

FORTUNE BRANDS INC
Form DEF 14A
March 06, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant " Filed by a Party other than the Registrant "

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Fortune Brands, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(4) Date Filed:

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520 Lake Cook Road, Deerfield, Illinois 60015

**NOTICE OF ANNUAL MEETING
AND PROXY STATEMENT**

March 6, 2008

Dear Fellow Stockholders:

We are pleased to invite the stockholders of Fortune Brands, Inc. (Fortune Brands or the Company) to attend the Annual Meeting of Stockholders to be held on Tuesday, April 29, 2008 at 1:30 p.m. (CDT) at the Hyatt Deerfield, 1750 Lake Cook Road, Deerfield, Illinois. We will consider and vote upon the following matters:

- Item 1:* The election of three directors for a term expiring at the 2011 Annual Meeting (see pages 6 to 9 of the Proxy Statement);
- Item 2:* The ratification of the appointment by the Company's Audit Committee of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2008 (see page 44 of the Proxy Statement);
- Item 3:* If presented, a stockholder proposal entitled Elect Each Director Annually (see pages 45 to 48 of the Proxy Statement); and

such other business as may properly come before the meeting.

Stockholders of record at the close of business on February 29, 2008, the record date for the meeting, are entitled to vote at the Annual Meeting.

YOUR VOTE IS VERY IMPORTANT. PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. You may submit your proxy (1) by mail using a traditional proxy card, (2) by telephone, or (3) through the Internet.

PLEASE CONFIRM YOUR PREFERENCE FOR ELECTRONIC DELIVERY OF FUTURE ANNUAL MEETING MATERIALS. You can expedite delivery of your annual meeting materials and avoid costly mailings by confirming in advance your preferred method of delivery. For further information on how to take advantage of this cost-saving service, please see pages 1 and 2 of this proxy

statement.

This Proxy Statement and accompanying proxy are first being made available on or about March 10, 2008.

Norman H. Wesley
Chairman of the Board

Bruce A. Carbonari
*President and Chief
Executive Officer*

Mark A. Roche
*Senior Vice President,
General Counsel and
Secretary*

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON TUESDAY, APRIL 29, 2008.

The Proxy Statement, Annual Report on Form 10-K/A and 2007 Annual Review are available at www.proxyvote.com.

You will need your assigned control number to vote your shares. Your control number can be found on your proxy card or voting instruction form.

The Annual Meeting for stockholders is to be held at 1:30 p.m. CDT on Tuesday, April 29, 2008, at:

Hyatt Deerfield
1750 Lake Cook Road
Deerfield, Illinois 60015

ITEMS TO BE VOTED ON:

ITEM 1 ELECTION OF DIRECTORS

To elect three directors for a three-year term. The Board of Directors recommends that stockholders vote **FOR** each of the nominees.

ITEM 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To vote to ratify the appointment by the Audit Committee of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm. The Board of Directors recommends that stockholders vote **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm.

ITEM 3 STOCKHOLDER PROPOSAL

If presented, to vote on a stockholder proposal to elect each director annually. The Board of Directors recommends that stockholders vote **AGAINST** the stockholder proposal.

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PROXY VOTING OPTIONS

YOUR VOTE IS IMPORTANT!

VOTE BY INTERNET

www.proxyvote.com

24 hours a day / 7 days a week

VOTE BY TELEPHONE

1-800-690-6903 via touch-tone phone

toll-free 24 hours a day / 7 days a week

INSTRUCTIONS:

Read the accompanying Proxy Statement.

Go to the following website:

www.proxyvote.com

Have your proxy card or voting instruction form in hand and follow the instructions. You can also register to receive all future stockholder communications electronically, instead of in print. This means that the Annual Review, Form 10-K and Proxy Statement will be delivered to you electronically via e-mail.

Whether or not you expect to attend in person, we urge you to vote your shares by phone, via the Internet, or by signing, dating and returning the enclosed proxy card at your earliest convenience. This will ensure the presence of a quorum at the meeting. Promptly voting your shares will save the Company the expense and extra work of additional solicitation. An addressed envelope, postage paid if mailed in the United States, is enclosed if you wish to vote your shares by returning your completed proxy card by mail. Submitting your proxy now will not prevent you from voting your stock at the meeting if you desire to do so, as your vote by proxy is revocable at your option.

Voting by the **Internet** or **telephone** is fast, convenient, and your vote is immediately confirmed and tabulated. Most important, by using the Internet or telephone, you help Fortune Brands reduce postage and proxy tabulation costs.

PLEASE DO NOT RETURN THE ENCLOSED PAPER BALLOT IF YOU ARE VOTING OVER THE INTERNET OR BY TELEPHONE.

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FREQUENTLY ASKED QUESTIONS

What is the purpose of the Annual Meeting?

The purpose of the Annual Meeting is for stockholders to act upon the matters outlined in the Notice of Annual Meeting and described in this Proxy Statement, including: (1) the election of directors, (2) the ratification of the appointment of our independent registered public accounting firm, and (3) if presented, consideration of a stockholder proposal entitled "Elect Each Director Annually." In addition, management will respond to questions from stockholders.

Who is entitled to vote?

Only stockholders who owned the Company's common stock or \$2.67 Convertible Preferred Stock of record at the close of business on February 29, 2008 are entitled to vote. Each holder of common stock is entitled to one vote per share. Each holder of \$2.67 Convertible Preferred Stock is entitled to three-tenths (0.3) of one vote per share. The common stock and \$2.67 Convertible Preferred Stock vote together as a single class. There were 154,045,133 shares of common stock and 186,732 shares of \$2.67 Convertible Preferred Stock outstanding on February 29, 2008.

What is the difference between being a record holder and holding shares in street name?

A record holder holds shares in his or her own name. Shares held in "street name" means shares that are held in the name of a bank or broker on a person's behalf. The majority of stockholders hold their shares in street name.

How do I vote?

Record holders can vote by filling out the accompanying proxy card and returning it in the postage paid return envelope. You can also vote by telephone or the Internet. Voting instructions are provided on the enclosed proxy card.

If you hold shares in street name, you must vote by giving instructions to your broker or nominee. You should follow the voting instructions on the form that you receive from your broker or nominee. The availability of telephone and Internet voting will depend on your bank's or broker's voting process. Without your instructions, your broker or nominee is permitted to use its own discretion and vote your shares on certain routine matters (such as Items 1 and 2) but is not permitted to use discretion and vote your shares on non-routine matters (such as Item 3). Shares that are not permitted to be voted by your broker are called "broker non-votes." Broker non-votes are not considered votes for or against a proposal and therefore will have no direct impact on any proposal. *Therefore, we urge you to give voting instructions to your broker on all three voting items.*

How will my proxy be voted?

Your proxy card, when properly signed and returned to us, or processed by telephone or via the Internet, and not revoked, will be voted in accordance with your instructions relating to the election of directors and Items 2 and 3. We are not aware of any other matter that may be properly presented other than the election of directors and Items 2 and 3. If any other matter is properly presented, the persons named in the enclosed proxy card will have discretion to vote in their best judgment.

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What if I don't mark the boxes on my proxy?

Unless you give other instructions on your proxy card, or unless you give other instructions when you cast your vote by telephone or the Internet, the persons named as proxies will vote in accordance with the recommendations of the Board of Directors. The Board's recommendation is set forth together with the description of each Item in this Proxy Statement. In summary, the Board recommends a vote

FOR:

the election of directors;

the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2008; and

AGAINST:

the stockholder proposal entitled "Elect Each Director Annually".

Can I go to the Annual Meeting if I vote by proxy?

Yes. Attending the meeting does not revoke your proxy.

How can I revoke my proxy?

You may revoke your proxy at any time before it is actually voted by giving written notice to the secretary of the meeting or by delivering a later dated proxy.

Do I have dissenters' rights?

Under Delaware law, dissenters' rights are not available to holders of common stock and \$2.67 Convertible Preferred Stock in connection with Items 1, 2 and 3.

Will my vote be public?

As a matter of policy, stockholder proxies, ballots and tabulations that identify individual stockholders are not publicly disclosed, but are available to the independent Inspector of Election, the proxy solicitation firm and certain employees of Fortune Brands, Inc.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority in voting power of the outstanding shares of common stock and \$2.67 Convertible Preferred Stock entitled to vote will constitute a quorum. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

How many votes are needed to approve an Item?

The nominees for director, in non-contested elections, must receive a majority of the votes cast at the meeting, in person or by proxy, to be elected, subject to the

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Company's majority vote by-law provision relating to the election of directors, as discussed below under Election of Directors. A proxy card marked to withhold for the election of one or more directors will not be voted with respect to the director or directors indicated.

The affirmative vote of shares representing a majority in voting power of the common stock and \$2.67 Convertible Preferred Stock, voting together as a single class, present in person or represented by proxy at the meeting and entitled to vote is necessary for approval of Items 2 and 3. Proxy cards marked as abstentions on Items 2 and 3 will not be voted and will have the effect of a negative vote.

What if I am a participant in the Fortune Brands Retirement Savings Plan, the Fortune Brands Hourly Employee Retirement Savings Plan or the Future Brands LLC Retirement Savings Plan?

We are mailing this Proxy Statement and a proxy card to participants in the Fortune Brands Retirement Savings Plan, the Fortune Brands Hourly Employee Retirement Savings Plan, and the Future Brands LLC Retirement Savings Plan (collectively, the Savings Plans) who invest in the Fortune Brands Stock Fund under the Savings Plans. The Trustee of the Savings Plans, as record holder of Fortune Brands' common stock held in the Savings Plans, will vote whole shares attributable to your interest in the Fortune Brands Stock Fund in accordance with your directions given on the proxy card, by telephone or the Internet. If you invest in the Fortune Brands Stock Fund under the Savings Plans and you sign and return the enclosed proxy card, we will forward it to the Trustee of the Savings Plans. The proxy card will serve as instructions to the Trustee to vote the whole shares attributable to your interest in the manner you indicate on the card.

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Item 1

ELECTION OF DIRECTORS

The Board of Directors (the Board) currently consists of 10 members and is divided into three classes, each having a three-year term. The terms expire in successive years, with the term of office of directors in Class I expiring at the 2008 Annual Meeting. The Board proposes that the three nominees described below, each of whom is currently serving as a Class I director, be re-elected to Class I for a new term of three years expiring at the 2011 Annual Meeting of Stockholders and until their successors are duly elected and qualified. Proxies cannot be voted for more than the number of nominees proposed for re-election.

All nominees and all current Class II and Class III directors were elected by the stockholders, except for Mr. A. D. David Mackay, who was elected by the Board effective January 13, 2006, Mr. Richard A. Goldstein, who was elected by the Board effective December 1, 2006, Mr. Bruce A. Carbonari, who was elected by the Board effective August 21, 2007, and Ms. Ann F. Hackett, who was elected by the Board effective December 4, 2007. In accordance with the Company's Corporate Governance Principles and the Company's retirement age policy, Dr. Patricia O. Ewers will retire from the Board immediately following the 2008 Annual Meeting of Stockholders. Mr. Gordon R. Lohman retired from the Board in April 2007 and Mr. Eugene A. Renna retired from the Board in December 2007.

Under the Company's majority vote by-law provision, in non-contested elections, if a director fails to win a majority of affirmative votes for his or her election, the director must tender his or her resignation from the Board promptly after the certification of the stockholder vote. The Board will decide within 90 days of that certification, through a process managed by the Nominating and Corporate Governance Committee and excluding the nominee in question, whether to accept the resignation. The Board's explanation of its decision will be promptly disclosed in a filing with the Securities and Exchange Commission (the SEC).

Each of the nominees has consented to be named as a nominee. If any of them should become unavailable to serve as a director (which is not now expected), the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board.

The names of the nominees and Class II and Class III directors, along with their present positions, their principal occupations during the past five years, directorships held with other corporations, their ages and the year first elected as a director, are set forth below.

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Name	Present positions and offices with the Company, principal occupations during the past five years and other directorships	Age	Year first elected director
NOMINEES FOR DIRECTORS CLASS I DIRECTORS TERM EXPIRING 2011			
Richard A. Goldstein	Retired since May 2006; Chairman and Chief Executive Officer of International Flavors & Fragrances Inc. from June 2000. Also a director of Interpublic Group and Fiduciary Trust Company International.	66	2006
Pierre E. Leroy	Retired since 2005; President, Worldwide Construction & Forestry Division and Worldwide Parts Division of Deere & Company from December 2003 to 2005; President, Worldwide Construction & Forestry Division and John Deere Power Systems from 2000 to December 2003. Also a director of ACCO Brands Corporation, Capital One Financial Corporation and Rocore Group.	59	2003
A.D. David Mackay	Chief Executive Officer of Kellogg Company since December 2006; President and Chief Operating Officer from September 2003 to December 2006; Executive Vice President of Kellogg Company prior thereto. Also a director of Kellogg Company.	52	2006

The Board of Directors recommends that you vote FOR election of each nominee.

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Name	Present positions and offices with the Company, principal occupations during the past five years	Age	Year first elected director
	and other directorships CLASS II DIRECTORS TERM EXPIRING 2009		
Bruce A. Carbonari	President and Chief Executive Officer of Fortune Brands, Inc. since January 2008; President and Chief Operating Officer from January 2007 to January 2008; Chairman and Chief Executive Officer of Fortune Brands Home & Hardware LLC from August 2005 to January 2007. Also a director of RPM International, Inc.	52	2007
Ann F. Hackett	Founder and President of Horizon Consulting Group since 1999. Also a director of Capital One Financial Corporation.	54	2007
David M. Thomas	Retired since March 2006; Executive Chairman of the Board of IMS Health Incorporated from January 2005 through March 2006; Chairman of the Board and Chief Executive Officer from November 2000 until January 2005. Also a director of Interpublic Group and a member of the Fidelity Investments Board of Independent Trustees.	58	2000

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Name	Present positions and offices with the Company, principal occupations during the past five years and other directorships	Age	Year first elected director
CLASS III DIRECTORS TERM EXPIRING 2010			
Anne M. Tatlock	Retired since December 2006; Chairman and Chief Executive Officer of Fiduciary Trust Company International from 2000 to 2006. Vice Chairman of Franklin Resources, Inc. from April 2001 to January 2007. Also a director of Franklin Resources, Inc. and Merck & Co., Inc.	68	1996
Norman H. Wesley	Chairman of the Board of Fortune Brands, Inc. since January 2008; Chairman and Chief Executive Officer from December 1999 to December 2007. Also a director of RR Donnelley & Sons Company, Pactiv Corporation and ACCO Brands Corporation.	58	1999
Peter M. Wilson	Retired since March 2004; Chairman of Gallaher Group Plc prior thereto. Also a director of Kesa Electricals plc.	66	1994
CLASS II DIRECTOR RETIRING AFTER 2008 ANNUAL MEETING			
Patricia O. Ewers	Retired since July 2000; President of Pace University prior thereto. Also a director of ACCO Brands Corporation.	72	1991

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CORPORATE GOVERNANCE

Corporate Governance Principles

The Board has adopted Corporate Governance Principles, which are available at www.fortunebrands.com/about/policies.cfm. The Principles describe our corporate governance practices and address corporate governance issues such as Board composition and responsibilities, compensation of directors and executive succession planning.

Director Independence

The Company's Corporate Governance Principles provide that a majority of the members of the Board, and each member of the Audit, Compensation and Stock Option and Nominating and Corporate Governance Committees, must meet certain criteria for independence. Based on the New York Stock Exchange independence requirements, the Corporate Governance Principles set forth certain guidelines to assist the Board in its determination of director independence.

During 2007, all of the non-employee members of the Board (that is, Messrs. Goldstein, Leroy, Lohman, Mackay, Renna, Thomas and Wilson, Mrs. Hackett, Mrs. Tatlock and Dr. Ewers) were affirmatively determined by the Board to be independent, as defined in the New York Stock Exchange Listed Company Manual and the Company's Corporate Governance Principles. All of the current non-employee members of the Board (that is, Messrs. Goldstein, Leroy, Mackay, Thomas and Wilson, Mrs. Hackett, Mrs. Tatlock and Dr. Ewers) have been affirmatively determined by the Board to be independent pursuant to the same rules and guidelines. When determining each director's independence, the Board considered charitable contributions made by the Company to organizations with which each director is affiliated. All such charitable relationships were deemed immaterial.

Also, none of the non-employee directors has any relationship with the Company other than being a director and stockholder, or participated in any transaction or arrangement that interferes with each director's independence.

Policies with Respect to Transactions with Related Persons

The Nominating and Corporate Governance Committee and the Board have adopted a Code of Business Conduct and Ethics which sets forth various policies and procedures intended to promote the ethical behavior of all of the Company's employees, officers and directors. The Code of Business Conduct and Ethics describes the Company's policy on conflicts of interest. The Board has also established a Compliance Committee which is responsible for monitoring compliance with the Code of Conduct. The Compliance Committee periodically reports on the Company's compliance efforts to the Audit Committee and to the Board.

The Board has also established a Conflicts of Interest Committee which distributes a Conflicts of Interest Policy to all of the Company's employees, officers and directors. The Conflicts of Interest Policy describes the types of relationships that may constitute a conflict of interest with the Company. All employees, officers and directors are required to periodically complete a

questionnaire about potential conflicts of interest and certify compliance with the Company's policy. The Conflicts of Interest Committee reviews potential conflicts of interest and reports its findings to the Audit Committee.

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The executive officers and the Board are also required to complete a questionnaire on an annual basis which requires them to disclose any related person transactions and potential conflicts of interest. The General Counsel reviews the responses to the questionnaires and if a transaction is reported by an independent director or executive officer, the questionnaire is submitted to the Chairperson of the Audit Committee for review. If necessary, the Audit Committee will determine whether the relationship is material and will have any effect on the director's independence. After making such determination, the Audit Committee will report its recommendation on whether the transaction should be approved or ratified by the entire Board.

Certain Relationships and Related Transactions

During 2007, the Company did not participate in any transactions in which any of the director nominees, Class II and III directors, executive officers, nor any of their immediate family members, had a material direct or indirect interest. In addition, none of director nominees, Class II and III directors, executive officers nor any of their immediate family members is or has been indebted to the Company.

Goldman Sachs is one of four dealers under the Company's commercial paper program. In 2007, the Company paid Goldman \$197,558 for their services related to this program. During 2007, Goldman Sachs became a beneficial owner of more than 5% of the Company's stock. The Company did not participate in any transactions with any other beneficial owner of more than 5% of the Company's common stock.

Director Nomination Process

The Nominating and Corporate Governance Committee (the Nominating Committee) is responsible for, among other things, screening potential director candidates and recommending qualified candidates to the Board for nomination.

The Nominating Committee, when identifying and evaluating candidates, first determines whether there are any evolving needs of the Board that require an expert in a particular field. The Nominating Committee may retain a third-party search firm to assist the Committee in locating qualified candidates that meet the needs of the Board at that time. The firm provides information on a number of candidates, which the Nominating Committee discusses. The Nominating Committee chair and some or all of the members of the Nominating Committee, as well as the Lead Director (see page 12 of this Proxy Statement for description of the Lead Director's duties) and the Chief Executive Officer, will interview potential candidates that are deemed appropriate. If the Nominating Committee determines that a potential candidate meets the needs of the Board, has the qualifications, and meets the independence standards required by the New York Stock Exchange as set forth in the Company's Corporate Governance Principles, it will vote to recommend to the Board the nomination of the candidate.

The Nominating Committee believes that it is necessary for the Company's directors to possess many qualities and skills. When searching for new candidates, the Nominating Committee considers the evolving needs of the Board and searches for candidates that fill any current or future gap. The Nominating Committee believes that all directors must possess a considerable amount of business management and educational experience as well as meet the independence standards established in the Company's Corporate Governance Principles. In addition, the Nominating Committee considers issues of judgment, diversity, background, stature, conflicts of interest, integrity, ethics and commitment to the goal of maximizing stockholder value. In considering candidates for the Board, the Nominating Committee considers the entirety of each candidate's credentials in the context of these standards. With respect to the nomination of continuing directors for re-election, the individual's contributions to the Board are also considered.

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It is the Nominating Committee's policy to consider director candidates recommended by stockholders, if properly submitted to the Company. Stockholders wishing to recommend persons for consideration by the Nominating Committee as nominees for election to the Board can do so by writing to the Secretary of Fortune Brands, Inc. at 520 Lake Cook Road, Deerfield, Illinois 60015. Recommendations must include the proposed nominee's name, biographical data and qualifications, as well as a written statement from the proposed nominee consenting to be named and, if nominated and elected, to serve as a director. Our Restated Certificate of Incorporation also contains a procedure for direct nomination of directors by stockholders (see pages 50 and 51 of this Proxy Statement). The Nominating Committee will consider the candidate and the candidate's qualifications in the same manner in which it evaluates nominees identified by the Nominating Committee. The Nominating Committee may contact the stockholder making the nomination to discuss the qualifications of the candidate and the stockholder's reasons for making the nomination. The Nominating Committee may then interview the candidate if it deems the candidate to be appropriate. The Nominating Committee may use the services of a third-party search firm to provide additional information about the candidate prior to making a recommendation to the Board.

The Nominating Committee's nomination process is designed to ensure that the Nominating Committee fulfills its responsibility to recommend candidates that are properly qualified to serve the Company for the benefit of all of its stockholders, consistent with the standards established by the Nominating Committee under the Company's Corporate Governance Principles.

Communication with the Board

The Board and management encourage communication from the Company's stockholders. Stockholders who wish to communicate with the Company's management should direct their communication to the Chairman, the President and Chief Executive Officer or the Secretary, 520 Lake Cook Road, Deerfield, Illinois 60015. Stockholders, or other interested parties, who wish to communicate with the non-management directors or any individual director should direct their communication c/o the Secretary at the address above. The Secretary will forward communications intended for the Board to the Lead Director, or, if intended for an individual director, to that director. If multiple communications are received on a similar topic, the Secretary may, in his discretion, forward only representative correspondence. Any communications that are abusive, in bad taste or present safety or security concerns may be handled differently.

Lead Director

The Board, after considering the recommendation of the Nominating Committee, selected David M. Thomas, an independent director who serves as Chairman of the Audit Committee, to serve as the Lead Director for all meetings of the non-management directors held in executive session. The Lead Director has the responsibility of presiding at all executive sessions of the Board, consulting with management on Board and committee meeting agendas, as well as additional responsibilities that are more fully described in the Company's Corporate Governance Principles.

Executive Sessions

Pursuant to the Company's Corporate Governance Principles, non-management directors of the Board are required to meet on a regularly scheduled basis without the presence of management. The Lead Director chairs these sessions.

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Meeting Attendance

Last year there were six meetings of the Board. Each director attended at least 75% of the total meetings of the Board and committees of the Board of which the director was a member. In addition to participation at Board and committee meetings, our directors discharge their responsibilities throughout the year through personal meetings and other communications, including considerable telephone contact with the Chairman, the President and Chief Executive Officer and others regarding matters of interest and concern to the Company.

The Company does not have a formal policy requiring members of the Board to attend the Annual Meeting, although all directors are strongly encouraged to attend. Eight of the ten directors were present at the 2007 Annual Meeting of Stockholders.

Board Committees

The Board has established an Executive Committee, an Audit Committee, a Compensation and Stock Option Committee, a Nominating and Corporate Governance Committee and a Corporate Responsibility Committee. The Audit, Compensation and Stock Option, and Nominating and Corporate Governance Committees are composed entirely of independent directors, as defined under the New York Stock Exchange Listed Company Manual and the Company's Corporate Governance Principles. The charters of each committee are available on the Company's website at

www.fortunebrands.com/about/board.cfm.

A list of current Committee memberships may be found on the Company's website at www.fortunebrands.com/about/board.cfm. The Committee memberships as of the date of the Proxy Statement are set forth below:

Name	Audit	Compensation and Stock Option	Corporate Responsibility	Executive	Nominating and Corporate Governance
Bruce A. Carbonari				X	
Patricia O. Ewers		X	C		
Richard A. Goldstein		X	X		
Ann F. Hackett		X			X
Clarkson C. Hine*			X		
Pierre E. Leroy	X				C
A. D. David Mackay	X				X
Anne M. Tatlock	X	C		X	
David M. Thomas	C			X	X
Norman H. Wesley			X	C	
Peter M. Wilson		X	X	X	

* Mr. Hine serves as Vice President - Corporate Communications of the Company. He is not a director of the Company.

An X indicates membership on the committee.

A C indicates that the director serves as the chair of the committee.

Audit Committee

The Audit Committee held seven meetings in 2007. The Audit Committee also held four teleconferences to review and discuss earnings announcements. The Audit Committee's primary functions are to:

Retain, subject to stockholder ratification, a firm of independent auditors to audit our financial statements and approve the scope of the firm's audit;

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Review reports and recommendations of our independent auditors;

Review the scope of all internal audits and related reports and recommendations;

Pre-approve all audit and non-audit services provided by our independent auditors;

Monitor the integrity of the Company's financial statements;

Monitor compliance with financial reporting requirements;

Monitor the independence and performance of our independent auditors and the performance of our internal auditors;

Discuss the Company's financial statements and its quarterly and annual reports to be filed with the SEC;

Review the Company's policies regarding risk assessment and risk management;

Review the Company's compliance programs;

Review and approve related person transactions and conflicts of interest involving directors, executive officers and first-tier operating company chief executive officers; and

Establish procedures for receiving and responding to concerns regarding accounting and auditing matters.

Each member of the Audit Committee, as of the date of this Proxy Statement (Messrs. Leroy, Mackay and Thomas and Mrs. Tatlock), is financially literate, has accounting or financial management expertise and is an audit committee financial expert as defined in Item 407(d)(5)(ii) and (iii) of Regulation S-K under the Securities Exchange Act of 1934 (the Exchange Act). Each Audit Committee member has also been determined by our Board to be independent as such term is defined in Item 407(a) of Regulation S-K under the Exchange Act, Rule 10a-3 under the Exchange Act, the New York Stock Exchange Listed Company Manual and the Company's Corporate Governance Principles.

Corporate Responsibility Committee

The Corporate Responsibility Committee held three meetings in 2007. The Corporate Responsibility Committee's primary functions are to review and recommend to the Board policies on the Company's responsibilities to its employees and the community, such as employee safety, diversity and equal opportunity, philanthropic activities and the effect of Company operations on the environment.

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Compensation and Stock Option Committee

The Compensation and Stock Option Committee (the Compensation Committee) held five meetings in 2007. The Compensation Committee's primary functions are to:

Administer our Long-Term Incentive Plans;

Designate key employees who may be granted stock options, performance awards and other stock-based awards;

Designate the number of shares that may be granted to a key employee, within specified limits;

Review and approve compensation and goals for the Chief Executive Officer and evaluate his or her performance, in consultation with the Company's independent directors;

Set compensation for our officers who hold the office of Vice President or a more senior office and recommend compensation levels for the chief executive officers of our operating subsidiaries;