

**Robert W. Baird & Company**

**2009 Growth Stock Conference**

May 13, 2009

**Please note that the information included in this presentation contains statements relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. We caution you that these forward-looking statements speak only as of the date hereof and we have no obligation to update them. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including the risks described in our securities filings. Fortune Brands does not endorse or adopt the analyst estimates in this presentation. This presentation includes certain non-GAAP measures, including Internal Net Sales, Operating Income Margin Before Charges/Gains, EPS Before Charges/Gains, and Free Cash Flow. These measures are reconciled to GAAP in the appendix, should not be considered as substitutes for GAAP measures and may be inconsistent with similar measures presented by other companies.**

## LEADING CONSUMER BRANDS & CONSUMER BRAND BUSINESSES

- World's 4<sup>th</sup> largest premium spirits company, 2<sup>nd</sup> largest in the U.S.
- A North American leader in home & security products
- World's #1 golf company



## FORTUNE BRANDS

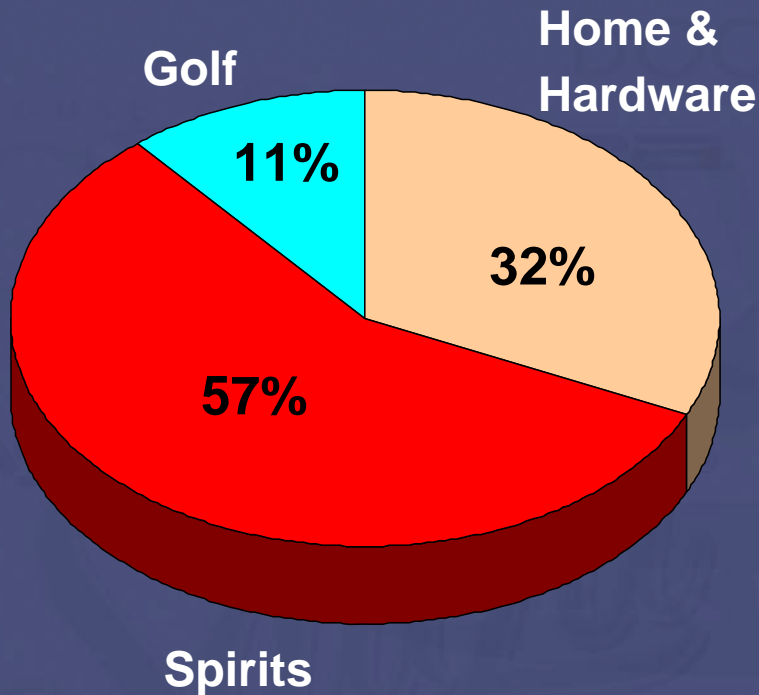
- Our business model creates value by:
  - Building leading consumer brands and consumer brand businesses in categories with strong long-term fundamentals
- Our goals:
  - Outperform markets on revenue and returns
  - Position for strong growth when economy recovers



# Strong Portfolio

**% of Fortune Brands' Operating Income (before charges)**

**2008**



Spirits

- Sales: \$2.5 billion
- OI margin<sup>(1)</sup>: 26%
- After-Tax RONTA<sup>(2)</sup>: ~20%

Home & Hardware

- Sales: \$3.8 billion
- OI margin<sup>(1)</sup>: 9%
- After-Tax RONTA<sup>(2)</sup>: ~20%

Golf

- Sales: \$1.4 billion
- OI margin: 9%
- After-Tax RONTA<sup>(2)</sup>: ~15%

2008 combined free cash flow: \$430 million  
(after dividends and net capital expenditures)

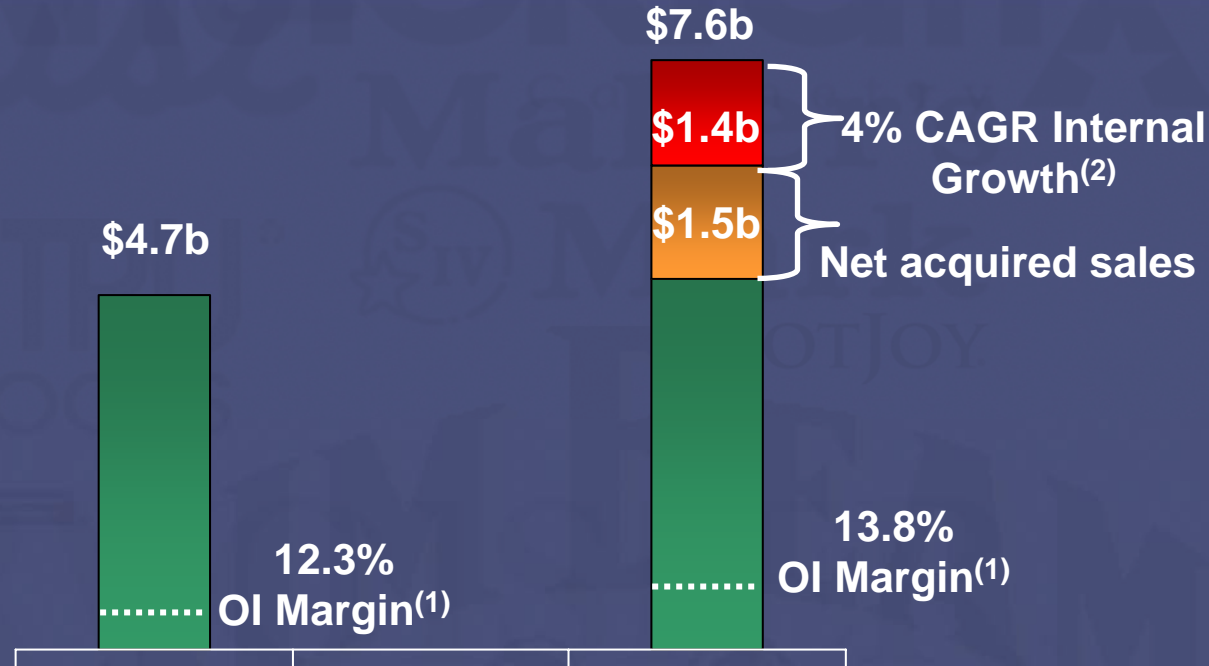
<sup>(1)</sup> Before charges.

<sup>(2)</sup> Before charges after-tax OI return on net tangible assets.

# Stronger Growth and Return Profile

## Fortune Brands

### Net Sales



	1996	2008
Home & Hardware:	\$1.4 billion	\$3.8 billion
Spirits & Wine:	\$1.3 billion	\$2.5 billion
Golf:	\$0.8 billion	\$1.4 billion
Office:	\$1.2 billion	2005 spin-merger

**Combined Free Cash Flow**      **\$96 million<sup>(3)</sup>**      **\$430 million**

<sup>(1)</sup> Before charges/gains. For comparability, 1996 intangible amortization and stock options expense reflect FAS 142 and FAS 123R, respectively. On GAAP basis, figures are 10.8% and 1.9% in 1996 and 2008, respectively. <sup>(2)</sup> Adjusted for acquisitions and divestitures. GAAP net sales CAGR 96-08 is 7%. <sup>(3)</sup> Based on 1997.

# Powerful and Enduring Consumer Brands

- 20 brands with \$100+ million in sales
- Drive ~80% of Fortune Brands' sales

<b>Moen</b>	\$850	<b>Omega</b>	\$200
<b>Titleist</b>	\$850	<b>Courvoisier</b>	\$200
<b>Jim Beam</b>	\$600	<b>Waterloo</b>	\$200
<b>Aristokraft</b>	\$350	<b>Cobra</b>	\$200
<b>Master Lock</b>	\$350	<b>DeKuyper</b>	\$150
<b>FootJoy</b>	\$300	<b>Canadian Club</b>	\$150
<b>Therma-Tru</b>	\$300	<b>Maker's Mark</b>	\$150
<b>Simonton</b>	\$300	<b>Schrock</b>	\$100
<b>Sauza</b>	\$250	<b>Teacher's</b>	\$100
<b>Kitchen Craft</b>	\$250	<b>HomeCrest</b>	\$100

\* 2008 net sales in millions – rounded to nearest \$50 million.

## Position brands and businesses to outperform the market

- Focus on most attractive segments
- Understand our consumers
- Invest smartly to build leading brands
- Develop and introduce new and innovative products
- Develop high-performance routes to market
- Extend brands into adjacent markets
- Expand internationally

**➔ ~90% sales from #1/#2 market positions**

**➔ ~20% sales from new products past 3 years**

**➔ ~30% sales from non-U.S. markets and growing**

## STRENGTH ACROSS PRICE POINTS

- Bourbon

Knob Creek  
 Maker's Mark  
 Jim Beam White  
 Old Crow

- Tequila

3Gs  
 Hornitos  
 100 Años  
 Sauza Gold/Blanco

- Rum

Cruzan Single Barrel  
 Cruzan Diamond Estate  
 Cruzan  
 Ronrico

- Faucets

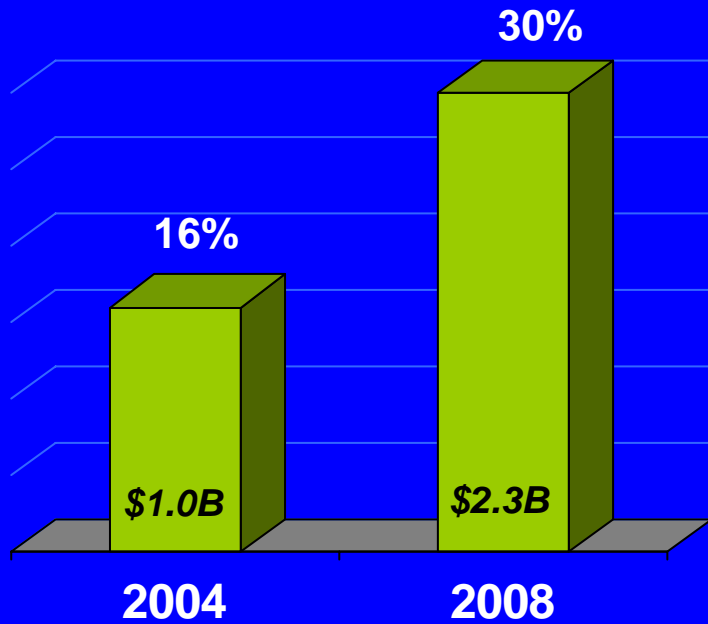
ShowHouse  
 Moen  
 CFG

- Golf balls

Pro V1  
 NXT  
 DT  
 Pinnacle

- Golf shoes

SYNR -G  
 DryJoys  
 Contour  
 SuperLites  
 GreenJoys



Fortune Brands  
% of International Sales

## 2008 International Sales by Segment

Spirits • 48%

Golf • 42%

Home • 14%

- Benefit from combined cash flows
  - Enhances flexibility across portfolio, make investments at right time
  - Maintain long-term perspective
  
- Cash priorities
  - #1 is organic growth
  - Focus on highest return opportunities
    - Debt reduction
    - Add-on acquisitions
    - Share buyback
    - Dividend

## 2 Goals:

1. Outperform our markets
2. Position for strong growth when economy recovers

## 2009 Initiatives:

- Adjusting to the evolving consumer
- Significantly reducing cost structures and enhancing supply-chain flexibility
- Aggressively managing cash to enhance financial flexibility

## The Market:

- Recession resistant – performs well in most economic conditions
- Consumer trends
  - Consumption shifting to at-home
  - Moderate trading down
  - Affordable luxury
  - Increasing LPA population in U.S.
- Significant international growth opportunities

## Our Position:

- #2 in the U.S.
  - World's largest spirits market
- #4 in the world
  - Strength in U.S., Western Europe and Australia; growing in emerging markets



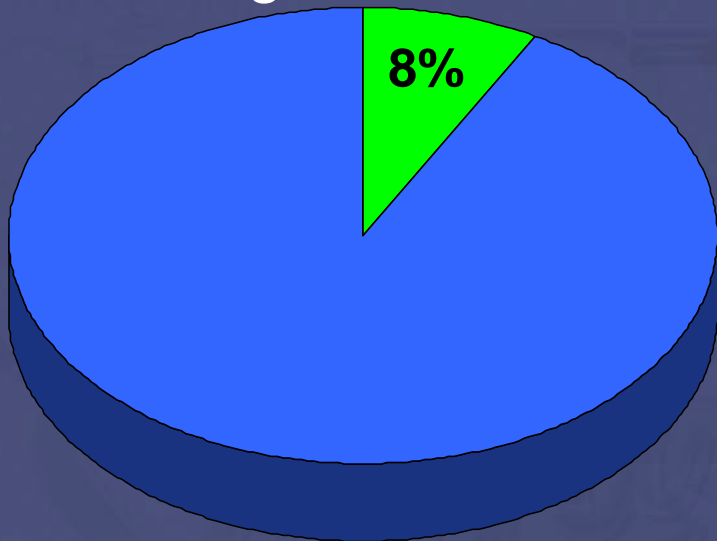
## Key 2009 Initiatives:

- Leverage greater control and simplicity of new routes to market
  - New sales organizations more responsive to customers and evolving consumer
- Build global brands to more broadly outperform our markets
  - Drive value on top of volume
- Focus on key brand/market combinations: U.S. and international

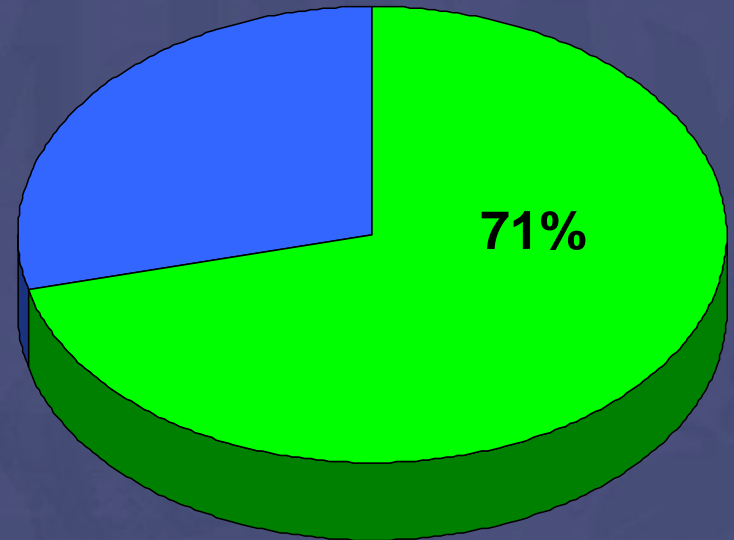
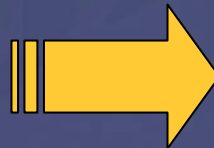


# Simpler Routes to Market, More Responsive

- Simpler routes to market, greater control
  - U.S.: 2 partners → 100% owned sales force
  - International: 4 partners → 2 way alliance (collection of Beam-owned, Edrington-owned and jointly-owned sales organizations)
- Significantly increasing percent of sales through wholly-owned sales organizations



Q3 08



Q2 09

## U.S.: Focused Entirely on our Brands

- Aligned resources behind key market segments
- Closer to customers and consumers
  - Faster decision-making, closer collaboration with marketing
- Distributor partnership program
  - Supporting leaner inventories, faster turns

## International: Simpler Structure in 24 Key Markets

- Alliance with Edrington Group (Famous Grouse, The Macallan, Brugal Rum)
- Built on successful Maxxium sales forces
- Teacher's, Laphroaig and Courvoisier join distribution portfolio

- Vision: building brands people want to talk about
- 2009 brand-building focus on Jim Beam and Hornitos
  - Creating brand talk with new campaigns
- New product development
  - Innovative products in promising categories
    - Red Stag by Jim Beam, (rī)<sup>1</sup>
  - At-home entertaining
    - Sauza Margaritas in a box, DeKuyper Bar Shots



Well positioned for stronger long-term growth:

- Spirits initiatives create long-term value
- Sharpened focus on profitable growth in spirits
- Excellent positions in key premium categories: bourbon, tequila, rum, cognac, Scotch, Canadian whisky, cordials
- Positioned to compete effectively with new distribution
- Australia RTD excise tax annualizes today



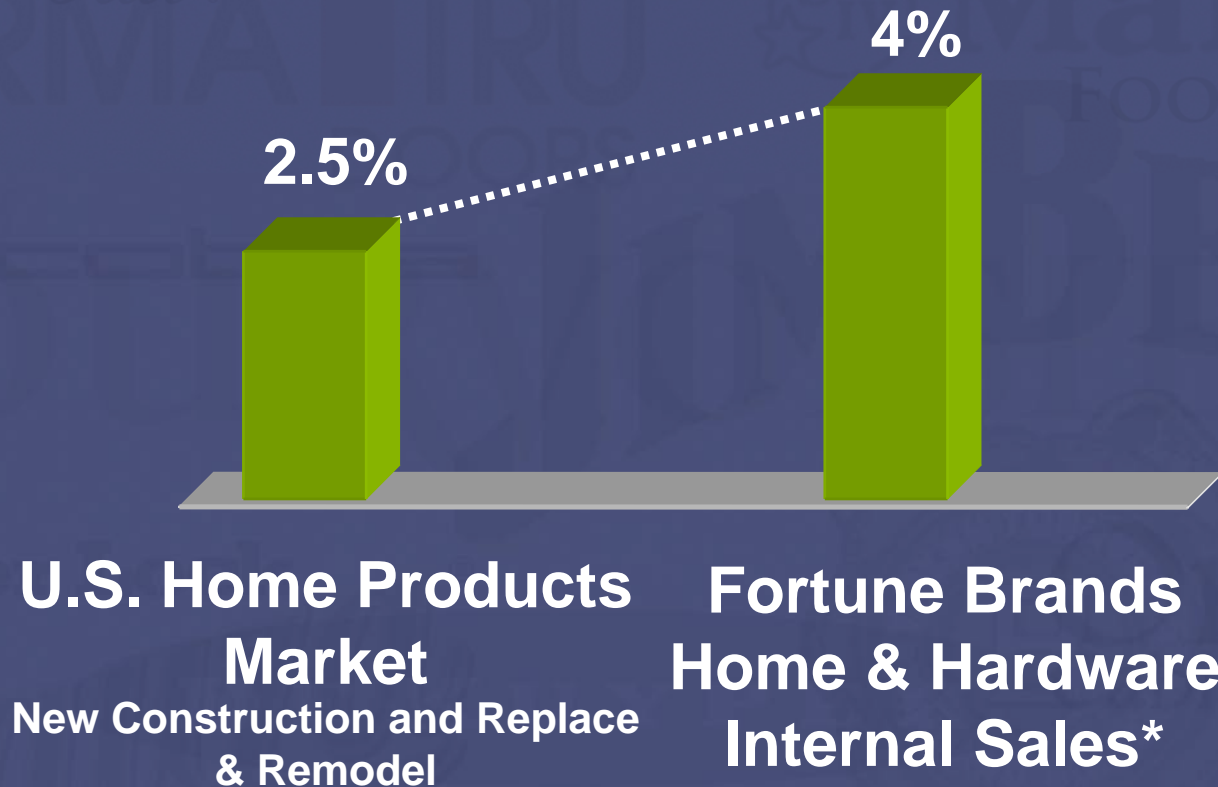
- U.S. housing market correction
  - Expect home products market down ~20% in 2009
    - Down 25-30% in Q1
    - Replace-remodel: ~80% of market
      - Down ~15%
      - Consumer focus on needed repairs, modest remodeling and energy efficiency
      - Impacting big-ticket cabinetry purchases
      - Trading down
    - New construction: ~20% of market
      - Down high-30s percentage rate

- Focus on most attractive consumer-oriented categories
  - Kitchen and bath
  - Openings
  - Safety and security
  
- Outperforming market over course of downturn



## Sales Growth Rate 1989 → 2009

- Includes recessions of '90-'91, '01, '08-'09



\* Adjusted for acquisitions/divestitures. On a GAAP basis the compounded annual growth rate is 9%.

## Key 2009 Initiatives:

- Share-gain initiatives
  - Drive targeted innovation and new products
  - Leverage broad product offering, industry-leading lead time; and after-sale service
  - Expand customer relationships
- Expand in adjacent categories and international markets
- Supply-chain initiatives reduce cost structure and capacity
  -  Nearly 40% of manufacturing facilities and total positions
  - Limit margin erosion, partly offset negative leverage
  - Maintain flexibility to ramp up when conditions improve

- Innovation

- Moen Duralast cartridge, eco-friendly WaterSense faucets, ioDigital
- Energy-efficient windows and doors
- Waterloo garage organization

- Adjacent categories

- Master Lock – door hardware, commercial security, industrial safety

- International

- Ex. US sales +60% in past 5 years
  - Up from 9% to 14% of total Home sales
- Moen: China, Canada, Latin America
  - Expanding into India
- Master Lock: Canada, Latin America, Europe

We're in the most attractive categories; favorable long-term demographics:

- Growth in number of households
- Aging of housing stock (avg. 30+ years)
- Baby-boomers entering prime remodeling years
- Homeowners seeking energy efficiency (doors, windows, and water conservation faucets)
- Kitchens, baths, entry doors/windows provide excellent return on investment; add value to home
- Replace & remodel 2/3 of market long-term



- Game growing internationally
  - U.S. rounds of play ↓ 2% in 2008, expect down in '09
  - Strong growth in key Asian markets
- U.S.: 75 million baby boomers entering retirement
  - Rounds increase with retirement
- World's #1 golf company
  - #1 in balls, shoes, gloves
    - Golf balls least discretionary category
  - #2/3 in U.S. clubs
  - Strong patent portfolio and new product pipeline
  - Industry's best management and sales force



- Innovative products and processes
  - Golf balls
    - Hold 600+ active golf ball patents
    - New 2009 Titleist Pro V1 off to great start
  - Golf clubs
    - New Titleist 909 series metals; successful AP1/AP2 irons; Vokey Design wedges; Scotty Cameron putters
  - Golf shoes
    - New FootJoy SYN-R-G
- Investing in international growth
  - Europe
  - Asia: Korea, China, Japan
    - New ball plant planned
  - Strong company-owned distribution



- International growth
  - Ex. US sales +54% in past 5 years
  - Up from 31% to 42% of total golf sales
- Korea:
  - World's 11<sup>th</sup> largest GDP; 3 million golfers
  - Half U.S. GDP per capita and already at U.S. golf participation and consumption level
  - Investment in brands and distribution
    - Strong golf ball market share gains
      - Significant headroom in clubs, shoes, gloves
  - Strong double-digit growth in past 5 years

- Cash is king in current environment
  - Strengthen balance sheet and ability to pay down debt and create value
- Increased 2009 free cash flow target to ~\$400 million from \$100-200 million
  - Further reducing capital expenditures and working capital
    - ➔ \$125 million in 2009
  - Reduced dividend rate (44 cents ➔ 19 cents/quarter)
    - ➔ \$150 million/year
- \$1+ billion available from cash and credit facility (matures October 2010)
- No fixed rate debt maturing before 2011

## Economic Challenges Continue

- Consumers cautious, particularly with discretionary spending
- Some trading down
- Home products market likely down ~20%
- Adverse operating leverage in home and golf
- FX (~35 cents per share\*)
- Net costs of route-to-market initiatives (~15 cents per share)
- Australian RTD excise tax annualizes in Q2

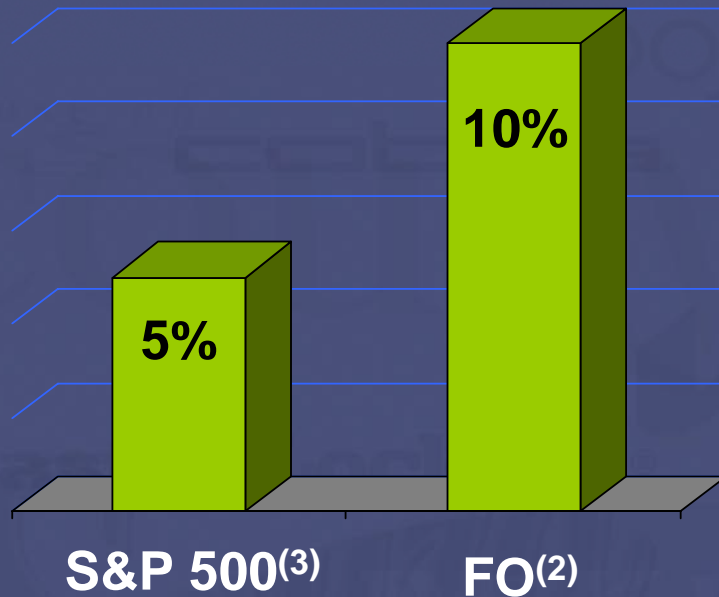
\* As of May 1, 2009.

## Full Year 2009

- EPS before charges/gains \$2.00-\$2.50
  - Spirits: underlying growth; Home: sharply lower; Golf: lower
- Comparisons ease as year progresses
- Free cash flow target ~\$400mm after net capex and dividends
  - Starts with ~\$700mm of cash flow from operations

## EPS

### Growth Rate<sup>(1)</sup> (1996 – 2008)



- 2009 free cash flow + dividend yield: ~8½%
- 17.5x 2009 P/E (FO at \$40, May 11) versus 16.0x for S&P 500<sup>(3)</sup>

(1) Before charges/gains.

(2) Consolidated '96-'04 and '08, and continuing operations growth '05-'07

(3) Source: S&P and First Call.

## 2 Goals:

1. Outperform our markets
2. Position for strong growth when economy recovers

## 2009 Initiatives:

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# Appendix

## **Reconciliation of Non-GAAP Measures to GAAP**

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## Fortune Brands, Inc. Reconciliation of Earnings to GAAP

### *RECONCILIATION OF EPS BEFORE CHARGES/GAINS GROWTH RATE TO GAAP EPS GROWTH RATE*

	<b>Fortune Brands</b> <b>'96-08</b> <b><u>CAGR</u></b>
Diluted EPS Before Charges/Gains Growth Rate	10%
Net (Charges)/Gains	(4)%
Diluted GAAP EPS Growth Rate	<u>6%</u>

EPS Before Charges/Gains Growth Rate is Net Income calculated on a per-share basis excluding restructuring, restructuring-related and other non-recurring items

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

### *RECONCILIATION OF 2009 EARNINGS TARGETS TO GAAP*

For the full year, the company targets diluted EPS before charges/gains from continuing operations to be in the range of \$2.00 to \$2.50 per share versus EPS before charges/gains from continuing operations of \$3.75 in 2008. On a GAAP basis, the company targets diluted EPS from continuing operations to be in the range of \$1.60 to \$2.10 per share.

EPS Before Charges/Gains from continuing operations is Net Income calculated on a per-share basis excluding restructuring, restructuring-related and other non-recurring items.

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

**Fortune Brands, Inc. Reconciliation of Diluted EPS Before Charges/Gains to GAAP Diluted EPS**

	1996	1997	1997	1998	1998	1999	1999	2000	2000	2001	2001	2002
Diluted EPS Before Charges/Gains	\$ 1.28	\$ 1.48	\$ 1.48	\$ 1.67	\$ 1.67	\$ 1.99	\$ 1.99	\$ 2.34	\$ 2.34	\$ 2.45	\$ 2.45	\$ 2.90
Tax-related special items	-	-	-	-	-	-	-	0.19	0.19	0.78	0.78	0.68
Restructuring and restructuring-related items	-	(1.16)	(1.16)	-	-	(0.75)	(0.75)	(0.30)	(0.30)	(0.41)	(0.41)	(0.24)
Gain/(loss) on divestitures	-	-	-	-	-	0.13	0.13	-	-	0.03	0.03	-
Writedown of intangibles	-	-	-	-	-	(6.76)	(6.76)	(3.06)	(3.06)	(0.30)	(0.30)	-
Benefit from FAS 142 (1/1/02)	-	-	-	-	-	-	-	-	-	-	-	0.31
Impact of dilutive shares	-	-	-	-	-	0.04	0.04	0.03	0.03	-	-	-
1/96 benefit Gallaher payment	(0.25)	(0.09)	-	-	-	-	-	-	-	-	-	-
Diluted GAAP EPS	\$ 1.03	\$ 0.23	\$ 0.32	\$ 1.67	\$ 1.67	\$ (5.35)	\$ (5.35)	\$ (0.80)	\$ (0.80)	\$ 2.55	\$ 2.55	\$ 3.65
% Change Diluted EPS Before Charges/Gains		15.6%		12.8%		19.2%		17.6%		4.7%		18.4%
% Change GAAP Diluted EPS		-77.7%		626.1%		-		-		-		43.1%

	2002	2003	2003	2004	2004*	2005*	2005*	2006*	2006*	2007*	2007*	2008*
Diluted EPS Before Charges/Gains	\$ 3.21	\$ 3.79	\$ 3.79	\$ 4.68	\$ 4.12	\$ 4.62	\$ 4.62	\$ 5.33	\$ 5.22	\$ 5.06	\$ 5.06	\$ 3.75
Tax-related special items	0.68	0.28	0.28	0.71	0.69	0.05	0.05	0.57	0.57	-	-	0.64
Restructuring and restructuring-related items	(0.24)	(0.16)	(0.16)	(0.21)	(0.08)	(0.08)	(0.08)	(0.15)	(0.15)	(0.45)	(0.45)	(0.48)
Insurance gain	-	-	-	0.05	0.05	-	-	-	-	-	-	-
Net acquisition hedge costs	-	-	-	-	-	(0.72)	(0.72)	(0.02)	(0.02)	-	-	-
Writedown of intangibles	-	(0.05)	(0.05)	-	-	-	-	-	-	-	-	(4.29)
V&S Minority Int M-T-M	-	-	-	-	-	-	-	(0.31)	(0.31)	-	-	0.53
Gain on the Sale of The Dalmore Scotch assets	-	-	-	-	-	-	-	-	-	0.18	0.18	-
V&S Auction Process Costs	-	-	-	-	-	-	-	-	-	-	-	(0.03)
Writedown of Maxxium Investment	-	-	-	-	-	-	-	-	-	-	-	(0.33)
Gain on Future Brands Termination	-	-	-	-	-	-	-	-	-	-	-	0.95
Accelerated Future Brands Deferred Gain	-	-	-	-	-	-	-	-	-	-	-	0.29
Diluted GAAP EPS	\$ 3.65	\$ 3.86	\$ 3.86	\$ 5.23	\$ 4.78	\$ 3.87	\$ 3.87	\$ 5.42	\$ 5.31	\$ 4.79	\$ 4.79	\$ 1.03
% Change Diluted EPS Before Charges/Gains		18.1%		23.5%		12.1%		15.4%		-3.1%		-25.9%
% Change GAAP Diluted EPS		5.8%		35.5%		-19.0%		40.1%		-9.8%		-78.5%

\* from continuing operations

Diluted EPS Before Charges/Gains is a non-GAAP measure and indicates the underlying performance of our business prior to costs associated with our restructuring initiatives, writedowns of intangibles or goodwill, tax credits or charges, gain recorded on insurance proceeds received for a warehouse fire, gains or losses on divestitures, V&S minority interest mark-to-market adjustment, V&S auction process costs, the write down of the Maxxium international spirits distribution joint venture investment, an after-tax gain resulting from the repurchase of the Beam Global minority interest, a gain on the termination of the Future Brands U.S. spirits distribution joint venture, an accelerated Future Brands deferred gain, net acquisition hedge costs, benefit from FAS 142 (assumes adoption as of 1/1/02), impact of dilutive shares, the gain on the sale of the Dalmore Scotch assets, and assuming a 1/1/96 benefit from the net cash payment Gallaher made to us in connection with the spin-off on 5/31/97. Management believes this measure is useful in analyzing the Company's performance from year to year. In assessing this measure, investors should note that the aforementioned items have been excluded.

## Fortune Brands, Inc.

### RECONCILIATION OF OPERATING INCOME MARGINS BEFORE CHARGES/GAINS TO GAAP OPERATING INCOME MARGINS (in millions)

	<u>Home &amp;</u>			<u>Fortune Brands</u>	
	<u>Spirits '08</u>	<u>Hardware '08</u>	<u>Golf '08</u>	<u>1996</u>	<u>2008</u>
Operating Income Margin Before Charges	25.6%	9.3%	9.1%	12.3%	13.8%
Operating Income Before Charges	\$ 635	\$ 348	\$ 125	\$ 579	\$ 1,050
Net (Charges)/Gains	\$ (91)	\$ (814)	\$ -	\$ -	\$ (905)
	\$ 544	\$ (466)	\$ 125	\$ 579	\$ 145
Add: Intangible Amortization <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ (77)	\$ -
Stock option expense <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ 9	\$ -
GAAP Operating Income	\$ 544	\$ (466)	\$ 125	\$ 511	\$ 145
GAAP Net Sales	\$ 2,481	\$ 3,759	\$ 1,369	\$ 4,718	\$ 7,609
GAAP Operating Income Margin	21.9%	-12.4%	9.1%	10.8%	1.9%

Operating Income Margin Before Charges is Operating Income excluding any restructuring and restructuring-related items and asset impairment charges divided by net sales. Operating Income Margin Before Charges is a measure not derived in accordance with GAAP. Management uses this measure to determine the returns generated by operating segments and to evaluate and identify cost-reduction initiatives. Management believes this measure provides investors with helpful supplemental information regarding the underlying performance of the company from year-to-year. This measure may be inconsistent with similar measures presented by other companies.

<sup>(1)</sup> Represents intangible amortization recorded in 1996 as if FAS 142 was adopted/effective in 1996.

<sup>(2)</sup> Represents the estimated stock option expense as if FAS 123R was adopted/effective in 1996.

## Reconciliation of Fortune Brands and Home & Hardware Internal Net Sales to GAAP Net Sales

	<u>Fortune Brands</u> <u>'96-08 CAGR*</u>	<u>Home &amp; Hardware '89-</u> <u>09 CAGR*</u>
Reported net sales growth	7%	9%
Net impact from acquisitions/divestitures	(3)%	(5)%
Internal net sales growth	<u>4%</u>	<u>4%</u>

\* Compounded annual growth rate

Internal Net Sales growth is Net Sales growth derived in accordance with GAAP excluding changes in the net sales from divestitures. Internal Net Sales growth includes net sales from acquisitions for the comparable prior-year period. Internal Net Sales growth is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the overall performance of the company, and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the company from year-to-year. This measure may be inconsistent with similar measures presented by other companies.

**Fortune Brands, Inc. Reconciliation of Free Cash Flow to GAAP Cash Flow From Operations**

(in millions)

	1997 Full Year	2008 Full Year	2009 Full Year Targeted Range
<b>Free Cash Flow</b>	\$96	\$430	\$ 375 - 425
Less:			
Taxes paid on sale of wine business	-	31	-
Add:			
Net Capital Expenditures	191	157	150
Dividends Paid	139**	261	152*
<b>Cash Flow From Operations</b>	<b>\$426</b>	<b>\$817</b>	<b>\$ 677 - 727</b>

\* Assumes current dividend rate, and basic shares outstanding on March 31, 2009.

\*\* Pro forma for interim period spin-off of Gallaher Group Plc (5/30/97), utilizing Fortune Brands' \$0.80 indicated annual rate for American Brands' 1997 dividend payments (results in a \$104.3M deduction to the \$243.4M GAAP figure)

Free Cash Flow is Cash Flow from Operations less net capital expenditures and dividends paid to stockholders. In 2008 Free Cash Flow was adjusted for the taxes paid on the sale of the wine business which occurred in 2007. Free Cash Flow is a measure not derived in accordance with GAAP.

Management believes that Free Cash Flow provides investors with helpful supplemental information about the company's ability to fund internal growth, make acquisitions, repay debt and repurchase common stock. This measure may be inconsistent with similar measures presented by other companies.