

Fortune Brands, Inc.

Compensation and Stock Option Committee Charter

Purpose

The purpose of the Compensation and Stock Option Committee (the “Committee”) is to discharge the responsibilities of the Board of Directors (the “Board”) relating to compensation of the Company’s senior management and other key employees. The Committee ensures that compensation to the officers and other senior management will enable the Company to attract and retain high quality leadership. The Committee also ensures that officers and other senior management are compensated in a manner that is consistent with competitive practices, performance and the requirements of appropriate regulatory bodies.

Membership

The Committee shall be composed entirely of directors affirmatively determined by the Board to be independent (as defined under the New York Stock Exchange Listing Rules). The Board shall remove any member of the Committee who has a conflict of interest or no longer meets these qualifications. A minimum of three Committee members shall be designated by the Board.

Quorum

A majority of the members of the Committee shall constitute a quorum for the transaction of business. The action of a majority of those present at a meeting, at which a quorum is present, shall be the action of the Committee. The Committee shall keep a record of its actions and proceedings and report to the Board at its next meeting.

Authority and Responsibilities

The Committee’s primary responsibility is to assure that the Company’s senior executives are compensated appropriately and in a manner consistent with competitive practices, performance and the requirements of the appropriate regulatory bodies. The Committee shall have the sole authority to:

- Annually review and approve target compensation and goals for the chief executive officer in consultation with the non-executive members of the Board;
- Evaluate the chief executive officer’s performance in achieving these approved goals and set his or her compensation based on this evaluation, in consultation with the independent directors (as determined by the Board);
- Set the salaries of all officers elected by the Board who hold offices of vice president or above;
- Determine and award incentive compensation or other bonuses under any compensation plan to officers who hold the office of vice president or above;

- Recommend terms and conditions of incentive compensation plans and equity-based plans for the Board's approval;
- Exercise all powers and authorities of the Board regarding any supplemental retirement, health or other benefit arrangements for eligible elected officers, and oversee the administration of these arrangements;
- Exercise all powers and authorities of the Board regarding any grantor trust or similar arrangements for paying, funding or securing the payment of any nonqualified benefits to any officer who holds the office of vice president or above;
- Exercise all powers and authorities of the Board regarding any perquisites provided to any executive officer that must be disclosed in the Company's proxy statement, and oversee the administration of these perquisites;
- Exercise all powers and authorities of the Board regarding the Fortune Brands 1990 and 1999 Long-Term Incentive Plans, and any future long-term incentive plans (LTIP Plans), other than the amendment of these plans;
- Grant awards (including but not limited to stock options and performance share awards) under the LTIP Plans and authorize the issuance of stock upon exercise or payment of awards;
- Exercise all powers and authorities of the Board regarding compensation agreements and severance agreements with elected officers, and oversee management's administration of these agreements;
- Retain and terminate any compensation consultants to assist in the evaluation of senior executive compensation and benefits, and approve the consultant's fees and other retention terms;
- Produce an annual report on executive compensation for inclusion in the Company's proxy statement;
- Conduct annually a performance evaluation of the Committee;
- Recommend to the Salary Committee of Fortune Brands, Inc. the salaries and the amount of incentive bonuses (both annual and long-term) for the chief executive officers of the Company's principal subsidiaries (to the extent that an incentive bonus is not fixed);
- Review and recommend changes to this Charter as necessary.

The Committee may delegate any of its responsibilities to a sub-committee, so long as all of the members of the subcommittee meet the qualifications for membership on the Committee.