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:
Hartmann Employee Savings and Investment 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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Pages

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
Hartmann Employee Savings and Investment 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 Hartmann Employee Savings and Investment 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

Hartmann Employee Savings and Investment Plan
Statements of Net Assets Available for Benefits
December 31, 2005 and 2004

	2005			
	Participant Directed	Nonparticipant Directed	Total	Participant Directed
Investments, at fair value				
Mutual funds	$ 4,758,224	$ 17,984	$ 4,776,208	$ 4,439,012
Common collective trust fund	2,496,739	--	2,496,739	2,615,007
Brown-Forman Corporation				
Class B common stock	268,659	451,262	719,921	155,174
Loan to participants	207,970	--	207,970	221,778
	7,731,592	469,246	8,200,838	7,430,971
Employers' contributions receivable	40,880	--	40,880	46,261
Employees' contributions receivable	14,347	--	14,347	13,162
Net assets available for benefits	$ 7,786,819	$ 469,246	$ 8,256,065	$ 7,490,394

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

Hartmann Employee Savings and Investment Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2005 and 2004

	2005			
	Participant Directed	Nonparticipant Directed	Total	Participant Directed
Additions				
Contributions				
Employer	$ 165,216	--	$ 165,216	$ 163,226
Employee	369,089	--	369,089	331,118
	534,305	--	534,305	494,344
Interest income	125,716	--	125,716	137,385
Dividend income	44,855	$ 6,969	51,824	41,724

Net appreciation in fair value of investments	382,703	133,136	515,839	358,813
Total additions	1,087,579	140,105	1,227,684	1,032,266
Deductions				
Withdrawals by participants	788,205	20,810	809,015	539,746
Administrative expenses	2,949	120	3,069	3,107
Total deductions	791,154	20,930	812,084	542,853
Net increase (decrease)	296,425	119,175	415,600	489,413
Net assets available for benefits				
Beginning of year	7,490,394	350,071	7,840,465	7,000,981
End of year	$ 7,786,819	$469,246	$ 8,256,065	$ 7,490,394

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

Hartmann Employee Savings and Investment Plan
Notes to Financial Statements
December 31, 2005 and 2004

1. Description of Plan

The sponsor of the Hartmann Employee Savings and Investment 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 substantially all salaried and non-union hourly employees of Hartmann Luggage Company (the Company). 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 between 1% and 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.

Elegible 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 Company matching contributions beginning on the first day of the month following completion of one year of service. For non-retail employees, the Company's matching contribution is equal to 75% of the participant's elective deferral for the first 5% of the participant's annual compensation. For retail employees, the Company's matching contribution is equal to 50% of the participant's elective deferral for the first 2% of annual compensation and an additional 25% of the remainder of the participant's elective deferral up to 10% of annual compensation.

The Company also makes a Company Retirement (CORE) contribution to each salaried employee of the retail division who is employed on the last day of the plan year, except those employees at the plant location in Lebanon, Tennessee, in an amount equal to 3% of the employee's eligible compensation during the year.

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 Company's matching contribution on a quarterly basis, and (ii) plan earnings on a daily basis, and (iii) the CORE contribution 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. 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) $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.

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.

Paysop Fund

This nonparticipant directed fund consists of company contributions of Class B nonvoting common stock of Brown-Forman Corporation. Contributions for any plan year were limited to one-half of one percent of the annual compensation of all employees covered by the Plan; however, the Company is no longer contributing to this fund. This fund will be eliminated when all stock allocated to participants is withdrawn.

Vesting

Participants are immediately vested in their employee contributions plus actual earnings thereon. An employee becomes 100% vested in the CORE contribution after five years of service with the Company. Vesting in the Company's contributions and earning 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.

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.

Withdrawals of the Paysop Fund benefits can be made in cash or a single payment of the related common stock. If payment in common stock is elected, fractional shares are paid in cash.

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

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 $4,849 and $160 for 2005 and 2004, respectively. Also in 2005 and 2004, $3,500 and $2,400, respectively, from forfeited nonvested accounts were used to reinstate previously forfeited account balances of re-employed participants and/or reduce Company contributions.

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 the 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. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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:				
Fidelity Magellan Fund	10,525	$ 1,120,257	11,212	$ 1
Fidelity Equity-Income Fund	13,395	706,992	13,067	
Fidelity Growth Company Fund	13,576	863,813	13,996	

Fidelity Retirement Money Market Portfolio	436,213	436,213	397,718	
Managed Income Portfolio	2,496,739	2,496,739	2,615,007	2
Brown-Forman Corporation Class B Common Stock Fund	11,909	268,659	9,735	
Other investments	79,754	1,856,903	67,272	1
		7,749,576		7
Common stock:				
Brown-Forman Corporation Class B common stock*	20,003	451,262	20,865	
		$ 8,200,838		$ 7

*Nonparticipant directed

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
Participant directed:		
Mutual funds	$ 307,472	$ 353,000
Brown-Forman Corporation Class B Common Stock Fund	75,231	5,813
	382,703	358,813
Nonparticipant directed:		
Brown-Forman Corporation Class B common stock	133,136	13,457
Total	$ 515,839	$ 372,270

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 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 provisions of the IRC.

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 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 Company. Effective January 1, 2002, general administrative 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. Administration fees for loans continue to be allocated to the participants accounts. Administrative expenses of $3,069 and $3,262 in 2005 and 2004, respectively, were allocated to participants' accounts.

Certain plan investments are units of Brown-Forman Corporation Class B stock. Therefore, these transactions qualify as related party transactions. Purchases of 3,768 units for $69,020, and sales of 2,457 units for $45,236 were made during 2005. Purchases of 5,617 units for $86,160, and sales of 5,232 units for $80,264 were made during 2004. Dividends of $9,854 and $8,092 were received on Company units for the years ending December 31, 2005 and 2004, respectively.

4. 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.

Hartmann Employee Savings and Investment Plan
Plan #018 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	Cost	Current Value
Janus Enterprise Fund	8,915 Mutual fund shares	--	$ 373,6
PIMCO Total Return Fund	23,044 Mutual fund shares	--	241,9
Royce Low Priced Stock Fund	3,124 Mutual fund shares	--	48,5
Fidelity Magellan Fund*	10,525 Mutual fund shares	--	1,120,2
Fidelity Equity-Income Fund*	13,395 Mutual fund shares	--	706,9
Fidelity Growth Company Fund*	13,576 Mutual fund shares	--	863,8
Fidelity Low Priced Stock Fund*	5,543 Mutual fund shares	--	226,3
Fidelity Diversified International Fund*	11,060 Mutual fund shares	--	359,8
Fidelity Freedom Income*	1,142 Mutual fund shares	--	12,9
Fidelity Freedom 2000*	512 Mutual fund shares	--	6,2
Fidelity Freedom 2010*	2,135 Mutual fund shares	--	29,9
Fidelity Freedom 2020*	1,223 Mutual fund shares	--	17,9
Fidelity Freedom 2030*	680 Mutual fund shares	--	10,2

Fidelity Freedom 2040*	1,060	Mutual fund shares	--	9,3
Fidelity Freedom 2005*	2,292	Mutual fund shares	--	25,4
Fidelity Freedom 2015*	14,477	Mutual fund shares	--	167,2
Fidelity Freedom 2025*	1,396	Mutual fund shares	--	16,6
Fidelity Freedom 2035*	1,153	Mutual fund shares	--	14,1
Fidelity Retirement Money Market Portfolio*	418,229	Mutual fund shares	--	418,2
Fidelity Retirement Money Market Portfolio*	17,984	Mutual fund shares	$ 17,984	17,9
Managed Income Portfolio*	2,496,739	Common collective trust fund, variable rate and maturity	--	2,496,7
Spartan U.S. Equity Index Fund*	1,998	Mutual fund shares	--	88,2
Brown-Forman Corporation Class B Common Stock Fund*	11,909	Class B common stock fund units	--	268,6
Brown-Forman Corporation Class B Common Stock*	20,003	Class B common stock fund shares	311,518	451,2
Participant loans*		Loans, interest rates ranging from 6.5% to 7.75%, various maturity rate	--	207,9
				$ 8,200,8

*Party-in-interest to the Plan

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Hartmann Employee Savings and Investment Plan has duly caused this report to be signed by the undersigned thereunto duly authorized.

HARTMANN EMPLOYEE SAVINGS AND INVESTMENT 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

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 Hartmann Employee Savings and Investment Plan, which appears in this Form 11-K.

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