-Forman Winery Operations Savings Plan

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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Note: Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
Brown-Forman Winery Operations Savings Plan

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 Winery Operations Savings Plan (the Plan) at December 31, 2005 and 2004, 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP
Louisville, Kentucky
June 29, 2006

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Brown-Forman Winery Operations Savings Plan
Statements of Net Assets Available for Benefits
December 31, 2005 and 2004

	Participant Directed	
	2005	2004
Investments, at fair value		
Mutual funds	$ 9,579,396	$ 8,487,993
Common collective trust fund	2,336,308	2,328,612
Brown-Forman Corporation Class B common stock fund	716,116	458,037
Loans to participants	315,627	349,421
	12,947,447	11,624,063
Profit sharing contribution receivable	350,000	367,000
Employers' contributions receivable	14,819	13,651
Employees' contributions receivable	23,463	21,853
Net assets available for benefits	$13,335,729	$12,026,567

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

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Brown-Forman Winery Operations Savings Plan
Statement of Changes in Net Assets Available for Benefits
Years Ended December 31, 2005 and 2004

	Participant Directed	
	2005	2004
Additions		
Contributions		
Profit sharing	$ 350,000	$ 368,026
Employer	226,873	193,254
Employee	689,137	640,038
	1,266,010	1,201,318
Interest income	172,987	140,450
Dividend income	108,290	88,528
Net appreciation in fair value of investments	591,924	520,616
Net transfer from Sonoma-Cutrer ESOP	--	578,240

Net transfers from other plans	133,151	--
Total additions	2,272,362	2,529,152
Deductions		
Withdrawals by participants	959,702	2,157,126
Administrative expenses	3,498	3,479
Net transfers to other plans	--	16,742
Total deductions	963,200	2,177,347
Net increase	1,309,162	351,805
Net assets available for benefits:		
Beginning of year	12,026,567	11,674,762
End of year	$13,335,729	$12,026,567

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

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Brown-Forman Winery Operations Savings Plan
Notes to Financial Statements
December 31, 2005 and 2004

1. Description of Plan

The sponsor of the Brown-Forman Winery Operations Savings Plan (the Plan), Brown-Forman Corporation (the Sponsor), 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.

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the plan agreement for more complete information.

General

The Plan is a defined contribution plan covering all eligible employees of Fetzer Vineyards, all eligible employees of Jekel Vineyards, and all eligible employees of Sonoma Cutrer Vineyards (collectively, the Companies) who are not members of a collective bargaining unit. An employee becomes eligible to participate in the Plan on their employment commencement date. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Non-highly compensated employees may contribute to the Plan an amount of not less than 1% nor more than 50% of their annual compensation. Highly compensated employees may contribute between 1% and 15% of their annual compensation. Effective January 1, 2006, highly compensated employees may contribute between 1% and 16% of their annual compensation. Employee contributions are not to exceed the Section 402(g) of the Internal Revenue Code (the IRC) limitation for the calendar year of $14,000 and $13,000 for

2005 and 2004, respectively. New employees may transfer assets from their former employers' qualified plans to the Plan.

Eligible participants who have attained age 50 before the close of the plan year may make catch-up contributions in an amount from 1% to 50% of the employee's compensation, subject to the limitations of the IRC.

Participants are eligible to receive the Companies' matching contributions beginning on the first day of the month following completion of one year of service. The Companies' matching contribution is equal to 50% of the participant's elective contribution up to 5% of the

participant's annual compensation. The Companies may also make a profit sharing contribution to the Plan, as determined by the Companies. In order for the Plan to pass discrimination testing for the plan year 2004, the Companies made an additional employer contribution during 2005 to certain non-highly compensated employees in an amount equal to the lower of the IRC Section 415 limitation or 100% of the participants' compensation.

Each participant's account is credited with the participant's contribution on a semi-monthly basis (on a monthly basis prior to November 15, 2004) and an allocation of (i) the Companies' matching contribution on a monthly basis, (ii) plan earnings on a daily basis, and (iii) the Companies' profit sharing contribution and forfeited balances of terminated participants' nonvested accounts on an annual basis. Effective March 20, 2006, participants that are paid weekly shall have their accounts credited with the participants' contributions on a weekly basis. 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.

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

Vesting

Participants are immediately vested in their employee contributions plus actual earnings thereon. Vesting in the Companies' contributions and earnings thereon is 25% per year of continuous service with the Company. Participants will become 100% vested in their Company contributions account in case of death, normal retirement, or total and permanent disability. The additional employer contributions made in 2005 for plan year 2004 is 100% vested.

Withdrawals

Upon termination of service, a participant can elect to transfer his vested interest in the Plan to the qualified plan of his new employer, roll over his funds into an Individual Retirement Account (IRA), or receive his vested interest in the Plan in a lump-sum amount or in the form of installment payments over a period of time not to exceed his life expectancy. Prior to March 28, 2005, if the vested account balance was less than $5,000, a lump sum distribution was made. Effective March 28, 2005, if the vested account balance is $1,000 or less, an automatic lump sum distribution will be made. If the vested account balance is greater than $1,000 up to $5,000, and the participant does not direct otherwise, it will be rolled over into an IRA with Fidelity Management Trust Company

(Fidelity), the trustee and record keeper as defined by the

Plan. In the event of death, the participant's beneficiary will receive the vested interest in a lump-sum payment or in the form of an installment payment. A participant may also withdraw vested interest in the case of financial hardship under guidelines promulgated by the Internal Revenue Service. The participant's contribution shall be suspended for six months after the receipt of a hardship distribution.

Participant Loans

A participant may request permission from the plan administrator to borrow a portion of such participant's vested accrued benefit under the Plan. Loans shall be limited to the lesser of $50,000 or 50% of the vested account balance. Loans must bear a reasonable rate of interest, be collateralized, and be repaid within five years. Participants do not share in the earnings from the Plan's investments to the extent of any outstanding loans, except that the interest paid on such loans is allocated directly to the participant's account.

Forfeited Accounts

Forfeited balances of terminated participants' nonvested accounts are used first to reinstate previously forfeited account balances of re-employed participants, if any, and the remaining amounts are added to the Companies' contribution and allocated to eligible participants as defined by the Plan agreement. The forfeited balances totaled $564 and $548 for 2005 and 2004, respectively. In 2005 and 2004, no forfeited balances were used to reinstate previously forfeited account balances or added to the Companies' contribution and allocated to eligible participants.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Shares of mutual funds and common collective trust fund are valued at the net asset value of shares held by the Plan at year end. Participant loans are valued at their outstanding balances, which approximate fair value. The Brown-Forman Corporation Stock Fund is comprised of Brown-Forman Corporation Class B shares, which are valued at the quoted closing market price, and a cash component.

The 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.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

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.

Payment of Benefits

Benefits are recorded when paid.

3. Investments

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

	December 31			
	2005		2004	
	Number of Shares, Units or Principal Amount	Fair Value	Number of Shares, Units or Principal Amount	Fa
Investments at fair value:				
PIMCO Total Return Fund	63,967	$ 671,656	62,398	$
Fidelity Magellan Fund	11,919	1,268,670	11,331	1
Fidelity Equity-Income Fund	42,047	2,219,258	39,829	2
Fidelity Growth Company	12,724	809,657	13,104	
Fidelity Diversified International Fund	24,758	805,615		
Fidelity Retirement Money Market Portfolio	2,340,627	2,340,627	2,237,893	2
Managed Income Portfolio	2,336,308	2,336,308	2,328,612	2
Brown-Forman Corporation Class B Common Stock Fund	31,743	716,116		
Other investments	87,847	1,779,540	97,832	2
		$12,947,447		$11

During 2005 and 2004 the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value as follows:

	2005	2004
Mutual funds	$ 409,924	$ 503,377
Brown-Forman Corporation Class B Common Stock Fund	182,000	17,239

	$ 591,924	$ 520,616

4 Tax Status

The Internal Revenue Service has determined, and informed the Companies by a letter dated April 16, 2003, that the Plan and related trust are designed in accordance with the applicable sections of the IRC. The Plan has been amended since receiving the determination letter.

However, the Companies believe that the Plan is designed and is currently being operated in compliance with the applicable provisions of the IRC.

5 Plan Termination

Although they have not expressed any intent to do so, the Companies have the right under the Plan to discontinue their contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

6 Related Party Transactions

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

Certain administrative costs incurred by the Plan are paid by the Sponsor. Effective January 1, 2002, general administration expenses of the third-party record keeper, Fidelity, and the administration fee for processing loans are allocated to the participants' accounts. Effective July 1, 2002, participant recordkeeping fees were waived by Fidelity. Administrative expenses of $3,498 and $3,479 in 2005 and 2004, respectively, were allocated to participants' accounts. Fees for loans continue to be allocated to participants accounts.

Due to the termination of the Sonoma-Cutrer Vineyard, Inc. Employee Stock Ownership Plan (ESOP Plan), certain participants of the ESOP Plan transferred their participation to the Plan. As a result, $578,240 was transferred into the Plan during 2004.

Certain participants of the Plan transferred their participation from (to) other defined contribution plans sponsored by the Sponsor. As a result, $133,151 and ($16,742) of related plan assets were transferred into (from) the Plan during 2005 and 2004, respectively.

Certain plan investments are units of Brown-Forman Corporation Class B stock. Therefore, these transactions qualify as related party transactions. Purchases of 9,460 units for $180,377, and sales of 6,451 units for $104,298 were made during 2005. Purchases of 8,872 units for $137,902, and sales of 4,947 units for $76,943 were made during 2004. Dividends of $8,561 and $6,635 were received on Company units for the years ending December 31, 2005 and 2004, respectively.

7. Risks and Uncertainties

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

Brown-Forman Winery Operations Savings Plan
Plan #020 EIN #61-0143150
Schedule H, Line 4i --
Schedule of Assets (Held at End of Year)
December 31, 2005

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Current Value
Janus Enterprise Fund	4,440 Mutual fund shares	$ 186,070
PIMCO Total Return Fund	63,967 Mutual fund shares	671,656
Royce Low Priced Stock Fund	4,997 Mutual fund shares	77,603
Fidelity Magellan Fund*	11,919 Mutual fund shares	1,268,670
Fidelity Equity-Income Fund*	42,047 Mutual fund shares	2,219,258
Fidelity Growth Company Fund*	12,724 Mutual fund shares	809,657
Fidelity Low Priced Stock Fund*	3,245 Mutual fund shares	132,531
Fidelity Diversified International Fund*	24,758 Mutual fund shares	805,615
Fidelity Freedom 2000*	715 Mutual fund shares	8,734
Fidelity Freedom 2010*	7,465 Mutual fund shares	104,880
Fidelity Freedom 2020*	20,252 Mutual fund shares	297,903
Fidelity Freedom 2030*	8,471 Mutual fund shares	127,239
Fidelity Freedom 2040*	16,769 Mutual fund shares	148,070
Fidelity Freedom 2005*	303 Mutual fund shares	3,370
Fidelity Freedom 2015*	4,492 Mutual fund shares	51,880
Fidelity Freedom 2025*	9,463 Mutual fund shares	113,176
Fidelity Freedom 2035*	3,353 Mutual fund shares	41,008
Fidelity Retirement Money Market Portfolio*	2,340,627 Mutual fund shares	2,340,627
Managed Income Portfolio*	2,336,308 Common collective trust fund units	2,336,308
Spartan U.S. Equity Index Fund*	3,882 Mutual fund shares	171,449
Brown-Forman Corporation Class B Common Stock Fund*	31,743 Class B common stock fund units	716,116
Participant loans*	Loans, interest rates ranging from 6.50% to 7.75%, various maturity dates	315,627
		$12,947,447

*Party-in-interest to the Plan

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Brown-Forman Winery Operations Savings Plan has duly caused this report to be signed on behalf of the undersigned thereunto duly authorized.

BROWN-FORMAN WINERY OPERATIONS SAVINGS PLAN

BY:

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

June 29, 2006

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EXHIBIT

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-74567) of Brown-Forman Corporation of our report dated June 29, 2006 relating to the financial statements and supplemental schedule of the Brown-Forman Winery Operations Savings Plan as of and for the years ended December 31, 2005 and 2004 which appear in this Form 11-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Louisville, Kentucky
June 29, 2006

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