

The Louisville Bourbon Experience

The history and development of Kentucky Bourbon Whiskey, the Brown Family and Brown-Forman Corporation and, of course, Old Forester are intermingled with those of the City of Louisville.

Bourbon is America's native spirit and enjoys a history and tradition that originates with the cultures of Kentucky's earliest settlers. This unique American product has continually evolved and been refined over time, for a period of more than 200 years. The Brown Family and Brown-Forman are proud of the leading role they have played in that evolution.

In 1774, when the first settlers passed through the Cumberland Gap into Kentucky, following in the footsteps of Daniel Boone, they brought with them a tradition of distilling spirits, including whiskey. At that time, Kentucky was part of the Virginia Colony. To encourage settlement in its Kentucky County, Virginia Governor Thomas Jefferson offered pioneers 60 acres of land if they would build a permanent structure and raise "native corn."

Back in those days whiskey was literally cash money. Almost every farmer converted or hired a local distiller to convert their surplus grain crops into whiskey. In this form it was non-perishable, easy to ship or store, and always found a market. William Brown, the grandfather of Brown-Forman founder George Garvin Brown, was an early visitor to Kentucky at this time. The settlers found Kentucky to be the perfect place to distill whiskey. Kentucky had arable land for raising grains such as the indigenous corn, complimented by limestone-filtered natural water and white oak trees suitable for crafting barrels.

As early as 1775, these settlers cleared land and began planting corn "Indian style" around the stumps that filled their fields. They began using the indigenous corn as the main grain in their distiller's mash, as opposed to the traditional rye used in the whiskies of the Eastern seaboard. The stump-filled fields did not accommodate planting of traditional "row" crops such as rye. Settlers could not use a plow, so hand-planting corn was the only feasible alternative. Although this early whiskey was a raw, unaged precursor to today's modern Bourbons, the seeds were planted for the birth of a truly distinctive beverage: Kentucky Bourbon Whiskey.

I. The Farmer-Distiller Tradition

The City of Louisville was established in May 1778, because of two factors: the Ohio River and the War of Independence.

The Ohio River, in its entire 981-mile length, had only one navigational barrier, the Falls, at what is now downtown Louisville. The Falls represented a major barrier to boats making their way down the Ohio, so it was inevitable that a town of some sort would rise at this location. Here, most river traffic needed to stop, unload passengers and cargo, float unloaded over the Falls, and then reload for the trip down river.

The second impetus for Louisville's founding was the War of Independence, or the Revolutionary War. When the Revolution began in 1775, the settlement of Kentucky had just begun in earnest. During that same year, historians speculate that the first whiskey was distilled in Kentucky. As the war progressed the Continental Congress decided to send George Rogers Clark, the "George Washington of the West," to Kentucky to establish a base where he could attack British forces in the vast area west of the Alleghenies. William Brown and his brothers fought with Clark and one, James Brown, was killed at the Battle of Blue Licks in 1782. That was the last battle of the Revolution.

In 1778, Clark's troops constructed a series of forts at the Falls, the last being Fort Nelson in 1781, near today's intersection of Seventh and Main. At the conclusion of the Revolutionary War, settlers moved out of the fort, planted crops, began distilling and the new town began to rise.

The corn-based whiskey, a clear distillate, produced by these farmer-distillers would become known as "Bourbon" as a result of two related events. The first was the involvement of France, a traditional foe of England, in the war against the British. In recognition of France's support, French names were subsequently used for new settlements or counties. When Kentucky County, the western part of Virginia, was subdivided into smaller counties in 1780 and again in 1785, one of the new counties was named Bourbon County, after the French Royal House. This area covered a vast portion of what is now central and eastern Kentucky. A great many of the early distillers were located in the original Bourbon County.

In 1791, to help finance the \$21 million war debt of the Revolution, the Continental Congress placed a Federal Excise Tax on whiskey production. Whiskey distillers reacted violently to the government's intrusion in their lives and staged the Whiskey Rebellion (1791-1794), refusing to pay the tax while also mistreating local tax officials. President George Washington sent Federal troops into Pennsylvania to halt the rebellion there. Kentucky was spared this military action because of its isolation from the rest of the nation as well as the likelihood of forcing Kentucky into the hands of Spain if the government pressed matters too forcefully.

During the Whiskey Rebellion, in 1792, Kentucky entered the United States as the 15th state. The following year, William Brown returned to Kentucky and took up farming. By that time, ads for "Old Whiskey" could be found in local papers. At this time a number of established distillers began to move to Kentucky from Virginia, Pennsylvania, North Carolina and Maryland. Thomas Jefferson removed the Federal Excise Tax in 1802.

Louisville, named for King Louis XVI of France, grew very slowly at first. The Louisville area suffered through occasional floods, disease epidemics, and the New Madrid earthquakes of 1811 and 1812. Another Federal Excise Tax on whiskey, used to pay the debt of the War of 1812, was implemented without the same troubles of the 1791 tax.

In 1817, the first large commercial distillery in Kentucky, the Hope Distillery, was built in Louisville on the western outskirts of downtown. It failed within three years.

II. The Rise of Commercial Distilling

The arrival of the first steamboat in Louisville in 1811 signaled a new age of growth for Louisville and the distilling industry. The steamboat allowed for the expanded distribution of Kentucky whiskey to new markets. No longer would small quantities of barrels be laboriously rafted down the intrastate waterways to the Ohio River for eventual shipment to St. Louis and New Orleans.

By the 1820s commercial distilleries in the state's rural areas were on the rise. These distilleries made thousands of barrels each year and sold them in bulk.

In 1821, the first known advertisement for "Bourbon Whiskey" was published in the *Western Citizen*. Kentucky Bourbon was making a name for itself.

Yet where did the name "Bourbon" originate? Most likely in what now has become a neighborhood of Louisville, because Louisville was not the only community located at the Falls. Shippingport, a largely French settlement, was founded in 1803, and may have been the source of the preferred term of "Bourbon."

As barrels of whiskey were shipped from Kentucky's estimated 2,000 small distilleries they were "branded" with the producer's name and location. A great number of barrels were shipped from the port of Limestone on the Ohio River in what was then part of the original Bourbon County. All whiskey barrels, whether from Bourbon, Jefferson, Woodford, Nelson, Fayette or another county, stopped first and were unloaded in Louisville at the Falls and were reloaded at Shippingport during their trip down river.

The Frenchmen of Shippingport most likely encouraged the use of the French name "Bourbon" over any other descriptor applied to the tide of whiskey that ran through their community on the way to New Orleans. The name "Bourbon" was preferred in New Orleans as well, and so it became the de facto name for the whiskey that traveled down river from Kentucky.

Who made the first Bourbon? Although the exact origin of the first whiskey that would be recognized as Bourbon today may never be discovered, there are definite events and discoveries that influenced the evolution of today's modern Bourbon. For example, James Christopher Crow's study of sour mash fermentation, as well as his use of instruments like the hydrometer and sacrometer in his pioneering work at Oscar Pepper Distillery in the 1830s was a major milestone in the development of modern Bourbon.

In addition, river traffic greatly improved due to the opening of the Portland Canal in 1830, and topped with the large inflow of German and Irish immigrants in the 1840s, Louisville's population was expanding rapidly, reaching 43,000 in 1850. This placed Louisville among the top 12 cities in size in America, larger than either Washington or Chicago at the time. The staples of economic life during these years included distilling, tobacco, hemp, livestock, commercial sales and warehousing.

A large number of whiskey rectifying and blending houses were established in Louisville, as the city became a major trade center. These businesses, along with barrel warehouses and bottling plants, concentrated along Main Street, in a district that came to be known as "Whiskey Row."

By the 1840s three daily newspapers were published locally, including the regionally important *Journal*. Advertisements for "Old Bourbon Whiskey" were prominent features run in these papers by the thriving whiskey brokers of "Whiskey Row". During these exciting times, George Garvin Brown, a figure who would play a prominent role in the development of Bourbon, was born in Munfordville, Kentucky, in 1846.

In 1850, the Louisville & Nashville Railroad (L&N) was chartered and began connecting Louisville to markets not serviced by the traditional steamboat trade. The growing railway system caused a significant change in the Bourbon industry. Distilleries no longer had to be located near gristmills or flowing streams or rivers. The railroad could bring large quantities of grain to nearly any location in the state and could transport full barrels of whiskey to market. This allowed Bourbon distilleries to locate in Louisville and offer better service to the whiskey merchants on "Whiskey Row." For example, the Old Kentucky Distillery was established in 1855 along a rail line on the outskirts of Louisville. And in 1860, the Early Times Distillery was built at the Early Times Rail Station in nearby Nelson County.

In the decade before the Civil War, there was a climate of social unrest in Louisville. The anti-immigrant "Bloody Monday" riot of August 6, 1856 took more than 20 lives. Yet as the Irish and German immigrants became assimilated in the community over the next two decades, they contributed greatly to the rise of the distilling industry as distillery workers, managers and distillery owners.

Kentucky began the Civil War as a neutral state but declared itself a Union state in September 1861, and Louisville's loyalties followed suit. When the Civil War began, it quickly disrupted the distillation of whiskey and its distribution to its traditional markets. Also during this disruptive period, George Garvin Brown moved to Louisville in 1863 to attend high school. By then, Brown's older half-brother, J.T.S. Brown, Jr., had already established himself as a successful whiskey trader on "Whiskey Row" in downtown Louisville.

Once the Civil War had ended and the South's economic infrastructure had recovered, the availability of the Coffey Still allowed a large-scale commercial distilling industry to develop and flourish. The Coffey Still (also known as the Column Still, Patent Still or Continuous Still) was developed in Ireland in the 1820s. The end of the Civil War also saw the introduction of a government-controlled distillery licensing system. This system made small-scale distilling a legally cumbersome and expensive activity. The days of small batch production and the farmer-distiller tradition were numbered. By 1867, modern, licensed distilleries such as John Atherton's Distillery were being built.

In Louisville, the Bourbon business saw the development of new trading houses, including J.T.S. Brown (later Brown-Forman). These companies resumed the practice of buying whiskey in bulk from rural and city-based distillers, and vating them together to create proprietary flavor profiles. The vatted whiskeys were then rebarreled for sale in bulk lots to wholesalers, jobbers, retailers, doctors and pharmacists.

III. Post-War Recovery and Innovation

In the years after the Civil War the L&N Railroad expanded to become the largest railroad in the South. It became a major factor in establishing markets for Louisville's Bourbon brands over the next few decades. And in the 1870 census, Louisville passed the 100,000 mark for the first time.

In 1870, George Garvin Brown, a pharmaceutical salesman, provided significant innovation to the city and industry. Whiskey was an important medicine in those days, and was sold as such to doctors and druggists. In his work life, Brown often heard complaints from his clients about the unreliable quality of the whiskey that was then in the market. Whiskey was sold in bulk by the barrel, and after it left the warehouse, there was no control over its quality. Unscrupulous vendors could increase their profits by cutting their whiskey stocks with water, turpentine, and other agents that destroyed the quality of the product, as well as the reputation of the distillery of origin. The complaints of doctors about the quality of medicinal whiskey convinced Brown that there was a need to bottle and guarantee quality Bourbon.

George Garvin Brown joined his half-brother J.T.S. Brown's whiskey firm in 1870 to satisfy the market demand for a medicinal Bourbon whiskey that held a consistent level of quality. This level of quality could only be reached by "vatting" or "marrying" (rectifying) a large number of Bourbon barrels together. These barrels were chosen and combined by Brown based on their complimentary maturation profiles. In this manner, he could reproduce his "Old Forester" taste profile time after time. To protect the integrity of this taste profile, Brown was the first "Distiller" to offer his Bourbon to the trade exclusively in glass bottles. He wrote his guarantee of quality on what would later become the label for his Old Forester brand.

Old Forester was the first distillery bottled Bourbon brand in the business. With the introduction of Old Forester, the age of large volume, consistent quality Bourbon whiskies had arrived.

But it was another 20 years before this process became a standard practice in the industry. George Garvin Brown's reputation and that of his Old Forester brand were held in the highest regard by the industry. In 1890, after a succession of partners, Brown recognized the contribution of his partner and most senior employee, George Forman, by renaming his firm Brown-Forman.

Throughout these years, many of the distinctive institutions of Louisville began to appear – Churchill Downs and its Kentucky Derby (1875); the Filson Club (1884); and the Olmstead park system (1890). Along Main Street's "Whiskey Row," whiskey firm offices and warehouses continued to rise, providing the city with some of the finest Victorian commercial architecture left in America.

The Open Rick Bourbon maturation process was introduced and patented in Louisville in 1879. This method of warehousing whiskey allowed the barrels to be exposed to the temperature changes of the seasons. In the summer, the whiskey expanded and was forced into the charred wood of the barrel. In the winter, it contracted, and in the process the whiskey picked up flavor and color from the wood. Eventually all Bourbon distilleries adopted this practice.

Bourbon whiskey advertising, especially in the new markets of the western expansion of the United States, developed in the 1880s as a necessity to compete with whiskies produced elsewhere in the U.S., as well as with other spirits. Bourbon Whiskey was popular not only in the rough and rugged West, but was also seen as a classy drink in the refined Eastern states. In 1885, Brown-Forman began a pattern of advertising innovation within the industry, focusing on the quality of their Old Forester brand. It was yet another major step in the development of Bourbon, as established in Louisville.

Brown-Forman continued to provide leadership to the industry. In 1894, George Garvin Brown was elected the first President of the National Liquor Dealers Association. In that same year he was elected President of the Wine & Spirits Association, an organization founded to fight the rising tide of Prohibitionist activity.

The 19th century ended with the passage of the federally mandated Bottled in Bond Act of 1897. This act required that all Bourbon designated for sale to the consumer be sold packaged in a sealed bottle. This act was strongly endorsed by George Garvin Brown.

IV. Progress and Adversity: 1900-1945

When the 20th century began, Louisville's population had passed the 200,000 mark, placing it among the nation's 20 largest cities, twice as large as Los Angeles or Atlanta. The city was becoming part of a new industrial South, a place of increasing manufacturing opportunities, but there was also trouble brewing on the horizon. Louisville and its distilling industry would face a number of threats in the first half of the 20th century.

In 1902, as the temperance movement gathered momentum, Brown-Forman purchased its first distillery, the Mattingly Distillery in St. Mary's, Kentucky. George Garvin's son, Owsley, joined the company in 1904 and soon began to make his mark in the firm. Owsley's support allowed his father to help form the National Model License League in 1906, designed to fight Prohibitionists.

The Food and Drug Act of 1906 gave Bourbon an added degree of respectability when it required that whiskey labels be placed under the review and regulation of the Federal Government. In 1909, President Taft followed that ruling when he issued a legal definition of what was – and was not – considered "whiskey." This ruling helped define and elevate the process used in making Bourbon over those used by other types of spirits producers.

Despite these positive developments, a wider audience was hearing the clamoring for Prohibition. In 1910, George Garvin Brown wrote and published *The Holy Bible Repudiates Prohibition* as he continued to fight for the industry he had worked so hard to legitimize. Owsley Brown began to assume more responsibility for the day-to-day operations of the firm, and then assumed control of the firm in 1915, two years before the passing of his beloved father.

During the First World War, Louisville landed Camp Taylor; one of 15 major military training centers to be built in America. With the construction of this facility for 50,000 men, new economic life was pumped into the area. But as with all previous wars, the distilling industry

paid a price in the war effort. Grain rationing forced a curtailment in distilling activity and excise taxes were once again imposed to help pay for the war debt.

Louisville followed a fairly typical American pattern during the first years after World War I. Growth and prosperity dominated the Golden Age 1920s. Yet Prohibition would deal Louisville, and its distilling industry, a near death blow. During Prohibition (1920-1933), most distilleries were forced to close, never to re-open their doors.

Brown-Forman was kept afloat by applying for, and receiving, one of a handful of Federal licenses to bottle and sell medicinal whiskey. Brown-Forman Distillers and three other Louisville distilling companies were granted four of the six permits issued in the country to sell existing stocks of whiskey for medicinal purposes. To bolster its barrel inventory, Brown-Forman acquired the Early Times brand and barrel stocks from S.L. Guthrie of Early Times Kentucky in 1923. In 1924, the G. Lee Redmond Company's concentration warehouse in Louisville at 18th and Howard Streets was acquired. This had once been the site of the Lynndale and White Mills Distilleries. Brown-Forman moved its operations to the Redmond site in November of that year.

The Depression of the 1930s struck Louisville hard, with the failure of the city-based Bank of Kentucky in 1930. Within three years the city's unemployment rate had reached a staggering 34 percent. But with the Repeal of Prohibition in 1933, Brown-Forman began construction of a new office and distillery on the Redmond site. Owsley Brown traveled to Washington, DC, with a small group of distillers and helped establish a new code of conduct for the liquor industry.

Robinson Brown joined his brother Owsley in 1934, as Treasurer, and served the company for many years. The third generation of Browns, Owsley's sons, Garvin and Lyons, joined Brown-Forman that same year.

In 1937, Louisville was starting to pull out of the Depression when the Ohio River unleashed its worst flood in recorded history. When the river crested, it was 40 feet above its normal level. The 1937 flood caused considerable damage. More than 200,000 had to evacuate their homes and some 200 people died. The new Brown-Forman Distillery at 18th and Howard Streets was flooded. But due to the ingenuity, loyalty and hard work of its employees, Brown-Forman resumed business within a week, once the floodwaters receded.

Brown-Forman was in a growth mode as it recovered from the 1937 flood and Prohibition. In 1940, it acquired the famous Labrot & Graham (the former Oscar Pepper Distillery) in Woodford County and the Old Kentucky Distillery, in Shively near Louisville.

At the beginning of December 1941, Louisville became a strategic city in a nation gone to war (World War II). Once again, war caused hardships on the whiskey business due to grain rationing. At this time, Brown-Forman contracted with the government to produce alcohol for the war effort, as alcohol was a vital ingredient in the production of gunpowder and many synthetic materials, including rubber. Major synthetic rubber and ammunition plants were constructed at a feverish pace in the area to take advantage of the large number of distilleries, and by 1944 some 80,000 war-related jobs were in place in greater Louisville. While the distilling industry was responsible for the creation of Louisville's industrial Rubbertown area, its

members were restricted to distilling for their own business for just 95 days per year. Once again, Brown-Forman took a leadership role in the war effort, when Owsley Brown became a member of the Distilling Committee of the War Production Board.

V. Post-WWII to Present Time

In post-war Louisville, a number of forces were at work that would shape the Bourbon industry, Brown-Forman and the city in the years to come. It took until 1946 for Brown-Forman and the distilling industry to regain pre-war production levels.

In 1946, Brown-Forman acquired a rifle stock manufacturing company on the outskirts of Southern Louisville and converted it into a cooperage. Today, Louisville's Bluegrass Cooperage is the only distillery-owned cooperage in America, producing approximately 45 percent of the world's supply of new whiskey barrels annually.

In 1952, Brown-Forman began construction of the state's most modern distillery at its Old Kentucky Distillery site in Shively. This became the new home of the Early Times brand.

The Bourbon industry in Louisville and Kentucky entered the mid-1950s on a roll. Sophisticated images of Bourbon were represented in Hollywood, literature, advertising and popular culture. Early Times became the top selling Bourbon in America and Old Forester continued its reign as one of the Top 10 best selling premium Bourbons on the market, a position it still holds today.

After 1980, the home market's demand for Bourbon declined. With that decline, a number of distilleries were acquired or consolidated by large out-of-state firms. Brown-Forman reacted to the changing marketplace conditions by expanding its portfolio beyond its core Bourbon business. This process began in 1956 with the acquisition of the Jack Daniel's Distillery in Lynchburg, Tennessee. Later acquisitions brought cases of Southern Comfort, Canadian Mist, Bolla Wines and Glenmorangie Single Malt Scotch, among others, to the Brown-Forman shipping facilities in West Louisville.

Louisville's economy experienced a number of changes as well. The city's population and tax base began to shrink against the county and metro region. Following national trends, the old industrial base of the city began to shrink as well.

In 1963, 42 percent of Louisville's jobs were industrial; in 1982, that number dropped to 26 percent. Yet total employment grew, as Louisville became increasingly a city of "service industries." These industries came to account for some 40 percent of area workers, particularly in the area of medicine, where Louisville became nationally noted.

In 1964, a congressional resolution protected the term "Bourbon" and only since then has the product been recognized by international standards of identity as the official spirit of the United States of America.

Also during this time, higher education became increasingly significant. The University of Louisville more than doubled in size. Bellarmine College (now Bellarmine University) was

established in 1950, and would become the state's largest private college. Brown-Forman and the Brown Family recognized that these institutions were the source of a strong employee base and significantly supported the expansion efforts of each organization. Two of the most notable examples of this support are the W. L. Lyons Brown Library and Frazier Hall, located on the campus of Bellarmine University.

In 1970, Brown-Forman celebrated its 100th Anniversary with the dedication of a new headquarters building at 850 Dixie Highway. The fourth generation of the Brown Family was then positioned to assume stewardship of the firm.

From the 1970s forward, Louisville's national reputation for excellence in the arts has grown, encompassing institutions such as The Louisville Orchestra, J.B. Speed Museum, Kentucky Opera, Louisville Ballet and Actors Theatre of Louisville. Brown-Forman and its employees are major supporters of the arts.

The recent renaissance of Louisville's downtown has included a restoration of the famous "Whiskey Row" architecture along Main Street, along with the construction of the Kentucky Center for the Arts, Louisville Science Center, Frazier Arms Museum, Muhammad Ali Center and Louisville Slugger Museum. In addition, the new Waterfront Park Development activities and Louisville Slugger Field have helped in drawing the city's population back to its roots along the Ohio River.

The Bourbon industry has experienced a renaissance as well. The introduction of Small Batch and Single Barrel select brands is actually a rediscovery, or revival, of Kentucky's distilling heritage. It is a return to the days of the farmer-distiller tradition, of Bourbon whiskies produced through a small, individual batch process. Brown-Forman has assumed a leadership role in this renaissance.

On September 2, 2002, Old Forester Birthday Bourbon was launched as the only vintage-dated small batch Bourbon on the market. A new vintage will be released each September 2, the anniversary of the birth of George Garvin Brown, to honor the industry's greatest innovator and champion of quality whiskey. Also in 2002, Brown-Forman moved its professional marketing staff to the newly renovated 626 West Main Building. Brown-Forman has truly returned to its roots along historic "Whiskey Row," and along with it, the entire Bourbon industry.

Louisville remains a strategic regional city in America. Some of its greatest assets continue to be Brown-Forman and its brands of Bourbon whiskey.