

Brown-Forman Corporation Global Logistics

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Brown Forman Corporation Overview

- ◆ Started under George Garvin Brown in 1870.
- ◆ Produced top shelf whiskey in sealed glass bottles.
- ◆ Among the top ten largest spirit companies in the United States.
- ◆ Has more than **25** brands
- ◆ Markets to approximately 160 countries throughout the world.

Brands



Canadian Mist® Blended Canadian Whisky

Canadian Mist® Black Diamond Canadian Whisky

Chambord® Liqueur

Chambord® Flavored Vodka

Collingwood® Canadian Whisky

Don Eduardo® Tequilas

Early Times® Kentucky Whisky

Early Times® 354 Kentucky Bourbon Whisky

Early Times® Fire Eater

el Jimador® Tequilas

el Jimador® Tequila Cocktails

Finlandia® Vodkas

Finlandia® Frost

Finlandia® Platinum

Gentleman Jack® Rare Tennessee Whiskey

Herradura® Tequilas

Jack Daniel's® Tennessee Whiskey

Jack Daniel's® Single Barrel Tennessee Whiskey

Jack Daniel's Country Cocktails®

Jack Daniel's® Ready to Drink Cocktails

Jack Daniel's® Tennessee Honey Liqueur

Korbel® California Champagnes

Little Black Dress® Vodka

Maximus® Vodka

Old Forester® Kentucky Straight Bourbon Whisky

Pepe Lopez® Tequilas

Sonoma-Cutrer® Wines

Southern Comfort®

Southern Comfort® 100 Proof

Southern Comfort® Bold Black Cherry

Southern Comfort® Fiery Pepper

Southern Comfort® Lime

Southern Comfort® Special Reserve

Tusca® Liqueur

Woodford Reserve® Kentucky Straight Bourbon Whiskey

Woodford Reserve® Double Oaked



BROWN-FORMAN

- ◆ Brown-Forman's brands are supported by nearly 4,000 employees. For more information about the Company, please visit <http://www.brown-forman.com>

Production & Copacking Locations



Supply Chain Logistics

- Manage Logistics services for :
 - ▶ Spirits
 - ▶ Wines
 - ▶ Bulk Product
 - ▶ Point Of Sale Items
 - ▶ Raw Materials
 - ▶ Barrels
 - ▶ HazMat Shipments



Supply Chain Logistics

- Provide expertise to deliver B-F products globally:

- ▶ On-time
- ▶ In-tact
- ▶ Cost effectively

while complying with global regulations including those specific to the alcoholic beverage industry.

Supply Chain Logistics

- Manage key Service Providers
 - ▶ Non Vessel Operating Common Carrier (NVOCC)
 - ▶ Freight Forwarders
 - ▶ Custom Brokers
 - ▶ Carriers
 - ▶ 3PL Warehouses

Preferred Terms of Sale

- ◆ Carriage Paid to Named Destination (CPT) or Carriage and Insurance Paid to Named Destination (CIP) preferred Incoterms® 2010 which is used for any mode of transportation.
- ◆ Risk of loss and title passes when goods ship from our warehouse/shipping facility
- ◆ Why?
 - Manage Carriers
 - Manage KPI on Transit Time
 - Manage Service



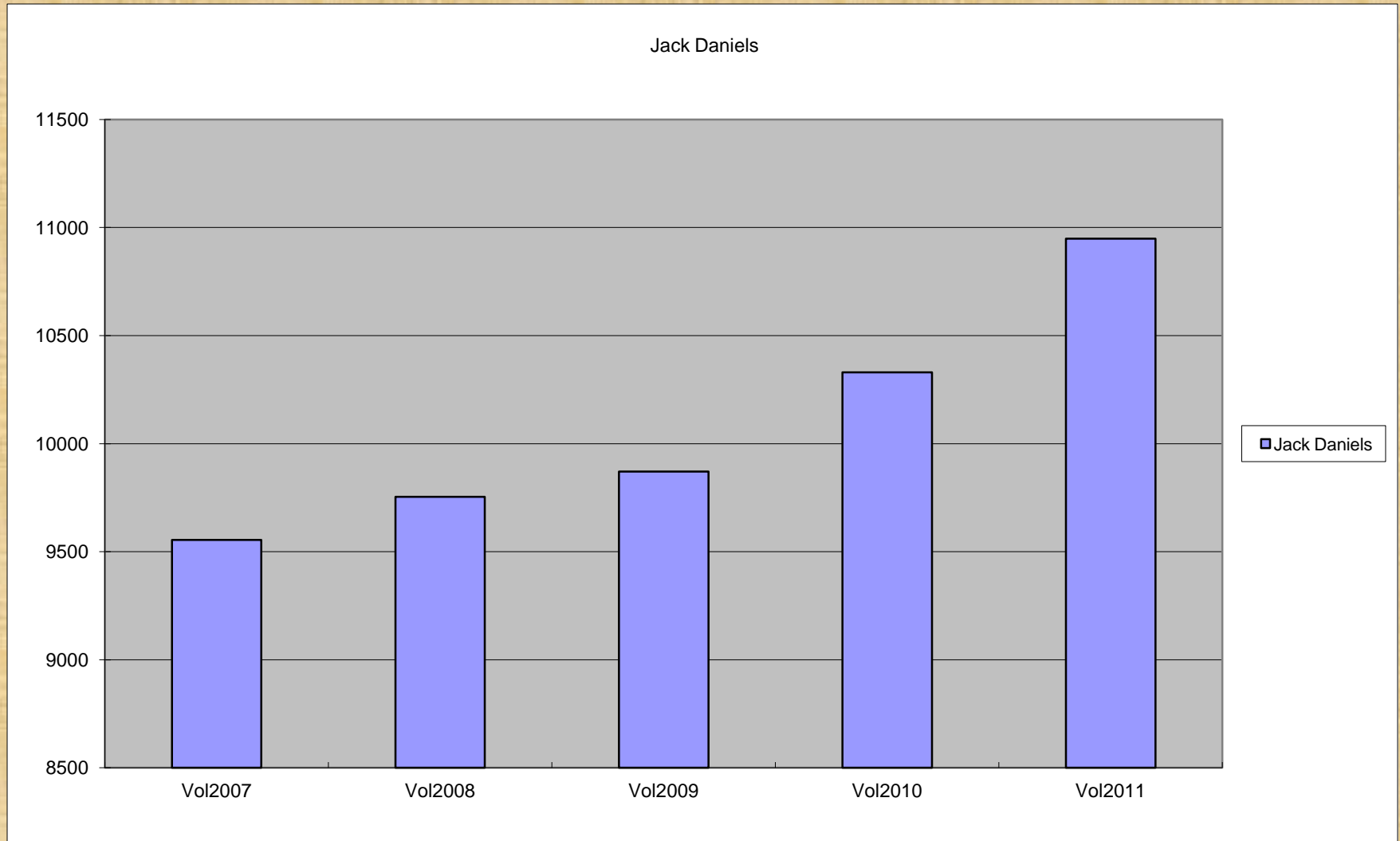
Jack Daniel's Tennessee Whiskey Top 20 Markets



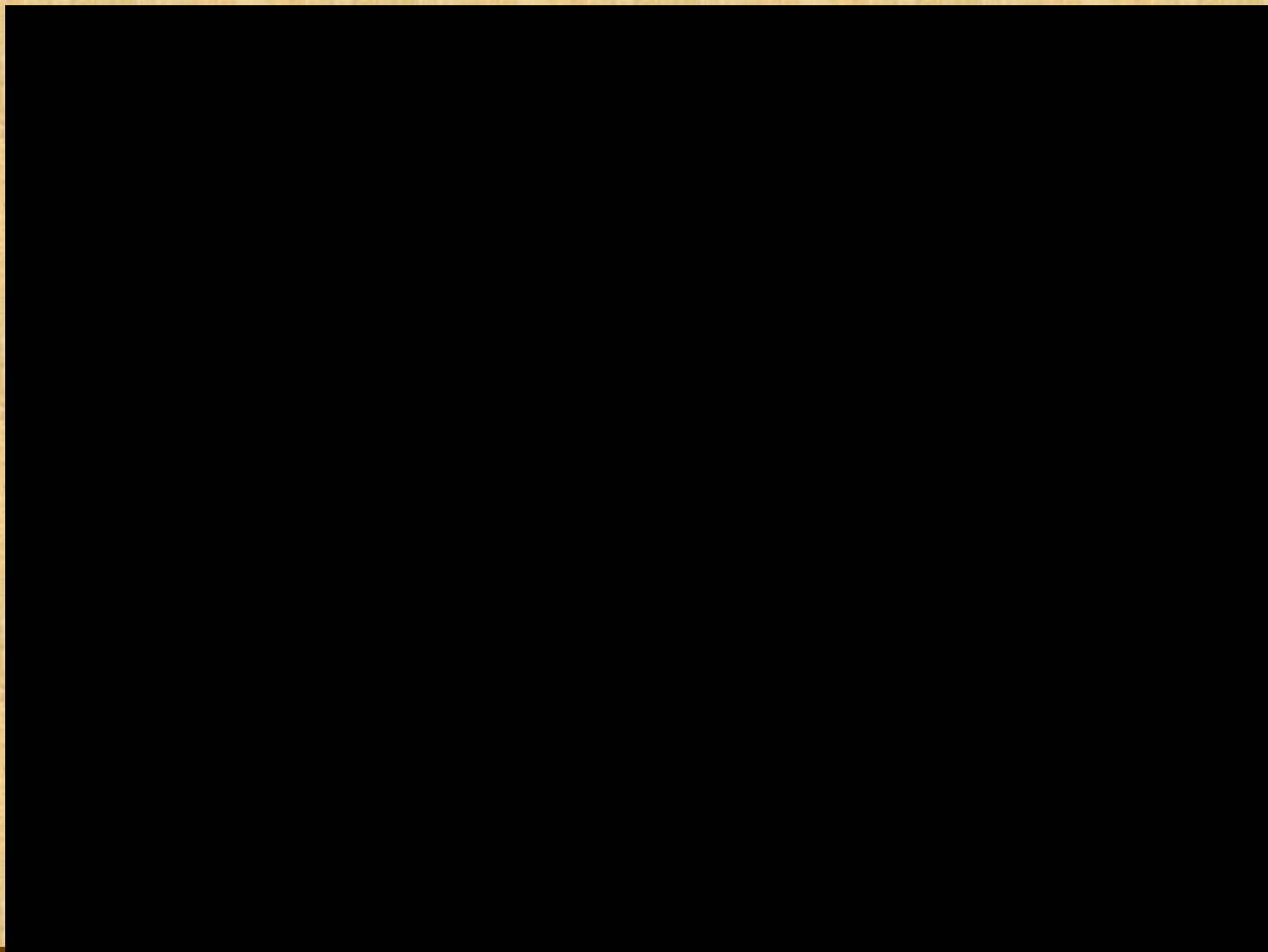
Source: IWSR 2011



Jack Daniel's Growth



Jack Daniels



Southern Comfort - Rest of World Markets

SOUTHERN COMFORT® GLOBAL PRODUCT MAP REST OF WORLD



PLEASE DRINK RESPONSIBLY.

© Indicates 56 Co Line 40 Proof (20% Alc. by Vol.), © Indicates 56 Co 40 Proof (20% Alc. by Vol.), © Indicates 56 Co 50 Proof (20% Alc. by Vol.), Southern Comfort Company, Louisville, KY 40202 ©

Modes of Transportation

- ◆ Ocean Containers
- ◆ Ocean Bulk Tanks
- ◆ Truck
- ◆ Truck Bulk Tanks
- ◆ Intermodal
- ◆ LCL
- ◆ LTL
- ◆ IBC Totes
- ◆ Drums
- ◆ Air
- ◆ Pails

Exporting to Global Market

- ◆ Canada – Intermodal and Truck

- ◆ Mexico – Truck through Laredo, Texas

- ◆ Rest of World –
 - Truck
 - Rail
 - Vessel

Today's Challenges

Holding costs down while maintaining or improving service levels:

- ◆ Increased charges for chassis usage in mid-west
- ◆ Increased cost for rail transportation charges in U.S.
- ◆ Repositioning costs to supply equipment to Lynchburg, Tennessee and Louisville, Kentucky
- ◆ Increased costs for overseas services delivered to the door in Europe
- ◆ Increased cost for drayman

Naming of Global Products

- ◆ Harmonized Tariff Classification (HTS) vs. product description
- ◆ Investigate destination restrictions on importing
- ◆ U.S. Naming is not as restrictive as Global
 - Jack Daniels Tennessee Honey –
 - ▶ Honey forbidden import in United Kingdom
 - Jack Daniels White Rabbit Saloon
 - ▶ Issue importing livestock

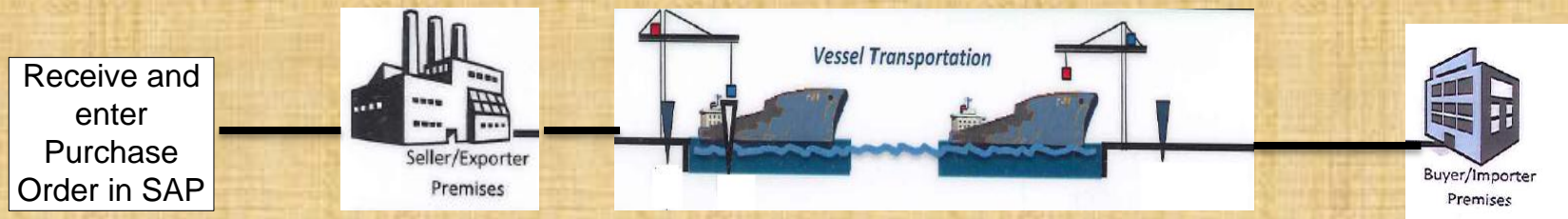
Background in Tracking Arrivals

- In 2006 manually tracked top 10 prepaid export JD markets in an Excel spreadsheet
- Manual process for all to find out shipment status by going to each carrier's website
- Initiated project in 2007 to explore options for software to provide B-F and Consignee details on shipments for inventory management of goods
- In 2008 selected software provider



Partnership with Amber Road Begins

- ◆ Software parameters defined to monitor prepaid full load ocean shipments from the time order is received until delivered at destination port or warehouse



Amber Road Track & Trace Today

- Provides visibility to the delivery process of all Brown-Forman prepaid ocean shipments for both B-F and Customer
- Supplies alerts to shipper and consignee on shipment activities
- Provides customized reporting on Supply Chain performance



Customer Benefits

- ◆ Track shipment from time it leaves production facility to destination without calling BF
- ◆ Set alerts to monitor arrivals
- ◆ Run reports

B-F Benefits

Brown-Forman - visibility to analyze, investigate, and resolve shipment issues and monitor the following metrics on a long-term basis to help with continuous improvements:

- Carrier performance
- Transit times
- Warehouse delivery
- Order schedules
- Equipment utilization
- Mitigate risk - Risk Mgmt and Customs-Trade, Partners Against Terrorism (C-TPAT)



Decision Validated

- ◆ Continued growth of shipments
- ◆ Increased carrier base
- ◆ Increased customer base
- ◆ Increased internal users

Comparison of Tracking Shipments

Manual vs. Automated Statistics

Prepaid Ocean Customers	<u>F'07</u>	<u>F'12</u>
Number of Sold To's	20	84
Number of Ship To's	30	158
Number of Shipments	1,985	4,733

Amber Road Track and Trace Statistics

◆ Statistics from System today:

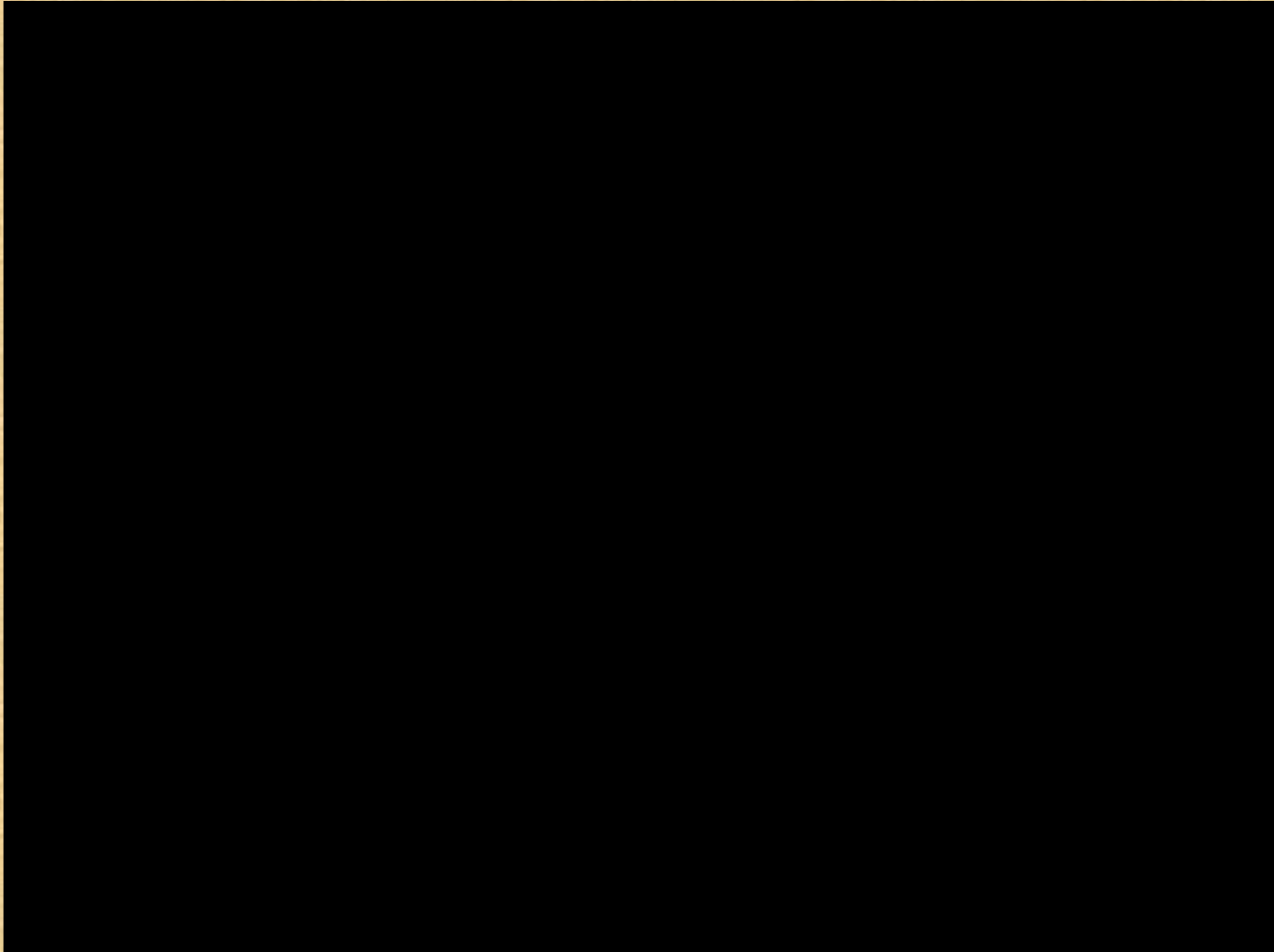
- Number of Carriers 23
- External Users signed up to use T&T 130
- Internal Users signed up to use T&T 84

Lessons Learned

- ◆ Don't underestimate long term partnerships
- ◆ Expect the unexpected
- ◆ Think outside the box
- ◆ Be Flexible



What's Next Globally?



Questions?

◆ Thank you for your time today!