

FORTUNE BRANDS INC
Form DEF 14A
March 08, 2010
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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) Proposed maximum aggregate value of transaction:

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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 8, 2010

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 27, 2010 at 1:30 p.m. (CDT) at The Westin Chicago North Shore, 601 N. Milwaukee Avenue, Wheeling, Illinois. We will consider and vote upon the following matters:

- Item 1:* The election of three directors for a one-year term expiring at the 2011 Annual Meeting (see pages 6 to 10 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 2010 (see page 50 of the Proxy Statement);
- Item 3:* The approval of amendments to the Company's Restated Certificate of Incorporation to eliminate supermajority voting requirements (see pages 50 and 51 of the Proxy Statement);
- Item 4:* The approval of the Fortune Brands, Inc. 2010 Non-Employee Director Stock Plan (see pages 52 to 54 of the Proxy Statement);
- Item 5:* If presented, a stockholder proposal entitled "Special Shareowner Meetings" (see pages 54 to 57 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 26, 2010, the record date for the meeting, are entitled to vote at the Annual Meeting.

YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE. 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 ELECTONIC 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 page 2 of this Proxy Statement.

This Proxy Statement and accompanying proxy are being distributed on or about March 12, 2010.

Bruce A. Carbonari
Chairman of the Board 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 27, 2010.

The Proxy Statement, Annual Report on Form 10-K, and 2009 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 27, 2010, at:

The Westin Chicago North Shore
601 N. Milwaukee Avenue
Wheeling, Illinois 60090

ITEMS TO BE VOTED ON:

ITEM 1 ELECTION OF DIRECTORS

To elect three directors for a one-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 APPROVAL OF AMENDMENTS TO THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION

To vote to approve amendments to the Company's Restated Certificate of Incorporation to eliminate supermajority voting requirements. The Board of Directors recommends that stockholders vote **FOR** the approval of amendments to the Company's Restated Certificate of Incorporation.

ITEM 4 APPROVAL OF THE FORTUNE BRANDS, INC. 2010 NON-EMPLOYEE DIRECTOR STOCK PLAN

To vote to approve a stock plan for non-employee directors. The Board of Directors recommends that stockholders vote **FOR** the approval of the Fortune Brands, Inc. 2010 Non-Employee Director Stock Plan.

ITEM 5 STOCKHOLDER PROPOSAL

If presented, to vote on a stockholder proposal to allow stockholders that own 10% of the Company's outstanding stock to call special stockholder meetings. 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 2009 Annual Review, Form 10-K and Proxy Statement will be delivered to you electronically via e-mail.

Whether or not you expect to personally attend the Annual Meeting, we urge you to vote your shares by phone, via the Internet, or by signing, dating and returning the enclosed proxy card. Voting early will ensure the presence of a quorum at the meeting and 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 at the meeting, as your vote by proxy is revocable at your option.

INSTRUCTIONS:

Read the accompanying Proxy Statement.

Call toll-free 1-800-690-6903.

Have your proxy card or voting instruction form in hand and follow the instructions.

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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, (3) the approval of amendments to the Company's Restated Certificate of Incorporation, (4) the approval of the Fortune Brands, Inc. 2010 Non-Employee Director Stock Plan, and (5) if presented, consideration of a stockholder proposal entitled "Special Shareowner Meetings." 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 26, 2010 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 are voted together as a single class. There were 151,980,799 shares of common stock and 170,556 shares of \$2.67 Convertible Preferred Stock outstanding on February 26, 2010.

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?

If you received a Notice of Internet Availability in the mail, you can either vote by Internet or in person at the Annual Meeting. Record holders that received a copy of this Proxy Statement and accompanying proxy card in the mail can vote by filling out the proxy card and returning it in the postage paid return envelope. Record holders that receive these materials in the mail may also vote in person at the Annual Meeting of Stockholders, by telephone or the Internet. Voting instructions are provided on both the Notice of Internet Availability and the 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.

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Without your instructions, your broker or nominee is permitted to use its own discretion and vote your shares on certain routine matters (such as Item 2) but is not permitted to use discretion and vote your shares on non-routine matters (such as Items 1, 3, 4 and 5). Prior to 2010, the election of directors was considered a routine matter for which brokers were permitted to vote your shares. Beginning this year, brokers are no longer permitted to vote your shares for the election of directors. *Therefore, we urge you to give voting instructions to your broker on all five voting items.* 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

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any proposal. However, because Item 3 (the proposal to approve amendments to our Restated Certificate of Incorporation) requires the affirmative vote of holders of a majority of our outstanding common stock and \$2.67 Convertible Preferred Stock, broker non-votes will have the same effect as votes against the proposal.

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, 3, 4 and 5. We are not aware of any other matter that may be properly presented other than the election of directors and Items 2, 3, 4 and 5. If any other matter is properly presented, the persons named in the enclosed proxy card will have discretion to vote in their best judgment.

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 2010;

the approval of amendments to our Restated Certificate of Incorporation to eliminate supermajority voting requirements;

the approval of the Fortune Brands, Inc. 2010 Non-Employee Director Stock Plan; and

AGAINST:

the stockholder proposal entitled Special Shareowner Meetings.

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 the Items to be acted upon at the Annual Meeting.

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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. Under the Company's majority vote by-law provision relating to the election of directors, if the number of votes cast for a director nominee does not exceed the number of votes cast against the director nominee, then 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).

A proxy card marked to abstain authority 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, 4, and 5. The affirmative vote of shares representing a majority of the outstanding common stock and \$2.67 Convertible Preferred Stock, voting together as a single class, is necessary for approval of Item 3. Proxy cards marked as abstentions on Items 2, 3, 4 and 5 will not be voted and will have the effect of a negative vote.

Please note that brokers are not permitted to vote your shares on Items 1 (the election of directors), 3, 4 and 5. *Therefore, it is important that you follow the voting instructions on the form that you receive from your broker.*

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

We are mailing this Proxy Statement and a proxy card to participants in the Fortune Brands Retirement Savings Plan and the Fortune Brands Hourly Employee Retirement Savings Plan (collectively, the Savings Plans) who invest in the Fortune Brands Stock Fund under the Savings Plans. The Trustee, 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

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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) consists of 10 members and is currently 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 III expiring at the 2010 Annual Meeting. In 2009, stockholders approved amendments to the Company's Restated Certificate of Incorporation that provided for the annual election of directors on a phase-out basis beginning in 2010. All directors will be elected annually beginning with the 2012 Annual Meeting of Stockholders. Therefore, the Board proposes that the three nominees described below, each of whom is currently serving as a Class III director, be re-elected to Class I for a new term of one year 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.

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.

All nominees and all current Class I and Class II directors were elected by the stockholders.

The Board of Directors believes that it is necessary for each of the Company's directors to possess many qualities and skills. When searching for new candidates, the Nominating and Corporate Governance Committee (the Nominating Committee) considers the evolving needs of the Board and searches for candidates that fill any current or anticipated future gap. The Board of Directors also believes that all directors must possess a considerable amount of business management (such as experience as a chief executive or chief financial officer) and educational experience. The Nominating Committee first considers a candidate's management experience and then considers issues of judgment, background, stature, conflicts of interest, integrity, ethics and commitment to the goal of maximizing stockholder value when considering director candidates. The Nominating Committee also focuses on issues of diversity, such as diversity of gender, race and national origin, education, professional experience and differences in viewpoints and skills. The Nominating Committee does not have a formal policy with respect to diversity; however, the Board and the Nominating Committee believe that it is essential that the Board members represent diverse viewpoints. 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.

All our directors bring to our Board a wealth of executive leadership experience derived from their service as executives and, in most cases chief executive officers, of large corporations. They also all bring extensive board experience. The process undertaken by the Nominating Committee in recommending qualified director candidates is described below under Corporate Governance Director Nomination Process (see pages 11 and 12 of this Proxy Statement). Certain individual qualifications and skills of our directors that contribute to the Board's effectiveness as a whole are described in the following paragraphs.

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

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 DIRECTOR CLASS III DIRECTORS			
TO BE RE-ELECTED TO CLASS I TERM EXPIRING 2011			
Anne M. Tatlock	Retired since December 2006; Chairman of the Board and Chief Executive Officer of Fiduciary Trust Company International from June 2000 to December 2006. Vice Chairman of Franklin Resources, Inc. from April 2001 to January 2007. Currently also a director of Franklin Resources, Inc., Merck & Co., Inc., Merck Sharp & Dohme Corp. and Fiduciary Trust Company International.	70	1996

Mrs. Tatlock has extensive knowledge of the capital markets and accounting issues from her experience as Chief Executive Officer of Fiduciary Trust, and is invaluable to our Board's discussions of the Company's capital and liquidity needs.

Norman H. Wesley	Retired since October 2008; Chairman of the Board of Fortune Brands, Inc. from January 2008 through September 2008; Chairman of the Board and Chief Executive Officer prior thereto. Currently also a director of Pactiv Corporation and ACCO Brands Corporation. Formerly a director of R.R. Donnelley & Sons Company.	60	1999
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Mr. Wesley's experience as Chief Executive of Fortune Brands gives him unique insights into the Company's challenges, opportunities and operations.

Peter M. Wilson	Retired since March 2004; Chairman of Gallaher Group Plc prior thereto. Currently also a director of Kesa Electricals plc. Formerly a director of Somerfield plc.	68	1994
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Mr. Wilson's experience as Chief Executive Officer of a UK-based, international consumer goods company provides the board with a global perspective.

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 and other directorships	Age	Year first elected director
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 until May 2006. Currently also a director of The Interpublic Group of Companies, Inc. and Fiduciary Trust Company International. Formerly a director of International Flavors & Fragrances Inc.	68	2006
<p>Mr. Goldstein's background as a lawyer, and his 30 year background in consumer packaged goods and as Chief Executive Officer of a supplier to consumer goods companies, provides a unique perspective to the Board.</p>			
Pierre E. Leroy	Retired since February 2005; President, Worldwide Construction & Forestry Division and Worldwide Parts Division of Deere & Company from December 2003 until February 2005. Currently also a director of Capital One Financial Corporation, RSC Holdings, Inc. and Rocore Group. Formerly a director of ACCO Brands Corporation and Nuveen Investments, Inc.	61	2003
<p>Mr. Leroy served as Chief Financial Officer, as well as President, Worldwide Construction & Forestry Division and Worldwide Parts Division of John Deere, which provides the Board with a perspective of someone familiar with all facets of a global enterprise, including direct responsibility for financial and accounting issues.</p>			
A.D. David Mackay	President and Chief Executive Officer of Kellogg Company since December 2006; President and Chief Operating Officer from September 2003 to December 2006. Currently also a director of Kellogg Company.	54	2006
<p>Mr. Mackay is currently Chief Executive Officer of one of the world's premier packaged goods companies, bringing to our Board the perspective of a leader facing the same set of current external economic, social and governance issues.</p>			

Table of Contents**Present positions and offices****with the Company, principal****occupations during the past five years****Year
first
elected
director****Name****and other directorships****Age****CLASS II DIRECTORS TERM EXPIRING 2012**

Bruce A. Carbonari	Chairman of the Board and Chief Executive Officer of Fortune Brands, Inc. since October 2008; President and Chief Executive Officer from January 2008 to September 2008; President and Chief Operating Officer from January 2007 to December 2007; Chairman and Chief Executive Officer of Fortune Brands Home & Hardware LLC from August 2005 to December 2006 and President and Chief Executive Officer of Fortune Brands Home & Hardware LLC prior thereto. Currently also a director of RPM International, Inc.	54	2007
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Mr. Carbonari's day-to-day leadership as Chief Executive Officer of Fortune Brands provides him with intimate knowledge of our operations.

Ann F. Hackett	Founder and President of Horizon Consulting Group, LLC since 1996. Currently also a director of Capital One Financial Corporation. Formerly a director of Woodhead Industries, Inc.	56	2007
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Mrs. Hackett founded a company that provides strategic, organizational and human resource consulting services to boards of directors and senior management teams. She brings to the Board entrepreneurial experience and expertise in strategy and human resources.

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 prior thereto. Currently also a director of The Interpublic Group of Companies, Inc., SRSsoft and a member of the Fidelity Funds Board of Trustees. Formerly a director of IMS Health Incorporated and The Trizetto Group, Inc.	60	2000
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Mr. Thomas's experience as a Chief Executive Officer and management experience at premier global technology companies helps the Board address the challenges the Company faces due to rapid changes in IT capabilities and communications and global distribution strategies.

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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
Ronald V. Waters, III	President and Chief Executive Officer of LoJack Corporation since January 2009; President and Chief Operating Officer from February 2007 until December 2008; Chief Operating Officer of Wm. Wrigley Jr. Company prior thereto. Currently also a director of LoJack Corporation and HNI Corporation. Formerly a director of Sabre Holdings Corporation.	58	2008

Mr. Waters combines experience in two key areas of interest to Fortune Brands, consumer products and security, and as a Chief Executive Officer at a premier technology company.

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.

Based on the New York Stock Exchange Listed Company Manual and the Company's Corporate Governance Principles, Messrs. Goldstein, Leroy, Mackay, Thomas, Waters and Wilson, Mrs. Hackett and Mrs. Tatlock were affirmatively determined by the Board to be independent. Due to Mr. Wesley's prior employment with the Company, he is not considered independent. 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 any transaction or arrangement that interferes with each director's independence, except for Mr. Wesley by virtue of his prior employment with the Company.

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,

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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.

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 2009, the Company did not participate in any transactions in which any of the director nominees, Class I and II directors, executive officers, any beneficial owner of more than 5% of the Company's common stock, nor any of their immediate family members, had a direct or indirect material interest.

Director Nomination Process

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

When identifying and evaluating candidates, the Nominating Committee 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 search 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 13 of this Proxy Statement for description of the Lead Director's duties) and the Chief Executive Officer, will interview potential candidates that the Nominating Committee deems 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 and as set forth in the Company's Corporate Governance Principles, it will recommend the nomination of the candidate to the Board.

It is the Nominating Committee's policy to consider director candidates recommended by stockholders, if such recommendations are properly submitted to the Company. Stockholders wishing to recommend persons for consideration by the

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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. Recommendations must also follow the Company's procedures for nomination of directors by stockholders (see pages 61 and 62 of this Proxy Statement) as provided in our Restated Certificate of Incorporation and By-laws. 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 of the Board 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.

Board Leadership Structure

The Board believes that the Company's Chief Executive Officer is best situated to serve as Chairman because he is the director most familiar with the Company's business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Independent directors and management have different perspectives and roles in strategy development. The Company's independent directors bring experience, oversight and expertise from outside the company and industry, while the Chief Executive Officer brings company-specific experience and expertise. The Board believes that the combined role of Chairman and Chief Executive Officer promotes strategy development and execution, and facilitates information flow between management and the Board, which are essential to effective governance.

One of the key responsibilities of the Board is to develop strategic direction and hold management accountable for the execution of strategy once it is developed. The Board believes the combined role of Chairman and Chief Executive Officer, together with

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an independent Lead Director having the duties described below, is in the best interest of stockholders because it provides the appropriate balance between strategy development and independent oversight of management.

Lead Director

David M. Thomas, an independent director who serves as Chairman of the Audit Committee, was selected by the Board 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 the Chairman and Chief Executive Officer on Board and committee meeting agendas, acting as a liaison between management and the non-management directors, including maintaining frequent contact with the Chairman and Chief Executive and advising him or her on the efficiency of the board meetings, facilitating teamwork and communication between the non-management directors and management, 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.

Meeting Attendance

Last year there were five 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 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. Nine of the ten directors were present at the 2009 Annual Meeting of Stockholders.

Risk Management

The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board regularly reviews information regarding the Company's credit, liquidity and operations, as well as the risks associated with each. The Company's Compensation and Stock Option Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee oversees management of financial risks. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board of Directors and potential conflicts of interest. The Corporate Responsibility Committee oversees management of risks associated with environmental, health and safety. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board of Directors is regularly informed through

committee reports about such risks.

Table of Contents**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 this Proxy Statement are set forth below:

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

* Mr. Hine serves as Vice President – Corporate Communications and Public Affairs 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 2009. The Audit Committee also held three teleconferences to review and discuss earnings announcements. The Audit Committee's primary functions are to:

Select, retain (subject to stockholder ratification), evaluate and terminate when appropriate, a firm of independent auditors to audit our financial statements and approve the scope of the firm's audit;

Review reports and recommendations of our independent auditors;

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

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Pre-approve all audit and non-audit services provided by our independent registered public accountants;

Monitor the integrity of the Company's financial statements;

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Monitor compliance with financial reporting requirements;

Monitor the independence and performance of our independent auditors, including the lead partner, 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 with management and the independent auditors;

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 (segment level) operating company chief executive officers;

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

Review and approve a report (to be included in the Proxy Statement) disclosing whether the Committee has recommended to the Board that the audited financial statements be included in the Company's Form 10-K.

Each member of the Audit Committee, as of the date of this Proxy Statement (Messrs. Leroy, Mackay, Thomas and Waters), 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 four meetings in 2009. 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 health and safety, diversity and equal opportunity, philanthropic activities, global citizenship and sustainability and the effect of Company operations on the environment.

Compensation and Stock Option Committee

The Compensation and Stock Option Committee (the Compensation Committee) held six meetings in 2009. The Compensation Committee's primary functions are to:

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Administer our Long-Term Incentive Plans;

Designate key employees who may be granted stock options, performance awards and other stock-based awards, and determine the number of shares that are granted to such key employees;

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

Set compensation (including incentive compensation) for our officers who hold the office of Vice President or a more senior office and for the chief executive officers of our operating subsidiaries;

Administer grantor trusts or similar arrangements for paying, funding or securing the payment of any nonqualified benefits for those senior officers;

Retain any compensation consultants to assist in the evaluation of senior executive compensation and benefits;

Oversee management's administration of supplemental retirement and other benefit arrangements, compensation agreements and severance agreements for executive officers;

Oversee and monitor management's administration of perquisites; and

Review and approve the Compensation Discussion & Analysis and Compensation Committee Report to be included in the Proxy Statement.

Compensation Committee Procedures

The Compensation Committee directs management to prepare financial data used by the Compensation Committee in determining executive compensation. In addition, members of the Company's human resources department assist in the preparation of executive compensation tally sheets and historical information on compensation paid to executives. The Compensation Committee is presented with recommendations from management as to the level and type of compensation to provide to officers who hold the office of Vice President or a more senior office and for the chief executives of our operating companies. Members of the Company's legal department provide the Compensation Committee with general advice on laws applicable to executive compensation and the directors' fiduciary duties in setting compensation.

The Chief Executive Officer attends meetings of the Compensation Committee. The Chief Executive Officer's feedback about each officer's performance is essential in the Compensation Committee's determination of the officer's salary and target incentive compensation determinations. See pages 22 through 32 of this Proxy Statement for more information about how the Compensation Committee determines the executive officers' compensation.

Compensation Committee Consultant

The Compensation Committee directly retains a nationally recognized firm, Hewitt Associates, as its outside compensation consultant, to provide advice and recommendations on the amount and form of executive compensation. The consultant regularly meets with the Compensation Committee and is included during executive sessions without the presence of management. In 2009, the outside consultant attended five out of six Compensation Committee meetings. Hewitt Associates is separately retained by the Company for pension plan and other employee benefits administration and consulting.

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The outside compensation consultant assists the Compensation Committee by:

- (i) making recommendations regarding executive compensation (including amounts and form of compensation) consistent with the Company's business needs, pay philosophy, market trends and latest legal and regulatory considerations;
- (ii) providing market data (including compiling the Survey Group and related performance data) as background to decisions regarding Chief Executive Officer and senior management base salary, bonus and long-term incentives;
- (iii) advising the Compensation Committee as to best practices for effectively structuring executive pay arrangements while representing stockholders' interests; and
- (iv) summarizing alternative proposals that may have been considered in formulating final recommendations, the nature of discussions leading to a final proposal and the consultant's rationale for supporting or opposing management's proposal.

In conducting its assignment, the outside consultant may contact the Company's management, including the Chairman of the Board and Chief Executive Officer as well as the Vice President - Human Resources and the Executive Director, Compensation and Benefits, to carry out its assignment. However, the compensation consultant reports directly to the Compensation Committee.

Fees of the Compensation Committee Consultant

The aggregate fees billed by Hewitt Associates for 2009 were:

\$115,000 for consulting on executive compensation to the Compensation Committee;

\$10,000 for consulting on director compensation to the Nominating Committee; and

\$3,300,000 for other services provided to Fortune Brands, including pension actuarial services, employee benefit plan administration and accounting services, survey database access and employee benefit consulting services.

Approval of Compensation Consultant Services

The Compensation Committee directly retained Hewitt Associates as its compensation consultant. In 2007, the Company's Vice President Human Resources screened and recommended several firms, including Hewitt Associates, to serve as the compensation consultant to the Compensation Committee. The Compensation Committee interviewed three firms and determined that it would engage Hewitt. The Committee also approved the fee schedule for executive compensation consulting fees. The Committee did not approve director compensation consulting

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fees as these items were reviewed by the Nominating Committee. The Committee did not review or approve the other services provided by Hewitt Associates to the Company, as those services were approved by management in the normal course of business.

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Compensation Committee Interlocks and Insider Participation

No person who served as a member of our Board's Compensation Committee during the last fiscal year (that is, Messrs. Goldstein, Leroy and Wilson, Mrs. Hackett and Mrs. Tatlock) has (i) served as one of our officers or employees; or (ii) any relationship requiring disclosure under Item 404 of Regulation S-K promulgated under the Securities Act of 1933, as amended. None of our executive officers serve as a member of the board of directors or as a member of a compensation committee of any other company that has an executive officer serving as a member of our Company's Board or our Company's Compensation Committee.

Executive Committee

The Executive Committee held three meetings in 2009. The Executive Committee has all the authority of the full Board, except for specific powers that are required by law to be exercised by the full Board. The Executive Committee may not amend the Certificate of Incorporation, adopt an agreement of merger, recommend actions for stockholder approval, amend the by-laws, elect, appoint or remove an officer or director, amend or repeal any resolutions of the Board, fix the Board's compensation, and unless expressly authorized by the Board, declare a dividend, authorize the issuance of stock or adopt a certificate of ownership and merger.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee (the Nominating Committee) met four times in 2009. The Nominating Committee's primary functions are to:

Identify, recruit and screen potential director nominees and recommend such nominees for election as members of the Board;

Review criteria and policies relating to director independence, service and tenure;

Recommend directors for membership on the Audit, Compensation and Stock Option, Corporate Responsibility and Nominating and Corporate Governance Committees, including their Chairpersons;

Recommend directors and executive officers for membership on other committees established by the Board;

Recommend compensation arrangements (including the level and composition of such compensation) for non-employee directors;

Develop and recommend a set of corporate governance principles designed to foster an effective corporate governance environment;

Administer non-employee director equity compensation plans;

Review the charters of Board committees; and

Manage the performance review process of the Board, its committees and the Chief Executive Officer.

Table of Contents**Other Corporate Governance Resources**

The charters of each committee, the Company's Corporate Governance Principles, the Company's Code of Business Conduct and Ethics and the Company's Code of Ethics for the CEO and Senior Financial Officers are available on the Company's website (www.fortunebrands.com/about/policies.cfm).

2009 Director Compensation

Name*(a)	Fees Earned or Paid in		Option Awards (\$)(2)(e)	Non-Equity Incentive Plan Compensation (\$)(f)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(3)	All Other Compensation (\$)(4)(5)(g)	Total (\$)
	Cash (\$)(c)	Stock Awards (\$)(1)(d)					
Richard A. Goldstein	95,000	116,280	n/a	n/a	n/a	6,875	218,155
Ann F. Hackett	80,000	116,280	n/a	n/a	n/a	373	196,653
Pierre E. Leroy	87,500	116,280	n/a	n/a	n/a	1,036	204,816
A.D. David Mackay	87,500	116,280	n/a	n/a	n/a	373	204,153
Anne M. Tatlock	95,000	116,280	n/a	n/a	0	1,875	213,155
David M. Thomas	122,500	116,280	n/a	n/a	n/a	5,624	244,404
Ronald V. Waters, III	87,500	116,280	n/a	n/a	n/a	5,624	209,404
Norman H. Wesley	80,000	116,280	n/a	n/a	n/a	5,059	201,339
Peter M. Wilson	95,000	116,280	n/a	n/a	n/a	1,875	213,155

* Although Mr. Carbonari serves as a member of the Board, he does not receive any additional compensation for such service.

(1) The amounts in this column represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The grant date fair value was \$38.76 per share. See Certain Information Regarding Security Holdings on pages 58 and 59 of this Proxy Statement for the number of shares of stock held by each current director as of March 4, 2010.

Ms. Hackett elected to defer receipt of these shares until the January following the calendar year in which she no longer serves as a director of the Company.

(2) The aggregate number of outstanding stock options held by the non-employee directors was 111,082 as of December 31, 2009. See Certain Information Regarding Security Holdings on pages 58 and 59 of this Proxy Statement for the number of stock options held by each current director as of March 4, 2010.

(3) Under the retirement program for non-employee directors, directors elected prior to 1997 will receive an annual retirement benefit equal to the director's fee at the time of retirement multiplied by the director's years of service up to 1997, the year in which the accrual of years of service under the Plan was frozen. The retirement benefit is payable beginning in the year in which the director retires or attains age 65, whichever occurs later. Only Mrs. Tatlock is eligible to receive this benefit.

(4) Directors traveling on Company business are covered by our business travel accident insurance policy which generally covers all Company employees and directors. We also pay the cost of group life insurance coverage for non-employee directors.

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- (5) All directors are covered under our matching gift program. Under this program, the Company makes a 100% match of gifts totaling up to \$5,000 annually by the director to an eligible charitable institution.

Under our charitable award program, the Company will make contributions of up to \$500,000 to a charitable, educational or other qualified organization designated by each eligible non-employee director elected prior to December 9, 2003, the date on which the program was frozen. The contributions are made to the designated organization(s) on behalf of the director after the death of the director. Only Messrs. Leroy and Thomas and Mrs. Tatlock are eligible to participate in this program.

Table of Contents**Summary of Director Compensation**

The annual fee for services as a non-employee director of the Company was \$80,000 during 2009. In addition, members of the Audit Committee (Messrs. Leroy, Mackay, Thomas and Waters) received an additional \$7,500 for their service on that Committee. Also during 2009, the chairperson of each of the Audit, Compensation and Stock Option, Corporate Responsibility and Nominating and Corporate Governance Committees were entitled to receive an additional fee of \$15,000 for such service (Messrs. Goldstein, Thomas and Wilson and Mrs. Tatlock). Mr. Thomas received \$20,000 for his service as Lead Director.

In April 2009, the Nominating Committee evaluated director compensation and determined that the annual stock grant should be based on a set dollar value rather than a set number of shares. The Committee also determined that the number of shares granted would be determined by dividing the fair market value of the Company's common stock on the grant date into the annual dollar value, rounded to the nearest 100 shares. The Nominating Committee set the dollar value at \$115,000 per year. In 2009, each non-employee director was awarded 3,000 shares of our common stock under the 2005 Non-Employee Director Stock Plan (Ms. Hackett deferred receipt of these shares). The 2005 Non-Employee Director Stock Plan expired on December 31, 2009; therefore, a substantially similar plan is being recommended to stockholders for approval under Item 3 (see pages 50 and 51 of this Proxy Statement).

2002 Non-Employee Director Stock Option Plan. The 2002 Non-Employee Director Stock Option Plan expired on December 31, 2006. Stock options have not been granted to non-employee directors since 2005; however, some of the non-employee directors continue to hold outstanding stock options granted under this Plan (see footnote 3 to the 2009 Director Compensation chart above). Under the terms of the Plan and prior to its expiration, each non-employee director who was first elected to the Board after April 30, 1997 was eligible to receive an annual grant of nonqualified stock options to purchase shares of our common stock under our stockholder-approved 2002 Non-Employee Director Stock Option Plan. The terms of the options granted under this plan are:

- (i) the option price per share is not less than fair market value at the time the option was granted;
- (ii) the option does not become exercisable until the holder has been a director for at least one year after the date of grant (except in the case of death or a change in control of the Company) and may generally be exercised for ten years from the date of grant;
- (iii) if the holder ceases to be a director by reason of death, disability or retirement after five or more years of service, the option will continue to be exercisable until the expiration date set forth in the option agreement, provided that an option may be exercised within one year from the date of death even though beyond the expiration date;
- (iv) if the holder ceases to be a director for any other reason, the option shall terminate and cease to be exercisable 30 days after cessation of service, except in the event of a change in control of the Company; and
- (v) each option has a limited right that, in the event of a change in control of the Company, is exercised automatically unless the Nominating Committee

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determines that the limited right is exercisable at some other time. This limited right entitles the holder of the option to receive cash equal to the number of shares subject to the option multiplied by the difference between the exercise price per share and the greater of:

- (a) the highest price per share paid for shares of our common stock acquired in the change in control; and
- (b) the highest market value of shares of our common stock during the 60-day period beginning on the date of the change in control.

The option will be canceled to the extent of the exercise of the limited right.

Stock Ownership of Board Members

For information on the beneficial ownership of securities of the Company by directors and executive officers, see [Certain Information Regarding Security Holdings](#) on pages 58 and 59.

Compensation and Stock Option Committee Report

The Compensation and Stock Option Committee (the [Compensation Committee](#)) has reviewed and discussed the Compensation Discussion and Analysis with management and, based on the review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K and the Company's Proxy Statement.

Compensation and Stock Option Committee

Anne M. Tatlock, Chairwoman

Richard A. Goldstein

Ann F. Hackett

Pierre E. Leroy

Peter M. Wilson

The Report of the Compensation and Stock Option Committee set forth in this Proxy Statement shall not be deemed to be [soliciting material](#) or to be [filed](#) with the SEC or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act. In addition, it shall not be deemed incorporated by reference by any statement that incorporates this Proxy Statement by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates this

information by reference.

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COMPENSATION DISCUSSION AND ANALYSIS

The Company's executive compensation program is designed to attract, motivate and retain talented executives enabling the Company to produce superior results and maximize return to stockholders. Our pay-for-performance philosophy focuses executives' efforts on delivering short-term and long-term financial successes for our stockholders without encouraging excessive risk taking. The Compensation Committee, which consists entirely of independent Board members, controls the executive compensation program for the named executive officers, as well as for Company Vice Presidents and more senior officers and the chief executive officers of the Company's three business segments.

Executive Compensation Objectives

The Company's executive compensation objectives are to:

- pay for performance without excessive risk;
- attract, retain and motivate superior executives;
- pay competitive levels of salary and total compensation; and
- align the interests of management with the interests of stockholders.

Elements of Fortune Brands' Compensation Program

The Company's executive compensation program consists of the following:

- base salary;
- annual incentive bonuses;
- long-term incentives;
- health and related benefits;
- retirement benefits;
- other post-employment benefits;
- severance; and
- limited perquisites.

The Compensation Committee allocates compensation among these elements to provide the appropriate mix of:

- short-term incentives and long-term incentives;
- cash compensation and equity compensation; and
- current compensation and retirement and other benefits.

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Total direct compensation for executives, which consists of base salary, annual incentive bonuses and long-term incentives, is targeted to be in the 50th to 75th percentile of the Survey Group (described on page 24), although actual compensation can be above or below the targeted range due to Company performance, the price of the Company's common stock and individual considerations described below. One or more compensation elements (base salary, short-term or long-term compensation) could be above the 75th or below the 50th percentile. If any element were dramatically outside of that range, that element or other elements would likely be adjusted accordingly. Long-term incentive compensation makes up approximately one-half to two-thirds of total compensation. The emphasis on long-term incentives is designed to motivate management to generate successful results for the Company over the long term. These incentives are awarded in equity to create ownership and align the interests of management with the interests of stockholders.

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Although objective factors, such as Company performance and competitive market data, are the primary factors used by the Compensation Committee when it sets compensation levels, more subjective individual considerations also influence compensation decisions. For example, the Compensation Committee will take into account individual job performance, incumbent experience, retention concerns, and an executive's ability to impact future results for the Company. For each named executive officer other than the Chief Executive Officer, the Compensation Committee receives information on such individual considerations from the Chief Executive Officer. The Chief Executive Officer discusses his evaluation of the named executive officers (other than himself) with the Compensation Committee and recommends compensation levels for such officers. In preparing that recommendation, the Chief Executive Officer assesses the performance of each named executive officer based upon his day-to-day interactions with such persons throughout the year. The Chief Executive Officer discusses any retention concerns at this time as well. The Compensation Committee takes the Chief Executive Officer's recommendations into account, along with competitive market data and Company performance, when setting compensation levels.

Chief Executive Officer's Compensation

The Compensation Committee meets in executive session to determine the Chief Executive Officer's total compensation. The Compensation Committee reviews the Chief Executive Officer's performance assessment, as determined by the entire Board, along with competitive data supplied by the Compensation Committee's outside consultant, in setting the Chief Executive Officer's compensation. The Compensation Committee then reviews with the entire Board, in executive session, the compensation of the Chief Executive Officer. The Chief Executive Officer's goals are discussed by the entire Board, in executive session, and target areas such as operating and financial performance, portfolio strategy, social responsibility measures and succession planning.

As with other named executive officers, the Committee's goal for the compensation of its Chief Executive Officer is to be in the 50th to 75th percentile of the Survey Group (defined below). Mr. Carbonari's 2009 total direct compensation was targeted at about the 50th percentile of chief executive officers in the Survey Group. Mr. Carbonari's actual compensation in 2009 is dependent upon achieving performance targets associated with his long-term incentive awards which may not be realized until 2012, if at all. Mr. Carbonari did not receive a salary increase in 2009.

The disparities in Mr. Carbonari's compensation as compared to that of the other named executive officers exist because his responsibilities and ability to impact the future of the Company are greater. Additionally, in the general marketplace for executive talent, chief executive officers are compensated more than other named executive officers.

In February 2008, due to Mr. Carbonari's promotion to President and Chief Executive Officer, the Compensation Committee granted him 200,000 stock options. The options will vest and become exercisable, subject to Mr. Carbonari's continued employment, in three equal annual installments beginning in 2011 and ending in 2013.

In July 2009, the Compensation Committee granted Mr. Carbonari a \$2 million award to be earned over a two-year period, half to be paid in stock, half in cash, subject to continued employment and achievement of performance goals. This award was made in recognition of his superior performance and leadership in an extremely difficult economy and as a retention device. The July 2009 award will vest 50% on August 1, 2010

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and 50% on August 1, 2011, subject to continued employment, achievement of a six-month earnings per share (EPS) performance goal and consideration of additional performance measures as determined by the Compensation Committee. Payment of the award will follow the vesting dates. The six-month performance goal for this award was \$.75 of earnings per share in the July to December 2009 period, which was achieved. While the Compensation Committee did not set specific performance goals under the award, it did retain discretion to assess Mr. Carbonari's performance in areas such as market share, total shareholder return and operational goals and to decide to pay Mr. Carbonari nothing or less than the full value of the award.

Use of Tally Sheet

During 2009, the Compensation Committee used tally sheets containing the information in the tables on pages 33, 39, 41 and 44 of this Proxy Statement (in different format) to assist in analyzing named executive officers' total compensation and various elements of their compensation, as well as potential accumulated wealth under the Company's equity programs. This assessment also included a review of compensation payable in connection with a separation of employment under various separation scenarios, such as voluntary or involuntary separation and separation following a change in control. The Compensation Committee used the tally sheets to assist in their evaluation of total compensation and the mix of elements.

Survey Group

The Compensation Committee compares the Company's executive compensation program to programs maintained by a group of consumer products companies (the Survey Group). The Survey Group consists of 25 consumer products companies with median 2008 revenue of \$9.6 billion. The companies in the Survey Group are either primary competitors of the Company or are premier consumer products companies. In either case, we believe we compete with these companies for talented executives. The Survey Group consists of:

3M Company	Kohler Co.
Alberto-Culver Company	Kraft Foods Inc.
Anheuser-Busch Companies, Inc.	Masco Corporation
Black & Decker Corporation	Molson Coors Brewing Company
Brunswick Corporation	Newell Rubbermaid Inc.
Campbell Soup Company	Nike, Inc.
Colgate-Palmolive Company	S.C. Johnson & Sons, Inc.
Diageo plc	Sara Lee Corporation
Emerson Electric Co.	The Sherwin-Williams Company
General Mills, Inc.	The Stanley Works
Hershey Foods Company	Unilever NV
Illinois Tool Works Inc.	Whirlpool Corporation
Kellogg Company	

Base Salary

The Compensation Committee sets base salaries annually. When determining base salary levels for the Chief Executive Officer and other named executive officers, the Compensation Committee evaluates base salary levels of similar positions in the Survey Group. Base salaries recognize and reward individual skills and experience as well as sustained job performance. The Compensation Committee generally sets base salaries to

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between the 50th to 75th percentiles of the Survey Group; however, salaries may fall outside of this range under certain circumstances, such as exceptional individual performance, long tenure with the Company, or retention concerns. In 2009, base salaries for the named executive officers ranged from under the 50th to over the 75th percentile of comparable positions in the Survey Group. For 2009, the named executive officers received no salary increase from 2008 as a cost-saving measure in response to the difficult economy, with the exception of Mr. Klein due to his promotion and assignment of increased responsibilities. For 2010, the Compensation Committee reverted to its normal practice of granting annual merit increases in salaries for the named executives, which ranged between 3% and 4% (excluding Mr. Klein whose increase was 28% due to his promotion and assignment of increased responsibilities).

Annual Incentive Bonuses

The Company's Annual Executive Incentive Compensation Plan is a cash-based, pay-for-performance annual incentive plan. It was approved by stockholders in 2007 and is generally designed to satisfy Internal Revenue Code requirements for performance-based compensation. The plan covers Vice Presidents and more senior officers. The annual incentive plan rewards company performance that meets or exceeds earnings per share targets set by the Compensation Committee at the beginning of each performance period. The earnings per share targets, and the results are adjusted to reflect the impact of significant transactions, accounting changes and certain non-recurring events.

For 2009, the Compensation Committee divided the earnings per share target into two six-month periods (January to June and July to December) due to the extraordinary difficulty in setting accurate goals for an entire year in uncertain economic times, particularly in the housing market. The goals were set with these two six-month periods only for 2009; in 2010, the Compensation Committee will revert to its normal practice of setting one annual goal at the beginning of the performance period. For the first six months of 2009, the earnings per share target was \$0.90 (with a maximum payout if earnings per share was \$1.12). For the second six months of 2009, the earnings per share target was \$1.15 (with a maximum payout if earnings per share was \$1.44). The Compensation Committee's determination of target earnings per share was based on the current and anticipated conditions of the markets in which the Company does business. The Company's actual adjusted performance against the EPS targets was \$2.34 (the target was \$2.32 for the full year).

As in prior years, specific performance targets in 2009 for earnings per share (before charges/gains) were rigorous and set sufficiently high to require superior performance. Reflecting the rigor of these targets, the maximum bonus payout was reached just once in the past ten years.

The Company believes that earnings per share is an appropriate measure for annual incentive bonuses because it provides the executives with an incentive to achieve favorable current results, while also producing long-term growth for the Company. Actual earnings per share targets are derived from operating income growth goals for each of the Company's operating segments. In setting operating segment income growth goals, the Company considers the historical performance of competitors in each industry in which the Company does business as well as current and anticipated market conditions.

To determine annual bonus amounts, the Compensation Committee first sets a target level of bonus as a percentage of salary for each of the named executive officers. Target levels were set in the following amounts for 2010: Mr. Carbonari 130%;

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Mr. Omtvedt 75%; Mr. Roche 60%; Mr. Koley 60% and Mr. Hausberg 50%. The more responsibility and the greater the scope of an executive's position, the higher the target bonus percentage will be. The Compensation Committee chose the target bonus levels because they are competitive with the Survey Group and therefore support our executive compensation objective of offering competitive compensation. Actual bonus payments can range from 0-200% of the target amount, based on earnings per share performance.

In almost all cases, bonuses are determined based solely on earnings per share growth; however, the Compensation Committee does have the discretion to adjust annual incentive bonuses up or down based on an executive's individual performance. The Compensation Committee did not exercise its discretion to adjust annual incentive bonuses for any named executive officers in 2009. There are no individual performance goals under the annual incentive plan.

Due to Mr. Klein's promotion to President of the Company's Home & Hardware business in 2009, Mr. Klein received a pro-rated annual incentive award under the Company's Annual Executive Incentive Plan for 2009. He also received a pro-rated annual incentive award under the Fortune Brands Home & Hardware annual incentive plan for 2009. The Fortune Brands Home & Hardware annual incentive plan is similar to the Fortune Brands Annual Executive Incentive Plan except that target bonus awards are based on the weighted average of each home and hardware company's operating income (OI) and working capital efficiency (WCE) rather than EPS. In 2009, the specific targets for 2009 OI and WCE were rigorous and set sufficiently high to require superior performance. For 2010, the Compensation Committee set a target level of 75% of Mr. Klein's salary.

Long-Term Performance Incentives: Stock Options, Performance Share Awards and Restricted Stock Units

The Company designed its Long-Term Incentive Plan, which was approved by stockholders, to ensure that incentive compensation reflects the profitability of the Company and the performance of the Company's common stock. The Company offers a combination of awards, each intended to meet a specific objective and reward specified results. These awards promote a long-term view, reward long-term positive performance of the Company, and are intended to align executives' interests with stockholders' interests.

In 2009, except as described below, long-term incentives provided by the Company to our executive officers consisted of 1) stock options, 2) performance share awards (based on a three-year performance period) with dividend equivalents on earned performance shares and 3) restricted stock units (RSUs). The mix of stock options, performance awards and RSUs varied from executive to executive but was approximately 40% stock options, 30% performance awards and 30% RSUs. For 2010, the Compensation Committee allocated the mix of long-term incentives at approximately 1/3 stock options, 1/3 performance shares and 1/3 restricted stock units. The Compensation Committee believes this mix provides an adequate incentive to management to perform well for stockholders and is more aligned to market comparables.

Levels of long-term incentive grants are not directly influenced by the levels of other elements of compensation other than by a general desire to keep total direct compensation in the 50th-75th percentile range. The Compensation Committee determines the amount of long-term incentive grants primarily based on competitive long-term incentive market data for the Survey Group, although individual considerations may influence the size of the grant, as described on page 23 above.

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Stock Options

The Company awards stock options because it believes they directly align executive officers' interests with stockholders' interests, since executives do not benefit unless the Company's stockholders benefit from increased share values. Because stock options vest over time and can potentially grow in value over time, they serve not only as an incentive for superior performance, but also as a retention device.

The Compensation Committee typically granted stock options at a regularly scheduled meeting in September each year and the grant date was the date of that meeting. The Compensation Committee sets the exercise price of stock options at the quoted closing price for the Company's common stock on the New York Stock Exchange on the date of grant. Beginning in 2010, the Compensation Committee moved the annual option grant date from September to a regularly scheduled meeting in February each year so that all incentive compensation decisions are made at the same time.

Stock options cannot be exercised unless the recipient remains employed by the Company for at least one year from the grant date. The stock options vest ratably over a three-year period; however, a special stock option grant made to Mr. Carbonari in February 2008, when he was promoted to CEO, vests over a five-year period. Beginning in 2005, stock options granted to executives had an exercise period of seven years. Prior to 2005, stock options had an exercise period of ten years.

Stock options are performance-based in that their value is inherently based on the Company's stock price performance; they have no value to the executive if the stock price does not increase from the grant or exercise price. Vesting of stock options is time-based.

Performance Share Awards

Performance share awards provide executives with an opportunity to earn shares of Company common stock if the Company achieves specified performance targets over a three-year performance period. The Company believes that it is appropriate to award performance shares to executives because they are complementary to, and therefore provide different incentives than, stock option awards in two respects. First, the shares are earned only if the performance targets are met. Second, the performance shares provide incentives and promote retention even in a down market as long as the Company continues to meet its financial objectives, which are to outperform the Company's estimate of market performance.

Performance shares are earned based on achievement of average return on invested capital and cumulative earnings per share targets. Return on invested capital and earnings per share targets are derived from analyzing and setting operating goals for each of the Company's operating companies, and then calculating overall targets for the Company. These two performance measures are used because the Company believes they drive long-term stockholder value creation, one capturing growth (*earnings per share or EPS*) and the other capturing returns (*return on invested capital or ROIC*). Performance share awards granted in 2009 are based on performance targets approved by the Compensation Committee at the beginning of each year of the three-year performance period.

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No performance shares will be paid unless at least an established minimum of the targeted consolidated return on invested capital and cumulative diluted earnings per share are achieved (in the applicable one-year or three-year period). The following matrix shows the percentage of the target number of shares that will be paid to an executive for a given level of performance during the 2009-2011 performance period:

		% of Performance Shares Earned		
	Maximum	100	125	150
<i>Diluted</i>	Target	75	100	125
<i>Cumulative EPS</i>	Minimum	50	75	100
		Minimum	Target	Maximum
		<i>Average</i>		
		<i>Annual ROIC</i>		

The earnings per share and return on invested capital goals set by the Compensation Committee are rigorous and were set sufficiently high to require superior performance for target and maximum payouts. In the ten-year period beginning in 2000, the maximum payout was reached twice. The Company's practice of setting rigorous targets for performance share awards is evidenced in the following table which discloses minimum, target and maximum goals for the 2007-2009 and 2008-2010 performance periods:

Performance Period	Metric	Minimum	Target	Maximum
2007-2009		\$ 15.35	\$ 17.35	\$ 18.78
2008-2010	Diluted Cumulative Earnings Per Share	\$ 14.53	\$ 15.83	\$ 17.10
2007-2009		9.8%	10.3%	10.8%
2008-2010	Average Return on Invested Capital	8.9%	9.7%	10.2%

No payout was made for the 2007-2009 performance period and none is anticipated for the 2008-2010 performance period.

In the 2007-2009 period, diluted cumulative earnings per share was \$12.03 and average return on invested capital was 8.02%, resulting in no payout to executives for this period. Under the Plan, goals and results are adjusted to reflect the impact of significant transactions, accounting changes and certain non-recurring events.

Only if minimum performance share award measures are met, executive officers who receive performance awards will earn cash dividend equivalents equal to the cash dividends that would have been paid on the shares had the recipient owned the shares during the performance period. Dividend equivalents are not paid until the performance period has ended.

Due to the difficulty in setting three-year goals in such uncertain economic conditions, in March 2009, the Compensation Committee approved substituting annual performance goals during the 2009-2011 performance period in lieu of three-year performance goals previously established for the entire 2009-2011 performance period. Performance share awards are not paid until the end of the three-year period; however, separate

goals for each year in the performance period are set at the beginning of each year.

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The target goals for 2009 were EPS of \$2.32 and ROIC of 5.2%. The Company's actual adjusted performance was EPS of \$2.36 and ROIC of 5.3%. No payouts will be determined or made until early 2012, after conclusion of the 2009-2011 performance period.

In July 2009, the Compensation Committee reviewed executive compensation for 2006 to 2008 and noted that stock option grants in all three years were significantly underwater and that there was no payout for the 2006-2008 performance period and none was anticipated for the 2007-2009 or the 2008-2010 performance periods. In response, the Compensation Committee granted a special 18-month performance share award to the named executive officers, as well as to 10 other executives. This special 18-month performance award was made to provide an incentive for continued exceptional performance in an exceptionally challenging business environment. The target value of the 18-month performance share award is 75% of the target value for the 2008-2010 award. No 18-month awards will be paid unless diluted cumulative earnings per share for the 18-month period from July 2009 to December 2010 exceeds \$2.35, in which case 65% of the target will be paid. One hundred percent of the 18-month performance share target award will be paid if \$2.70 in cumulative diluted EPS is achieved in the performance period. No more than 100% of the target can be paid.

Mr. Klein is eligible for an additional cash long-term incentive award based on targets specific to the Home & Security business unit. The Company believes that this cash long-term incentive program promotes a long-term view, rewards long-term positive performance from the Home & Security business unit (and the Company as a whole) and promotes retention. Awards under this program are paid in cash only if specified performance targets over a three-year performance period are met. Awards are earned based on achievement of operating income (OI) and return on net tangible assets (RONTA) targets. These measures are used because the Company believes they drive long-term stockholder value. Beginning with the 2010-2012 performance period, performance targets are approved by the Compensation Committee at the beginning of each year of the three-year performance period. No award is paid unless at least an established minimum of the targeted OI and RONTA is achieved. These goals are rigorous and were set sufficiently high to require superior performance for target and maximum payouts. Mr. Klein is the only named executive officer eligible for this long-term incentive.

Restricted Stock Units

In 2009, the Compensation Committee decided to alter the mix of long-term incentives to include restricted stock units (RSUs). A portion of the value previously awarded in performance shares was awarded in RSUs. Each RSU is equal to one share of the Company's common stock. RSUs provide executives with an opportunity to earn shares of Company common stock. The Compensation Committee believes this change will provide greater balance and stability to the Company's long-term incentives for executives. Additionally, it will provide a form of long-term compensation that aids retention, encourages long-term value creation and aligns financial interests with stockholders (but does not encourage excessive risk taking).

In February 2008, the Compensation Committee approved a new one-time retention program for certain executives, including Messrs. Omtvedt, Klein, Roche and Hausberg, which consisted of a grant of RSUs. The Committee determined that the Company was at risk of losing experienced executive talent at a time when their experience and skills were most needed to help the Company navigate the significant

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challenges of the economy and market conditions. The RSUs were only to be earned if performance targets were met and the executive remained employed until December 31, 2010 (or employment ends earlier due to death, disability or retirement).

In July 2009, the Compensation Committee modified this one-time program to preserve its intent to retain executive talent. As the performance goals set in February 2008 were rendered unachievable by the unforeseen challenges of the global economic recession, the Compensation Committee substituted for these goals a requirement to defer receipt of the RSUs until the Company can deduct the cost from taxes, which in most cases will be following the executive's retirement.

Health and Related Benefits

The Company's health and related benefits include medical, dental, life, disability, accidental death and dismemberment and travel accident coverage. The Company's health and related benefit programs are designed to be competitive with those of other large corporations. The vast majority of health and related benefits provided to executive officers are offered through broad-based plans applicable to all employees.

Perquisites

In 2009, use of the Company aircraft was provided to certain executives who reimburse the Company for such use (Messrs. Carbonari and Omtvedt only). In addition, Mr. Koley relocated his residence at the Company's request. The Company, in conjunction with its practice, reimbursed relocation expenses (principally, travel expenses, closing costs and temporary housing expenses) for Mr. Koley, including reimbursement for the income taxes on the relocation expenses.

Retirement Benefits

The Company believes that it is appropriate to provide retirement benefits to recruit and retain executives. The Company provides retirement benefits to executives through a combination of a tax-qualified defined benefit plan, a tax-qualified defined contribution plan and a nonqualified defined benefit and defined contribution plan. The Company also believes that it is appropriate to provide nonqualified plan benefits to make executives whole for the amount of benefit they would have received under the qualified plans but for the limitations on contributions and benefits imposed by the Internal Revenue Code. The nonqualified plan provides supplemental pension and profit sharing benefits that allow these executives to receive contributions and benefits at the same rate applicable to all other employees of the Company.

Certain executives are not eligible to participate in the tax-qualified defined benefit plan. As a result, these executives' pensions (except for Mr. Koley, who is not eligible for either tax-qualified or nonqualified defined benefit plans) are provided on a nonqualified basis. In addition, prior to 1999, certain executive officers were granted a pension formula not generally available to all employees. In 1999, the Compensation Committee discontinued granting the enhanced pension formula to any new executives. For service on and after January 1, 2008, the pension formula was reduced so that all eligible executives, including those under the special formula described above, will earn pension benefits under the same formula applicable to all Company employees. The amount of benefits provided by each retirement plan and the pension formulae applicable to named executive officers are described in more detail on pages 41 through 43 of this Proxy Statement.

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To retain current executives, the Company continued its past practice of contributing annually to employee grantor trusts to secure the supplemental retirement benefits of certain executives. These trusts have been approved by stockholders. They are described in more detail on pages 34, 35 and 41 through 43 of this Proxy Statement.

Employees, including executives, hired after January 1, 2008 are not eligible to participate in the Company's defined benefit plan and received benefits only under the defined contribution plan.

Severance and Change in Control Agreements

The Company has a long-standing practice of entering into severance and change in control agreements with its named executive officers. The agreements generally provide for severance benefits in the event of involuntary termination of employment or termination by the executive for good reason. No payments are made if employment is terminated due to death, disability or cause. Executives will receive enhanced benefits if a termination of employment follows a change in control of the Company. The change in control agreements are double trigger (both a change in control and involuntary termination of employment or termination by the executive for good reason must occur to receive payment). The Company believes these agreements are necessary in order to ensure the continuity of management and to allow executives to focus on serving the Company in a change of control situation without the distraction of concern for their employment. These agreements are described in more detail on pages 44 through 47 of this Proxy Statement.

The Company adopted amendments, effective January 1, 2009, to the severance and change in control agreements in effect between the Company and its named executive officers. The amendments were generally technical in nature and necessary to comply with final Treasury regulations issued under Section 409A of the Internal Revenue Code. The severance agreements were further amended at this time to provide that, in the event of a termination of employment without cause or for good reason, severance payments will include an amount equal to the amount a named executive officer would have actually received under the Company's Annual Executive Incentive Plan for the year in which the termination occurs based upon the Company's actual performance for such year, as opposed to including the named executive officer's target bonus under such plan. The amendments were made in order to preserve favorable tax treatment for the benefits.

At the time the severance and change in control agreements were reviewed by the Company, it sought outside advice from its independent compensation consultant regarding the level of severance benefits provided under the agreements. Based on the market information it received and the collective experience of its individual members, the Compensation Committee determined, and continues to believe, that the level of benefits (and the multiplier of base salary and bonus) was and is generally appropriate for executives at the level of the Company's named executive officers.

Retention Arrangement with Mr. Carbonari

In 2002, the Company extended a special retention arrangement to Mr. Carbonari. At the time, Mr. Carbonari was employed by one of the Company's subsidiaries and had been identified through the succession planning process as an employee with a very high potential but that the Company was at risk of losing. The arrangement was intended to

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encourage Mr. Carbonari to stay with the Company and perform well until retirement. Under this arrangement, if Mr. Carbonari remains employed until his normal retirement age (or an early retirement date if approved by the Compensation Committee), he will receive a single payment equal to three times his base salary six-months following the time of retirement. This arrangement is described in greater detail on page 47 of this Proxy Statement.

Stock Ownership Guidelines

The Company believes it is important for executive officers and directors to have a significant investment in the Company so that their interests are better aligned with stockholders. Accordingly, the Company has established stock ownership guidelines for executives and directors. The Compensation Committee annually reviews executives' compliance with the Company's stock ownership guidelines. The guidelines are:

Chairman and Chief Executive Officer	4 times salary
Senior Vice Presidents and First-Tier Subsidiary Chief Executive Officers	2 times salary
Vice Presidents	1 time salary
Directors	3 times annual fee

The guidelines allow executives and directors five years from the date of election to meet the guidelines. In July 2009, the Compensation Committee determined that three of the six named executive officers met these guidelines, and the other three had not been in their current positions for five years.

The Company has a formal policy prohibiting any director, officer or chief executive officer of a first-tier subsidiary from hedging the risk of owning Company common stock or trading in derivatives of the Company.

Tax Treatment

The Company generally receives a tax deduction for payments to executives under its annual and long-term incentive plans. The Internal Revenue Code limits the income tax deduction that the Company may take for compensation paid to the Chief Executive Officer and the other named executive officers. The limit is \$1 million per executive per year. However, performance-based compensation is excluded from the limitation. All compensation of named executive officers in 2009 is fully tax deductible by the Company with the exception of \$268,264 primarily due to employee grantor trust funding (described in footnote 6 to the Summary Compensation Table on page 33). The Compensation Committee intends that the annual incentive bonus, stock options, performance share awards and restricted stock unit grants will be deductible by the Company.

Table of Contents**2009 COMPENSATION**

The Summary Compensation Table below includes values for contingent compensation, such as unvested and/or unpaid stock awards and unexercised stock options. For example, performance share awards that have been granted to the named executive officers but not paid by the Company have been valued in the table below based on the most probable outcomes as of the date of the grants, even in cases where the fair value of such awards determined as of the present date would be lower. The named executive officers may never realize the value of certain items included under the column headed **Total** (as is the case in recent years), or the amounts realized may differ materially from the amount listed in the Summary Compensation Table and related footnotes. In addition, equity compensation is reported in several different tables in this Proxy Statement. For that reason, investors should take care to not **double count** equity awards.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year A	Salary (\$) B	Bonus (\$)(1) C	Stock Awards (\$)(2) D	Option Awards (\$)(3) E	Non-Equity Incentive Plan Compensation (\$)(4) F	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(5)(6) G	All Other Compensation (\$)(7) H	Total (\$)(8) I
Bruce A. Carbonari <i>Chairman of the Board and CEO*</i>	2009	1,100,000	0	6,040,703	1,465,298	1,529,440	432,468	167,995	10,735,904
	2008	1,100,000	0	2,797,794	3,947,353	0	458,021	422,541	8,725,709
	2007	865,000	0	1,302,975	2,126,500	1,101,962	285,085	631,470	6,312,992
Craig P. Omtvedt <i>Senior Vice President and CFO</i>	2009	630,300	0	2,371,063	576,387	597,524	320,033	163,116	4,658,423
	2008	630,300	0	2,485,350	701,091	0	215,414	209,132	4,241,287
	2007	609,000	0	1,129,245	835,706	412,902	418,171	254,968	3,659,992
Mark A. Roche <i>Senior Vice President, General Counsel and Secretary</i>	2009	522,700	0	1,560,052	378,490	396,416	271,772	97,323	3,226,753
	2008	522,700	0	1,640,331	462,649	0	188,708	112,505	2,926,893
	2007	505,000	0	747,039	551,621	273,912	209,776	140,254	2,427,602
Patrick J. Koley <i>Senior Vice President Strategy & Corporate Development</i>	2009	357,692	100,000	822,738	190,327	303,360	0	180,089	1,922,120
Mark Hausberg <i>Senior Vice President Finance and Treasurer</i>	2009	365,000	0	665,368	140,582	230,680	144,640	72,541	1,618,811
	2008	365,000	0	667,494	169,045	0	118,793	91,154	1,411,486
	2007	357,000	0	295,341	235,818	161,400	194,238	93,114	1,336,911
Christopher J. Klein <i>Former Senior Vice President**</i>	2009	546,000	0	1,717,528	420,665	483,995	91,653	59,858	3,319,699
	2008	474,000	0	1,782,351	895,048	0	64,453	71,724	3,287,576
	2007	458,000	0	781,785	642,639	248,419	43,223	77,994	2,252,060

* Effective October 1, 2008, Mr. Carbonari was elected Chairman of the Board and Chief Executive Officer. Mr. Carbonari was elected President and Chief Executive Officer effective January 1, 2008. In 2007, Mr. Carbonari served as President and Chief Operating Officer.

** Effective January 1, 2010, Mr. Klein became President and Chief Executive Officer of Fortune Brands Home & Security, LLC, the Company's home and security subsidiary. Beginning April 1, 2009, Mr. Klein served as President and Chief Operating Officer of the Company's home and security subsidiary. Prior to assuming his duties at the operating company, Mr. Klein served as Senior Vice President of Fortune Brands from February 9, 2009 until April 1, 2009. Prior to February 9, 2009, Mr. Klein's title was Senior Vice President Strategy & Corporate Development. Mr. Klein has not been an executive officer of the Company since he became President and Chief Operating Officer of the Company's home and security subsidiary to the operating company in April 2009.

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- (1) This column includes a \$100,000 sign on bonus paid to Mr. Koley.
- (2) **Stock Awards:** The amounts listed in column D for 2009 are performance-based compensation and reflect the most probable outcome award value at the date of the grant in accordance with FASB ASC Topic 718. Amounts for 2007 and 2008 have been recomputed under the same methodology in accordance with SEC rules. For assumptions used in determining these values, see footnote 12 to the consolidated financial statements contained in the Company's Form 10-K for the year(s) ended December 31, 2009 (2008 and 2007). The maximum award value, if paid, would be:

Name	2009	2008	2007
Bruce A. Carbonari	\$ 7,059,961	\$ 4,196,691	\$ 1,954,463
Craig P. Omtvedt	\$ 2,771,025	\$ 3,035,678	\$ 1,693,868
Mark A. Roche	\$ 1,822,930	\$ 2,002,482	\$ 1,120,559
Patrick J. Koley	\$ 1,120,861	n/a	n/a
Mark Hausberg	\$ 776,648	\$ 820,166	\$ 443,012
Christopher J. Klein	\$ 1,996,534	\$ 2,204,861	\$ 1,172,678

- (3) **Option Awards:** The amounts listed in column E are performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code and reflect the full grant date fair values in accordance with FASB ASC Topic 718. Amounts for 2007 and 2008 have been recomputed under the same methodology in accordance with SEC rules. For assumptions used in determining these values, see footnote 12 to the consolidated financial statements contained in the Company's Form 10-K for the year(s) ended December 31, 2009 (2008 and 2007).
- (4) **Non-Equity Incentive Plan:** Column F lists amounts earned under the Annual Executive Incentive Compensation Plan. Refer to the Compensation Discussion and Analysis on pages 25 and 26 of this Proxy Statement for more details on the non-equity incentive plan. Solely with respect to Mr. Carbonari and solely for 2007, this column also includes a cash long-term incentive payment that was granted to him in 2005 when he was employed by a subsidiary of the Company. In addition, for Mr. Klein in 2009, this column includes a pro-rated annual incentive award earned under the Fortune Brands Home & Hardware incentive plan.
- (5) **Increase in Actuarial Value of Defined Benefit Pension:** Column G includes an estimate of the increases in actuarial value of certain named executive officers' tax qualified and non-qualified defined benefit pension plan benefit. The narrative and footnotes following the Pension Benefits table on page 41 provide additional detail about the Company's pension plans.
- (6) **Employee Grantor Trusts:** The named executive officers listed in the Summary Compensation Table are not currently covered under the Company's tax-qualified defined benefit plan (except for Mr. Klein). As a replacement, pension benefits for Messrs. Carbonari, Omtvedt, Roche and Hausberg are provided under our Supplemental Plan and employee grantor trust arrangements were established to fund these benefits. These employee grantor trust arrangements have been approved by stockholders. Contributions to fund these benefits are taxable to executives. Mr. Koley is not eligible for defined benefit plan benefits under either the Company's tax-qualified plan or the Supplemental Plan.
- In 2009, the contributions were made to employee grantor trusts (net of tax withholding) in the following amounts: \$73,549 for Mr. Carbonari, \$0 for Mr. Omtvedt, \$54,813 for Mr. Roche, and \$0 for Mr. Hausberg. These executives were reimbursed for taxes on earnings of the trust related to pension benefits in the following amounts: \$43,143 for Mr. Carbonari, \$73,578 for Mr. Omtvedt, \$38,503 for Mr. Roche, and \$27,163 for Mr. Hausberg. Contributions are not listed in column H because they were made to fund supplemental retirement benefits that are disclosed in the Pension Benefits table on page 41 and the narrative that follows it. However, the reimbursements for taxes on the contributions are included in Column H.
- (7) **Perquisites and All Other Compensation:** In 2009, limited use of the Company aircraft was provided to executives who reimburse the Company (Messrs. Carbonari and Omtvedt only). In addition, in 2009 the Company reimbursed relocation expenses for Mr. Koley (principally, travel expenses, closing costs and temporary housing expenses) in the amount of \$94,717 and provided a tax gross up in the amount of \$40,397 to make him whole for personal expenses incurred because of the Company's request that he relocate his personal residence.

The aggregate incremental cost of perquisites is generally the cost of such items to the Company. Although Messrs. Carbonari and Omtvedt used Company aircraft for personal use in 2009, 2008 and 2007, they reimbursed the Company for their number of hours of personal flight time. The difference between the Company's aggregate incremental cost of personal aircraft usage and the amount paid by the executive is due in part to the incremental cost to reposition Company aircraft; this difference is included in column H. Specifically, for 2009, the Company's cost of personal aircraft usage not reimbursed by executives is \$6,807 for Mr. Carbonari and \$1,699 for Mr. Omtvedt. The calculation of incremental cost of personal aircraft usage is based on variable cost to the Company, including fuel costs, crew expenses, landing fees and other miscellaneous variable costs.

Defined Contribution Benefits, Nonqualified Plan Earnings and Tax Reimbursements: The amount in column H also includes: (a) Company contributions to the tax-qualified defined contribution plan of the Company, (b) profit-sharing amounts under the Company's Supplemental Plan, and (c) tax reimbursements with respect to defined contribution benefits. We describe these benefits below.

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- (a) *Defined Contribution Plan Contributions.* Company contributions for 2009 to the Company's tax-qualified defined contribution plan were \$24,123 for each of Messrs. Carbonari, Omtvedt, Roche and Hausberg, \$26,972 for Mr. Koley and \$28,273 for Mr. Klein.
- (b) *Supplemental Plan.* The Supplemental Plan credits certain executives with amounts that would have been contributed to their profit sharing accounts under the tax qualified defined contribution plan but for the limitations on contributions imposed by the Internal Revenue Code. Profit sharing credits earned under our Supplemental Plan for 2009 were: \$64,125 for Mr. Carbonari; \$28,898 for Mr. Omtvedt; \$20,828 for Mr. Roche; \$11,625 for Mr. Koley; \$9,000 for Mr. Hausberg; and \$22,575 for Mr. Klein. These amounts were credited to executives' accounts in early 2010. For all named executive officers except Messrs. Carbonari, Klein and Koley, to meet the Company's obligations to provide these profit sharing benefits under the Supplemental Plan, the Company partially funded these benefits through employee grantor trusts approved by stockholders. The Company funds only the amount sufficient to provide the expected after-tax profit sharing benefit.
- (c) *Tax Reimbursements.* The defined contribution credits to the Supplemental Plan are subject to Medicare tax. In 2009, the Company reimbursed the named executive officers for Medicare taxes in the amount of: \$1,525 for Mr. Carbonari, \$686 for Mr. Omtvedt, \$495 for Mr. Roche, \$278 for Mr. Koley, \$213 for Mr. Hausberg and \$132 for Mr. Klein. In addition, for those executives with employee grantor trusts described in (b) above, the Company reimbursed the executive for taxes on earnings of trust in the amount of \$20,072 for Mr. Omtvedt, \$5,140 for Mr. Roche, and \$4,634 for Mr. Hausberg. Executives receive only the after-tax defined contribution benefit from these trusts.

Long-Term Disability Reimbursement: Column H includes amounts that the Company reimburses for the cost of premiums for long-term disability insurance coverage. This reimbursement is provided to all employees and is not an executive benefit. The reimbursement is taxable to the employee. The amount of long-term disability reimbursement in 2009 was \$1,033 for each named executive officer.

Premiums for Life Insurance: The Company provides an additional life insurance program for Messrs. Carbonari, Omtvedt, Roche, Klein, Koley and Hausberg. The amounts set forth in column H include the dollar value of all insurance premiums paid by the Company in 2007, 2008 and 2009. For 2009, these amounts were: \$27,238 for Mr. Carbonari; \$13,027 for Mr. Omtvedt; \$7,201 for Mr. Roche; \$5,067 for Mr. Koley; \$6,375 for Mr. Hausberg; and \$7,395 for Mr. Klein.

- (8) Totals for 2007 and 2008 have been recalculated based on the new valuation methodology required under SEC rules as discussed in footnotes 2 and 3 above.

TAXABLE COMPENSATION REPORTED

The following supplemental table shows the amount of compensation reported for federal tax purposes for each of the Chief Executive Officer and other named executive officers for each of the indicated tax years. These amounts reflect the amounts reported for each individual in Box 1 of their respective Forms W-2 for each reporting year. We are providing this supplemental table to highlight the difference between compensation reported under the SEC rules and compensation amounts realized and reports as taxable income on Forms W-2.

Name	Year	W-2 Box 1 Compensation
Bruce A. Carbonari	2009	\$ 1,268,264.33
	2008	\$ 2,888,899.64
	2007	\$ 3,718,146.88
Craig P. Omtvedt	2009	\$ 765,489.36
	2008	\$ 2,393,212.40
	2007	\$ 5,724,468.23
Mark A. Roche	2009	\$ 675,631.95
	2008	\$ 1,954,853.92
	2007	\$ 4,407,580.30
Patrick J. Koley	2009	\$ 547,802.63
	2008	n/a

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	2007		n/a
Mark Hausberg	2009	\$	508,450.90
	2008	\$	936,983.21
	2007	\$	1,955,122.51
Christopher J. Klein	2009	\$	533,144.09
	2008	\$	1,435,438.62
	2007	\$	2,159,812.48

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Amounts reported in Box 1 of the Forms W-2 for the named executive officers, as listed above, includes, among other items: (1) total cash wages and bonuses paid to the named executive officers for the taxable year, less amounts deferred under tax-qualified 401(k) plans; (2) the value of Company-paid life insurance in excess of \$50,000 and any taxable pension accruals provided to the named executive officers; (3) the value of any performance share awards, restricted stock awards or stock units that were paid out or became vested during the taxable year; (4) the gain recognized upon the exercise of stock option awards exercised during the taxable year.

Amounts reported in Box 1 of the Forms W-2 for the named executive officers, as listed above, do not include any value for: (1) unvested performance share awards, restricted stock awards or stock unit awards; or (2) outstanding but unexercised stock option awards. Values for these items would be included in the Summary Compensation Table on page 33, as well as in the table below on pages 39 and 40.

2009 GRANTS OF PLAN-BASED AWARDS

Name and Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Value of Stock and Option Awards \$(1)
	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Bruce A. Carbonari										
2/23/2009(2)	847,000	1,210,000	2,420,000							
2/23/2009(3)					63,200	94,800				2,038,516
2/23/2009(4)					53,500	53,500				1,725,643
7/27/2009(5)				36,900	56,800	56,800				2,276,544
7/27/2009(6)		2,000,000	2,000,000							
9/30/2009(7)								135,000	\$ 42.98	1,465,298
Craig P. Omtvedt										
2/23/2009(2)	330,908	472,725	945,450							
2/23/2009(3)					24,800	37,200				799,924
2/23/2009(4)					21,000	21,000				677,355
7/27/2009(5)				14,500	22,300	22,300				893,784
9/30/2009(7)								53,300	\$ 42.98	576,387
Mark A. Roche										
2/23/2009(2)	219,534	313,620	627,240							
2/23/2009(3)					16,300	24,450				525,757
2/23/2009(4)					13,800	13,800				445,119
7/27/2009(5)				9,600	14,700	14,700				589,176
9/30/2009(7)								35,000	\$ 42.98	378,490
Patrick J. Koley										
2/23/2009(2)	168,000	240,000	480,000							
2/23/2009(3)					8,500	12,750				274,168
2/23/2009(4)					7,200	7,200				232,236
2/23/2009(8)					14,800	14,800				477,374
9/30/2009(7)								17,600	\$ 42.98	190,327
Mark Hausberg										
2/23/2009(2)	127,750	182,500	365,000							
2/23/2009(3)				0	6,900	10,350				222,560
2/23/2009(4)					5,900	5,900				190,305
7/27/2009(5)				4,100	6,300	6,300				252,504
9/30/2009(7)								13,000	\$ 42.98	140,582
Christopher J. Klein										
2/23/2009(2)	248,430	354,900	709,800							

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2/23/2009(3)				17,300	25,950			558,012
2/23/2009(4)				14,700	14,700			474,149
2/23/2009(9)	20,000	160,000	400,000					
7/27/2009(5)				11,100	17,100			685,368
9/30/2009(7)							38,900 \$ 42.98	420,665

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- (1) The grant date value of stock option awards is based on the Black-Scholes value of \$10.81 for the September 30, 2009 grant. The grant date value of performance awards is determined based on the probable outcome of such performance conditions as of the grant date.
- (2) The numbers in this row reflect the range of potential payments under the Annual Executive Incentive Plan.
- (3) The numbers in this row reflect the range of potential performance shares that may be awarded. The maximum value assuming achievement of performance goals at the maximum level is: \$3,057,774 for Mr. Carbonari, \$1,199,886 for Mr. Omtvedt, \$788,635 for Mr. Roche, \$411,251 for Mr. Koley, \$333,839 for Mr. Hausberg and \$837,017 for Mr. Klein.
- (4) This row reflects the number of restricted stock units that were awarded, whose vesting is subject to achievement of certain performance goals.
- (5) The numbers in this row reflect the range of potential performance shares that may be awarded under the special 18-month performance share grant. The maximum value of this award cannot exceed the target value.
- (6) This row reflects the special award to Mr. Carbonari granted in July 2009, which will be paid one-half in stock and one-half in cash, if earned.
- (7) This row reflects stock options granted in 2009.
- (8) This row reflects the number of restricted stock units granted to Mr. Koley upon hire, which vest over three years.
- (9) This row reflects a long-term cash incentive award for Mr. Klein under the Fortune Brands, Inc. 2007 Long-Term Incentive Plan.

Non-Equity Incentive Plan

Under the Annual Executive Incentive Compensation Plan, an executive must continue in employment for the entire year to receive a bonus, unless employment ends due to death, disability or retirement. Messrs. Omtvedt, Roche and Hausberg currently are eligible to retire under the Company's Supplemental Plan. Accordingly, these executives will remain eligible for an annual bonus even if they voluntarily terminate employment before the end of the year.

Long-Term Equity Incentive Plan

If an executive terminates employment, options expire three months after the termination date or the regularly scheduled expiration date (if sooner). If an executive dies, options must be exercised within three years after the date of death (or the expiration date, if earlier), provided options may be exercised for one year following death even if this period extends beyond the expiration date. If an executive retires or becomes disabled, but has remained an employee for at least one year from the grant date, options granted from September 2005 to September 2008 may be exercised for up to three years after employment terminates (or the expiration date, if earlier) (other options continue to be exercisable in full until the expiration of the option). Messrs. Omtvedt, Roche and Hausberg currently are eligible to retire under the Company's Supplemental Plan. Accordingly, a voluntary termination of employment by any of these executives will be considered a retirement and the more favorable retirement provisions described above will apply.

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An executive must continue in employment for the entire performance period to receive a performance share payment, except that if the executive's employment ends due to death, disability or retirement, the executive will receive payment (subject to the Company's attainment of the performance goals). Messrs. Omtvedt, Roche and Hausberg currently are eligible to retire under the Company's Supplemental Plan. Accordingly, a voluntary termination of employment by any of these executives will be considered a retirement, and the more favorable retirement provisions will apply.

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For restricted stock units granted in 2008, executives must continue in employment for a three-year period following grant. The restricted stock units will become payable when the Company can deduct them for income tax purposes, which in most cases will be upon the Executive's retirement. For restricted stock units granted in 2009, payment will be made early in 2012. All restricted stock units granted to these executives will fully vest and become payable upon the death, disability or retirement of the executive. Messrs. Omtvedt, Roche and Hausberg are eligible to retire.

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OUTSTANDING EQUITY AWARDS AT 2009 FISCAL YEAR-END

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable (2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (3)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (3)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Bruce A. Carbonari	0	135,500		\$ 42.98	9/30/2016	0	\$ 0	212,900	\$ 9,694,789
	66,668	133,332	0	\$ 57.01	9/29/2015				
	0	200,000		\$ 66.79	2/25/2015				
	102,800	51,400		\$ 80.95	9/24/2014				
	120,000	0		\$ 74.39	9/26/2013				
	108,000	0		\$ 82.16	9/27/2012				
	124,983	0		\$ 68.89	9/28/2014				
	103,133	0		\$ 54.75	9/29/2013				
34,274	0		\$ 46.78	9/23/2012					
Craig P. Omtvedt	0	53,300		\$ 42.98	9/30/2016	19,500	\$ 910,455	83,600	\$ 3,806,911
	26,268	52,532	0	\$ 57.01	9/29/2015				
	40,400	20,200		\$ 80.95	9/24/2014				
	85,000	0		\$ 74.39	9/26/2013				
	85,000	0		\$ 82.16	9/27/2012				
	99,711	0		\$ 68.89	9/28/2014				
	97,885	0		\$ 54.75	9/29/2013				
Mark A. Roche	0	35,000	0	\$ 42.98	9/30/2016	12,900	\$ 602,301	55,000	\$ 2,504,509
	17,335	34,665		\$ 57.01	9/29/2015				
	26,667	13,333		\$ 80.95	9/24/2014				
	54,000	0		\$ 74.39	9/26/2013				
	54,000	0		\$ 82.16	9/27/2012				
	62,975	0		\$ 68.89	9/28/2014				
	62,975	0		\$ 54.75	9/29/2013				
	62,975	0		\$ 46.78	9/23/2012				
	62,975	0		\$ 30.54	9/24/2011				
3,936	0		\$ 23.35	9/26/2010					
Patrick J. Koley	0	17,600	0	\$ 42.98	9/30/2016	14,800	\$ 642,172	15,700	\$ 717,961
Mark Hausberg	0	13,000	0	\$ 42.98	9/30/2016	5,100	\$ 238,119	23,400	\$ 1,065,453
	6,335	12,665		\$ 57.01	9/29/2015				
	11,400	5,700		\$ 80.95	9/24/2014				
	25,000	0		\$ 74.39	9/26/2013				
	25,000	0		\$ 82.16	9/27/2012				
	29,388	0		\$ 68.89	9/28/2014				
	29,388	0		\$ 54.75	9/29/2013				
	31,487	0		\$ 46.78	9/23/2012				
	31,487	0		\$ 30.54	9/24/2011				
24,088	0		\$ 23.35	9/26/2010					
Christopher J. Klein	0	38,900	0	\$ 42.98	9/30/2016	13,200	\$ 616,308	61,000	\$ 2,777,185
	33,535	67,065		\$ 57.01	9/29/2015				
	31,067	15,533		\$ 80.95	9/24/2014				

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60,000	0	\$ 74.39	9/26/2013
54,000	0	\$ 82.16	9/27/2012
62,975	0	\$ 68.89	9/28/2014
62,975	0	\$ 54.75	9/29/2013

- (1) Each outstanding stock option granted that is currently vested and exercisable is listed in this column. These stock option grants vested ratably on the first three anniversaries of the grant date, except for Mr. Carbonari's February 2008 grant which vests one-third on each of the third, fourth and fifth anniversaries of the grant date.

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- (2) Each outstanding stock option that is not yet vested and exercisable is listed in this column. The chart below reflects the vesting schedule for each outstanding stock option grant awarded to Messrs. Carbonari, Omtvedt, Roche, Koley, Hausberg and Klein (assuming continued employment):

	Options Vesting in 2010 (dates refer to grant date)			Total Number of Options Vesting in 2010	Options Vesting in 2011 (dates refer to grant date)			Total Number of Options Vesting in 2011	Options Vesting in 2012 (dates refer to grant dates)		Total Number of Options Vesting in 2012
	09/24/07	09/29/08	09/30/09		02/25/08	09/29/08	09/30/09		2/25/08	9/30/09	
	Bruce A. Carbonari	51,400	66,667		45,167	163,234	66,666		66,665	45,167	
Craig P. Omtvedt	20,200	26,267	17,767	64,234	0	26,265	17,767	44,032	0	17,766	17,766
Mark A. Roche	13,333	17,333	11,667	42,333	0	17,332	11,667	28,999	0	11,666	11,666
Patrick J. Koley	0	0	5,867	5,867	0	0	5,867	5,687	0	5,866	5,866
Mark Hausberg	5,700	6,333	4,334	16,367	0	6,332	4,333	10,665	0	4,333	4,333
Christopher J. Klein	15,533	33,533	12,967	62,033	0	33,532	12,967	46,499	0	12,966	12,966

- (3) As of December 31, 2009, the numbers in this column (see chart on page 39) had not yet vested. The corresponding market values are based on the closing price (\$43.20) of the Company's stock on December 31, 2009.

For Messrs. Omtvedt, Roche, Hausberg and Klein, the numbers in this column show RSUs that were granted in February 2008. These RSUs will fully vest and become payable in 2011 if each officer remains employed with the Company through December 31, 2010. No awards are to be paid until they are deductible by the Company. These awards were subject to early vesting if certain performance goals were met in 2008 and 2009. Because the Company met the performance goals in 2009, one-third of the RSUs vested in February 2010. Only Messrs. Omtvedt and Klein were paid since they are not subject to Section 162(m) of the Internal Revenue Code. Messrs. Roche and Hausberg will receive payment at the time when the Company can deduct the cost of the award. As of March 4, 2010, the following RSUs were unvested: 13,000 for Mr. Omtvedt, 8,600 for Mr. Roche, 3,400 for Mr. Hausberg and 8,800 for Mr. Klein.

For Mr. Koley, the numbers in this column show RSUs that were granted to him in February 2009. This award vests and becomes payable in three equal annual installments on or about January 31, 2010, 2011 and 2012 if he remains employed with the Company through December 31, 2009, 2010 and 2011. One-third of this award vested and was paid to Mr. Koley in February 2010. As of March 4, 2010, Mr. Koley has 9,866 unvested RSUs.

- (4) This column (see chart on page 39) lists the target number of outstanding performance share awards. For the July 2009-December 2010 (the special 18-month performance award), the following awards were outstanding: 56,800 shares for Mr. Carbonari, 22,300 shares for Mr. Omtvedt, 14,700 shares for Mr. Roche, 6,300 shares for Mr. Hausberg and 17,100 shares for Mr. Klein. For the 2009-2011 performance period, the following awards were outstanding: 63,200 shares for Mr. Carbonari, 24,800 shares for Mr. Omtvedt, 16,300 shares for Mr. Roche, 8,500 shares for Mr. Koley, 6,900 shares for Mr. Hausberg and 17,300 shares for Mr. Klein. For the 2008-2010 performance period, the following awards were outstanding: 39,400 shares for Mr. Carbonari, 15,500 for Mr. Omtvedt, 10,200 for Mr. Roche, 0 for Mr. Koley, 4,300 for Mr. Hausberg and 11,900 for Mr. Klein. The Compensation Discussion and Analysis on pages 27 to 29 and the narrative following the table titled "Grants of Plan-Based Awards" on page 37 provides additional detail on performance share awards. In addition to the shares reported in this table, in early 2010, performance share awards were granted for the 2010-2012 performance period. Performance share awards for the 2007-2009 period (which expired without payment) are disclosed in the "Option Exercises and Stock Vested" table immediately below.

In addition, also reported in this column are unvested units of restricted stock (RSUs) granted to Messrs. Carbonari, Omtvedt, Roche, Koley, Hausberg and Klein in 2009 of 53,500, 21,000, 13,800, 7,200, 5,900 and 14,700 RSUs, respectively. The RSUs require employment through December 31, 2011 (unless employment is terminated due to death, disability or retirement), and also require that the Company meet cumulative EPS goals for the 2009-2011 period.

- (5) This column reflects the value of the performance share awards (at grant date target number) and restricted stock units using the December 31, 2009 closing price of the Company's common stock of \$43.20.

2009 OPTION EXERCISES AND STOCK VESTED

Name	Option Awards		Stock Awards	
	Number of Shares	Value	Number of Shares	Value
	Acquired on Exercise (#)(1)	Realized Upon Exercise (\$)(3)	Acquired on Vesting (#)(2)	Realized on Vesting (\$)(2)
Bruce A. Carbonari	0	\$ 0	0	0
Craig P. Omtvedt	0	\$ 0	0	0
Mark A. Roche	2,728	\$ 22,178	0	0
Patrick J. Koley	0	\$ 0	0	0
Mark Hausberg	13,331	\$ 137,144	0	0
Christopher J. Klein	0	\$ 0	0	0

- (1) This column reflects stock options exercised during 2009.
- (2) This column reflects performance share awards earned for the 2007 to 2009 performance period. Based on actual performance of the Company during that period, no performance share awards were earned. No other stock awards vested in 2009.
- (3) This column reflects the difference between the market value of the shares on the date of exercise and the exercise price of the stock options. In November 2009, Mr. Roche exercised stock options and held the number of shares acquired (2,728). In May 2009, Mr. Hausberg exercised stock options and subsequently sold the shares (11,135). In September 2009, he also exercised stock options (2,196 shares acquired on exercise), retaining 633 shares and using the remainder (1,563) to pay the exercise price.

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2009 PENSION BENEFITS

Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit (\$) (4)(5)(6)(7)	Payments During Last Fiscal Year(8)
Bruce A. Carbonari	Fortune Brands Supplemental Plan	29.0000	\$ 3,638,099	0
	Moen Incorporated Retirement Income Plan(2)	26.0000	\$ 505,696	0
Craig P. Omtvedt	Fortune Brands Pension Plan	6.2500	\$ 195,429	0
	Fortune Brands Supplemental Plan	20.2500	\$ 4,102,474	0
Mark A. Roche	Fortune Brands Pension Plan	7.4167	\$ 207,673	0
	Fortune Brands Supplemental Plan(3)	28.5000	\$ 2,635,563	0
Patrick J. Koley	Fortune Brands Pension Plan	n/a	n/a	0
	Fortune Brands Supplemental Plan	n/a	n/a	0
Mark Hausberg	Fortune Brands Pension Plan	2.9167	\$ 81,087	0
	Fortune Brands Supplemental Plan	16.9167	\$ 2,216,996	0
Christopher J. Klein	Fortune Brands Pension Plan	6.7500	\$ 108,160	0
	Fortune Brands Supplemental Plan	6.7500	\$ 264,395	0

- (1) All of the named executive officers except Mr. Klein are excluded from participating in the Company's tax-qualified defined benefit plan. For these excluded executives, except for Mr. Koley, with respect to the