

FORTUNE BRANDS !  

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HOW WE SUCCEED !

TODAY & TOMORROW



# OUTPER

In both good economic times and bad, we're committed to the same goal in the marketplace: **outperforming** our categories, our competition and our own high standards.



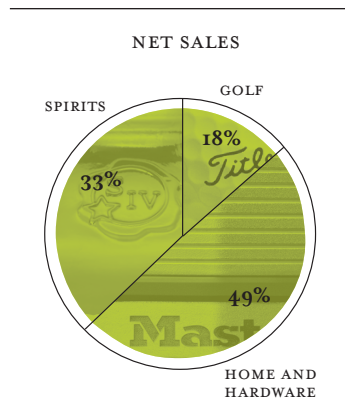
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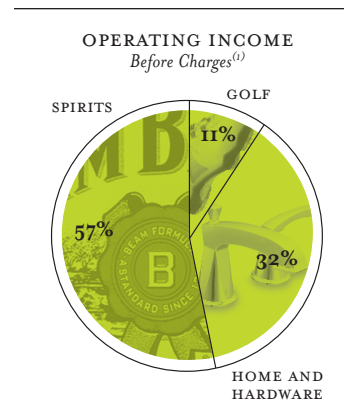
We strive to achieve this goal with a strategy focused on several important initiatives: **leading** by building powerful brands in consumer categories with strong long-term fundamentals; **innovating** to bring new products to market that excite consumers; **expanding** into adjacent product categories and untapped international markets to fuel new growth; **optimizing** supply chains to contain costs and promote efficiency; and **committing** to corporate responsibility, because protecting the environment, promoting responsible use of our products, and supporting our communities is the right way to do business. We're seizing opportunities in all these areas to outperform in the current climate and emerge from the global economic crisis an even stronger company.

Supported by our commitment to outperforming, we're sharply focused on long-term growth, returns and a solid balance sheet...because we recognize the ultimate measure of our success is creating value for our shareholders.

We invite you to learn more about How We Succeed...in these challenging times and the better days to come.




Jim Beam, Maker's Mark, Titleist, Moen and Master Lock are among the category-leading brands that drive our success in the marketplace.



Nearly 60% of our operating income before charges now comes from the relatively stable distilled spirits segment.

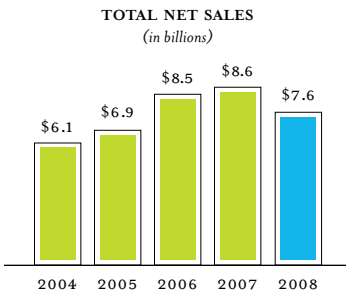
<sup>(1)</sup> See page 19 for reconciliation of non-GAAP measures

A photograph of four men in business suits standing on a modern office balcony. The balcony has a glass railing and a white marble wall. Large windows in the background show a view of trees. The men are standing in a line, smiling at the camera. The man on the far left is leaning on the railing.

*(from left to right) Bruce Carbonari,  
chairman and chief executive officer;  
Craig Omtvedt, chief financial officer;  
Chris Klein, senior vice president;  
Mark Roche, general counsel*

In 2008, we took actions to succeed in this challenging environment, to return to strong growth when the economy recovers, and to emerge from the downturn an even stronger company.

Dear fellow shareowners: 2008 was clearly a challenging year for Fortune Brands. As the steep recession in the U.S. accelerated, the U.S. housing correction intensified, and the global credit crisis took hold, consumers pulled back on discretionary purchases in many product categories. Additionally, a tax increase on certain spirits products in Australia also hurt results for our largest spirits brand.



- Net sales for Fortune Brands were \$7.6 billion, lower by 11%, partly reflecting a 17% decline in sales of home products.
- Diluted earnings per share of \$1.03 were adversely impacted by one-time items totaling \$2.72 per diluted share. The largest charge was a write-down of goodwill and intangibles principally related to the impact of the U.S housing correction and economic recession.
- Excluding one-time items, diluted earnings per share were \$3.75, down 26%.<sup>(2)</sup>
- The company returned approximately \$540 million to shareholders through dividend payments and share buybacks.
- We generated \$430 million in free cash flow after dividends and net capital expenditures.<sup>(3)</sup>
- We closed 2008 with a solid balance sheet.
- In the worst year for stocks since 1931, our shares weren't spared. An investment in Fortune Brands, including dividends, declined in value by 41%.

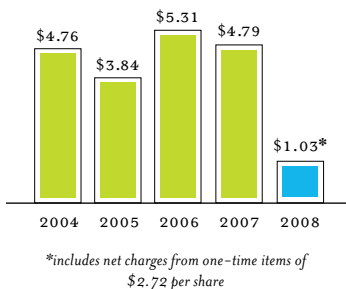
<sup>(2),(3)</sup> See pages 18 and 19 for reconciliations

While we recognize that we can't control the economic landscape or the health of our markets, we can control how we compete. In 2008, we took actions to succeed in this challenging environment, to return to strong growth when the economy recovers, and to emerge from the downturn an even stronger company.

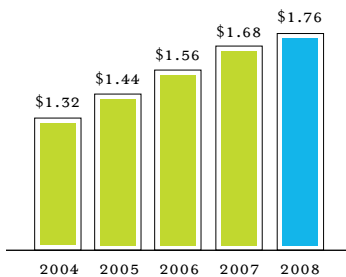
Specifically, we're focused on these simple priorities:

- Leading our categories by outperforming our markets.
- Innovating to support growth and category leadership.
- Expanding into new markets to enhance our results and growth prospects.
- Optimizing global supply chains to be lean, flexible and responsive.

**EARNINGS PER SHARE**  
(diluted, continuing operations)



**DIVIDEND RATE**  
(indicated annual rate)



#### HOW WE SUCCEED IN SPIRITS

While no business category is recession-proof, the distilled spirits category historically has been recession-resistant. In this relatively stable category, we've built our spirits business into the world's fourth largest premium spirits business, the second largest in the U.S., and a significant generator of cash flow. Nearly 60% of our operating income before charges now comes from this highly profitable category.

2008 emerged as a transition year in our spirits business as we made significant progress to better position this business for long-term growth and to more broadly outperform the market.

Results in spirits were impacted by three primary factors: costs associated with our initiatives to simplify and gain greater control over our sales and distribution routes to market; a transition to lower distributor inventory levels in the U.S. that will create valuable efficiencies and enhance our competitive position; and in Australia – the world's #2 bourbon market – a significant excise tax hike that increased consumer prices by 25% for high-margin ready-to-drink spirits products that are a big business for our Jim Beam brand. Largely reflecting these factors, our spirits sales were lower by 5% and operating income before charges was down 12%.<sup>(1)</sup> Our brands performed better in the marketplace than these numbers indicate. Maker's Mark, Courvoisier, Knob Creek, Teacher's and Laphroaig were among brands that delivered strong sales growth in constant currency, and our brands drove broad-based share gains across several key international markets.

Much of our repositioning began when the auction for V&S Group, the Swedish owner of ABSOLUT vodka, ended. Despite our interest in acquiring ABSOLUT, a longtime distribution partner, we maintained financial discipline and ABSOLUT went to a competitor, Pernod Ricard. We were pleased that we efficiently unwound our spirits partnership with V&S Group on very favorable terms: we repurchased at an attractive valuation the minority interest they held in our spirits business, so we now receive the full financial benefit of our highest return business; we received a \$230 million pre-tax payment from Pernod Ricard to accelerate the end of our U.S. distribution joint venture with the V&S brands; and we negotiated V&S's early departure from the four-partner Maxxium international distribution joint venture.

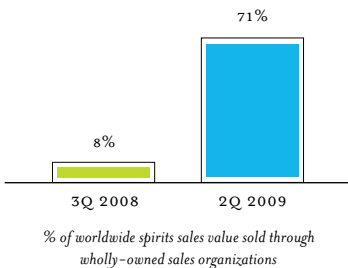
<sup>(1)</sup> See page 19 for reconciliation

These moves cleared the way to build our next-generation sales and distribution platform in the U.S. and around the world. The benefits of our initiatives are significant: simpler and more direct routes to market, sales teams that bring us closer to customers and consumers, and greater control over our sales and distribution. In October, we transitioned the U.S. joint venture sales force into a wholly-owned organization focused solely on our portfolio of brands. This gives us more feet on the street in our largest market that are focused on nothing but our brands and the best growth opportunities for us.

Internationally, we'll activate our new international sales organization in April 2009, which will reduce our number of international distribution partners from three to just one. To succeed the Maxxium international joint venture, we've established in 24 key international markets an alliance with The Edrington Group, one of our original Maxxium partners. This new venture is a collection of sales organizations that we will 100% own in certain markets, that Edrington will own in certain markets, and that we will co-own in other countries. In large part, these organizations comprise the former Maxxium sales forces that established a strong record of successful brand building for the partners.

As a result of our combined U.S. and international route-to-market initiatives, more than 70% of our spirits sales value will be distributed through sales organizations that we entirely own. That's up from less than 10% of sales value when we began our route-to-market initiatives in 2008.

**GAINING GREATER CONTROL OVER SPIRITS DISTRIBUTION**



We've also concentrated on bringing to life our spirits business's vision of "building brands people want to talk about," which is focused on building brand equity and creating consumer pull to drive profitable growth that outperforms our categories. To support this initiative, we enhanced our consumer insights and marketing teams, implemented new processes to help us develop the most impactful brand-building programs, and revamped our new-product development program to create innovative products targeted at the most attractive market opportunities.

We also seized an opportunity to establish a premium position in one of the most attractive spirits categories. The acquisition of the growing Cruzan rum brand gives us an excellent premium position in one of the industry's hottest segments.

Taken together, the moves we made in 2008 enable our highly profitable spirits business to look to the future with more clarity, a simpler sales structure, and enhanced prospects for strong long-term growth.

**HOW WE SUCCEED IN HOME PRODUCTS**

As the year unfolded, the U.S. housing correction intensified, consumers deferred big-ticket home renovations and remodeling projects, and homebuilders constructed far fewer new homes. Existing home sales – which influence replace-and-remodel activity, the largest segment of the home products market – reached their lowest level in the U.S. since 1997. Construction of new single-family homes fell by more than 50% from the total built just two years before.

Despite all this bad news, our objective remains to outperform our markets, no matter how challenged they may be. In this difficult environment, we're encouraged that our home products business has outperformed the market over the course of the downturn, including in 2008. Our home products sales were down 17%, and operating income before charges declined 42%<sup>(1)</sup>, reflecting the margin impact of lower volumes spread across our cost base.

To win in the home products marketplace, we continued to focus on targeted development of new products in our most attractive categories, delivering superior customer service with industry-leading lead times, extending brands into adjacent product categories, and expanding internationally. For example, Master Lock sales were higher in 2008 due to expansion into adjacent security categories and growth in international markets. And while sales of cabinetry, doors and windows were down at a double-digit rate, Moen limited its sales declines to a single-digit rate with successful new products and growth in international markets. Moen, our largest single brand, has a strong business in China, Canada and Latin America, and also laid the groundwork for expansion into India.

As you would expect, in this environment we also aggressively focused on cost reductions, supply-chain initiatives, and exiting low-return product lines. This has included difficult decisions to reduce our home products workforce and close additional facilities to align capacity with challenging marketplace conditions. Over the course of the downturn, we've reduced the number of facilities in our home products business by 35%.

We believe the supply-chain actions we're taking do two things: they appropriately align our costs with current conditions, and they also maintain our flexibility to scale up when the home products category begins to improve.

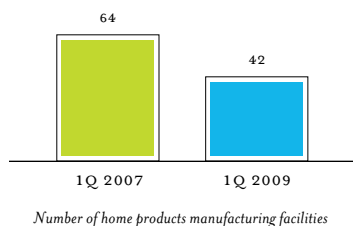
#### HOW WE SUCCEED IN GOLF

In golf, we remain focused on two key initiatives important to extending our industry leadership: product innovation and international growth.

These initiatives helped our golf business deliver its second best sales year on record. While the U.S. and European markets were soft, reflecting fewer rounds of golf played and reduced discretionary spending, markets across Asia continued to provide excellent growth opportunities. Our golf sales were lower by 3%, as sales declines in the U.S. were partly offset by international growth. Impacted by brand-building investments, higher commodities costs and lower volumes, golf operating income was down 24%.

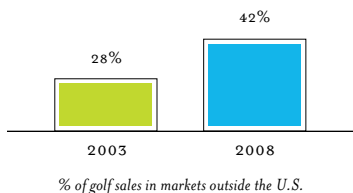
Our sustained commitment to product innovation remains central to building our brands in golf. As a result, we developed and launched advanced-technology offerings across product categories, including the next-generation Titleist Pro V1 golf ball, FootJoy's strongest lineup ever, and new clubs from Titleist and Cobra that topped *Golf Digest's* 2009 "Hot List" with the most Gold ratings of any manufacturer.

#### REDUCING COST STRUCTURES & CAPACITY IN HOME PRODUCTS



Number of home products manufacturing facilities

#### SEIZING INTERNATIONAL GROWTH OPPORTUNITIES IN GOLF



% of golf sales in markets outside the U.S.

<sup>(1)</sup> See page 19 for reconciliation



Sales for our golf brands outside the U.S. reached 42% of our total golf sales in 2008, an all-time high in our golf business. That reflects growing enthusiasm for golf in certain Asian markets, as well as our strategic investments in international markets where our brands have significant upside potential. By seizing growth opportunities in markets such as Korea, China and Japan, our golf sales outside the U.S. grew at a high-single-digit rate.

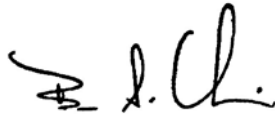
#### HOW WE'LL SUCCEED IN THE FUTURE

Despite these uncertain times, we remain confident in Fortune Brands' ability to succeed, today and tomorrow. We'll continue to face challenges in 2009 — indeed, we're planning for the global economy to get worse before it gets better. Even so, we feel good about the things we're doing to outperform in the current environment, and to accelerate growth when economic conditions improve. We entered 2009 in a solid financial position with a sharp strategic focus and a sturdy foundation of enduring and powerful consumer brands.

Our confidence in the future is underpinned by the sound long-term fundamentals of the categories in which we compete. The spirits category historically has been relatively stable, the legal-purchase-age population continues to grow, spirits remain an affordable luxury, and the appeal of western-style spirits in emerging markets continues to expand. The prospects for the home products market are supported by favorable long-term demographic trends, including rising household formations and the aging of the housing stock. And golf benefits from the propensity of Baby Boomers to play more golf when they retire, as well as the growing popularity of the game in Asia.

Importantly, behind our portfolio of great brands is a team of more than 25,000 best-in-class people who are resilient, passionate, and committed to delivering results. Together, the people of Fortune Brands remain focused on the same measures of success: we aim to outperform, to earn your continued confidence, and to emerge from the downturn an even stronger company.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Carbonari". The signature is fluid and cursive, with a large initial "B" and "C".

Bruce Carbonari  
*Chairman & Chief Executive Officer*  
*Fortune Brands, Inc.*

February 27, 2009



*With leading positions in the kitchen and bath, windows and doors, and security categories, our home products business competes in the most attractive parts of the industry.*

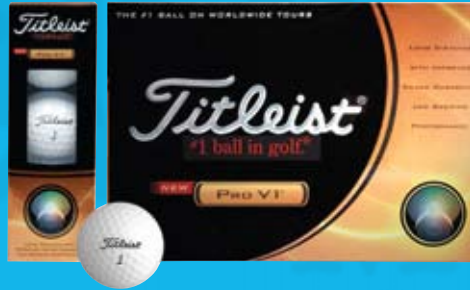


Fortune Brands is built on a foundation of leading consumer brands in categories with excellent long-term fundamentals. These are enduring brands that consumers have trusted for decades...and even centuries...through every imaginable economic condition. After all, Jim Beam has been around since 1795, Courvoisier dates to 1843, Sauza started in 1873, Master Lock began in 1921 and Titleist launched in 1932. We saw the challenging times of 2008 as an excellent opportunity to gain competitive advantage and win profitable market share. Through development of new products, new markets and expanded customer relationships, we continually invest to build our brands – to drive even greater consumer demand today and tomorrow.

*Our spirits unit is the fourth largest premium spirits business in the world, and the second largest in the key U.S. market.*

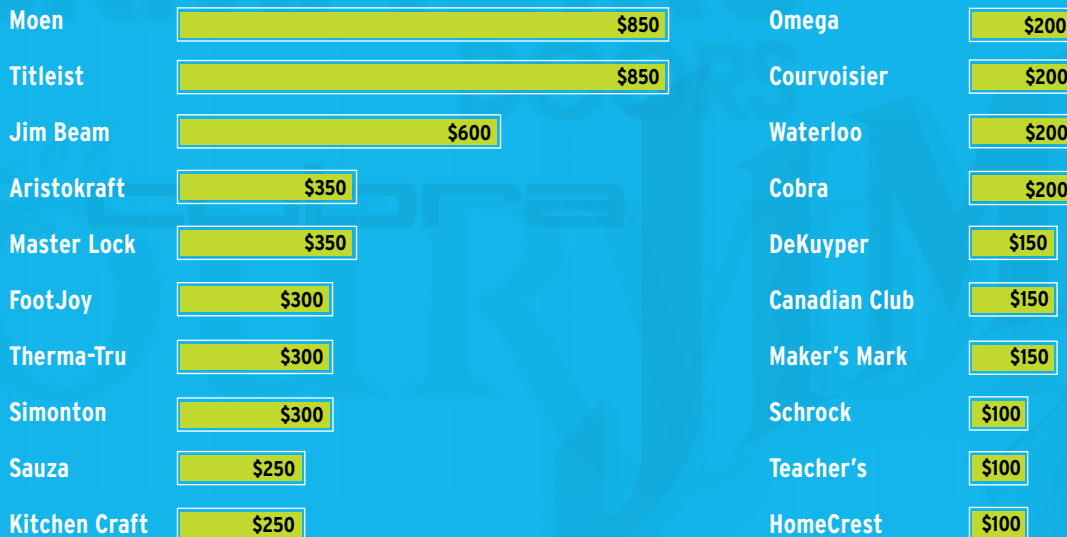


# Canadian Club



Powered by the Titleist, FootJoy and Cobra brands, we're the world's #1 golf company. !

**TOP SELLING BRANDS** 20 brands drive more than \$100 million in annual sales.  
(2008 net sales in millions — rounded to the nearest \$50 million)



## LEADING MARKET POSITIONS

Building our brands is our best investment.  
90% of our sales come from #1 or #2 market positions.

- Faucet brand in North America **#1**
- Bourbon worldwide
- Golf balls worldwide
- Residential entry door brand in the U.S.
- Padlocks worldwide
- Golf shoes worldwide
- Golf gloves worldwide
- Cordials line in the U.S.
- Tool storage manufacturer in the U.S.
- Cognac in the U.K.
- Islay single-malt whisky worldwide
- Golf outerwear in the U.S.

- Kitchen and bath cabinetry in North America **#2**
- Tequila worldwide
- Canadian whisky worldwide

Driven by a vision to "build brands people want to talk about," we're developing brand-building campaigns in our spirits business designed to create buzz in the marketplace, enhance brand equity to support higher pricing, and drive consumer pull.

Proud supporter of  
the cocktail party.



*Our spirits business is helping fuel the resurgence of rye whiskey with the new super-premium (rī)1, which Gourmet magazine calls “great for sipping and amazing in a Manhattan.” And at a time when consumers are going out less, we developed DeKuyper Burst Bar Shots to help consumers create new occasions at home.*



By developing industry-leading new products, we create value for consumers and bring excitement to the marketplace — critical factors especially during challenging economic times. Our people are passionate about innovation, and our culture encourages the kind of entrepreneurial spirit that unleashes uncommon creativity. Innovation is one of our highest return investments — in fact, 20% of our 2008 sales came from products introduced in just the past three years. From the Titleist Pro V1 golf ball to the new FootJoy SYNR-G golf shoe, from DeKuyper Burst Bar Shots to the new (rī)1 whiskey, from the revolutionary new Moen Duralast faucet cartridge to the expansion of Master Lock’s successful Magnum padlock line, we’re building and extending leadership in our markets.

# INNOVATING



*To create its Inspire line of showerheads, Moen’s innovation team relied on nature-inspired design, or biomimicry. The result: a showerhead that aesthetically inspires... and performs by providing full-body coverage.*

*Powered by next-generation innovations such as the new 909 drivers and AP1 and AP2 irons for Titleist golf clubs soared in 2008 at a double-digit rate in a challenging market.*



A photograph of two men on a golf course. On the left, an older man in a white polo shirt, dark vest, and white cap with a logo stands watching. On the right, a younger man in a yellow and white striped polo shirt, dark pants, and white cap is captured mid-swing with a golf club. The background is filled with tall, leafy trees under a bright sky. In the bottom right corner, two black Titleist golf bags are visible.

*Under the watchful eye of coach Butch Harmon, PGA Tour winner Nick Watney tests new Titleist irons and Pro V1 golf balls at the Titleist Performance Institute in Oceanside, California.*

The feedback of the world's best players is instrumental in our development of the game's best products.

*All three of our businesses are expanding in Asia, where consumer demand has been growing for faucets, golf and global spirits brands. Our Asia-based teams — including Raymond Chiu (golf), Sarah Liang (spirits) and Michael Hui (Moen) — are helping us outperform in these markets and enhance our results.*



Our strategic investments are paying off in international markets where our brands have significant upside potential.



42%

*International markets now represent more than 40% of our golf sales. That includes key Asian markets...led by Korea and Japan, as well as China. Taken together, we drove double-digit growth in these markets in 2008.*

In both challenging and favorable times, companies can't wait for growth to come to them. That's why we aggressively pursue high-return internal growth opportunities to add to our results.

In addition to innovation, that includes extending brands into adjacent product categories such as commercial products for Moen, electronic and commercial security for Master Lock, and performance outerwear for FootJoy. It also means expanding into international markets where our brands have significant room to grow.

# EXPANDING

*About half of our spirits sales come from international markets...and we're also continuing to invest in the combinations of brands and markets that offer the best prospects for profitable long-term growth. That includes investments to expand key brands in Brazil, Russia, India and China — all markets with very promising long-term growth potential.*



48%

*We supplement internal growth with selective high-return add-on acquisitions. In 2008, we expanded our spirits portfolio with the acquisition of Cruzan rum, a growing premium brand that gives us an excellent position in one of the most attractive spirits categories.*



*Bottling high-volume premium spirits brands in local markets – including Australia, India and Brazil – drives valuable operating efficiencies and enables us to be more responsive to consumers and trade customers.*



Strong companies are built on more than just strong brands. We support our brands with great people and cost-effective operations that enable us to produce quality products and deliver superior customer service. Across Fortune Brands, we focus on optimizing lean, efficient and flexible supply chains that help us improve inventory management and customer responsiveness. During the economic downturn, we've made significant cost reductions while also positioning our supply chains for the future. In our home products business, for example, we're building flexible, scalable supply chains and competencies that we believe give us a competitive edge...and that will enable us to ramp up production when the recovery comes.

**SimontonTime**



*To support growing demand outside the U.S., we're planning a new golf ball production plant in Asia. Once complete, the new plant will bring production closer to customers and complement our existing U.S. production facilities.*

*Simonton Windows already delivers the industry's best lead times...and with our new SimontOnTime system, Simonton is optimizing its supply chain to provide customers with defined lead times for nearly every product they order.*





*In our spirits business, we've exited a U.S. joint venture partnership and established a dedicated sales organization focused solely on our portfolio of brands. This simplifies our sales and distribution, while enabling our sales teams — including Mike O'Leary, Jabari DeRon, Sr., Jessica Davidow, Elizabeth Slaughter and Jackie Gramer — to better collaborate with our marketing teams and provide better service to our customers.*

Our new company-owned U.S. spirits sales organization simplifies our distribution and brings us closer to our customers.

Giving back to our communities is inspired by the passion of our people.



*Through our longtime partnership with The Storehouse of World Vision, we're helping create better homes for low-income families. Associates such as Jamie Ankenbauer (MasterBrand Cabinets) and Judy Rogers (Moen) team up with Chicago Storehouse general manager Michael Smart to put surplus products to good use in our communities. Over the past five years, the value of our donations to The Storehouse of Moen faucets, MasterBrand cabinets, Thermo-Tru doors and Master Lock security products has exceeded \$6 million.*

*Our Maker's Mark distillery is the industry's first to implement state-of-the-art waste-to-energy technology that converts stillage byproducts into clean water, high-quality animal feed and biogas that is reducing natural gas consumption.*



We take seriously our commitment to setting high standards in corporate responsibility. We're a leader in promoting responsible consumption of our spirits products...and we back up that commitment with the industry's strictest standards limiting exposure of advertising to young people, a rigorous Marketing Code of Practice, and the international expansion of our Drink Smart program. To protect the environment and conserve natural resources, we're using new technologies to reduce emissions and promote energy efficiency in every corner of our business. And the advanced materials in our Energy Star rated window and door products deliver superior performance...and conserve energy for consumers.



*Reflecting our commitment to eliminating drunk driving, we're leading the industry in support of DWI courts that judges credit with saving lives. In partnership with the National Center for DWI Courts, Jim Beam NASCAR driver Robby Gordon builds awareness for this innovative program that's working in 30 U.S. states.*

*Moen led the market with the most extensive introduction of lavatory faucets meeting the water-conservation standards of the U.S. Environmental Protection Agency's WaterSense program.*



## Financial Highlights

Fortune Brands, Inc. and Subsidiaries

(in millions, except per share amounts)	2008	2007	% change	2006
<b>Net Sales</b>				
Spirits	\$2,480.9	\$2,606.8		\$2,513.4
Home and Hardware	3,759.1	4,550.9		4,694.2
Golf	1,368.9	1,405.4		1,313.4
	\$7,608.9	\$8,563.1	(11.1)	\$8,521.0
<b>Operating Income</b>				
Spirits	\$ 543.7	\$ 766.7		\$ 660.6
Home and Hardware	(465.6)	503.0		695.4
Golf	125.3	165.5		166.0
Less: Corporate expenses	57.8	58.9		74.1
	\$ 145.6	\$ 1,376.3	(89.4)	\$1,447.9
Net income	\$ 311.1	\$ 762.6	(59.2)	\$ 830.1
Earnings per common share				
Basic	\$ 2.05	\$ 4.98	(58.8)	\$ 5.56
Diluted	\$ 2.02	\$ 4.87	(58.5)	\$ 5.42
Net income from continuing operations				
Income from discontinued operations	152.5	13.1	(78.8)	18.0
Earnings per common share from continuing operations				
Basic	\$ 1.04	\$ 4.89	(78.7)	\$ 5.44
Diluted	\$ 1.03	\$ 4.79	(78.5)	\$ 5.31
Other Data				
Operating income	\$ 145.6	\$ 1,376.3	(89.4)	\$1,447.9
Less:				
Interest expense	237.1	293.6		308.8
Other income, net	(279.9)	(37.5)		(40.2)
Income taxes	95.6	346.3		299.3
Minority interest (income) expense	(65.8)	24.4		67.9
Free cash flow <sup>(3)</sup>	\$ 430.3	\$ 518.9		\$ 577.3
Add:				
Discontinued operations—sale of wine business	(31.0)	—		—
Capital expenditures, net	157.1	197.8		181.4
Dividends paid	261.2	248.6		224.0
Cash flow from operations	\$ 817.6	\$ 965.3		\$ 982.7
Dividends paid per common share	\$ 1.72	\$ 1.62	6.2	\$ 1.50
Actual number of common shares outstanding	150.1	153.9		151.9
Average number of common shares outstanding (diluted)	151.6	156.5		153.0

(3) Free Cash Flow is Cash Flow from Operations less net capital expenditures and dividends paid to stockholders. It additionally excludes credits and payments of taxes on the discontinued operation sale of the wine business. Free Cash Flow is a measure not derived in accordance with GAAP. Management believes that Free Cash Flow provides investors with helpful supplemental information about the company's ability to fund internal growth, make acquisitions, repay debt and repurchase common stock. This measure may be inconsistent with similar measures presented by other companies.

### CEO and CFO Certifications

In 2008, Fortune Brands' chief executive officer (CEO) provided to the New York Stock Exchange the annual CEO certification regarding Fortune Brands' compliance with the New York Stock Exchange's corporate governance listing standards. In addition, Fortune Brands' CEO and chief financial officer filed with the United States Securities and Exchange Commission all required certifications regarding the quality of Fortune Brands' public disclosure in its fiscal 2008 reports.

## Board of Directors

**Bruce A. Carbonari**  
Chairman and  
Chief Executive Officer  
Fortune Brands, Inc.

**Richard A. Goldstein**  
Former Chairman and  
Chief Executive Officer  
International Flavors and  
Fragrances Inc.

**Ann Fritz Hackett**  
Founder and President  
Horizon Consulting Group

**Pierre E. Leroy**  
Former President,  
Worldwide Construction &  
Forestry Division and  
Worldwide Parts Division  
Deere & Company

**A.D. David Mackay**  
President and  
Chief Executive Officer  
Kellogg Company

**Anne M. Tatlock**  
Former Chairman and  
Chief Executive Officer  
Fiduciary Trust Company  
International

**David M. Thomas**  
Former Executive Chairman  
IMS Health Incorporated  
(Lead Director)

**Ronald V. Waters, III**  
President and  
Chief Executive Officer  
LoJack Corporation

**Norman H. Wesley**  
Former Chairman and  
Chief Executive Officer  
Fortune Brands, Inc.

**Peter M. Wilson**  
Former Chairman  
Gallaher Group Plc

## Corporate Officers

**Bruce A. Carbonari**  
Chairman and Chief  
Executive Officer

**Craig P. Omtvedt**  
Senior Vice President and  
Chief Financial Officer

**Mark Hausberg**  
Senior Vice President -  
Finance and Treasurer

**Christopher J. Klein**  
Senior Vice President

**Patrick J. Koley**  
Senior Vice President -  
Strategy & Corporate  
Development

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

**Anthony J. Díaz**  
Vice President -  
Investor Relations

**C. Clarkson Hine**  
Vice President -  
Corporate Communications  
and Public Affairs

**Elizabeth R. Lane**  
Vice President -  
Human Resources

**Charles J. Ryan**  
Vice President - Taxes

**Allan J. Snape**  
Vice President -  
Business Development

**Matt Stanton**  
Vice President -  
Public Affairs

**Chris R. Swonger**  
Vice President -  
Government Relations and  
Public Affairs

**David W. Tanner**  
Vice President -  
Strategy

**Lauren S. Tashma**  
Vice President -  
Associate General Counsel

**Gary L. Tobison**  
Vice President and  
Chief Internal Auditor

**Edward A. Wiertel**  
Vice President and  
Corporate Controller

## Reconciliation of Non-GAAP Measures

Operating Income before Charges <sup>(1)</sup>	2008	2007	% Change	2006	Earnings Per Common Share - Diluted <sup>(2)</sup>	2008	2007	% Change	2006
Spirits	\$ 634.6	\$ 725.2	(12.5)	\$ 669.6	Income from Continuing Operations				
Home and Hardware	348.2	599.3	(41.9)	721.7	before Charges/Gains	\$3.75	\$5.06	(25.9)	\$5.22
Golf	125.3	166.3	(24.7)	166.0	V&S auction process costs	(0.03)	-	-	-
Corporate expenses	(57.8)	(58.9)	(1.9)	(74.1)	Maxxium investment write-down	(0.33)	-	-	-
Operating Income before Charges	1,050.3	1,431.9	(26.6)	1,483.2	Accelerated Future Brands deferred gain	0.29	-	-	-
Restructuring and					Gain on Future Brands termination	0.95	-	-	-
restructuring-related items	(119.2)	(101.2)		(35.3)	Tax-related credits	0.64	-	-	0.57
Asset impairment charges	(785.5)	-		-	Asset impairment charges	(4.29)	-	-	-
Gain from the sale of The					Beam Global minority interest repurchase	0.53	-	-	-
Dalmore Scotch assets	-	45.6		-	Restructuring and				
Operating Income	\$ 145.6	\$1,376.3	(89.4)	\$1,447.9	restructuring-related items	(0.48)	(0.45)	(6.7)	(0.15)
					Gain on sale of The Dalmore Scotch assets	-	0.18	-	-
					Minority interest true-up expense	-	-	-	(0.31)
					Currency mark-to-market expense	-	-	-	(0.02)
					Income from Continuing Operations	1.03	4.79	(78.5)	5.31
					Income from Discontinued Operations	0.99	0.08	-	0.11
					Net Income	\$2.02	\$4.87	(58.5)	\$5.42

(1) Operating Income Before Charges is Operating Income derived in accordance with GAAP excluding restructuring and restructuring related items, asset impairment charges and the gain from the sale of The Dalmore Scotch assets. Operating Income Before Charges is a measure not derived in accordance with GAAP. Management uses this measure to determine the returns generated by our operating segments and to evaluate and identify cost reduction initiatives. Management believes this measure provides investors with helpful supplemental information regarding the performance of the company from year to year. This measure may be inconsistent with similar measures presented by other companies.

(2) EPS from Continuing Operations Before Charges/Gains is Net Income from Continuing Operations calculated on a per-share basis excluding restructuring, restructuring-related and other one-time items.

EPS from Continuing Operations Before Charges/Gains is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the overall performance of the company and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the company from year to year. This measure may be inconsistent with similar measures presented by other companies.

## Operating Company Officers

### Spirits

Beam Global Spirits & Wine, Inc.

**Robert F. Probst**  
Senior Vice President -  
Chief Financial Officer

**William A. Newlands**  
President -  
BGSW USA

**Donard P. Gaynor**  
Senior Vice President -  
Managing Director,  
International

**A. Rory Finlay**  
Senior Vice President -  
Global Chief Marketing Officer

**Ian Gourlay**  
Senior Vice President -  
Operations & Supply Chain

**Kenton R. Rose**  
Senior Vice President -  
General Counsel

**Keith R. McLeod**  
Chief Information Officer

**Florence C. Pramberger**  
Senior Vice President -  
Human Resources

### Home & Hardware

Fortune Brands Home & Hardware LLC

**Richard E. Forbes**  
President and  
Chief Executive Officer

**Gregory J. Stoner**  
President  
MasterBrand Cabinets, Inc.

**David B. Lingafelter**  
President  
Moen Incorporated

**John N. Heppner**  
President  
Fortune Brands Storage  
& Security LLC

**David M. Randich**  
President  
Therma-Tru Corp.

**Mark Savan**  
President  
Simonton Windows, Inc.

### Golf

Acushnet Company

**Walter R. Uihlein**  
Chairman and  
Chief Executive Officer

**James M. Connor**  
President - FootJoy

**Jeffrey Harmet**  
President - Cobra and  
Titleist Golf Clubs

**Gerald M. Bellis**  
Executive Vice President,  
Sales and Marketing  
Worldwide - Titleist

**Joseph J. Nauman**  
Executive Vice President -  
Corporate and Legal

**William C. Burke**  
Senior Vice President and  
Chief Financial Officer

**Dennis D. Doherty**  
Senior Vice President -  
Human Resources

**Margaret G. Nicholson**  
Senior Vice President and  
Chief Information Officer

## Operating Companies and Leading Brands

### Spirits

Beam Global Spirits & Wine, Inc.

510 Lake Cook Road  
Deerfield, IL 60015-4964  
Tel: 847-948-8888

**Bourbon:**  
Jim Beam, Jim Beam Black,  
Maker's Mark, Old Crow,  
Old Grand-Dad, Red Stag

**Small Batch Bourbon:**  
Knob Creek, Booker's,  
Baker's, Basil Hayden's

**Blended Whisky/Whiskey:**  
Canadian Club, Teacher's,  
Whisky NYC, Jim Beam Rye,  
(ri), Old Overholt, Windsor,  
Lord Calvert, Tangle Ridge,  
Alberta Springs, Kessler,  
Calvert Extra, Fürst Bismarck

**Single Malt:**  
Laphroaig, Ardmore

**Tequila:**  
Sauza, Tres Generaciones,  
100 Años, Hornitos, Sauza  
Gold, Sauza Blanco, El Tesoro

**Cognac:**  
Courvoisier, Salignac

**Port, Brandy and Sherry:**  
Cockburn's, Harveys,  
Fundador, Terry Centenario,  
Tres Cepas, Jacobi 1880

**Cordials & Liqueurs:**  
DeKuyper, Sourz, After  
Shock, Leroux, Kamora,  
Kuemmerling, Castellana

**Rum:**  
Cruzan, Ronrico

**Vodka:**  
Vox, Wolfschmidt,  
Kamchatka, Gilbey's

**Gin:**  
Larios, Gilbey's, Calvert

**Ready-to-Drink Cocktails:**  
Beam & Cola, Beam Black &  
Cola, Jim Beam Choice and  
Dry, Jim Beam and Zero  
Sugar Cola, Sauza Pre-Mix  
Margarita

Complete brand listing at  
[www.beamglobal.com](http://www.beamglobal.com)

### Home & Hardware

Fortune Brands Home & Hardware LLC

520 Lake Cook Road  
Deerfield, IL 60015-5611  
Tel: 847-484-4400

**Faucets and Accessories:**  
Moen, ShowHouse, Cleveland  
Faucet Group, Home Care,  
Inspirations, Donner, Moen  
Commercial

**Cabinetry:**  
Omega, Decorá, Kitchen  
Craft, Diamond, Thomasville  
Cabinetry<sup>®5</sup>, Dynasty by  
Omega, Diamond Reflections,  
Schrock, Kemper, Somersby,  
HomeCrest, Aristokraft,  
Capital Cabinets, Kitchen  
Classics, Contractor's Choice

**Exterior Doors:**  
Therma-Tru, Classic-Craft,  
Fiber-Classic, Smooth-Star,  
Benchmark by Therma-Tru,  
Tru-Defense

**Windows:**  
Simonton Reflections,  
Impressions, StormBreaker,  
StormBreaker Plus,  
ProFinish, Prism, Verona,  
Hy-Lite

**Architectural Millwork:**  
Fypon

**Security:**  
Master Lock, Master,  
Magnum, Fortress,  
American Lock, Dudley

**Tool Storage:**  
Waterloo, Sears<sup>®</sup>  
Craftsman<sup>®6</sup>, Magnum,  
Fortress, VersaTrack,  
HookTite

### Golf

Acushnet Company

333 Bridge Street  
P.O. Box 965  
Fairhaven, MA 02719-0965  
Tel: 508-979-2000

**Golf Balls:**  
Titleist  
Pro V1, Pro V1x, NXT Tour,  
NXT Extreme, DT Carry,  
DT Roll  
Pinnacle

Platinum Feel, Platinum  
Distance, Gold FX Soft,  
Gold FX Long Ribbon

**Golf Clubs:**  
Titleist  
909D Comp, 909D2, 909D3  
drivers  
909F fairway metals  
909H hybrids  
API, AP2, ZB, ZM irons  
Vokey Design wedges  
Scotty Cameron putters

Cobra  
King Cobra L5V, S9-1 drivers  
King Cobra S9-1 fairways  
King Cobra Baffler TWS,  
Baffler Pro utility metals  
King Cobra UFi, S9, SZ, Pro  
CB/MB, Transition-S irons  
King Cobra Optica putters

**Golf Shoes:**  
FootJoy  
Classics Dry Premiere  
Classics Tour  
SYNR-G  
Classics Custom Exotics  
ReelFit  
DryJoys  
Contour Series  
MyJoys

**Golf Gloves:**  
FootJoy  
StaSof  
SciFlex  
ShockStopper  
SofJoy  
WeatherSof  
Titleist  
Players  
Players-Tech  
Perma-Tech  
Perma-Soft

**Golf Outerwear:**  
DryJoys Performance  
Rainwear  
Windshirts  
Softshell jackets/vests  
Performance Knits

## Corporate Data

Executive Office  
520 Lake Cook Road  
Deerfield, IL  
60015-5611  
Tel: 847-484-4400

### Website

[www.fortunebrands.com](http://www.fortunebrands.com)

### E-mail

[mail@fortunebrands.com](mailto:mail@fortunebrands.com)

### Registered Office

2711 Centerville Road  
Suite 400  
Wilmington, DE 19808

### Common Stock

Fortune Brands common stock is listed on the New York Stock Exchange. Its trading symbol is FO.

### Annual Meeting

The Annual Meeting of Stockholders will take place on Tuesday, April 28, 2009 at 1:30 p.m. at The Westin Chicago North Shore, 601 N. Milwaukee Avenue, Wheeling, IL.

### Transfer Agent for Common Stock and Preferred Stock

Prior to March 30, 2009

Fortune Brands, Inc.  
c/o BNY Mellon Shareowners Services  
P. O. Box 358015  
Pittsburgh, PA 15252-8015  
On or after March 30, 2009  
Wells Fargo Shareowner Services  
P. O. Box 64874  
St. Paul, MN 55164-0874  
Telephone: 1-800-225-2719

### Quarterly Earnings, News Summaries, Copies of News Releases and Corporate Publications

Shareholder Direct®  
800-310-5960 or  
[www.fortunebrands.com](http://www.fortunebrands.com)

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### Please write to:

Fortune Brands, Inc.  
Shareholder Services  
520 Lake Cook Road  
Deerfield, IL 60015-5611

Fortune Brands, Inc. is a holding company with subsidiaries engaged in the manufacture and sale of distilled spirits, home and hardware, and golf products. To make this annual report easier to read, we've used the words "we," "our" and similar terms to describe the activities of Fortune Brands, Inc. or its subsidiary companies or both, depending upon the context.

### SEC Filings

The distribution of this Annual Review with respect to our 2009 Annual Meeting of Stockholders is accompanied by a copy of our Annual Report on Form 10-K as filed with the SEC for the last fiscal year. You may also view electronic copies of our Annual Report on Form 10-K and other documents that we file with the SEC on our website, [www.fortunebrands.com](http://www.fortunebrands.com).

## Web Site Directory

### Fortune Brands, Inc.

[www.fortunebrands.com](http://www.fortunebrands.com)

### Spirits

[www.beamglobal.com](http://www.beamglobal.com)  
[www.drinksmart.com](http://www.drinksmart.com)  
[www.jimbeam.com](http://www.jimbeam.com)  
[www.sauzatequila.com](http://www.sauzatequila.com)  
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[www.cruzanrum.com](http://www.cruzanrum.com)  
[www.canadianclubwhisky.com](http://www.canadianclubwhisky.com)  
[www.courvoisier.com](http://www.courvoisier.com)  
[www.laphroaig.com](http://www.laphroaig.com)  
[www.dekuyperusa.com](http://www.dekuyperusa.com)  
[www.smallbatch.com](http://www.smallbatch.com)  
[www.knobbccreek.com](http://www.knobbccreek.com)  
[www.hornitostequila.com](http://www.hornitostequila.com)  
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[www.rilwhiskey.com](http://www.rilwhiskey.com)  
[www.americasnativespirit.com](http://www.americasnativespirit.com)  
[www.sauzatequilaambassador.com](http://www.sauzatequilaambassador.com)  
[www.harveys-usa.com](http://www.harveys-usa.com)  
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[www.teacherswhisky.com](http://www.teacherswhisky.com)  
[www.ardmorewhisky.com](http://www.ardmorewhisky.com)  
[www.cockburns-usa.com](http://www.cockburns-usa.com)

### Home & Hardware

[www.moen.com](http://www.moen.com)  
[csi.moen.com](http://csi.moen.com)  
[showhouse.moen.com](http://showhouse.moen.com)  
[www.masterlock.com](http://www.masterlock.com)  
[www.masterbrand.com](http://www.masterbrand.com)  
[www.omegacabinets.com](http://www.omegacabinets.com)  
[www.decoracabinets.com](http://www.decoracabinets.com)  
[www.kitchencraft.com](http://www.kitchencraft.com)  
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[www.homecrestcab.com](http://www.homecrestcab.com)  
[www.aristokraft.com](http://www.aristokraft.com)  
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[www.benchmarkdoors.com](http://www.benchmarkdoors.com)  
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[www.waterlooindustries.com](http://www.waterlooindustries.com)  
[www.leanstorage.com](http://www.leanstorage.com)  
[www.simonton.com](http://www.simonton.com)  
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[www.hy-lite.com](http://www.hy-lite.com)  
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[www.kitchenclassicscabinetry.com](http://www.kitchenclassicscabinetry.com)  
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### Golf

[www.titleist.com](http://www.titleist.com)  
[www.footjoy.com](http://www.footjoy.com)  
[www.cobragolf.com](http://www.cobragolf.com)  
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[www.mytpi.com](http://www.mytpi.com)  
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