FORTUNE BRANDS INC
Form 10-Q
May 08, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2009

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to ________

Commission file number 1-9076

FORTUNE BRANDS, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE	**13-3295276**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification No.)**
520 Lake Cook Road, Deerfield, Illinois	**60015-5611**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (847) 484-4400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files). ¨ Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act). Large accelerated filer x Accelerated filer ¨ Non-accelerated filer (Do not check if a smaller reporting company) ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of shares outstanding of the registrant s common stock, par value $3.125 per share, at April 30, 2009 was 150,197,877.

PART I. FINANCIAL INFORMATION

Item 1. **FINANCIAL STATEMENTS.**

FORTUNE BRANDS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(in millions)

	March 31, 2009 (Unaudited)	December 31, 2008
Assets		
Current assets		
Cash and cash equivalents	$ 240.1	$ 163.3
Accounts receivable, net	843.5	918.5
Inventories		
Maturing spirits	1,145.1	1,128.1
Other raw materials, supplies and work in process	365.0	366.7
Finished products	464.2	480.6
	1,974.3	1,975.4
Other current assets	435.9	410.9
Total current assets	3,493.8	3,468.1
Property, plant and equipment, net	1,482.2	1,553.9
Goodwill resulting from business acquisitions	3,541.7	3,571.8
Other intangible assets resulting from business acquisitions, net	3,151.3	3,211.4
Other assets	282.3	286.7
Total assets	$ 11,951.3	$ 12,091.9

See notes to condensed consolidated financial statements.

FORTUNE BRANDS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(in millions, except per share amounts)

	March 31, 2009 (Unaudited)	December 31, 2008
Liabilities and equity		
Current liabilities		
Notes payable to banks	$ 29.3	$ 31.6
Current portion of long-term debt	9.6	5.0
Accounts payable	349.9	387.7
Other current liabilities	692.9	765.8
Total current liabilities	1,081.7	1,190.1
Long-term debt	4,923.2	4,688.6
Deferred income taxes	704.2	700.0
Accrued pension and postretirement benefits	439.6	442.2
Other non-current liabilities	267.1	371.4
Total liabilities	7,415.8	7,392.3
Equity		
Fortune Brands stockholders equity		
$2.67 Convertible Preferred stock redeemable at Company s option	5.4	5.5
Common stock, par value $3.125 per share, 234.9 shares issued	734.0	734.0
Paid-in capital	728.8	716.4
Accumulated other comprehensive loss	(598.2)	(478.4)
Retained earnings	6,987.0	7,046.2
Treasury stock, at cost	(3,335.6)	(3,337.7)
Total Fortune Brands stockholders equity	4,521.4	4,686.0
Noncontrolling interests	14.1	13.6
Total equity	4,535.5	4,699.6
Total liabilities and equity	$ 11,951.3	$ 12,091.9

See notes to condensed consolidated financial statements.

FORTUNE BRANDS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the Three Months Ended March 31, 2009 and 2008

(in millions, except per share amounts)

(Unaudited)

	2009	2008
Net sales	$ 1,438.9	$ 1,806.1
Cost of products sold	786.9	977.7
Excise taxes on spirits	101.1	95.1
Advertising, selling, general and administrative expenses	445.6	491.4
Amortization of intangible assets	8.3	12.4
Restructuring charges	36.5	2.3
Operating income	60.5	227.2
Interest expense	52.5	60.6
Other expense, net	4.5	0.4
Income from continuing operations before income taxes	3.5	166.2
Income taxes	(5.4)	52.4
Income from continuing operations	8.9	113.8
Income from discontinued operations		12.9
Net income	8.9	126.7
Less: Net income attributable to noncontrolling interests	1.5	6.2
Net income attributable to Fortune Brands	$ 7.4	$ 120.5
Amounts attributable to common stockholders:		
Income from continuing operations, net of tax	$ 7.4	$ 107.6
Income from discontinued operations, net of tax		12.9
Net income attributable to Fortune Brands	$ 7.4	$ 120.5
Earnings per common share		
Basic		
Continuing operations	$ 0.05	$ 0.70
Discontinued operations		0.08
Net income attributable to Fortune Brands common shareholders	$ 0.05	$ 0.78
Diluted		
Continuing operations	$ 0.05	$ 0.69
Discontinued operations		0.08
Net income attributable to Fortune Brands common shareholders	$ 0.05	$ 0.77

Dividends paid per common share	$ 0.44	$ 0.42
Average number of common shares outstanding		
Basic	150.1	154.0
Diluted	151.4	156.3

See notes to condensed consolidated financial statements.

FORTUNE BRANDS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three Months Ended March 31, 2009 and 2008

(in millions)

(Unaudited)

	2009	2008
Operating activities		
Net income	$ 8.9	$ 126.7
Restructuring charges	5.1	1.2
Depreciation	65.1	52.2
Amortization	9.0	12.4
Stock-based compensation	12.2	5.9
Deferred income taxes	(6.1)	9.3
Dividends paid to noncontrolling interests	(1.0)	(5.7)
Changes in assets and liabilities:		
Decrease in accounts receivable	58.9	33.2
Increase in inventories	(28.1)	(77.1)
Decrease in accounts payable	(32.5)	(31.9)
Decrease in accrued expenses and other liabilities	(169.6)	(226.6)
Decrease in accrued taxes	(19.5)	(13.8)
Other operating activities, net	(4.9)	(30.3)
Net cash used by operating activities	(102.5)	(144.5)
Investing activities		
Capital expenditures	(27.0)	(33.4)
Proceeds from the disposition of assets	0.7	1.5
Loans to affiliates	(29.0)	
Net cash used by investing activities	(55.3)	(31.9)
Financing activities		
(Decrease) increase in short-term debt and commercial paper, net	(1.0)	204.7
Issuance of long-term debt	688.0	
Repayment of long-term debt	(394.8)	(0.1)
Dividends to stockholders	(66.2)	(64.8)
Proceeds received from exercise of stock options	1.5	4.1
Tax benefit on exercise of stock options	0.1	0.4
Other financing activities, net		1.4
Net cash provided by financing activities	227.6	145.7
Effect of foreign exchange rate changes on cash	7.0	6.4
Net increase (decrease) in cash and cash equivalents	$ 76.8	$ (24.3)
Cash and cash equivalents at beginning of period	$ 163.3	$ 203.7

Cash and cash equivalents at end of period	$ 240.1	$ 179.4

See notes to condensed consolidated financial statements.

FORTUNE BRANDS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

For the Three Months Ended March 31, 2009 and 2008

(in millions, except per share amounts)

(Unaudited)

	Fortune Brands, Inc. Stockholders Equity							
	Convertible Preferred Stock	Common Stock	Paid-in Capital	AOCI [1]	Retained Earnings	Treasury Stock, At Cost	Non-controlling Interest	Total
Balance at December 31, 2007	$ 5.7	$ 734.0	$ 684.3	$ 349.1	$ 6,999.3	($3,086.9)	$ 15.6	$ 5,701.1
Comprehensive income								
Net income					120.5		1.9[2]	122.4
Translation adjustments, net of effect of hedging activities				125.5				125.5
Pension and postretirement benefit adjustments				1.0				1.0
Total comprehensive income				126.5	120.5		1.9	248.9
Dividends paid to noncontrolling interests							(1.4)	(1.4)
Dividends ($0.42 per Common share and $0.6675 per Preferred share)					(64.8)			(64.8)
Stock-based compensation			10.7		(0.4)	4.8		15.1
Tax benefit on exercise of stock options			0.7					0.7
Conversion of preferred stock (<0.1 shares)			(0.3)			0.3		
Balance at March 31, 2008	$ 5.7	$ 734.0	$ 695.4	$ 475.6	$ 7,054.6	($3,081.8)	$ 16.1	$ 5,899.6
Balance at December 31, 2008	$ 5.5	$ 734.0	$ 716.4	$ (478.4)	$ 7,046.2	$ (3,337.7)	$ 13.6	$ 4,699.6
Comprehensive income								
Net income					7.4		1.5	8.9
Translation adjustments, net of effect of hedging				(121.4)				(121.4)
Pension and postretirement benefit adjustments				1.6				1.6
Total comprehensive income				(119.8)	7.4		1.5	(110.9)
Dividends paid to noncontrolling interests							(1.0)	(1.0)
Dividends ($0.44 per Common share and $0.6675 per Preferred share)					(66.2)			(66.2)
Stock-based compensation			12.1		(0.4)	1.9		13.6
Tax benefit on exercise of stock options			0.4					0.4
Conversion of preferred stock (<0.1 shares)	(0.1)		(0.1)			0.2		
Balance at March 31, 2009	$ 5.4	$ 734.0	$ 728.8	$ (598.2)	$ 6,987.0	$ (3,335.6)	$ 14.1	$ 4,535.5

[1] Accumulated other comprehensive income (loss)

(2) 2008 net income on the condensed consolidated statement of stockholders equity does not include $4.3 million of income from noncontrolling interests that was repurchased on September 30, 2008 and was classified on the balance sheet in mezzanine equity until repurchased.

See notes to condensed consolidated financial statements.

FORTUNE BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Principles of Consolidation

References to we, our, us, Fortune Brands and the Company refer to Fortune Brands, Inc. and its consolidated subsidiaries as a whole, unless context otherwise requires.

The condensed consolidated balance sheet as of March 31, 2009, the related condensed consolidated statements of income for the three-month periods ended March 31, 2009 and 2008 and the related condensed consolidated statements of cash flows and stockholders equity for the three-month periods ended March 31, 2009 and 2008 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the financial statements have been included. Interim results may not be indicative of results for a full year.

The condensed consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain certain information included in our annual consolidated financial statements and notes. The year-end condensed consolidated balance sheet was derived from the audited financial statements, but does not include all disclosures required by generally accepted accounting principles. This Form 10-Q should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2008.

2. Recently Issued Accounting Standards

Disclosures about Postretirement Benefit Plans

In December 2008, the Financial Accounting Standards Board (FASB) issued Financial Statement of Position No. FAS 132(R)-1 (FSP FAS 132(R)-1), Employers Disclosures about Postretirement Benefit Plan Assets. FSP FAS 132(R)-1 amends Statement of Financial Accounting Standards No. 132 (revised 2003), Employers Disclosure about Pensions and Other Postretirement Benefits, providing guidance on an employer s disclosures about plans assets of a defined benefit pension or other postretirement plan. FSP FAS 132(R)-1 is effective for fiscal years ending after December 15, 2009 (calendar year-end 2009 for Fortune Brands). FSP FAS 132(R)-1 will require additional disclosure relating to plan assets.

FORTUNE BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Recently Issued Accounting Standards (Continued)

Business Combinations

On January 1, 2009, we adopted Statement of Financial Accounting Standards (FAS) No. 141 (revised 2007) (FAS 141R), Business Combinations. FAS 141R replaces FAS No. 141, Business Combinations. FAS 141R establishes principles and requirements for how an acquirer, a) recognizes and measures the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, b) recognizes and measures the goodwill acquired and c) determines what information to disclose. FAS 141R also requires that all acquisition-related costs, including restructuring, be recognized separately from the acquisition. FAS 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (calendar 2009 for Fortune Brands). This Statement eliminates adjustments to goodwill for changes in deferred tax assets and uncertain tax positions after the acquisition accounting measurement period (limited to one year from acquisition), including for acquisitions prior to adoption of FAS 141R. The adoption of FAS 141R may result in increased volatility in the results of our operations to the extent that uncertain tax positions related to prior acquisitions are resolved more or less favorably than originally estimated.

Noncontrolling Interests in Consolidated Financial Statements

On January 1, 2009, we adopted Statement of Financial Accounting Standards No. 160 (FAS 160), Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. FAS 160 amends Accounting Research Bulletin No. 51, establishing accounting and reporting standards for the noncontrolling interest (previously referred to as minority interest) in a subsidiary and for the deconsolidation of a subsidiary. This Statement changes the consolidated balance sheet presentation of noncontrolling interests from the mezzanine level (between liabilities and stockholders equity) to a component of stockholders equity. FAS 160 requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent s owners and the interests of the noncontrolling owners of a subsidiary. This statement has been applied prospectively except presentation and disclosure requirements are applied retrospectively for all periods presented.

FORTUNE BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Discontinued Operations

In the third quarter of 2007, we sold the William Hill and Canyon Road wine brands and related assets to E. & J. Gallo Winery. In December 2007, we sold the remaining U.S. wine assets to Constellation Brands, Inc. for $887.0 million. The statement of income for the three months ended March 31, 2008 reflected our U.S. Wine business as a discontinued operation.

The following table summarizes the results of the discontinued operations for the three months ended March 31, 2008 when we revised the calculation of the after tax gain by recording a tax benefit of $12.9 million. The tax benefit resulted from lower estimated state tax liabilities from the sale of the U.S. Wine business. There was no income statement impact from discontinued operations for the three months ended March 31, 2009.

(in millions)		Three Months Ended March 31, 2008
Net sales	$	
Loss from discontinued operations before income taxes	$	
Income tax benefits		(12.9)
Income from discontinued operations, net of income taxes	$	12.9

4. Goodwill and Other Identifiable Intangible Assets

We had goodwill of $3,541.7 million as of March 31, 2009. The decrease in goodwill of $30.1 million during the three months ended March 31, 2009 compared to December 31, 2008 was due to foreign currency translation adjustments ($26.0 million) and acquisition-related adjustments associated with the acquisition of Cruzan rum, which was acquired in September 2008 ($4.1 million).

The change in the net carrying amount of goodwill by segment was as follows:

(in millions)		Balance at December 31, 2008		Acquisition-Related Adjustments		Translation Adjustments		Balance at March 31, 2009
Spirits	$	2,098.2	$	(4.1)	$	(25.2)	$	2,068.9
Home and Hardware		1,461.8				(0.8)		1,461.0
Golf		11.8						11.8
Total goodwill, net	$	3,571.8	$	(4.1)	$	(26.0)	$	3,541.7

FORTUNE BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Goodwill and Other Identifiable Intangible Assets (Continued)

We also had indefinite-lived intangibles, principally trade names, of $2,575.6 million and $2,682.4 million as of March 31, 2009 and December 31, 2008, respectively. The decrease of $106.8 million was due to changes in foreign currency translation adjustments.

Amortizable identifiable intangible assets, principally trade names, are subject to amortization over their estimated useful life, 5 to 30 years, based on the assessment of a number of factors that may impact useful life. These factors include historical and trade name performance with respect to consumer name recognition, geographic market presence, market share, plans for ongoing trade name support and promotion, financial results and other relevant factors.

The gross carrying value and accumulated amortization by class of intangible assets as of March 31, 2009 and December 31, 2008 are as follows:

	As of March 31, 2009			As of December 31, 2008		
(in millions)	Gross Carrying Amounts	Accumulated Amortization	Net Book Value	Gross Carrying Amounts	Accumulated Amortization	Net Book Value
Indefinite-lived intangible assets	$ 2,647.6	$ (72.0)[1]	$ 2,575.6	$ 2,754.4	$ (72.0)[1]	$ 2,682.4
Amortizable intangible assets						
Trade names	554.5	(164.4)	390.1	505.5	(161.2)	344.3
Customer and contractual relationships	268.3	(126.3)	142.0	262.9	(123.1)	139.8
Patents/proprietary technology	40.5	(29.5)	11.0	40.5	(29.0)	11.5
Licenses and other	45.3	(12.7)	32.6	45.3	(11.9)	33.4
Total	908.6	(332.9)	575.7	854.2	(325.2)	529.0
Total identifiable intangibles	$ 3,556.2	$ (404.9)	$ 3,151.3	$ 3,608.6	$ (397.2)	$ 3,211.4

(1) Accumulated amortization prior to the adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets.

Intangible amortization was $8.3 million and $12.4 million for the three months ended March 31, 2009 and 2008, respectively. This decrease was primarily due to lower amortization associated with the write-down of definite-lived intangible assets in 2008.

FORTUNE BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Related Parties

Future Brands LLC

In May 2001, the Spirits business completed transactions with V&S Group (V&S) creating a joint venture named Future Brands LLC (Future Brands) to distribute, over an initial ten-year period, both companies spirits brands in the United States and provide related selling and invoicing services. Beam Global Spirits & Wine, Inc. (BGSW or the Spirits business) accounted for this joint venture using the equity method of accounting. V&S paid $270 million to gain access to our Spirits business s U.S. distribution network and to acquire an equity interest in Future Brands. We accounted for the $270 million gain on the sale of our equity interest in Future Brands as deferred income due to certain continuing obligations of Jim Beam Brands Co., including, but not limited to, making payments to suppliers, employees and other parties with which Future Brands has contracts in the event of a default of Future Brands. In June 2001, we began amortizing these amounts to Other expense, net, and income taxes on a straight-line basis over the initial term of the agreement. As the Future Brands joint venture was a cost sharing initiative and was considered integral to our operations, we classified the equity earnings in advertising, selling, general and administrative expense.

On September 30, 2008, we closed a transaction that resulted in the early termination of the U.S. distribution agreement between BGSW and the U.S. business of V&S acquired by Pernod Ricard S.A. As a part of the early termination of the U.S. distribution agreement, BGSW redeemed the 49% interest in Future Brands held by V&S. Future Brands was consolidated as of September 30, 2008 and the consolidation did not have a material impact on our financial statements.

The Edrington Alliance and Maxxium Worldwide B.V.

In September 2008, BGSW and The Edrington Group Ltd. (TEG) entered into an agreement establishing an international distribution alliance that is a combination of jointly-owned and Company-owned sales forces in 24 markets. Operations under the new alliance began on April 1, 2009. This alliance simplifies our international routes to market and gives us greater control over our distribution. The alliance provides that BGSW and TEG have joint 50-50 ownership of sales and distribution companies in certain markets and that BGSW wholly-controlled or TEG wholly-controlled distribution companies distribute both companies products and third party products in certain other markets. To purchase the Beam wholly-owned entities and our 50% ownership in alliance joint venture entities, in April 2009, we paid 53.2 million (approximately $71.1 million), net of dividends paid back to the Company.

FORTUNE BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Related Parties (Continued)

The Edrington Alliance and Maxxium Worldwide B.V. (Continued)

Prior to March 30, 2009, BGSW owned a 25% interest in the Maxxium Worldwide B.V. (Maxxium) international sales and distribution joint venture. The other equal partners in Maxxium were Rémy Cointreau S.A. (Rémy), V&S and TEG. In accordance with a Settlement Agreement executed in September 2008, on March 30, 2009, Rémy and V&S exited the joint venture and BGSW became a 50% owner of Maxxium with TEG. BGSW and TEG are working together to facilitate an orderly transition or winding down of Maxxium operations. We believe that our remaining investment in Maxxium of $47.6 million will be recovered in conjunction with transitioning to the alliance with TEG. We had guaranteed certain credit facilities and bank loans of Maxxium that terminated March 31, 2009. Since April 1, 2009, we have been providing similar guarantees of the credit facilities of the new joint venture entities in the alliance with TEG. As of March 31, 2009, we had advanced $29.0 million, classified in other current assets ($17.7 million) or other noncurrent assets ($11.3 million), to Maxxium entities that became wholly-owned subsidiaries of our Spirits business on April 1, 2009. We received repayment on $9.8 million of the loans in April 2009.

6. Income Taxes

The effective income tax rate for the three months ended March 31, 2009 and 2008 was (154.3)% and 31.5%, respectively. The negative effective tax rate in 2009 was primarily due to higher tax benefits from restructuring and restructuring-related charges relative to lower taxed income before these charges. In addition, the effective tax rate was favorably impacted by a lower proportion of domestic income in 2009, which is taxed at a higher rate relative to foreign income. The effective tax rate for the three months ended March 31, 2009 was also impacted by tax expense of $7.8 million to adjust taxes payable for a prior period item.

It is reasonably possible that, within the next 12 months, total unrecognized tax benefits may decrease in the range of $5 to $100 million primarily as a result of the conclusion of U.S. federal, state and foreign income tax proceedings.

FORTUNE BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Information on Business Segments

Net sales and operating income for the three months ended March 31, 2009 and 2008 by segment were as follows:

	Three Months Ended March 31,		
(in millions)	**2009**	**2008**	**% Change vs. Prior Year**
Net Sales			
Spirits	$ 486.3	$ 515.3	(5.6)%
Home and Hardware	605.6	894.4	(32.3)
Golf	347.0	396.4	(12.5)
Net Sales	$ 1,438.9	$ 1,806.1	(20.3)%
Operating Income (Loss)			
Spirits	$ 128.6	$ 128.6	0.0%
Home and Hardware	(54.9)	60.9	n/a
Golf	9.0	51.5	(82.5)
Corporate expenses	(22.2)	(13.8)	(60.9)
Operating Income	$ 60.5	$ 227.2	(73.4)%

FORTUNE BRANDS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Earnings Per Share

The computation of basic and diluted earnings per common share (EPS) is as follows:

(in millions, except for per share amounts)	Three Months Ended March 31, 2009	2008
Income from continuing operations	$ 7.4	$ 107.6
Income from discontinued operations		12.9
Net income attributable to Fortune Brands	7.4	120.5
Less: Preferred stock dividends	0.1	0.2
Income attributable to Fortune Brands common stockholders basic	7.3	120.3
Convertible Preferred stock dividends	0.1	0.2