

**FORTUNE BRANDS, INC.**

(In millions, except per share amounts)  
(Unaudited)

**NET SALES AND OPERATING INCOME**

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2009	2008	% Change	2009	2008	% Change
<b>Net Sales</b>						
Spirits	\$ 746.4	\$ 721.4	3.5	\$ 2,469.6	\$ 2,480.9	(0.5)
Home & Security	823.8	852.0	(3.3)	3,006.8	3,759.1	(20.0)
Golf	226.9	212.2	6.9	1,218.3	1,368.9	(11.0)
<b>Total Net Sales</b>	<b>\$ 1,797.1</b>	<b>\$ 1,785.6</b>	<b>0.6</b>	<b>\$ 6,694.7</b>	<b>\$ 7,608.9</b>	<b>(12.0)</b>
<b>Operating Income/(Loss)</b>						
Spirits	\$ 70.4	\$ 126.1	(44.2)	\$ 484.7	\$ 543.7	(10.9)
Home & Security	35.1	(419.7)	108.4	87.0	(465.6)	118.7
Golf	(37.3)	(18.3)	(103.8)	25.0	125.3	(80.0)
Corporate expenses	(20.9)	(8.5)	(145.9)	(91.5)	(57.8)	(58.3)
<b>Total Operating Income/(Loss)</b>	<b>\$ 47.3</b>	<b>\$ (320.4)</b>	<b>114.8</b>	<b>\$ 505.2</b>	<b>\$ 145.6</b>	<b>247.0</b>
<b>Operating Income Before Charges/Gains<sup>(a)</sup></b>						
Spirits	\$ 185.8	\$ 183.0	1.5	\$ 607.5	\$ 634.6	(4.3)
Home & Security	43.5	41.4	5.1	139.0	348.2	(60.1)
Golf	(26.7)	(18.3)	(45.9)	60.2	125.3	(52.0)
Less:						
Corporate expenses	(20.9)	(8.5)	(145.9)	(87.8)	(57.8)	(51.9)
<b>Operating Income Before Charges/Gains</b>	<b>181.7</b>	<b>197.6</b>	<b>(8.0)</b>	<b>718.9</b>	<b>1,050.3</b>	<b>(31.6)</b>
Restructuring and restructuring-related items	(41.9)	(56.8)	26.2	(121.2)	(119.2)	(1.7)
Asset impairment charges	(92.5)	(461.2)	79.9	(92.5)	(785.5)	88.2
<b>Operating Income/(Loss)</b>	<b>\$ 47.3</b>	<b>\$ (320.4)</b>	<b>114.8</b>	<b>\$ 505.2</b>	<b>\$ 145.6</b>	<b>247.0</b>

(a) Operating Income Before Charges/Gains is Operating Income/(Loss) derived in accordance with GAAP excluding restructuring, restructuring-related items and other one-time items. Operating Income Before Charges/Gains is a measure not derived in accordance with GAAP. Management uses this measure to determine the returns generated by our operating segments and to evaluate and identify cost reduction initiatives. Management believes this measure provides investors with helpful supplemental information regarding the performance of the company from year-to-year. This measure may be inconsistent with similar measures presented by other companies.

**FREE CASH FLOW - OLD MEASURE**

	Three Months Ended December 31,		Twelve Months Ended December 31,		2010 Full Year
	2009	2008	2009	2008	Targeted Range
<b>Free Cash Flow<sup>(b)</sup></b>	\$ 158.5	\$ 59.8	\$ 572.5	\$ 430.3	\$ 260 - 360
Add:					
Discontinued Operations - Sale of Wine Business	-	-	-	(31.0)	-
Net Capital Expenditures	64.8	62.1	141.6	157.0	220 - 250
Dividends Paid	28.7	66.1	152.2	261.2	115*
<b>Cash Flow From Operations</b>	<b>\$ 252.0</b>	<b>\$ 188.0</b>	<b>\$ 866.3</b>	<b>\$ 817.5</b>	<b>\$ 595 - 725</b>

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

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

**FREE CASH FLOW - NEW MEASURE**

	Twelve Months Ended December 31,		2010 Full Year
	2008	2009	Targeted Range
<b>Free Cash Flow<sup>(c)</sup></b>	\$ 691.5	\$ 724.7	\$ 375 - 475
Add:			
Discontinued Operations - Sale of Wine Business	(31.0)	-	-
Net Capital Expenditures	157.0	141.6	220 - 250
<b>Cash Flow From Operations</b>	<b>\$ 817.5</b>	<b>\$ 866.3</b>	<b>\$ 595 - 725</b>

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

### **EPS BEFORE CHARGES/GAINS**

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

For the fourth quarter of 2009, EPS from Continuing Operations Before Charges/Gains is Net Income from Continuing Operations calculated on a per-share basis excluding \$41.9 million (\$21.9 million after tax or \$0.14 per diluted share) of restructuring and restructuring-related items and asset impairment charges of \$92.5 million (\$66.8 million after tax or \$0.44 per diluted share).

For the twelve month period ended December 31, 2009, EPS from Continuing Operations Before Charges/Gains is Net Income from Continuing Operations calculated on a per-share basis excluding \$121.2 million (\$71.7 million after tax or \$0.47 per diluted share) of restructuring and restructuring-related items, asset impairment charges of \$92.5 million (\$66.8 million after tax or \$0.44 per diluted share) and a gain of \$12.5 million (\$0.08 per diluted share) related to a dividend distribution from our Maxxium investment.

For the fourth quarter of 2008, EPS from Continuing Operations Before Charges/Gains is Net Income from Continuing Operations calculated on a per-share basis excluding \$56.8 million (\$32.8 million after tax or \$0.22 per diluted share) of restructuring and restructuring-related items, asset impairment charges of \$461.2 millions (\$348.7 million after tax or \$2.29 per diluted share), the write down of the Maxxium international spirits distribution joint venture investment of \$1.0 million (\$0.7 million after tax or \$0.01 per diluted share), and a gain on the termination of the Future Brands U.S. spirits distribution joint venture of \$5.5 million (\$3.4 million after tax or \$0.02 per diluted share).

For the twelve month period ended December 31, 2008, EPS from Continuing Operations Before Charges/Gains is Net Income from Continuing Operations calculated on a per-share basis excluding \$119.2 million (\$73.5 million after tax or \$0.48 per diluted share) of restructuring and restructuring-related items, asset impairment charges of \$785.5 million (\$659.4 million after tax or \$4.29 per diluted share), tax-related credits of \$98.2 million (\$0.64 per diluted share), the write down of the Maxxium international spirits distribution joint venture investment of \$51.5 million (\$51.2 million after tax or \$0.33 per diluted share), an after-tax gain resulting from the repurchase of the Beam Global minority interest of \$81.8 million (\$0.53 per diluted share), a gain on the termination of the Future Brands U.S. spirits distribution joint venture of \$233.7 million (\$145.9 million after tax or \$0.95 per diluted share), an accelerated Future Brands deferred gain of \$72.0 million (\$44.9 million after tax or \$0.29 per diluted share), and V&S auction process costs of \$8.2 million (\$5.2 million after tax or \$0.03 per diluted share).

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

	<b>Three Months Ended December 31,</b>			<b>Twelve Months Ended December 31,</b>		
	<b>2009</b>	<b>2008</b>	<b>% Change</b>	<b>2009</b>	<b>2008</b>	<b>% Change</b>
<b>Earnings Per Common Share - Basic</b>						
Income from Continuing Operations before Charges/Gains	0.67	0.65	3.1	2.45	3.80	(35.5)
Maxxium distribution gain	-	-	-	0.08	-	100.0
V&S auction process costs	-	-	-	-	(0.03)	100.0
Maxxium investment write-down	-	(0.01)	100.0	-	(0.34)	100.0
Accelerated Future Brands Deferred Gain	-	-	-	-	0.30	(100.0)
Gain on Future Brands termination	-	0.02	(100.0)	-	0.96	(100.0)
Tax-related credits	-	-	-	-	0.64	(100.0)
Asset impairment charges	(0.44)	(2.32)	81.0	(0.44)	(4.35)	89.9
Beam Global minority interest repurchase	-	-	-	-	0.54	(100.0)
Restructuring and restructuring-related items	(0.15)	(0.22)	31.8	(0.48)	(0.48)	-
Income from Continuing Operations	0.08	(1.88)	104.3	1.61	1.04	54.8
Income from Discontinued Operations	-	-	-	-	1.01	(100.0)
<b>Net Income</b>	0.08	(1.88)	104.3	1.61	2.05	(21.5)
<b>Earnings Per Common Share - Diluted</b>						
Income from Continuing Operations before Charges/Gains	0.66	0.64	3.1	2.43	3.75	(35.2)
Maxxium distribution gain	-	-	-	0.08	-	100.0
V&S auction process costs	-	-	-	-	(0.03)	100.0
Maxxium investment write-down	-	(0.01)	100.0	-	(0.33)	100.0
Accelerated Future Brands Deferred Gain	-	-	-	-	0.29	(100.0)
Gain on Future Brands termination	-	0.02	(100.0)	-	0.95	(100.0)
Tax-related credits	-	-	-	-	0.64	(100.0)
Asset impairment charges	(0.44)	(2.29)	80.8	(0.44)	(4.29)	89.7
Beam Global minority interest repurchase	-	-	-	-	0.53	(100.0)
Restructuring and restructuring-related items	(0.14)	(0.22)	36.4	(0.47)	(0.48)	2.1
Impact of anti-dilution	-	(0.02)	100.0	-	-	-
Income from Continuing Operations	0.08	(1.88)	104.3	1.60	1.03	55.3
Income from Discontinued Operations	-	-	-	-	0.99	(100.0)
<b>Net Income</b>	0.08	(1.88)	104.3	1.60	2.02	(20.8)

### **INCOME FROM DISCONTINUED OPERATIONS**

Income from Discontinued Operations in the twelve months ended December 31, 2008 consists primarily of income tax benefits related to a capital loss carry forward position associated with the disposal of our U.S. Wine business.