FORTUNE BRANDS INC
Form S-4
February 22, 2006
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As filed with the Securities and Exchange Commission on February 22, 2006

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

FORTUNE BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**3430**	**13-3295276**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(IRS Employer Identification No.)**

520 Lake Cook Road

Deerfield, Illinois 60015

(847) 484-4400

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Mark A. Roche, Esq.

Senior Vice President, General Counsel and Secretary

Fortune Brands, Inc.

520 Lake Cook Road

Deerfield, Illinois 60015

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Gregory J. Bynan, Esq.

Winston & Strawn LLP

35 W. Wacker Drive

Chicago, Illinois 60601

(312) 558-5600

Approximate date of commencement of proposed sale to public: As soon as practicable after the effective date of this Registration Statement and after all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, $3.125 par value per share	N/A	N/A	$ 157,115,854(2)	$ 16,812
Common Stock, $3.125 par value per share	N/A	N/A	$ 2,492,317(3)	$ 267
Common Stock, $3.125 par value per share	N/A	N/A	$ 472,690(4)	$ 51

(1) Pursuant to Rule 457(o), the registration fee has been calculated on the basis of the maximum aggregate offering price, and the number of shares being registered has been omitted.

(2) Calculated in accordance with Rule 457(f)(2) under the Securities Act of 1933, as amended (the Securities Act). Based on the book value per share (computed as of January 31, 2006, the most recent date for which such information is available) of the common stock of SBR to be exchanged in the merger. Calculated by multiplying the SBR book value per share of $28.70 by 5,474,420, the estimated maximum number of shares of SBR common stock to be exchanged in the merger for shares of Fortune Brands common stock.

(3) In connection with the proposed merger, Fortune Brands will acquire part of its interest in SBR through the related merger of a wholly-owned direct subsidiary of Fortune Brands with and into S. Byrl Enterprises, Inc. (SB Ross). Calculated in accordance with Rule 457(f)(2) under the Securities Act. Based on the book value of all outstanding shares of SB Ross (computed as of December 31, 2005, the most recent date for which such information is available).

(4) In connection with the proposed merger, Fortune Brands will acquire part of its interest in SBR through the related merger of a wholly-owned direct subsidiary of Fortune Brands with and into Tres Investment Company (Tres). Calculated in accordance with Rule 457(f)(2) under the Securities Act. Based on the book value of all outstanding shares of Tres (computed as of December 31, 2005, the most recent date for which such information is available).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. We may not sell the securities discussed herein until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED FEBRUARY 22, 2006

PROXY STATEMENT OF
SBR, INC.

PROSPECTUS OF
FORTUNE BRANDS, INC.

A Merger Proposal Your Vote is Important

[•] [•], 2006

To all SBR, Inc. Stockholders:

The boards of directors of both Fortune Brands, Inc. and SBR, Inc. have unanimously approved the merger of a subsidiary of Fortune Brands with and into SBR. In the merger, each share of SBR common stock and each option for, or right to purchase, a share of SBR common stock (sometimes referred to collectively herein as fully-diluted SBR shares) will be converted into the right to receive (1) shares of Fortune Brands common stock, (2) cash, or (3) in the event of an undersubscription or oversubscription for Fortune Brands common stock, a combination of cash and shares of Fortune Brands common stock, in each case based on the final merger consideration calculated as of the effective time of the merger pursuant to a formula set forth in the merger agreement. Each holder of fully-diluted SBR shares (sometimes referred to herein as fully-diluted SBR stockholders) may elect to receive all cash, all Fortune Brands common stock, or a combination of cash and Fortune Brands common stock. The stock and cash consideration to be received in the merger may be pro-rated as discussed in the attached proxy statement/prospectus.

Your election form setting forth the allocation of cash and/or Fortune Brands common stock you elect to receive for your fully-diluted SBR shares must be properly completed, signed and actually received no later than 5:00 p.m., **[•]** time, on **[•][•]**, 2006. If the election form is not received by the election deadline, you will receive the type of consideration received for cash election shares. In order to receive your pro rata share of the merger consideration, your letter of transmittal should be properly completed and signed and accompanied by certificates representing all SBR common stock, endorsed in blank or otherwise in a form acceptable for transfer on SBR s books.

Fortune Brands common stock is quoted on the New York Stock Exchange under the symbol FO. On February 9, 2006, the day immediately prior to the announcement of the merger agreement, the closing price of Fortune Brands common stock was $78.58 per share.

Fortune Brands will not acquire Woodcraft Supply Corp., Woodcraft Franchise Corporation and Dovetail Media, Inc. (the Woodcraft entities) in the merger and the merger agreement requires SBR to dispose of the Woodcraft entities prior to the merger. The SBR board of directors has approved the sale or transfer of the Woodcraft entities to Samuel B. Ross, II, or his designee, for $10,948,000.

SBR s board of directors recommends a vote FOR approval of the merger and adoption of the merger agreement. The merger requires approval by holders of a majority of the issued and outstanding SBR Class A common stock and Class B common stock, voting as separate classes, entitled to vote at the special meeting. SBR stockholders holding approximately 67% of SBR s outstanding Class A common stock and approximately 33% of SBR s outstanding Class B common stock, making up approximately 72% of SBR s outstanding capital stock, have agreed to vote their stock in favor of adoption of the merger agreement.

Holders of SBR s Class B common stock are only entitled to vote on the proposal to approve the merger and adopt the merger agreement and are not entitled to vote on any other matters that properly come before the special meeting. Holders of SBR options and purchase rights are not entitled to vote at the special meeting, but must properly complete, sign and deliver an election form and a letter of transmittal as discussed above.

Please carefully review all of the accompanying materials, including the risks outlined under Risk Factors beginning on page 7.

[•]

Samuel B. Ross, II

Chairman of the Board of SBR, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or the terms of the merger agreement or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated **[•] [•]**, 2006 and is first being mailed to SBR stockholders on or about **[•] [•]**, 2006.

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To SBR, Inc. Class A and Class B Common Stockholders:

A special meeting of the Class A and Class B common stockholders of SBR, Inc. will be held on **[•] [•]**, 2006, at **[•]** local time, at **[•]**, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of February 9, 2006, by and among Fortune Brands, Inc., Brightstar Acquisition, LLC, a wholly-owned subsidiary of Fortune Brands, and SBR pursuant to which Brightstar Acquisition, LLC will merge with and into SBR and approve the merger contemplated thereby; and

2. To transact such other business as may properly come before the meeting or any adjournment or postponement of such meeting.

Only Class A and Class B common stockholders of record at the close of business on **[•] [•]**, 2006 will be entitled to notice of and to vote upon the proposal to approve the merger and adopt the merger agreement at the meeting and any adjournments or postponements of the meeting. Only Class A common stockholders will be entitled to vote on any other business at the meeting and any adjournments or postponements of the meeting. The approval of the merger and adoption of the merger agreement requires the affirmative vote of holders of a majority of the issued and outstanding SBR Class A common stock and Class B common stock, voting as separate classes, entitled to vote at the special meeting. As of **[•] [•]**, 2006, there were 5,346,453 shares of Class A common stock outstanding and 849,793 shares of Class B common stock outstanding and entitled to vote at the special meeting.

THE BOARD OF DIRECTORS OF SBR HAS DETERMINED THAT THE MERGER IS IN THE BEST INTERESTS OF SBR AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE MERGER AND ADOPTION OF THE MERGER AGREEMENT.

In connection with the proposed merger, common stockholders of SBR have the right to dissent from the merger and obtain payment in cash of the fair value of their shares of SBR common stock under applicable provisions of West Virginia law. If the merger is effected and you meet all the requirements of this law, and follow all of its required procedures, you will receive cash in an amount equal to the fair market value, as determined under such law, of your shares of SBR common stock. The procedure for exercising your appraisal rights is summarized under the heading Appraisal Rights in the attached proxy statement/prospectus. The relevant provisions of West Virginia law are attached to this document as Annex B.

By Order of the Board of Directors

[•]

Samuel B. Ross, II

Chairman of the Board

Parkersburg, West Virginia

[•] [•], 2006

Whether or not you plan to attend the meeting, please complete, sign, date and return the accompanying proxy or voting instruction in the enclosed self-addressed stamped envelope.

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ADDITIONAL INFORMATION

Fortune Brands has filed with the Securities and Exchange Commission, or SEC, a registration statement on Form S-4 under the Securities Act of 1933, as amended, for the registration of the issuance of shares of Fortune Brands common stock proposed to be issued in the mergers described in this proxy statement/prospectus. This proxy statement/prospectus was filed as a part of such registration statement.

This proxy statement/prospectus incorporates by reference important business and financial information about Fortune Brands that is not included in or delivered with this document. See Where You Can Find More Information beginning on page 68.

This proxy statement/prospectus does not contain all of the information set forth in the registration statement, as certain parts are permitted to be omitted by the rules and regulations of the SEC. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from Fortune Brands at the following address and telephone number:

Fortune Brands, Inc.

Office of the Secretary

520 Lake Cook Road

Deerfield, Illinois 60015

(847) 484-4400

You may also obtain Fortune Brands documents at the SEC s website, www.sec.gov or at the SEC s public reference rooms. For information on the public reference rooms, see Where You Can Find More Information beginning on page 68.

You may obtain certain information regarding SBR without charge upon your written or oral request at the following address and telephone number:

SBR, Inc.

5300 Briscoe Road

Parkersburg, WV 26102

(304) 428-8261

Attn: Melissa K. Righter

SBR stockholders who would like to request any documents should do so no later than five business days before the SBR special meeting, or [•] [•], 2006, in order to timely receive the documents.

All information contained herein concerning Fortune Brands and its subsidiaries has been furnished by Fortune Brands. All information contained herein regarding SBR has been furnished by SBR. See Where You Can Find More Information beginning on page 68 for further information.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why is SBR proposing the merger?

A: The board of directors of SBR believes the merger is in the best interests of the company and its shareholders. As a Fortune Brands subsidiary, SBR will enjoy many benefits and opportunities, including a broader customer base for the marketing of its products and the benefit of synergies between their product lines. In addition, as SBR s common stock is not publicly traded and no established market exists, SBR stockholders who receive Fortune Brands stock will have a more liquid investment as the Fortune Brands stock is publicly traded on the New York Stock Exchange. The board also believes that the terms of the merger are fair and equitable. Overall, SBR s board of directors believes that combining with Fortune Brands will create a more focused company that will provide significant benefits and opportunities to SBR s stockholders, employees and customers.

To review SBR s reasons for the merger in greater detail, see the section entitled The Merger SBR s Reasons for the Merger beginning on page 19.

Q: What will happen in the merger?

A: In the proposed merger, a wholly-owned direct subsidiary of Fortune Brands will merge with and into SBR, with SBR continuing as a wholly-owned direct subsidiary of Fortune Brands. Subsequent to the closing of the proposed merger, SBR will merge with and into a limited liability company which is also a direct, wholly-owned subsidiary of Fortune Brands. The merger agreement which governs the merger is attached to this proxy statement/prospectus as Annex A. You are encouraged to read it carefully.

In connection with the proposed merger, Fortune Brands will acquire part of the outstanding shares of SBR through the merger of wholly-owned subsidiaries of Fortune Brands with and into S. Byrl Enterprises, Inc. (SB Ross) and Tres Investment Company (Tres). SB Ross and Tres own 954,419 and 240,000 shares of Class A common stock of SBR, respectively. The shareholders of SB Ross and Tres will receive through the related mergers their pro-rata share of the consideration SB Ross and Tres will receive in the proposed merger.

Q: What will SBR stockholders receive in the merger?

A: Under the merger agreement, SBR stockholders may elect to receive for each share of SBR common stock either:

cash, or

Fortune Brands common stock.

All elections are subject to the election and allocation procedures described in this proxy statement/prospectus. However, not less than 60% nor more than 85% of the total consideration in the mergers may be in the form of Fortune Brands common stock. As a result, if too many holders of fully-diluted SBR share and SB Ross and Tres shareholders elect one form of consideration over the other, you may not receive the exact merger consideration that you elect. See The Merger Agreement Merger Consideration Adjustment beginning on page 24 for a more detailed discussion of allocation procedures under the merger agreement.

Q: What is the merger consideration?

A: The aggregate merger consideration is $630 million but shall be adjusted on a dollar-for-dollar basis for the following:

reduced by the net outstanding indebtedness for borrowed money of SBR as of the close of business on the date prior to closing,

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reduced by unpaid transaction costs incurred by SBR in connection with the merger,

increased by cash held by SBR as of the close of business on the date prior to closing, and

increased by the aggregate exercise price of all outstanding SBR purchase rights and unpaid subscription amounts.

At the effective time of the merger, Fortune Brands will deposit $15 million of the merger consideration with an escrow agent pursuant to an escrow agreement. Such withheld amount will be placed into two separate escrow accounts consisting of $5 million and $10 million, respectively. The $5 million escrow will be used to pay Fortune Brands in the event SBR s estimated calculations of net indebtedness, cash and transaction costs were inaccurate at the closing of the merger. To the extent any amounts are available to be disbursed from such escrow account, such disbursement will likely occur 15 to 80 days after the merger. The $10 million escrow will be used to indemnify Fortune Brands for any breaches of the representations, warranties or covenants of SBR in the merger agreement. To the extent any amounts are available to be disbursed from such account, such disbursement will occur after the 18 month anniversary of the merger. The escrow agent will not pay to SBR stockholders that portion of the merger consideration to be deposited into the escrow accounts until such time as such amounts are distributable pursuant to the escrow agreement. See The Merger Agreement Adjustment Holdback Escrow beginning on page 25 and Indemnity Escrow beginning on page 26 for a more detailed discussion of the adjustment holdback and indemnity escrows under the merger agreement. Each fully-diluted SBR stockholder shall be entitled to such stockholder s pro rata share of any cash amounts released from the escrows if and when released in accordance with the escrow agreement.

Q: What is the amount of cash or the number of shares of Fortune Brands common stock that I will receive?

A: The actual amount of cash or number of shares of Fortune Brands common stock that you will receive for each of your SBR shares will not be determined until the effective time of the merger. At the effective time, each fully-diluted SBR stockholder will be entitled to convert such stockholder s fully-diluted SBR shares into such stockholder s pro rata share of the aggregate merger consideration. For each fully-diluted SBR share for which a fully-diluted SBR stockholder makes a cash election or no election, the fully-diluted SBR stockholder will be entitled to receive an amount in cash equal to (i) the aggregate merger consideration minus the escrow amount divided by (ii) the total number of fully-diluted SBR shares outstanding as of the closing date. As of the date hereof, there are 6,440,439 fully-diluted SBR shares outstanding. Accordingly, if the aggregate merger consideration (after the adjustments described above) is $530 million, each fully-diluted SBR stockholder would receive $79.96 per share of SBR common stock if the merger was consummated on the date of this proxy statement/prospectus. This represents the result of $530 million minus $15 million divided by 6,440,493. This cash amount is referred to herein as the per share cash consideration.

For each fully-diluted SBR share for which a fully-diluted SBR stockholder makes a stock election, the fully-diluted SBR stockholder will be entitled to receive the number of shares of Fortune Brands common stock equal to the per share cash consideration divided by a negotiated assumed value of $82 for each share of Fortune Brands common stock. This stock amount is referred to herein as the per share stock consideration.

As discussed above, such elections are subject to adjustments for oversubscription and undersubscription of Fortune Brands common stock. In addition, each fully-diluted SBR stockholder shall be entitled to such stockholder s pro rata share of any cash amounts released from the escrow in accordance with the escrow agreement. See The Merger Agreement Merger Consideration beginning on page 23 and Merger Consideration Adjustment beginning on page 24 for a more detailed discussion of the merger consideration under the merger agreement.

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Q: When do I make my election to receive cash or stock for each share of SBR common stock?

A: Enclosed with this proxy statement/prospectus is an election form that you may use to indicate your preference for cash or Fortune Brands common stock for each fully-diluted SBR share that you own. The deadline for returning your election form is **[•][•]**, 2006. The election form should be returned to the exchange agent in the enclosed envelope.

Q: Am I guaranteed receipt of the merger consideration that I elect?

A: No. Because Fortune Brands will issue no more than 85% and no less than 60% of the consideration in the mergers, not including the escrowed amounts, in shares of Fortune Brands common stock, it is possible that you will receive a portion of your consideration in the form you did not elect. You will not know for certain your final cash/Fortune Brands stock allocation until the closing of the merger.

Q: What if I do not return the election form or fail to make an election?

A: You will be deemed to have elected to receive all cash for any fully-diluted SBR shares owned by you.

Q: May I change or revoke my election?

A: Yes. Generally, to change or revoke your election you must submit written notice to the exchange agent prior to the election deadline on **[•][•]**, 2006.

Q: Should I send in my SBR stock certificates now?

A: Accompanying this proxy statement/prospectus is a letter of transmittal. Please forward the properly completed letter of transmittal along with your SBR stock certificates to the address indicated on such letter of transmittal. If the merger is not completed for any reason, your SBR stock certificate will be returned to you.

As soon as practicable following the closing of the merger, the exchange agent will deliver or forward to former SBR shareholders who have properly submitted the letter of transmittal and SBR stock certificates either cash or certificates representing shares of Fortune Brands common stock, adjusted and determined as provided in the merger agreement.

Q: When do you expect to complete the merger?

A: Fortune Brands and SBR are working to complete the merger as quickly as practicable, and expect to complete the merger in the second quarter of 2006. The merger, however, is subject to several conditions, including, among others, stockholder and federal and state regulatory approvals. We cannot predict the exact timing for completing the merger.

Q: What are the U.S. federal income tax consequences of the merger on SBR stockholders?

A: The merger is intended to qualify as a reorganization within the meaning of section 368 of the Internal Revenue Code of 1986, as amended. Accordingly, no gain or loss will be recognized by a SBR stockholder who exchanges SBR stock solely for Fortune Brands stock in the merger. A SBR stockholder who receives cash will generally recognize gain on the exchange. Subject to certain exceptions, any gain recognized will generally be capital gain.

The material U.S. federal income tax consequences of the merger are described in more detail in the section entitled Material Federal Income Tax Consequences on page 41. The tax consequences of the merger to you will depend upon your particular facts and circumstances. You should consult your own tax advisor for a full understanding of the federal, state, local and foreign income and other tax consequences of the merger.

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Q: Do I have appraisal rights?

A: Under West Virginia law, a SBR stockholder will be entitled to seek appraisal for and obtain payment of the fair value of the stockholder s shares of SBR common stock if the merger is consummated. A stockholder electing to assert appraisal rights must strictly comply with the procedures required by West Virginia law. These procedures are described more fully later in this document under the heading Appraisal Rights Under West Virginia Law beginning on page 55. A copy of the relevant portions of West Virginia law is attached as Annex B to this document.

Q: Does the SBR board of directors recommend approval of the merger and adoption of the merger agreement?

A: Yes. After careful consideration, the SBR board of directors unanimously recommends that its stockholders vote to approve the merger and adopt the merger agreement. For a more complete description of the recommendation of the SBR board of directors, see the sections entitled The Merger SBR s Reasons for the Merger; Recommendation of Board of Directors beginning on page 19.

Q: Are Fortune Brands stockholders also required to approve the merger?

A: Fortune Brands has determined that the approval of its stockholders is not necessary in connection with the merger.

Q. How will the sale of the Woodcraft entities and the real estate disposition to Samuel B. Ross, II (or designees thereof) prior to the effective time of the merger benefit the fully-diluted SBR stockholders?

A. The merger agreement requires that those assets be disposed of prior to the merger. In the event the transactions with Samuel B. Ross, II or his designee are not consummated, there can be no assurance that the merger will be consummated. The sale of the Woodcraft entities for $10,948,000 and the real estate disposition for $455,000 will result in additional value to the fully-diluted stockholders of SBR of approximately $1.70 per fully-diluted SBR share. For a more complete description of the sale of the Woodcraft entities and the real estate disposition, see the sections entitled Interests of Certain Persons in the Merger SBR Woodcraft Disposition; Real Estate Disposition on page 16.

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QUESTIONS & ANSWERS ABOUT THE SPECIAL MEETING

Q: What is the purpose of this proxy statement/prospectus?

A: This document serves as a proxy statement for SBR and a prospectus for Fortune Brands, which is issuing common stock in the proposed merger and related mergers. As a **proxy statement,** it is being provided to you because the board of directors of SBR is soliciting your proxy to vote to approve the merger and adopt the merger agreement at the SBR stockholder meeting. As a **prospectus,** it is being provided to you by Fortune Brands because fully-diluted SBR stockholders, SB Ross shareholders, and Tres shareholders are being offered shares of Fortune Brands common stock as consideration in the proposed merger and related mergers.

Q: What do I need to know?

A: Carefully read and consider the information contained in this document. There are several ways your shares can be represented at the SBR special meeting. You can attend the SBR special meeting in person or you can indicate on the enclosed proxy card how you want to vote and then sign and mail the proxy card in the enclosed return envelope as soon as possible.

Your vote is important regardless of the number of shares of SBR common stock that you own.

Q: When and where is the SBR special meeting?

A: The SBR special meeting will be held at **[•][•]** .m., **[•]** time, on **[•][•]**, 2006, at **[•]**.

Q: What vote is required to approve the merger and adopt the merger agreement?

A: The approval of the merger agreement and adoption of the merger agreement requires the affirmative vote of holders of a majority of the issued and outstanding SBR Class A common stock and Class B common stock, voting as separate classes, entitled to vote at the special meeting.

Q: Which SBR stockholders are entitled to vote?

A: Each holder of record of the outstanding shares of SBR Class A and Class B common stock at the close of business on **[•][•]**, 2006, the record date, is entitled to vote to approve the proposed merger and adopt the merger agreement in person or by proxy, at the SBR special meeting. Each SBR Class A common stockholder of record as of the record date is entitled to vote, in person or by proxy, on any other matters at the SBR special meeting.

Q: How do I vote?

A: To vote, please indicate on the enclosed proxy card how you want to vote and then sign, date, and return your proxy card in the enclosed postage-paid envelope as soon as possible so that your shares will be represented at the special meeting.

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Q: What if SBR stockholders do not vote?

A: Failure by a SBR stockholder to either vote at the SBR special meeting or return a proxy will result in such stockholder s shares of SBR common stock not being counted for purposes of determining the presence of a quorum at the SBR special meeting, and determining whether SBR has received the votes required to approve the merger and adopt the merger agreement.

If you are a SBR stockholder and return your proxy signed but do not indicate how you want to vote, your proxy will be counted as a vote FOR approval of the merger and adoption of the merger agreement.

If you are a SBR stockholder and do not return your proxy or abstain from voting, it will have the same effect as a vote AGAINST approval of the merger and adoption of the merger agreement.

Q: What do the voting agreements do?

Stockholders holding approximately 67% of SBR s outstanding Class A common stock and approximately 33% of SBR s outstanding Class B common stock, making up approximately 72% of SBR s outstanding capital stock, have agreed to vote their stock in favor of approval of the merger, adoption of the merger agreement, and any actions required in furtherance of the merger by the SBR stockholders. See The Merger Agreement Related Agreements Voting and Option Agreements on page 36. In the event the merger agreement is terminated, Fortune Brands has the right, but not the obligation, to acquire the shares subject to the voting agreements. As a result, regardless of the completion of the merger, Fortune Brands has the power to acquire voting and economic control of SBR.

Q: Can I change my vote after I have delivered my proxy?

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting. If your shares of SBR common stock are held in your own name, you may change your vote as follows:

You may send a written notice stating that you would like to revoke your proxy and provide new instructions on how to vote;

You may complete and submit a new proxy card; or

You may attend the meeting and vote in person.

If you choose either the first or second method above, you must submit your notice of revocation or your new proxy card prior to the special meeting. If your shares are held in street name by a broker and you have instructed the broker to vote your shares, you must follow instructions received from your broker to change your vote, or to vote in person at the meeting instead.

Q: What do I need to do now?

A: We encourage you to read this proxy statement/prospectus in its entirety. Important information is presented in greater detail elsewhere in this document and in its annexes. Following review of this proxy statement/prospectus, please complete, sign, and date the enclosed proxy card and return it in the enclosed envelope as soon as possible so that your shares can be voted at the special meeting of stockholders. In addition, we encourage you to complete and return the enclosed election form and letter of transmittal so that you may select your desired form of consideration in the merger.

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Q: When should I send in my SBR stock certificates?

A: Accompanying this proxy statement/prospectus is a letter of transmittal. Please forward the properly completed letter of transmittal along with your SBR stock certificates to the address indicated on such letter of transmittal. If the merger is not completed for any reason, your SBR stock certificate will be returned to you.

As soon as practicable following the closing of the merger, the exchange agent will deliver or forward to former SBR shareholders who have properly submitted transmittal materials and SBR stock certificates either cash or shares of Fortune Brands common stock representing the shares to be delivered at closing, adjusted and determined as provided in the merger agreement.

Q: Who should I call with questions?

A: If you have any questions about the proposed merger, including how to complete and return your proxy card, or if you need additional copies of the proxy statement/prospectus or the enclosed proxy, please call:

Melissa K. Raghter

Executive Assistant

SBR, Inc.

Telephone: (304) 428-8261

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SUMMARY

This summary, together with the previous sections entitled Questions and Answers About the Merger and Questions and Answers About the Special Meeting, highlights selected information from this proxy statement/prospectus discussed in greater detail in this document. We urge you to read carefully the entire proxy statement/prospectus, its annexes, and any other documents to which we refer to fully understand the merger before you vote your shares. In this proxy statement/prospectus, references to we , us and our refer to Fortune Brands and its consolidated subsidiaries.

Summary Information

Information About Fortune Brands, Inc. and SBR, Inc.

Fortune Brands, Inc.

520 Lake Cook Road

Deerfield, Illinois 60015

(847) 484-4400

Fortune Brands is a holding company with subsidiaries engaged in the manufacture, production and sale of home and hardware products, spirits and wine and golf products.

Fortune Brands seeks to grow sales and profits by investing in the growth of its leading consumer brands. Fortune Brands brand investments include support for marketing, advertising and the development of innovative new products. Fortune Brands also seeks to gain market share by developing and expanding customer relationships. While Fortune Brands first priority is internal growth, Fortune Brands adds to that growth with high-return acquisitions and joint ventures that position its businesses for even stronger growth and higher returns.

Fortune Brands is a reporting company with the Securities and Exchange Commission (SEC), and its common stock trades on the New York Stock Exchange under the symbol FO.

Recent Developments

On April 21, 2005, Fortune Brands announced that it will be acquiring various spirits and wine brands and related assets and liabilities owned by subsidiaries of Goal Acquisitions Limited, a Pernod Ricard S.A. subsidiary that recently acquired all of the shares of Allied Domecq PLC. These include the following (the Purchased Assets):

Sauza tequila;

Courvoisier cognac;

Canadian Club whisky;

Maker s Mark bourbon;

Clos du Bois wines and other premium Sonoma and Napa wines;

Laphroaig single malt Scotch whisky;

Teacher s Scotch whisky;

Cockburn s port;

Harveys sherries;

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DYC whisky;

Fundador brandy;

Centenario brandy;

Kuemmerling bitters; and

distribution businesses in the United Kingdom, Spain and Germany.

Fortune Brands completed the legal transfers of Courvoisier (July 27, 2005), Maker s Mark (October 28, 2005) and part of the U.S. wines business of Allied Domecq, including Clos du Bois wines and other premium Sonoma and Napa wines (November 16, 2005). The legal transfer of the other Purchased Assets from Pernod Ricard S.A. to Fortune Brands was substantially completed on January 27, 2006.

In addition, on September 8, 2005, Fortune Brands acquired the Larios business, primarily gin, directly from Pernod Ricard S.A.

The Purchased Assets and the Larios business were acquired with proceeds from loans (approximately $4.9 billion) under bank credit facilities Fortune Brands obtained for this purpose. The bank loans for the Purchased Assets were repaid by Fortune Brands during the period from July 27, 2005 through and including July 29, 2005 through the issuance of commercial paper.

On August 16, 2005, Fortune Brands completed the spin-off of its ACCO World Corporation business (ACCO) by means of the pro-rata distribution of all outstanding shares of ACCO common stock held by Fortune Brands to holders of Fortune Brands common stock. ACCO thereafter became an independent, separately traded, publicly held company.

On January 12, 2006, Fortune Brands issued U.S. $2,000,000,000 aggregate principal amount of senior unsecured notes due 2011 (U.S. $750,000,000), 2016 (U.S. $950,000,000) and 2036 (U.S. $300,000,000) (the U.S. Notes). The U.S. Notes were sold in an offer registered under the Securities Act of 1933, as amended (the Securities Act). The net proceeds of the sale of the U.S. Notes were used to repay commercial paper issued to refinance a portion of the bank loans referred to above. The U.S. Notes rank *pari passu* with all other direct, unsecured and unsubordinated obligations (except those obligations preferred by statute or operation of law) of Fortune Brands.

On February 1, 2006, Fortune Brands issued 300 million aggregate principal amount of 3.50% notes due 2009 (the 2009 Notes) and 500 million aggregate principal amount of 4.00% notes due 2013 (the 2013 Notes). The 2009 Notes and 2013 Notes (collectively, the Notes) were issued and sold in transactions outside the United States, exempt from registration under Regulation S of the Securities Act. The net proceeds of the sale of the Notes were used to repay a portion of the commercial paper referred to above and the bank loan from the Larios transaction. The Notes are general, direct, unsecured and unsubordinated obligations of Fortune Brands, and rank *pari passu* with all other direct, unsecured and unsubordinated obligations (except those obligations preferred by statute or operation of law) of Fortune Brands.

SBR, Inc.

5300 Briscoe Road

Parkersburg, WV 26102

(304) 428-8261

SBR is a holding company organized under the laws of the State of West Virginia in 1972. Four of its operating subsidiaries manufacture building supplies and materials, while the fifth is engaged in the retail sale of woodworking tools and supplies.

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Simonton Building Products, Inc. manufactures windows and doors used in the residential and institutional marketplace. It sells its product to its subsidiary, Simonton Windows, Inc., which in turns sells the products to external customers in the 48 continental states. Its customers include Norandex, The Home Depot, Sears and ABC Supply.

Fypon, Ltd. is the leading manufacturer of urethane millwork. It was combined with SBR s other subsidiary Style Solutions, Incorporated, under the name of Fypon, Ltd.

Dixie Pacific Manufacturing LLC manufactures columns and porch railings. It was acquired by SBR in 2004. Historically, Dixie Pacific s primary customer base has been in the Southeast, Mid-Atlantic and Northeast regions of the United States. The Dixie Pacific and Hartmann-Sanders brands are supplied by Dixie Pacific in the U. S. Colonnade market.

Hy-Lite Products, Inc. produces customized pre-framed acrylic and glass block windows for use primarily in the residential new construction market, as well as the residential replacement window market.

Woodcraft Supply Corp., together with its franchises, is a supplier of hand and power tools with nearly 80 stores, a mail order catalog and an active internet site.

The Merger (Page 19)

Brightstar Acquisition, LLC, a wholly-owned direct subsidiary of Fortune Brands, will merge with and into SBR, with SBR continuing as a wholly-owned subsidiary of Fortune Brands. In the merger, each share of SBR common stock outstanding immediately before the merger will be exchanged for cash, Fortune Brands common stock or a combination thereof, provided that shares as to which appraisal rights have been properly asserted will be treated in accordance with the applicable provisions of West Virginia law. The merger agreement is attached to this document as Annex A. We encourage you to read the merger agreement carefully.

The Related Mergers (Page 38)

In connection with the proposed merger, Fortune Brands will acquire part of its interest in SBR through the merger of wholly-owned direct subsidiaries of Fortune Brands with and into S. Byrl Enterprises, Inc. (SB Ross) and Tres Investment Company (Tres). SB Ross and Tres own 954,419 and 240,000 shares of class A common stock of SBR, respectively. The shareholders of SB Ross and Tres will receive through the related mergers their pro-rata share of the considerations SB Ross and Tres will receive in the proposed merger.

SBR Special Meeting (Page 13)

The SBR special meeting will be held at **[•]** a.m., **[•]** time, on **[•] [•]**, 2006, at **[•]**. If you were a SBR stockholder that owned shares of SBR common stock as of the close of business (**[•]** p.m., **[•]** time) on **[•]**,**[•]**, 2006, the record date, you are entitled to vote, in person or by proxy, at the SBR special meeting. The only items of business are consideration of the proposal to approve the merger and adopt the merger agreement, and, if necessary, a proposal to adjourn the meeting to solicit additional proxies.

Approval of the Merger Agreement (Page 13)

Approval of the merger and adoption of the merger agreement requires approval by holders of a majority of SBR s issued and outstanding Class A common stock and Class B common stock, voting as separate classes, entitled to vote at the special meeting. On **[•][•]**, 2006, SBR s directors and executive officers beneficially owned 4,483,379 shares of SBR Class A common stock and 284,922 shares of SBR Class B common stock,

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which are entitled to be voted at the meeting. Those shares constitute approximately 84% of the total shares of SBR Class A common stock and approximately 34% of the total shares of SBR Class B common stock outstanding and entitled to vote. If you are a SBR stockholder and you fail to vote or abstain from voting on the proposal to approve the merger and adopt the merger agreement, your action will have the same effect as a vote against the merger.

Voting Agreements (Page 36)

On **[•][•]**, 2006, certain of SBR s directors, executive officers and principal shareholders have entered into voting agreements with Fortune Brands in connection with the merger. Under the terms of the voting agreements, each such person has agreed to vote, and granted to Fortune Brands a proxy to vote, the SBR shares offered thereby in favor of approval of the merger, adoption of the merger agreement and any actions required in furtherance of the merger by the SBR stockholder and against any action that would reasonably be expected to adversely affect or delay the merger. The aggregate SBR shares owned by these persons represents approximately 67% of SBR s outstanding Class A common stock and approximately 33% of SBR s outstanding Class B common stock, making up approximately 72% of SBR s outstanding capital stock. In the event the merger agreement is terminated, Fortune Brands has the right, but not the obligation, to acquire the shares subject to the voting agreements. As a result, regardless of the completion of the merger, Fortune Brands has the power to acquire voting and economic control of SBR.

Recommendation of SBR Board of Directors (Page 19)

After careful consideration, the SBR board of directors unanimously recommends that SBR stockholders vote to approve the merger and adopt the merger agreement. For a more complete description of the recommendation of the SBR board of directors, see the sections entitled The Merger SBR s Reasons for the Merger ; Recommendation of Board of Directors beginning on page 19.

Appraisal Rights of SBR Stockholders (Page 55)

Under West Virginia law, a SBR stockholder will be entitled to seek appraisal for, and obtain payment of the fair value of, such stockholder s shares of SBR common stock if the merger is consummated. For this purpose, the fair value of SBR common stock will be the value of such stock immediately before the completion of the merger, without discount for lack of marketability or minority status. A SBR stockholder who is entitled to appraisal rights may not challenge the merger, unless the merger was not effectuated in accordance with applicable statutory provisions regarding mergers or SBR s articles of incorporation, bylaws or authorizing resolution or was otherwise procured by fraud or misrepresentation. These procedures are described more fully later in this document under the heading Appraisal Rights Under West Virginia Law beginning on page 55. A copy of the relevant portions of West Virginia law is attached as Annex B to this proxy statement/prospectus.

Material Federal Income Tax Consequences (Page 41)

The merger is intended to qualify as a reorganization within the meaning of section 368 of the Internal Revenue Code of 1986, as amended. Accordingly, no gain or loss will be recognized by a SBR stockholder who exchanges SBR stock solely for Fortune Brands stock in the merger. A SBR stockholder who receives cash will generally recognize gain on the exchange. Subject to certain exceptions, any gain recognized will generally be capital gain. Tax matters are very complicated and the tax consequences of the merger to you will depend upon your particular facts and circumstances. **You should consult your tax advisor for a full understanding of all of the federal, state, local and foreign income and**

other tax consequences of the merger.

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Accounting Treatment (Page 21)

The merger will be accounted for under the purchase method of accounting, as such term is used under accounting principles generally accepted in the United States.

Regulatory Clearances and Approvals (Page 21)

The completion of the merger is subject to the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. See The Merger Regulatory Clearances and Approvals on page 21.

Interests of SBR Officers and Directors (Page 15)

Certain members of SBR s management have interests in the merger that are different from, or in addition to, their interests as SBR stockholders. These interests arise out of employment arrangements with certain officers of SBR which take effect upon consummation of the merger, the sale of the Woodcraft entities, the real estate disposition and provisions in the merger agreement relating to indemnification for all former directors and officers of SBR. See The Merger Interests of Certain Persons in the Merger beginning on page 15.

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth Fortune Brands selected consolidated financial data on a historical basis as of and for the nine months ended September 30, 2005 and 2004 and the five years ended December 31, 2004. This information should be read in conjunction with Fortune Brands consolidated financial statements (including the related notes thereto) incorporated by reference herein. The selected consolidated financial data for the five years ended December 31, 2004 has been derived from Fortune Brands consolidated financial statements. The selected consolidated financial data as of and for the nine months ended September 30, 2005 and 2004 is derived from Fortune Brands unaudited financial statements which, in Fortune Brands opinion, include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of Fortune Brands financial position and results of operations for such periods.

Fortune Brands, Inc. and Subsidiaries

Consolidated Selected Financial Data

	For nine months ended September 30,		For year ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(in millions, except per share amounts)						
OPERATING DATA(a)							
Net sales	$ 5,102.2	$ 4,565.9	$ 6,145.2	$ 5,112.6	$ 4,572.3	$ 4,383.3	$ 4,280.6
Gross profit	2,097.4	1,879.1	2,503.4	2,124.1	1,885.6	1,704.6	1,765.3
Depreciation and amortization	169.1	167.9	191.5	157.6	139.7	171.6	170.7
Operating income	858.6	761.0	1,024.6	868.3	765.2	621.8	670.9
Interest expense	91.3	58.4	77.3	63.9	60.4	75.3	97.1
Income taxes	262.0	230.9	261.1	275.3	186.6	114.5	185.1
Income from continuing operations	405.7	493.8	716.0	552.1	546.4	461.1	384.8
Income (loss) from discontinued operations, net of tax	39.5	40.5	67.8	27.1	15.8	(65.7)	(512.5)
Net income (loss)	445.2	534.3	783.8	579.2	562.2	395.4	(127.7)
Basic earnings per common share							
Continuing operations	$ 2.79	$ 3.39	$ 4.93	$ 3.78	$ 3.65	$ 3.04	$ 2.44
Net income (loss)	$ 3.06	$ 3.67	$ 5.40	$ 3.97	$ 3.76	$ 2.60	$ (0.80)
Diluted earnings per common share							
Continuing operations	$ 2.70	$ 3.29	$ 4.78	$ 3.68	$ 3.55	$ 2.97	$ 2.40
Net income (loss)	$ 2.96	$ 3.64	$ 5.23	$ 3.86	$ 3.65	$ 2.55	$ (0.80)
COMMON SHARE DATA(b)							
Dividends paid	$ 148.8	$ 135.8	$ 182.9	$ 166.2	$ 152.7	$ 147.2	$ 146.9
Dividends paid per share	$ 1.02	$ 0.93	$ 1.26	$ 1.14	$ 1.02	$ 0.97	$ 0.93
Average number of basic shares outstanding	145.4	145.3	145.1	145.6	149.4	151.7	157.6
Book value per share	$ 23.84	$ 19.23	$ 21.53	$ 18.08	$ 14.90	$ 13.05	$ 12.60
BALANCE SHEET DATA(a)							
Inventories	$ 1,665.4	$ 884.3	$ 915.7	$ 800.0	$ 699.7	$ 686.2	$ 839.2
Current assets	3,307.6	2,558.4	2,641.9	2,281.6	1,903.1	1,969.6	2,264.5
Working capital	1,057.1	353.1	605.9	148.1	388.4	741.6	224.6
Property, plant and equipment, net	1,691.4	1,173.4	1,219.5	1,187.9	993.4	923.7	944.7

Goodwill and intangibles, net	6,473.4	3,242.4	3,237.2	3,212.1	2,204.4	1,660.6	1,789.6
Total assets	13,148.6	7,720.2	7,883.6	7,444.9	5,822.2	5,270.5	5,764.1
Short-term debt	610.0	743.7	670.2	728.1	290.6	35.3	802.9
Long-term debt	5,389.3	1,241.0	1,239.5	1,242.6	841.7	949.3	1,149.3
Minority interest in consolidated subsidiaries	443.3	357.1	358.0	356.5	387.0	387.9	14.4
Stockholders equity	3,473.0	2,802.7	3,130.7	2,640.6	2,234.3	1,987.2	1,994.6
Capital expenditures	157.0	148.6	214.2	177.6	172.3	187.6	196.8

(a) See Fortune Brands annual report for the year ended December 31, 2004 on Form 10-K/A and quarterly report for the quarter ended September 30, 2005 on Form 10-Q/A, each incorporated into this proxy statement/prospectus by reference.

(b) On December 31, 2005, there were 23,494 Fortune Brands common stockholders of record and there are other Fortune Brands stockholders who hold their shares in street name.

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RISK FACTORS

In addition to the other information that we have incorporated by reference in this proxy statement/prospectus, you should carefully consider and evaluate the risk factors listed below. Any of these risks could materially and adversely affect Fortune Brands business, financial condition and results of operations, which in turn could materially and adversely affect the price of Fortune Brands common stock.

Risks Relating to the Mergers

Because the aggregate indebtedness and cash of SBR will fluctuate prior to the effective time of the merger, fully-diluted SBR stockholders and SB Ross and Tres stockholders cannot be sure of the value of the merger consideration they will receive.

The aggregate merger consideration to be received by fully-diluted SBR stockholders (not including SB Ross and Tres) and SB Ross and Tres stockholders is equal to $630,000,000, subject to (i) reduction for outstanding indebtedness of, and expenses incurred in connection with the merger by, SBR and (ii) increase for cash on hand, in each case calculated as of the effective time of the merger. As a result, the aggregate merger consideration to be received by fully-diluted SBR stockholders (not including SB Ross and Tres) and SB Ross and Tres stockholders, whether in the form of Fortune Brands common stock or in cash, will not be ascertainable until the effective time of the merger. Because the effective time of the merger will be later than the date of the special meeting, at the time of the special meeting you will not know the exact value of the merger consideration that you will receive upon completion of the merger.

Because the market price of Fortune Brands common stock will fluctuate, fully-diluted SBR stockholders and SB Ross and Tres stockholders cannot be sure of the value of the Fortune Brands common stock they will receive in the merger.

Prior to completion of the merger, each fully-diluted SBR stockholder and each SB Ross and Tres stockholder will have the right to elect to receive their share of the merger consideration in either shares of common stock of Fortune Brands or cash, in each case based on the final merger consideration calculated as of the effective time of the merger pursuant to a formula set forth in the merger agreement. The number of Fortune Brands shares to be issued is based on a negotiated assumed Fortune Brands share price of $82. At the time of the merger, the actual price of Fortune Brands common stock on the NYSE may be higher or lower than the assumed price. Therefore, changes in the price of Fortune Brands common stock prior to the merger may affect the implied value of the merger consideration that fully-diluted SBR stockholders and SB Ross and Tres stockholders will receive on the date of the mergers. Stock price changes may result from a variety of factors, including general market and economic conditions and changes in Fortune Brands businesses and operations. Many of these factors are beyond Fortune Brands control. Because the date that the mergers are completed will be later than the date of the SBR special meeting, at the time of your meeting you will not know the exact value of the Fortune Brands common stock that you will receive upon completion of the merger.

Fortune Brands may fail to realize the anticipated benefits from the merger.

The success of the merger will depend, in part, on the ability of Fortune Brands to realize the anticipated synergies, cost savings and growth opportunities from the joint ownership of the businesses of SBR with those of Fortune Brands. Fortune Brands cannot assure you that this joint ownership will result in the realization of the full benefits of the synergies, cost savings and growth opportunities that Fortune Brands and SBR currently expect from this joint ownership or that these benefits will be achieved within the anticipated time frame. If Fortune Brands does not realize synergies and other anticipated benefits as a result of the merger, the value of Fortune Brands common stock may decline.

SBR stockholders and SB Ross and Tres stockholders may not receive the type of consideration they elect.

While each fully-diluted SBR stockholder (not including SB Ross and Tres) and SB Ross and Tres stockholders may elect to receive cash or Fortune Brands common stock in the merger, the merger agreement

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contains a requirement that Fortune Brands will issue to fully-diluted SBR stockholders and shareholders of SB Ross and Tres no more than 85% and no less than 60% of the consideration paid by Fortune Brands in the proposed mergers (not including escrowed amounts) in Fortune Brands common stock. If there is an undersubscription for Fortune Brands common stock, fully-diluted SBR stockholders and SB Ross and Tres stockholders who elected cash will receive a combination of cash and Fortune Brands common stock. If there is an oversubscription for Fortune Brands common stock, fully-diluted SBR stockholders and SB Ross and Tres stockholders who elected stock will receive a combination of cash and Fortune Brands common stock.

Holders of SBR Class A common stock will have less influence as a stockholder of Fortune Brands than as a stockholder of SBR.

Holders of shares of SBR Class A common stock currently have the right to vote in the election of the board of directors of SBR and on other matters affecting SBR. The merger will transfer control of SBR to Fortune Brands and to the stockholders of Fortune Brands. When the merger occurs, each holder of shares of SBR Class A common stock will become a stockholder of Fortune Brands with a percentage ownership of Fortune Brands significantly smaller than such stockholder s percentage ownership of SBR. Because of this, holders of shares of SBR Class A common stock will have significantly less influence on the management and policies of Fortune Brands than they now have on the management and policies of SBR.

Risks Relating to Fortune Brands

We operate in highly competitive markets.

We compete with large national, international and regional companies on the basis of product quality, price, service and innovation in response to consumer preferences. Our success depends in part on our ability to anticipate and offer products that appeal to the changing needs and preferences of our customers in the various markets we serve. If we are not able to anticipate, identify, develop and market products that respond to changes in customer preferences, demand for our products could decline and our operating results would be adversely affected. While the competitive importance of product quality, price, service and innovation varies from product to product, price is a factor, and we experience pricing pressures from competitors in our markets.

Continued consolidation of our trade customers and increased competition in private-label products, particularly in the home & hardware industry, could adversely affect our business.

There has been consolidation of our trade customers and growth in the sales of private-label products in portions of our markets, particularly in the home and hardware industry. Consolidation increases the size and importance of individual customers, and these larger customers can make significant changes in their volume of purchases, require price reductions and even become competitors for some products. Further consolidation could adversely affect our margins and profitability, particularly if we were to lose a significant customer. Similarly, growth in the sales of private-label products could reduce our margins and profits.

Our financial results and demand for our products are dependent on the successful development of new products and processes.

Our success depends on anticipating changes in consumer preferences and on successful new product and process development and product relaunches in response to such changes. We aim to introduce products or new or improved production processes on a timely basis in order to counteract obsolescence and decreases in sales of existing products. While we devote significant focus to the development of new products and to the research, development and technology process functions of our business, we may not be successful in developing new products or processes or our new products or processes may not be commercially successful. Our future results and ability to maintain or improve our competitive position will depend on our ability to gauge the direction of our key markets and successfully identify, develop, manufacture, market and sell new or improved products in these changing markets.

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The inability to secure and maintain rights to intellectual property could adversely affect our business.

We have many patents, trademarks, brand names and trade names that are important to our business. Our business could be adversely affected by the loss of any major brand or by infringement of our intellectual property rights. We are also subject to risks in this area because existing patent, trade secret and trademark laws offer only limited protection, and the laws of some countries in which our products are or may be developed, manufactured or sold may not fully protect our products. In addition, others may assert intellectual property infringement claims against us or our customers.

Risks associated with our strategic acquisitions could adversely affect our business.

We have completed a number of acquisitions in recent years, including more than 25 spirits and wine brands and distribution assets acquired last year from Pernod Ricard S.A. We will continue to consider acquisitions as a means of enhancing shareowner value. Acquisitions, including the acquisition of SBR, involve risks and uncertainties, including:

- difficulties integrating the acquired company, retaining the acquired business customers, and achieving the expected benefits of the acquisition, such as revenue increases, cost savings, and increases in geographic or product presence, in the desired time frames, if at all;
- loss of key employees from the acquired company;
- implementing and maintaining consistent standards, controls, procedures, policies and information systems; and
- diversion of management s attention from other business concerns.

Future acquisitions could cause us to incur additional debt, contingent liabilities, increased interest expense and higher amortization expense related to intangible assets, as well as experience dilution in earnings per share. Impairment losses on goodwill and intangible assets with an indefinite life, or restructuring charges, could also occur as a result of acquisitions.

Our failure to attract and retain qualified personnel would adversely affect our business.

Our success depends in part on the efforts and abilities of our senior management team and key employees. Their skills, experience and industry contacts significantly benefit our operations and administration. The failure to attract and retain members of our senior management team and key employees would have a negative effect on our operating results.

Various external conditions, including economic, weather and business conditions may result in a decrease in our sales and profitability.

Demand for our products is sensitive to certain external factors, including economic conditions; weather conditions; with respect to the golf business, destination travel and corporate spending; and with respect to home and hardware, mortgage and other interest rates affecting the housing market, as well as the number of new housing starts and existing home sales. The impact of these external factors is difficult to predict, and one or more of these factors could adversely affect our business.

We sell products internationally and are exposed to currency exchange rate risks.

We sell products in the United States, Europe and other areas (principally Canada, Mexico and Australia). While we hedge certain foreign currency transactions, a change in the value of currencies can impact our financial statements when translated into U.S. dollars. The exchange rates between some of the foreign currencies in which our subsidiaries operate and the U.S. dollar have fluctuated significantly in recent years and may do so in the future.

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We manufacture and source our products internationally and are exposed to risks associated with doing business globally.

We manufacture and source our products in the United States, Europe, Canada, Mexico, China, Thailand and other countries. Accordingly, we are subject to risks associated with changes in political, economic and social environments, local labor conditions, changes in laws, regulations and policies of foreign governments, as well as U.S. laws affecting activities of U.S. companies abroad, including tax laws and enforcement of contract and intellectual property rights. Exchange rate fluctuations may impact the cost of sourced products and our financial results.

Risks associated with interest rate fluctuations and commodity and energy price volatility could adversely affect our business.

We are exposed to risks associated with interest rate fluctuations and commodity price volatility arising from weather, supply conditions, geopolitical and economic variables, and other unpredictable external factors. We buy commodities, including steel, copper, brass, titanium, glass, plastic, resins, wood, particle board, grains and grapes. Volatility in the prices of these commodities, and energy used in making and distributing our products, could increase the costs of our products. We may not be able to pass on these increased costs to our customers, and this could have an adverse effect on our results of operation and financial condition.

Costs of certain employee and retiree benefits may continue to rise.

Increases in the costs of medical and pension benefits to our business could continue and negatively affect our business as a result of:

- continued increases in medical costs related to current and retired employees due to increased usage of medical benefits and medical inflation in the United States;
- the effect of any decline in the stock and bond markets on the performance of our pension plan assets;
- potential reductions in the discount rate used to determine the present value of our benefit obligations; and
- changes in law and accounting standards that may increase the funding of, and the expense reflected for, employee benefits.

Our spirits and wine business relies on the performance of wholesale distributors and other marketing arrangements and could be adversely affected by poor performance of major distributors or other disruptions in our distribution channels.

Our spirits and wine products are sold principally through wholesale distributors for resale to retail outlets. The replacement, poor performance or financial default of a major distributor or one of its major customers could adversely affect our spirits and wine business. Any unplanned disruption to the existing channel could adversely affect our revenues and profitability. A disruption could be caused by the sale of a distributor to a competitor, financial instability of the distributor, or other unforeseen events.

Increased excise taxes on distilled spirits and wine could adversely affect our spirits and wine business.

Distilled spirits and wine are subject to excise tax in many countries where we operate. No federal excise tax increase is presently pending in the United States, our largest market. However, many states and other jurisdictions are considering possible excise tax increases. The effect of any future excise tax increases in any jurisdiction cannot be determined, but increased excise taxes could have an adverse effect on our business.

Changes in golf equipment regulatory standards could adversely affect our golf business.

Our ability to develop and market new golf products may be limited by rules governing equipment standards set by industry associations, such as restrictions on golf club head size and shaft length, and the overall distance standard for golf balls, which could adversely impact our golf business.

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Potential liabilities and costs from litigation could adversely affect our business.

Our business is subject to risks related to litigation with respect to various matters, including with respect to alcohol-related liability and tobacco products made and sold by former operations. It is not possible to predict the outcome of pending litigation, and, as with any litigation, it is possible that some of the actions could be decided unfavorably.

An impairment in the carrying value of goodwill or other acquired intangibles could negatively affect our operating results and net worth.

The carrying value of goodwill represents the fair value of acquired businesses in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of other intangibles represents the fair value of trademarks, trade names, and other acquired intangibles as of the acquisition date. Goodwill and other acquired intangibles expected to contribute indefinitely to our cash flows are not amortized, but must be evaluated by our management at least annually for impairment. If carrying value exceeds current fair value as determined based on the discounted future cash flows of the related business, the intangible is considered impaired and is reduced to fair value via a charge to earnings. Events and conditions that could result in impairment include changes in the industries in which we operate, as well as competition and advances in technology, a significant product liability or intellectual property claim, or other factors leading to reduction in expected sales or profitability. If the value of goodwill or other acquired intangibles is impaired, our earnings and net worth could be adversely affected.

Historical financial statements may not be reflective of our future financial condition and results of operation due to our recent portfolio realignment or other reasons.

We made significant changes in our business last year, as discussed in Summary Description of Fortune Brands Business Recent Developments, including spinning-off our office products business, buying more than 25 spirits and wine brands and other assets of Allied Domecq PLC and borrowing to finance that acquisition. Although we believe that this proxy statement/prospectus contains all material information that is necessary to make an informed assessment of our assets and liabilities, financial position, profit and losses and prospects, historical financial statements do not necessarily provide all the financial information investors may consider relevant in evaluating our business after these changes or represent what our results of operations or financial position will be for any future periods.

Downgrades of our credit ratings could adversely affect us.

If Moody s, S&P or Fitch were to downgrade our credit rating, such a downgrade could result in loss of access to the commercial paper market and increase our cost of capital. Downgrades of our credit ratings could also affect the value or marketability of our notes.

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FORWARD-LOOKING STATEMENTS

Certain statements in this proxy statement/prospectus, including information included or incorporated by reference herein, are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties. Readers are cautioned that these forward-looking statements speak only as of the date hereof, and Fortune Brands does not assume any obligation to update, them. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to:

- Fortune Brands ability to consummate the merger described herein,
- competitive market pressures (including product and pricing pressures),
- consolidation of Fortune Brands trade customers and increased private-label products, particularly in the home and hardware industry,
- successful development of new products and processes,
- ability to secure and maintain rights to intellectual property,
- risks pertaining to strategic acquisitions and joint ventures, including the spirits and wine acquisition and the related integration of internal controls over financial reporting,
- ability to attract and retain qualified personnel,
- various external conditions, including general economic conditions, weather and business conditions,
- risks associated with doing business outside the United States, including currency exchange rate risks,
- interest rate fluctuations,
- commodity and energy price volatility,
- costs of certain employee and retiree benefits and returns on pension assets,
- dependence on performance of wholesale distributors and other marketing arrangements,
- the impact of excise tax increases on distilled spirits and wine,

changes in golf equipment regulatory standard and other regulatory developments,

potential liabilities, costs and uncertainties of litigation,

impairment in the carrying value of goodwill or other acquired intangibles,

Fortune Brands historical consolidated financial statements may not be indicative of future conditions and results due to Fortune Brands recent portfolio realignment,

any possible downgrades of Fortune Brands credit ratings,

as well as other risks and uncertainties detailed from time to time in Fortune Brands Securities and Exchange Commission filings.

Fortune Brands cautions you that these factors may not be exhaustive. In addition, you should consider the risks described in Risk Factors which could also cause actual results to differ from forward-looking information. Accordingly, you should not rely on forward-looking statements as a prediction of actual results.

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SBR S SPECIAL MEETING OF STOCKHOLDERS

This document constitutes a proxy statement of SBR and is being furnished to all record holders of SBR Class A and Class B common stock in connection with the solicitation of proxies by the board of directors of SBR to be used at a special meeting of shareholders of SBR to be held on **[•][•]**, 2006. This document also constitutes a prospectus relating to the Fortune Brands common stock to be issued to holders of the Class A and Class B common stock upon completion of the merger.

Date, Place and Time of Special Meeting

The special meeting of SBR shareholders will be held at **[•]**.m. local time on **[•][•]**, 2006 at **[•][•]**, West Virginia.

Purpose of the Special Meeting

The purpose of the special meeting is to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of February 9, 2006 by and among Fortune Brands, Brightstar Acquisition, LLC, and SBR, which provides, among other things, for the merger of Brightstar Acquisition, LLC with and into SBR, with SBR as the surviving corporation and approve the merger contemplated thereby. As a result of the merger, SBR will become a wholly owned subsidiary of Fortune Brands.

At this time, the board of directors is unaware of any matter, other than the matter set forth above, that may be presented for action at the special meeting.

Shares Entitled to Vote, Quorum and Vote Required

The holders of record of the outstanding shares of SBR Class A and Class B common stock at the close of business on **[•][•]**, 2006 will be entitled to notice of and to vote at the special meeting. At the close of business on that date, there were 5,346,543 shares of SBR Class A common stock and 849,793 shares of SBR Class B common stock issued and outstanding and entitled to vote at the special meeting.

At this special meeting, the shareholders of SBR will be entitled to one vote for each share of Class A common stock and one vote for each share of Class B common stock owned of record on **[•][•]**, 2006. The holders of a majority of the shares of SBR Class A common stock and Class B common stock entitled to vote at the special meeting must be present, either in person or by proxy, to constitute a quorum at the special meeting. The affirmative vote of a majority of the issued and outstanding SBR Class A common stock and Class B common stock, voting as separate classes, is required to approve the merger and to adopt the merger agreement.

Abstentions and shares held of record by a broker or nominee that are voted on any matter are included in determining whether a quorum exists. Any abstentions and broker non-votes will have the same effect as a vote against approval of the merger and adoption of the merger agreement.

Accordingly, our board of directors encourages you to complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope.

On the record date, the directors and executive officers of SBR were entitled to vote, in the aggregate, 4,483,379 shares of SBR Class A common stock, or approximately 84% of the outstanding shares of Class A common stock entitled to vote at the special meeting and 284,922 shares of SBR Class B common stock, or approximately 34% of the outstanding shares of Class B common stock entitled to vote at the special meeting.

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Voting Agreements

In accordance with the terms of the merger agreement, certain holders of SBR Class A common stock have executed voting agreements in which they agreed to vote 3,569,905 shares of their Class A common stock in favor of approval of the merger, adoption of the merger agreement and any actions required in furtherance of the merger by the SBR stockholders. These shares constitute approximately 67% of all of the outstanding shares of Class A common stock entitled to vote at the special meeting.

Certain holders of SBR s Class B common stock have executed voting agreements in which they have agreed to vote all of their Class B common stock in favor of approval of the merger, adoption of the merger agreement and any actions required in furtherance of the merger by the SBR stockholders. As of the record date, such holders of Class B common stock owned 280,062 shares or approximately 33% of all of the outstanding shares of Class B common stock entitled to vote at the special meeting.

Board of Directors Recommendation

The board of directors of SBR has approved and adopted the merger agreement and the merger and unanimously recommends that you vote FOR the proposal to approve the merger and to adopt the merger agreement.

Voting and Revocation of Proxies

Proxies, in the form enclosed, which are properly executed by SBR stockholders and returned to SBR and not subsequently revoked, will be voted in accordance with the instructions indicated on the proxies. Any properly executed proxy on which voting instructions are not specified, will be a vote FOR the proposal to approve the merger and to adopt the merger agreement. The proxy also grants authority to the persons designated in the proxy to vote in accordance with their own judgment if an unscheduled matter is properly brought before the special meeting.

If you are the record holder of your shares of SBR common stock, you may revoke any proxy given pursuant to this solicitation by the board of directors of SBR at any time before it is voted at the special meeting by:

- giving written notice to the Secretary of SBR;
- executing a proxy bearing a later date and filing that proxy with the Secretary of SBR at or before the special meeting; or
- attending and voting in person at the special meeting.

All written notices of revocation and other communications with respect to revocation or proxies should be sent to: SBR, Inc., 5300 Briscoe Road, P. O. Box 1646, Parkersburg, West Virginia 26102-1646, Attention: Donna Smith, Secretary. If you hold your shares in street name with a bank or broker, you must contact such bank or broker if you wish to revoke your proxy.

Solicitation of Proxies; Expenses

This proxy solicitation is made by the board of directors of SBR. SBR is responsible for its expenses incurred in preparing, assembling, printing, and mailing this proxy statement/prospectus. Proxies will be solicited through the mail. Additionally, directors of SBR may solicit proxies personally, by e-mail or by telephone or other means of communication. The directors will not be additionally compensated. SBR will reimburse banks, brokers and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding the proxy materials to beneficial owners.

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INTERESTS OF CERTAIN PERSONS IN THE MERGER

Fortune Brands

Certain information regarding stock ownership, biographies, compensation and transactions of Fortune Brands management and executive directors is included in Fortune Brands annual report on Form 10-K, as amended by Amendment No. 1 to the annual report on Form 10-K/A for the fiscal year ending December 31, 2004 at Items 10, 11, 12 and 13 and is incorporated herein by reference. See Where You Can Find More Information beginning on page 68.

SBR

Voting and Option Agreements. Certain SBR stockholders including directors, executive officers, affiliates and certain of their family members who hold approximately 67% of SBR s outstanding Class A common stock and approximately 33% of SBR s outstanding Class B common stock, making up approximately 72% of SBR s outstanding capital stock, have entered into voting and option agreements (referred to herein as voting agreements) with Fortune Brands in which they agreed, subject to certain limited exceptions, to vote, and granted to Fortune Brands irrevocable proxies to vote, certain shares of SBR common stock which are beneficially owned by each of them in favor of approval of the merger, adoption of the merger agreement and any action required in furtherance of the merger by the SBR stockholders and against any action that would reasonably be expected to adversely affect or delay the merger. Each such stockholder also granted to Fortune Brands the option to purchase such stockholder s shares of SBR common stock subject to the voting agreements upon termination of the merger agreement. As a result, in the event the merger is not consummated, Fortune Brands has the right, but not the obligation, to acquire economic and voting control of SBR. See The Merger Agreement Related Agreements Voting and Option Agreements on page 36 for additional information regarding the voting agreements.

Employment Arrangements. As required by the merger agreement, certain individuals will enter into employment arrangements with SBR prior to the effective time of the merger. The employment arrangements contain confidentiality, proprietary information and non-competition and non-solicitation clauses customary for arrangements of this type. These employment arrangements are expected to continue after the consummation of the mergers. The employment arrangements may provide that the employee is eligible to receive severance payments upon termination of his or her employment by SBR, or its successor, for reason other than cause (as that term may be defined in an employment agreement), death or disability in an amount equal to the employee s continued base salary, insurance and benefits for the period stated in any employment agreement. These payments are contingent upon, and prior to the merger it is SBR s intention to request, the holders of the Class A common stock to approve such payments to the extent necessary to preclude them from being treated as parachute payments within the meaning of section 280G of the Internal Revenue Code.

Related Merger Agreements. Fortune Brands has entered into separate merger agreements for the acquisition of each of SB Ross and Tres. SB Ross and Tres own 954,419 and 240,000 shares of Class A common stock, respectively, of SBR. Under the related merger agreements, each of SB Ross and Tres will be merged with and into wholly-owned subsidiaries of Fortune Brands, followed in each case by the merger of the respective surviving corporations with and into limited liability companies which are also wholly-owned subsidiaries of Fortune Brands. Execution of the related merger agreements and consummation of the transactions contemplated therein are conditions to the consummation of the SBR merger. See The Related Mergers on page 38 for additional information regarding the related merger agreements.

Option Agreements. Concurrently with the execution of the merger agreement, Fortune Brands entered into option agreements with each stockholder of Tres and each stockholder of SB Ross. Collectively, the stockholders of Tres and SB Ross indirectly own 1,194,419 shares of

SBR Class A common stock, which represents approximately 19.2% of SBR s outstanding capital stock and approximately 22.3% of SBR s outstanding Class A common stock. Pursuant to the option agreements, if (1) the SBR merger is not consummated by July 31, 2006 and the merger agreement is terminated due to the parties failure to consummate the merger by such date

or (2) SBR materially breaches the merger agreement or the stockholder materially breaches the option agreement, and Fortune Brands has not materially breached the merger agreement, then such stockholder grants Fortune Brands the option to purchase the shares subject to the option agreement. If Fortune Brands exercises the option due to the parties failure to consummate the merger by July 31, 2006 or SBR s material breach of the merger agreement or the voting agreement, Fortune Brands must at the time of such exercise, exercise its option to purchase all shares of stock subject to the other option agreements. In the event of the exercise of these options, Fortune Brands will acquire direct ownership of SB Ross and Tres and indirect ownership of SBR shares representing approximately 18.5% of the fully-diluted SBR shares. The option terminates on the earlier of the effective time or sixty days following the termination of the merger agreement due to the parties failure to consummate the merger by July 31, 2006.

Woodcraft Disposition. As a condition to Fortune Brands obligations to consummate the merger under the merger agreement, SBR has agreed to, prior to the effective time, effectuate the disposition of the Woodcraft entities, through either (1) a distribution of the Woodcraft entities, (2) one or more forward cash mergers or other transactions treated as a sale of the assets of the Woodcraft entities for federal income tax purposes, or (3) a sale of the Woodcraft entities or a cash reverse subsidiary merger, in each case, on terms and conditions mutually satisfactory to Fortune Brands and SBR. The board of directors of SBR consisting of all directors other than Samuel B. Ross, II and Susan S. Ross has determined that $10,948,000 is reflective of the fair market value of the Woodcraft entities and has approved the sale, transfer or other disposition of the Woodcraft entities to Samuel B. Ross, II or his designee for $10,948,000. The sale of the Woodcraft entities for $10,948,000 and the Real Estate Disposition discussed below will result in additional value to the fully-diluted stockholders of approximately $1.70 per fully-diluted SBR share.

Real Estate Disposition. As a condition to Fortune Brands obligations to consummate the merger under the agreement, SBR has agreed to, prior to the effective time, effectuate the disposition of its real property located at (1) 170 Brighton Ave, Portland, Maine and (2) 42 Main Street, Sanford, Maine, referred to herein as the Real Estate Disposition, on terms and conditions mutually satisfactory to Fortune Brands and SBR. The board of directors of SBR consisting of all directors other than Samuel B. Ross, II and Susan S. Ross has determined that $455,000 is reflective of the fair market value of such real estate and has approved the sale of these properties to Samuel B. Ross, II, or his designee, for the sum of $455,000.

Airplane Lease. SBR currently leases an airplane from Ross Airplane, LLC, a limited liability company owned jointly by Samuel B. Ross, II, and his wife Susan S. Ross. Susan S. Ross is currently a director of SBR. SBR makes monthly rent payments of approximately $102,000 for the lease of the airplane and it is expected that the lease arrangement will continue after the merger until July 2009.

Options. Certain executive officers of SBR hold unvested options to acquire shares of SBR Class A and Class B common stock, which options, like the options held by all other SBR plan participants, will become fully vested by reason of the merger and be converted into the right to receive Fortune Brands stock or cash as a fully-diluted SBR stockholder.

Payment to Option Holders. Holders of options on SBR stock may be eligible to receive a cash payment in connection with the exercise of their stock options which are intended to make up the difference between taxes payable with respect to the options at the ordinary income tax rate and the taxes that would have been payable had the capital gains rate applied. Such payments are contingent upon receipt of the approval of the holders of the SBR Class A common stock, prior to the merger, to the extent shareholder approval is necessary to preclude such payments from being treated as parachute payments within the meaning of section 280G of the Internal Revenue Code. Such payments are further subject to the consent and approval of Fortune Brands under the merger agreement.

Indemnification of SBR Directors. The merger agreement requires Fortune Brands to maintain in effect, for three (3) years following the merger, the directors and officers liability insurance policies currently maintained by SBR (or policies materially similar to such policies); provided that Fortune Brands is not required to spend an amount which is more than 200% of the current annual premiums paid by SBR and its subsidiaries

for such insurance.

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MARKET PRICE AND DIVIDEND INFORMATION

Recent Share Prices

Fortune Brands common stock is listed on the New York Stock Exchange (the NYSE) under the symbol FO. Quotations of the sales volume and the closing sales prices of the common stock of Fortune Brands are listed daily on the NYSE.

The following table sets forth the high and low closing prices for Fortune Brands common stock for the periods indicated as reported by the NYSE:

		Fortune Brands	
		High	Low
2003	First Quarter	$ 48.44	$ 40.70
	Second Quarter	53.98	43.53
	Third Quarter	58.48	52.30
	Fourth Quarter	71.49	58.90
2004	First Quarter	$ 76.63	$ 66.94
	Second Quarter	78.70	71.50
	Third Quarter	74.85	69.01
	Fourth Quarter	78.90	70.41
2005	First Quarter	$ 84.90	$ 75.13
	Second Quarter	91.18	82.85
	Third Quarter	95.66	85.01
	Fourth Quarter	81.33	73.92
2006	First Quarter (through February 22, 2006)	$ 80.69	$ 74.96

The shares of common stock of SBR are not publicly traded and management is not aware of any recent trades in the common stock of SBR. There is no active market for SBR common stock and management does not expect one to develop. In the opinion of SBR management, because of a lack of any market for shares of SBR stock, transactions in SBR stock of which SBR is aware are not frequent enough to constitute representative prices.

The above table shows only historical comparisons and may not provide meaningful information to SBR stockholders in determining whether to approve the merger and adopt the merger agreement. SBR stockholders are urged to obtain current market quotations for Fortune Brands common stock and to carefully review the other information contained in this proxy statement/prospectus in considering whether to approve the merger and adopt the merger agreement. The high price for the third quarter 2005 does not reflect the effects of the spin-off of ACCO World Corporation on August 16, 2005. Please refer to the section of this proxy statement/prospectus entitled Where You Can Find More Information beginning on page 68.

The closing price per share of Fortune Brands common stock as reported on the NYSE on February 9, 2006, the last full trading day preceding public announcement that Fortune Brands and SBR had entered into the merger agreement, was $78.58, and on **[•][•]**, 2006, the last full trading day for which closing prices were available at the time of the printing of this proxy statement/prospectus was $**[•]**.

No assurance can be given as to the market price of Fortune Brands common stock at any time after the merger. In the event the market price of Fortune Brands common stock decreases or increases prior to the consummation of the merger, the value of Fortune Brands common stock to be received in the merger in exchange for SBR common stock may correspondingly decrease or increase.

Dividend Information

Holders of Fortune Brands common stock are entitled to receive dividends when, as and if declared by the board of directors of Fortune Brands out of funds legally available for that purpose.

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Fortune Brands paid quarterly cash dividends as set forth below for the periods indicated:

		Fortune Brands Dividend Paid
2003	First Quarter	$ 0.27
	Second Quarter	$ 0.27
	Third Quarter	$ 0.30
	Fourth Quarter	$ 0.30
2004	First Quarter	$ 0.30
	Second Quarter	$ 0.30
	Third Quarter	$ 0.33
	Fourth Quarter	$ 0.33
2005	First Quarter	$ 0.33
	Second Quarter	$ 0.33
	Third Quarter	$ 0.36
	Fourth Quarter	$ 0.36
2006	First Quarter (through February 22, 2006)	$ 0.36

While Fortune Brands currently pays dividends on its common stock, there is no assurance that it will continue to pay dividends in the future. Future dividends on Fortune Brands common stock will depend upon its earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, its ability to service any equity or debt obligations senior to the common stock and other factors deemed relevant by the board of directors of Fortune Brands.

Number of Stockholders

As of February 22, 2006, SBR had 5,346,543 shares of Class A common stock and 849,793 shares of Class B common stock outstanding and approximately 44 stockholders of record of the SBR Class A common stock and 299 stockholders of records of the SBR Class B common stock. As of February 10, 2006, Fortune Brands had approximately 146,331,448 shares of common stock outstanding and approximately 23,269 stockholders of record. These numbers do not reflect the number of persons or entities who may hold their stock in nominee or street name through brokerage firms.

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THE MERGER

Background of the Merger

Samuel B. Ross, II, chief executive officer of SBR, and Bruce Carbonari, chief executive officer of Fortune Brands Home and Hardware, became acquainted over the past five years, as the leaders of two fast growing, U.S. home products businesses.

In September of 2005, Samuel B. Ross, II and Bruce Carbonari discussed a possible merger of their respective businesses and the growth opportunities available to SBR as a part of a larger home products organization.

In early December 2005, members of the two companies management teams met and reviewed information about SBR for purposes of better understanding opportunities available between the two companies, and to develop an appropriate transaction structure and valuation. Fortune Brands proposed a valuation of the business in mid December 2005, and subsequent negotiations resulted in an agreed set of terms and a merger structure. The parties agreed to a non binding term sheet for the proposed merger on December 16, 2005, subject to completion of due diligence, and negotiation of acceptable contract terms.

Fortune Brands conducted due diligence over a six-week period beginning in late December 2005, and concluding in early February 2006. SBR met with members of Fortune Brands management team to better understand the Fortune Brands group of companies. Representatives of Fortune Brands reviewed SBR financial information, visited SBR production facilities, conducted environmental due diligence, met with the leadership team of SBR, and completed legal due diligence.

Throughout the month of January 2006, attorneys from Fortune Brands and SBR, together with outside counsel, drafted and negotiated the merger agreement and the supporting documents and schedules. On February 9, 2006 the parties agreed to and signed the merger agreement.

Fortune Brands Reasons for the Merger

The management and board of directors of Fortune Brands believes the merger is in the best interests of Fortune Brands and its shareholders. In approving the merger agreement the board of directors of Fortune Brands considered the financial terms and legal structure of the merger. In evaluating the business and strategic benefits of this transaction, the board considered the following factors:

- attractive growth and margins in the $10 billion dollar U.S. windows market;
- strong window market fundamentals, with a fragmented marketplace, attractive demographics;
- SBR s focus on the fast growing vinyl replacement segment of the market;

SBR s focus on quality and service consistent with Fortune Brands Home and Hardware quality culture;

SBR well positioned in Coastal / Hurricane product segment;

SBR s national market coverage and strong customer base;

Synergies and growth opportunities between Fortune Brands and SBR; and

Transaction value consistent with Fortune Brands Home and Hardware acquisition multiples and industry comparables

SBR s Reasons for the Merger; Recommendation of Board of Directors

SBR s board of directors believes that the merger is in the best interests of SBR and its shareholders. Accordingly, SBR s board has unanimously approved the merger agreement and unanimously recommends that SBR s stockholders vote FOR the proposal to approve the merger agreement.

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In approving the merger agreement, SBR s board of directors consulted with its legal counsel as to its legal duties and the terms of the merger agreement and related agreements. SBR believes that combining with Fortune Brands will create a stronger and more focused company that will provide significant benefits to SBR s shareholders, employees and customers alike. The terms of the merger agreement, including the consideration to be paid to SBR shareholders, were the result of arm s length negotiations between representatives of Fortune Brands and SBR. In evaluating whether to merge with Fortune Brands, SBR s board of directors considered a number of factors, including, without limitation, the following:

- the potential for broader marketing of SBR s subsidiaries products;
- the benefit of synergies between SBR and Fortune Brands product lines;
- the benefits provided by the sharing of SBR and Fortune Brands respective customer base;
- the additional capital, liquidity and resources needed for SBR s operations to continue to grow;
- information regarding the business, financial condition and operations of Fortune Brands and future prospects of Fortune Brands and its capital stock;
- the merger consideration to be paid to SBR stockholders;
- the tax-free nature of the exchange of SBR common stock for Fortune Brands common stock offered to SBR shareholders as part of the merger consideration for federal income tax purposes;
- the fact that Fortune Brands common stock is publicly traded on the New York Stock Exchange and is therefore a more liquid investment than SBR stock, for which a public market does not exist;
- the non-economic terms of the transaction, including the impact on existing customers and employees;
- the compatibility of Fortune Brands management team with that of SBR and the general strategic fit of the entities; and
- SBR management s assessment that Fortune Brands has the ability to help improve the operations of SBR.

SBR s board of directors determined that SBR s competitive position and the value of its stock could best be enhanced by becoming a wholly owned subsidiary of Fortune Brands. The aggregate price to be paid to holders of SBR stock resulted from negotiations which considered the historical earnings and dividends of Fortune Brands and SBR; the potential growth in SBR s market and earnings, both as an independent entity and as a part of a larger organization such as Fortune Brands, SBR s asset quality; and the effect of the merger on the shareholders, employees and customers of SBR and the communities that SBR serves.

The above discussion of the information and factors considered by SBR s board is not intended to be exhaustive, but includes the material factors SBR s board considered. In reaching its determination to approve and recommend the merger, SBR s board did not assign any relative or specific

weights to any of the foregoing factors and individual directors may have given differing weights to different factors. Based on the reasons stated, the board of directors of SBR believes that the merger is in the best interest of SBR and its shareholders. The board of directors of SBR therefore unanimously approved the merger and the merger agreement and unanimously recommends that the SBR shareholders vote FOR the approval of the merger agreement.

No Opinion of Independent Financial Advisor

Neither Fortune Brands nor SBR has engaged an independent financial advisor to review and report on the fairness of the transaction, from a financial point of view, to either party or their respective stockholders.

Appraisal Rights under West Virginia Law

Under West Virginia law, a SBR stockholder will be entitled to seek appraisal for, and obtain payment of the fair value of such stockholder s shares of SBR common stock if the merger is consummated. For this purpose, the fair value of SBR common stock will be the value of such stock immediately before the completion of the merger, without discount for lack of marketability or minority status. A SBR stockholder who is entitled to appraisal rights

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may not challenge the merger, unless the merger was not effectuated in accordance with applicable statutory provisions regarding mergers or SBR s articles of incorporation, bylaws or authorizing resolution or was otherwise procured by fraud or misrepresentation. These procedures are described more fully later in this document under the heading Appraisal Rights under West Virginia Law beginning on page 55. A copy of the relevant portions of West Virginia law is attached as Annex B to this proxy statement/prospectus.

Accounting Treatment

The acquisition of SBR will be accounted for using the purchase method of accounting by Fortune Brands under generally accepted accounting principles. Accordingly, using the purchase method of accounting, the assets and liabilities of SBR will be recorded by Fortune Brands at their respective fair values at the time of the merger. The excess of Fortune Brands purchase price, if any, over the net fair value of assets acquired including identifiable intangible assets and liabilities assumed is recorded as goodwill. Goodwill will be periodically assessed for impairment but no less frequently than on an annual basis. Prior period financial statements are not restated and results of operation of SBR will be included in Fortune Brands consolidated statement of operations after the date of the merger. The intangible assets will be amortized against the Fortune Brands earnings following completion of the merger.

Regulatory Clearances and Approvals

SBR and Fortune Brands cannot complete the merger until they give notification and furnish information to the Federal Trade Commission and the Antitrust Division of the Department of Justice and observe a statutory waiting period requirement. SBR and Fortune Brands expect to file the required notification and report forms with the Federal Trade Commission and the Antitrust Division on or before March 3, 2006. At any time before or after the effective time of the merger, and notwithstanding that the waiting period has terminated or the merger may have been consummated, the Federal Trade Commission, the Antitrust Division or any state could take such action under the applicable antitrust or competition laws as it deems necessary or desirable. This action could include seeking to enjoin the completion of the merger. Private parties may also institute legal actions under the antitrust laws under some circumstances.

Federal Securities Laws Consequences

The shares of Fortune Brands common stock to be issued in the mergers will be registered under the Securities Act. These shares will be freely transferable under the Securities Act, except for Fortune Brands common stock issued to any person who is deemed to be an affiliate of SBR, Tres, SB Ross or Fortune Brands. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under common control with such entities and includes such entities respective officers and directors, as well as principal stockholders. Affiliates may not sell their Fortune Brands common stock acquired in the mergers, except pursuant to:

- an effective registration statement under the Securities Act covering the resale of those shares;
- an exemption under paragraph (d) of Rule 145 under the Securities Act; or
- any other applicable exemption under the Securities Act.

Management Following the Merger

Neither the board of directors nor the executive officers of Fortune Brands will change with the consummation of the merger. Information about Fortune Brands directors and executive officers, including biographical information, executive compensation and relationships and related transactions between management and Fortune Brands, can be found in Fortune Brands proxy statement for the 2005 annual meeting of shareholders and annual report on Form 10-K as amended by Amendment No. 1 to the annual report on Form 10-K/A for the fiscal year ended December 31, 2004, both of which are filed with the SEC and incorporated by reference herein. For more details about how you can obtain copies of Fortune Brands annual meeting proxy statement and Form 10-K as amended by Amendment No. 1 to the annual report on Form 10-K/A, see Where You Can Find More Information beginning on page 69.

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THE MERGER AGREEMENT

The following is a summary of the material provisions of the merger agreement. However, the following is not a complete description of all provisions of the merger agreement. You should refer to the full text of the merger agreement, which is attached as Annex A to this proxy statement/prospectus, for precise legal terms of the merger agreement and other information that may be important to you. This summary is qualified in its entirety by reference to the full text of the merger agreement.

The merger agreement has been included to provide you with information regarding its terms. It is not intended to provide any other factual information about the parties to the merger agreement. The merger agreement contains representations and warranties the parties thereto made to and solely for the benefit of each other. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with signing the merger agreement. Accordingly, SBR stockholders should not rely on the representations and warranties as characterizations of the actual state of facts, since they were only made as of the date of the merger agreement and are modified in important part by the underlying disclosure schedules. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in the parties public disclosures.

The Merger

The merger agreement provides that upon the closing, Brightstar Acquisition, LLC, a wholly-owned direct subsidiary of Fortune Brands that was created to effect the merger, referred to herein as Merger Sub , will merge with and into SBR, with SBR continuing as a wholly-owned, direct subsidiary of Fortune Brands. The merger will become effective on the date of filing of articles of merger with the Secretary of State of the State of Illinois and the Secretary of State of the State of West Virginia, which the parties have agreed to file as soon as practicable upon or before the closing. This is referred to as the effective time of the merger. At the effective time, the articles of incorporation and bylaws of SBR in effect shall be the articles of incorporation and bylaws of the surviving entity until thereafter changed or amended as provided therein or by applicable law.

As soon as reasonably practicable after the merger, Fortune Brands will cause the surviving entity to merge into a direct, wholly-owned limited liability company with such limited liability company as the surviving entity (such action referred to herein as the subsequent merger).

Conversion or Cancellation of Shares in the Merger

At the effective time of the merger:

- each share of SBR common stock issued and outstanding immediately prior to the effective time (other than dissenting shares), will be converted into the right to receive at the election of the holder of such share of SBR common stock, Fortune Brands common stock or cash, or in the event of an undersubscription or oversubscription for shares of Fortune Brands common stock, a combination of cash and shares of Fortune Brands common stock as described below, in each case based on the final merger consideration calculated as of the effective time of the merger as described below;

each outstanding option, warrant, subscription right, conversion right, purchase right or any other right that grants the holder the right to receive or purchase SBR common stock, referred to as SBR purchase rights, that is not exercised as of the effective time will no longer be exercisable, but will be converted into the right to receive at the election of the holder of such share, Fortune Brands common stock or cash, or in the event of an undersubscription or oversubscription for shares of Fortune Brands common stock, a combination of cash and shares of Fortune Brands common stock as described below, in each case based on the final merger consideration calculated as of the effective time of the merger as described below;

each membership interest of Merger Sub outstanding immediately prior to the effective time will be converted into a share of common stock in the surviving entity; and

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each share of SBR common stock as to which a dissenting shareholder has properly perfected dissenters rights of appraisal under West Virginia law will not be converted into the right to receive merger consideration, and shall instead be treated in accordance with the provisions of the West Virginia Business Corporation Act.

Merger Consideration

In the aggregate, the SBR stockholders and holders of SBR purchase rights (sometimes referred to collectively herein as fully-diluted SBR stockholders) shall be entitled to aggregate merger consideration equal to $630,000,000 (subject to certain adjustments described below) to be paid in a combination of cash and shares of Fortune Brands common stock as elected by each SBR stockholder and holder of SBR purchase rights as described below. The merger consideration shall be adjusted from $630,000,000 on a dollar-for-dollar basis for the following:

reduced by net outstanding indebtedness for borrowed money of SBR as of the close of business on the date prior to closing,

reduced by unpaid transaction costs incurred by SBR in connection with the merger,

increased by cash held by SBR as of the close of business on the date prior to closing, and

increased by the aggregate exercise price of all outstanding SBR purchase rights and unpaid subscription amounts.

At the effective time of the merger, Fortune Brands shall deposit $15,000,000 of the merger consideration with a mutually acceptable exchange agent pursuant to an escrow agreement, entered into pursuant to the merger agreement, for the adjustment holdback and the indemnity escrow described herein. (See Adjustment Holdback and Indemnity Escrow). The exchange agent shall not pay to the fully-diluted SBR stockholders that portion of the merger consideration to be deposited into adjustment holdback or the indemnity escrow until such time as such amounts are distributable pursuant to the escrow agreement. The amount of any distributions or payments to be made to, or on behalf of, a fully-diluted SBR stockholder from the adjustment holdback or the indemnity escrow pursuant to the terms of the escrow agreement will be determined based on the percentage ownership (calculated on a fully-diluted basis) of shares of SBR common stock and SBR purchase rights owned by such fully-diluted SBR stockholder immediately prior to the effective time.

At the effective time of the merger, each fully-diluted SBR stockholder shall be entitled to convert such stockholder s SBR common stock and SBR purchase rights into such stockholder s pro rata share of the aggregate merger consideration. For each fully-diluted SBR share for which a fully-diluted SBR stockholder makes a cash election or no election, the fully-diluted SBR stockholder will be entitled to receive an amount in cash equal to (i) the aggregate merger consideration minus the escrow amount divided by (ii) the total number of fully-diluted SBR shares outstanding as of the closing date. This cash amount is referred to herein as the per share cash consideration. For each fully-diluted SBR share for which a fully-diluted SBR stockholder makes a stock election, the fully-diluted SBR stockholder will be entitled to receive the number of shares of Fortune Brands common stock equal to the per share cash consideration divided by a negotiated assumed value of $82 for each share of Fortune Brands common stock. This stock amount is referred to herein as the per share stock consideration. In addition, each fully-diluted SBR stockholder shall be entitled to such stockholder s pro rata share of any amounts released from the escrow if and when released in accordance with the escrow agreement.

As an example, if at the effective time, the sum of the net outstanding indebtedness for borrowed money and unpaid transaction costs are equal to $95 million and the purchase rights costs are equal to $5 million, the aggregate merger consideration shall be $530 million. Based upon the aggregate merger consideration and an estimated 6,440,439 fully-diluted SBR shares as of the closing date, a fully-diluted SBR share that is designated a cash election or no election share shall receive $79.96 for each fully-diluted SBR share, and a fully-diluted SBR stockholder that

makes a stock election shall receive 0.975 shares of Fortune Brands common stock for each fully-diluted SBR share. In each instance, the foregoing is subject to the adjustments described under Merger Consideration Adjustment.

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Merger Consideration Adjustment

Pursuant to the terms of the merger agreement, Fortune Brands will issue no more than 85%, and no less than 60%, of the consideration in the mergers in shares of Fortune Brands common stock. Therefore, all elections for cash and stock are subject to adjustment to preserve these limitations on the number of shares of Fortune Brands common stock to be issued in the mergers. For purposes of calculating the thresholds, the aggregate Fortune Brands shares to be issued to Tres and SB Ross are excluded from such calculations. However, the aggregate Fortune Brands shares to be issued to the Tres and SB Ross stockholders in the related mergers is included for purposes of such calculations.

If the aggregate number of shares of Fortune Brands common stock that Fortune Brands would issue to fully-diluted SBR stockholders in the merger and the Tres and SB Ross stockholders in the related mergers exceeds 85% of the aggregate consideration in the mergers, the number of shares of Fortune Brands common stock issued to each fully-diluted SBR stockholder and related merger stockholders who elected to receive shares of Fortune Brands common stock shall be reduced pro rata so that the total number of shares of Fortune Brands common stock issued in the merger and the related mergers will equal 85% of the consideration in the mergers. The fully-diluted SBR stockholders whose stock elections are reduced will receive for each share of SBR common stock for which stock has been elected, a pro rata portion of the per share cash consideration to make up for the reduction in shares of Fortune Brands common stock.

If the aggregate number of shares of Fortune Brands common stock that Fortune Brands would issue to fully-diluted SBR stockholders in the merger and the Tres and SB Ross stockholders in the related mergers is less than 60% of the aggregate consideration in the mergers, the cash issued to each fully-diluted SBR stockholder and related merger stockholder who elected to receive cash or made no election shall be reduced pro rata so that the total number of shares of Fortune Brands common stock in the merger and the related mergers will equal 60% of the consideration in the mergers. The fully-diluted SBR stockholders whose cash elections are reduced will receive a pro rata portion of the per share stock consideration to make up for the reduction in cash.

As a result, even if a fully-diluted SBR stockholder makes elections to receive only cash or only shares of Fortune Brands common stock for all of his fully-diluted SBR shares, the fully-diluted SBR stockholder may nevertheless receive a combination of cash and shares of Fortune Brands common stock. In addition, because any adjustments to shares of Fortune Brands common stock issued or cash paid in the event of an oversubscription or undersubscription for shares of Fortune Brands common stock does not take into consideration a fully-diluted SBR stockholder s total election, there may be some fully-diluted SBR stockholders that still receive more than 85% or less than 60% of their total consideration in Fortune Brands common stock.

Election Procedures

The merger agreement provides that at the time this proxy statement/prospectus is made available to stockholders, fully-diluted SBR stockholders will be provided with an election form and other appropriate and customary transmittal materials. Each election form will allow the holder (other than any holder of dissenting shares) to make for each fully-diluted SBR share held by such holder, a cash election, a stock election or no election.

Holders of fully-diluted SBR shares who wish to elect the type of merger consideration they will receive in the merger should carefully review and follow the instructions set forth in the election form.

To make an election, a holder of fully-diluted SBR shares must submit a properly completed election form so that it is actually received by the exchange agent at or prior to the 5:00 p.m., **[•]** time, on **[•][•]**, 2006 in accordance with the instructions on the election form.

Generally, an election form may be revoked or changed, but only by written notice received by the exchange agent prior to the election deadline. If an election form is revoked or not received prior to the election deadline,

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the fully-diluted SBR shares represented by such election form will become no election shares, except to the extent (if any) a subsequent election is properly made with respect to such fully-diluted SBR shares. Subject to the terms of the merger agreement and of the election form, the exchange agent will have the reasonable discretion to determine whether any election, revocation or change has been properly or timely made. Regarding election forms received by the exchange agent no later than three business days prior to the election deadline, SBR and the exchange agent will exercise reasonable diligence to notify any person of any defect in such election form, and each such person will be permitted to correct such defect prior to the election deadline.

Surrender and Payment; Exchange of Certificates

Accompanying this proxy statement/prospectus is a letter of transmittal. The letter of transmittal contains instructions on how to surrender certificates representing shares of SBR common stock in exchange for the merger consideration the holder is entitled to receive under the merger agreement. Until so surrendered, each such certificate shall, after the effective time, represent for all purposes only the right to receive such merger consideration. After the effective time, there shall be no further registration of transfers of fully-diluted SBR shares.

Fractional Shares

No Fortune Brands fractional shares will be issued in the merger. Instead, each fully-diluted SBR stockholder who would otherwise have been entitled to a fraction of a share of Fortune Brands common stock pursuant to the merger agreement will receive from the exchange agent a cash payment representing such stockholder s proportionate interest in the proceeds from the sale by the exchange agent in one or more transactions of shares of Fortune Brands common stock equal to the excess of (1) the aggregate number of shares of Fortune Brands common stock to be issued by Fortune Brands in accordance with the merger agreement over (2) the aggregate number of whole shares of Fortune Brands common stock to be distributed to the holders of fully-diluted SBR shares under the merger agreement. As soon as practicable after the effective time, the exchange agent will sell the aggregate of all fractional shares of Fortune Brands common stock at the prevailing prices on the New York Stock Exchange.

Withholding Rights

Each of Fortune Brands and the surviving entity will be entitled to deduct and withhold from the merger consideration payable to any person pursuant to the merger agreement the amounts it is required to deduct and withhold with respect to the making of such payments under any law relating to taxes. If Fortune Brands or the surviving entity deducts or withholds any amounts, these amounts will be treated for all purposes of the merger as having been paid to the fully-diluted SBR stockholders from whom they were withheld.

Adjustment Holdback Escrow

At closing, an aggregate amount equal to the sum of $5,000,000 in cash, referred to herein as the adjustment holdback, will be deducted from the merger consideration otherwise to be paid by the exchange agent to the fully-diluted SBR stockholders pursuant to the merger agreement to cover the amount by which actual adjustments to the merger consideration, such as net indebtedness and transaction costs, differ from estimated adjustments made at the time of the closing of the merger. Each fully-diluted SBR stockholder will only be obligated to contribute such fully-diluted SBR stockholder s pro rata portion of the merger consideration to the adjustment holdback.

If the actual adjustments determined following the closing exceed the estimated adjustments used for purposes of calculating merger consideration at closing, the holders representative and Fortune Brands will promptly direct the exchange agent to disburse an aggregate amount of the adjustment holdback equal to such excess to Fortune Brands in accordance with the terms of the escrow agreement; provided, in the event such difference exceeds the adjustment holdback, such excess will be deducted from the indemnity escrow, as defined below. In the event the estimated adjustments exceed the actual adjustments, Fortune Brands will promptly pay

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the exchange agent an amount in cash equal to such excess and direct the exchange agent to disburse such excess amount and the adjustment holdback to the fully-diluted SBR stockholders pro rata pursuant to the escrow agreement; provided, however, Fortune Brands will pay such excess amount (1) with respect to the initial $3,000,000 (referred to herein as the initial excess) of such excess amount, in cash and (2) with respect to such excess amounts exceeding $3,000,000 (referred to herein as the extra excess), in the form of an amount of Fortune Brands common stock equal to (i) the extra excess divided by (ii) $82.00; *provided*, *further*, *however*, if the merger consideration is less than $430,000,000, the initial excess will not be paid in cash, but will be paid in the form of an aggregate amount of shares of Fortune Brands common stock equal to (i) the amount of the initial excess divided by (ii) $82.00.

The remaining amount of the adjustment holdback, if any, after payment to Fortune Brands as described in the preceding paragraph will be disbursed by the exchange agent to the fully-diluted SBR stockholders pro rata pursuant to the escrow agreement. For a summary of the terms of the escrow agreement, see Related Agreements, Escrow and Exchange Agent Agreement on page 36.

Indemnity Escrow

At closing, an aggregate amount equal to the sum of $10,000,000 in cash, referred to herein as the indemnity escrow, will be deducted from the merger consideration otherwise to be paid by the exchange agent to the fully-diluted SBR stockholders pursuant to the merger agreement. Such amount shall be used to satisfy amounts due and owing to Fortune Brands in connection with SBR s indemnity obligations under the merger agreement. Each fully-diluted SBR stockholder will only be obligated to contribute such fully-diluted SBR stockholder s pro rata portion of the merger consideration to the indemnity escrow. The indemnity escrow will be disbursed by the exchange agent pursuant to the terms of the escrow agreement.

Stock Election

If the aggregate number of shares of SBR common stock to be exchanged for shares of Fortune Brands common stock upon receipt of the stock elections is less than 2,750,000 (excluding for this purpose any shares of SBR common stock owned by S. Byrl Ross Enterprises, Inc. and Tres Investment Company), then, upon Fortune Brands delivery of written notice to each stockholder that is party to a voting agreement, each Class A stockholder executing a voting agreement will be deemed to have made a stock election under the merger agreement with respect to an aggregate number of shares of SBR common stock beneficially owned (referred to herein as the additional share amount) by such SBR stockholder such that the aggregate number of shares of SBR common stock exchanged for shares of Fortune Brands common stock pursuant to a stock election under the merger agreement (excluding any shares of SBR common stock owned by S. Byrl Ross Enterprises, Inc. and Tres Investment Company) will equal 2,750,000 (after giving effect to each other voting agreement executed by such Class A stockholders); provided, that each such Class A stockholder will be allocated an aggregate amount of additional share amounts pro rata based on the number of shares of SBR common stock beneficially owned by such Class A stockholder immediately prior to the effective time as compared to the number of shares of SBR common stock beneficially owned by all Class A stockholders (excluding for this purpose any shares of SBR common stock owned by S. Byrl Ross Enterprises, Inc. and Tres Investment Company) subject to voting agreements.

Representations and Warranties of SBR

The merger agreement contains customary representations and warranties of SBR, that are subject, in some cases, to specified exceptions and qualifications contained in the merger agreement or in the disclosure schedules, with respect to itself and its subsidiaries (excluding the Woodcraft entities), relating to, among other things, the following matters:

corporate existence, corporate power, good standing and qualification to conduct business;

corporate power and valid authorization to execute, deliver and perform obligations under the merger agreement and to consummate the transactions contemplated by the merger agreement;

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the absence of conflicts between the articles of incorporation, bylaws, agreements, applicable laws, on the one hand, and the merger agreement and the consummation of the transactions contemplated thereby, on the other hand;

except as specifically contemplated in the merger agreement, the absence of any required governmental consents, approvals, authorizations or permits with respect to the execution of the merger agreement and the consummation of the transactions contemplated by the agreements;

the absence of conflicts between any authorizations, consents, approvals or licenses currently in effect on the one hand, and the merger agreement and the consummation of the transactions contemplated thereby, on the other hand;

capitalization;

compliance with articles of incorporation, bylaws, debt instruments agreements and applicable laws;

financial statements;

the absence of undisclosed liabilities;

the absence of certain material changes or events relating to the businesses of SBR and its subsidiaries since October 31, 2005;

title or valid lease or license to tangible properties and maintenance of material tangible properties;

the absence of undisclosed pending or threatened litigation or governmental orders;

intellectual property matters;

labor matters;

insurance matters;

the existence, validity and status of contracts;

possession of all governmental licenses, permits, franchises and all other authorizations of any governmental authority;

environmental matters, including compliance with applicable environmental laws;

compliance with laws relating to taxes, timely filing of tax returns and other tax-related matters;

title to owned real property, valid interest in leased real property and other real estate matters;

absence of employment of, or valid claims of any broker, finder, consultant or other intermediary in connection with the transactions contemplated by the merger agreement;

receivables and inventories matters;

benefits plans and other employment-related matters;

the absence of affiliate transactions except as disclosed in the disclosure schedules to the merger agreement;

ownership of SBR s subsidiaries; and

accuracy of information included in the merger agreement and in the registration statement on Form S-4, of which this proxy statement/prospectus is a part.

Representations and Warranties of Fortune Brands and Merger Sub

The merger agreement also contains customary representations and warranties of Fortune Brands and Merger Sub, that are subject, in some cases, to specified exceptions and qualifications contained in the merger agreement or in the disclosure schedules delivered in connection therewith, with respect to itself and its subsidiaries, relating to, among other things, the following matters:

corporate existence and good standing to conduct business;

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corporate power and valid authorization to execute, deliver and perform obligations under the merger agreement and to consummate the transactions contemplated by the merger agreement;

the absence of conflicts between the charters, bylaws, agreements, applicable laws, on the one hand, and the merger agreement and the consummation of the transactions contemplated thereby, on the other hand;

absence of employment of, or valid claims of any broker, finder, consultant or other intermediary in connection with the transactions contemplated by the merger agreement;

capitalization;

since December 31, 2004, the timely filing of documents and the accuracy of information contained in documents filed by Fortune Brands with the Securities and Exchange Commission;

financial statements included in documents filed by Fortune Brands with the Securities and Exchange Commission;

accuracy of information included in the registration statement on Form S-4, of which this proxy statement/prospectus is a part; and

the delivery or availability of all SEC comment letters and any notice of violation received by Fortune Brands from the SEC during the past three years.

Conduct of SBR s Business Prior to the Merger

The merger agreement also contains restrictions on the conduct of SBR s and its subsidiaries businesses pending the effective time of the merger. In general, SBR has agreed that:

(1) it and each of its subsidiaries will:

conduct its operations in ordinary course, with no less diligence and effort than would be applied absent the merger agreement;

seek to preserve intact its current business organizations;

use its reasonable best efforts to keep available the services of its current officers and other employees and preserve its relationships with customers, suppliers, and others having business dealings with it; and

timely file all tax returns in accordance with past practices and proceedings; and

(2) it and each of its subsidiaries will not, except to the extent set forth in the merger agreement or consented to by Fortune Brands, prior to the effective time:

accelerate, amend or change the period of exercisability or vesting of any outstanding options or other rights granted under any stock option plan, reprice options granted under any stock option plan or authorize cash payments in exchange for any options or other rights granted under any of such plans, except to the extent required under any stock option plan or any individual agreement as in effect on the date of the merger agreement;

except for shares to be issued upon exercise of outstanding SBR purchase rights, issue, deliver, sell, dispose of, pledge or otherwise encumber, or authorize or propose such encumbrance of (1) any additional shares of capital stock of any class, or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for any shares of capital stock, or any rights, warrants, options, calls, commitments or any other agreements to purchase or acquire any shares of capital stock or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for, any shares of capital stock, or (2) any other securities in respect of, in lieu of, or in substitution for, shares outstanding on the date of the merger agreement;

redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise, acquire the outstanding fully-diluted SBR common stock, unless contractually required to do so by previously entered into agreements;

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split, combine, subdivide or reclassify its common stock, set aside for payment or pay any dividend, or make any other distribution in respect of shares of its common stock or otherwise make any payments to its stockholders in their capacity as such;

adopt a plan of liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, other than the merger and to facilitate the merger in accordance with the merger agreement;

amend its certificate of incorporation or bylaws or similar organizational documents or alter through merger, liquidation, reorganization, restructuring or in any other fashion the corporate structure or ownership of any of its subsidiaries;

incur any indebtedness or guarantee any such indebtedness or make any loans, advances or capital contributions to, or investments in others, except with respect to (i) existing credit facilities, (ii) employee loans made in the ordinary course, or (iii) loans made to a senior officer of SBR on terms requiring payment at or prior to the effective time;

except with respect to SBR s 2003 federal income tax return, make, change or revoke any tax election, file any amended tax return, settle or compromise any federal, state, local or foreign tax liability or change (or make a request to change) its method of accounting for tax purposes, enter into a closing agreement with any taxing authority, surrender any right to claim a refund for taxes, consent to an extension of the statute of limitations applicable to any Tax claim or assessment, or take, or omit to take, any other similar action, if such election, change, amendment, agreement, settlement, surrender, consent or action or omission could have the effect of increasing SBR s tax liability after the closing date;

enter into any strategic alliance or joint marketing arrangement or agreement other than routine alliances, arrangements or agreements;

pay, discharge, settle or satisfy any material claims, liabilities or obligations or litigation;

except as required by applicable law or the merger agreement, call or hold any meeting of SBR stockholders;

engage in any practice, take any action, fail to take any action or enter into any transaction which could cause any of SBR s representations or warranties in the merger agreement to be untrue in any material respect;

enter into any contract or agreement which, if entered into prior to the date of the merger agreement, would be required to be set forth on the disclosure schedules;

take any action that if taken during the period from October 31, 2005 through the date of the merger agreement would have or would reasonably be expected to have a material adverse effect;

terminate certain of its employees as set forth on the disclosure schedules;

authorize, recommend, propose or announce an intention to do any of the foregoing, or enter into any contract, agreement, commitment or arrangement to do any of the foregoing; or

take any action if such action could reasonably be expected to result in the merger or the subsequent merger not qualifying as a reorganization within the meaning of Code section 368(a).

In addition, between the date of the merger agreement and the effective time, SBR has agreed that it and each of its subsidiaries will not, without Fortune Brands prior written consent:

except for normal increases in the ordinary course that, in the aggregate, are not inconsistent with customary historical anniversary increases, but in no event greater than 3% per individual, or as required by the terms of any agreement previously disclosed to Fortune Brands, increase the compensation, bonus or other benefits payable to any director, officer, other employee, consultant or independent contractor;

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except as required to comply with applicable law, pay or agree to pay any pension, retirement allowance or other payment or employee benefit not provided for by (or in a manner or at a time not provided in) any of the existing benefit, severance, pension or employment plans, agreements or arrangements as in effect on the date of the merger agreement to any such past or present director, officer or employee;

enter into any new or amend any existing employment, consulting, non-solicitation, non-competition, confidentiality or severance agreement with or for the benefit of any such director, officer, employee or independent contractor;

except as may be required to comply with applicable law, become obligated under any new pension plan, welfare plan, multi-employer plan, employee benefit plan, severance plan, benefit arrangement, or similar plan or arrangement, which was not in existence on the date of the merger agreement, or amend, terminate or change the terms of such plans or agreements or any funding policies or assumptions for any such plan or arrangement in existence on the date of the merger agreement if such amendment, termination or change would have the effect of enhancing any benefits thereunder or increasing the cost thereof to SBR or any of its subsidiaries; or

increase the total head count of SBR and its subsidiaries in an amount greater than an increase in the ordinary course.

Between the date of the merger agreement and the effective time, SBR has agreed that it will use commercially reasonable best efforts to maintain in full force and effect all of its and its subsidiaries presently existing insurance policies or insurance comparable to the coverage afforded by such policies. In addition, SBR has agreed that all intercompany payables and receivables due and owing between SBR and its subsidiaries (other than the Woodcraft entities), on the one hand, and the Woodcraft entities, on the other hand, shall be paid down to zero or forgiven prior to the effective time in a manner that does not create a tax liability to SBR and its subsidiaries (other than the Woodcraft entities). Prior to the effective time, SBR has agreed that it will (1) liquidate certain of its stock investments as set forth on the disclosure schedules, and (2) cause to be paid in full all amounts due and owing to SBR or any of its subsidiaries by any affiliates (or any family members of such affiliates) or executive officers.

No Solicitation

SBR has agreed that it will immediately cease and terminate any existing solicitation, initiation, encouragement, activity, discussion or negotiation with any persons conducted prior to the date of the merger agreement by SBR, its subsidiaries or any of their respective representatives with respect to any proposed, potential or contemplated acquisition proposal.

SBR has agreed that from and after the date of the merger agreement, without Fortune Brands prior written consent, it will not, nor authorize any of its subsidiaries to, and will use its reasonable best efforts to cause each of its and its subsidiaries respective officers, directors, employees, financial advisors, agents or representatives (each referred to as a representative) not to, solicit, initiate or encourage or take any other action to facilitate any inquiries or the making of any proposal which constitutes or may reasonably be expected to lead to an acquisition proposal from any person, or engage in any discussion or negotiations relating thereto or accept any acquisition proposal. SBR will as promptly as practicable communicate to Fortune Brands any inquiry received by it relating to any actual or potential acquisition proposal and the material terms of any such inquiry or proposal, including the identity of the person making the same. SBR will as promptly as practicable inform Fortune Brands of any developments with respect to the foregoing.

In addition, SBR has agreed not to release any person from, or waive any provision of, any standstill agreement to which it is a party or any confidentiality agreement between it and another person who has made, or who may reasonably be considered likely to make, an acquisition proposal or who SBR or any of its representatives have had discussions with regarding a proposed, potential or contemplated company

acquisition transaction, as defined below.

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For purposes of the merger agreement, the term acquisition proposal means with respect to SBR, any inquiry, proposal or offer from any person relating to any (1) direct or indirect acquisition or purchase of a business of SBR or any of its subsidiaries, (2) direct or indirect acquisition or purchase of any class of SBR s or any of its subsidiaries equity securities (other than pursuant to an exercise of SBR purchase rights outstanding as of the date of the merger agreement), (3) tender offer or exchange offer that if consummated would result in any person beneficially owning SBR common stock, or (4) merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving SBR or any of its subsidiaries. Each of the transactions referred to in clauses (1) through (4) of this paragraph, other than any such transaction to which Fortune Brands or any of its subsidiaries is a party, is referred to herein as a company acquisition transaction.

Additional Covenants and Agreements

Stockholder Meeting. SBR has agreed to, as promptly as possible following the date of the merger agreement and in consultation with Fortune Brands, call and hold a meeting of its stockholders to act upon the merger agreement and the transactions contemplated under the merger agreement, to the extent required by applicable law. SBR will, through its board of directors, recommend to its stockholders approval of such matters. SBR will use its best efforts to hold such meeting as soon as practicable after the date that the registration statement on Form S-4, of which this proxy statement/prospectus is a part, has been declared effective.

Access to Information. Upon reasonable notice, SBR has agreed, and has agreed to cause its subsidiaries, to afford to Fortune Brands and its authorized representatives reasonable access, during normal business hours throughout the period prior to the effective time, to its real property, assets, books and records and, during such period, will and will cause its subsidiaries to furnish promptly to such authorized representatives all information concerning SBR s and its subsidiaries business, real property, assets and personnel. SBR has acknowledged that Fortune Brands may request full and complete access and cooperation of SBR and its personnel for additional due diligence, including Phase II investigation of the real property, and has agreed to provide any support and to take any actions reasonably requested by Fortune Brands in this regard. Fortune Brands has agreed to treat information provided as described in this paragraph confidential in compliance with the terms of the confidentiality agreement between SBR and Fortune Brands dated October 31, 2005.

Fortune Brands will promptly deliver to SBR copies of all reports with respect to any environmental laws received by or on behalf of Fortune Brands or any of Fortune Brands representatives or agents. Any entry by Fortune Brands onto any of SBR s real property is subject to the following conditions: (1) such entry shall be without cost or expense to SBR, (2) Fortune Brands shall, or shall cause its authorized representatives to return each location to substantially its original condition, and (3) Fortune Brands will indemnify SBR against claims for injuries to persons or property or other liability arising out of or related to the activities of Fortune Brands or its authorized representatives on SBR s real property, unless such liability arises from SBR s gross neglect or willful misconduct. Such indemnity obligation survives termination of the merger agreement.

Representations and Warranties. Both SBR and Fortune Brands have agreed to give prompt notice to the other of any circumstances that would cause any of their respective representations and warranties set forth in the merger agreement not to be true and correct in all material respects at and as of the effective time. Delivery of such notice will not cure or be deemed to cure any breach of a representation or warranty.

Filings; Reasonable Best Efforts to Consummate Transactions. Subject to the terms and conditions specified in the merger agreement, each of SBR and Fortune Brands have agreed that they will: (1) promptly make their respective filings and make any other required submissions under the Hart-Scott-Rodino Antitrust Improvements Act (HSR Act) or any other antitrust or competition laws of any applicable jurisdiction, and any other applicable law with respect to the merger agreement and the transactions contemplated under the merger agreement; (2) cooperate in the preparation of such filings or submissions; and (3) use their reasonable best efforts promptly to take, or cause to be taken, all actions and do, or cause to be done, all other things necessary, proper or appropriate to consummate and make effective the transactions contemplated by the merger agreement as soon as practicable. SBR has agreed to use its reasonable best efforts to transfer any environmental permit to Fortune

Brands prior to the effective time as required by applicable environmental laws.

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Plan of Reorganization. The merger agreement is intended to constitute a plan of reorganization within the meaning of section 1.368-2(g) of the income tax regulations promulgated under the Code. From and after the date of the merger agreement and until the effective time, each of SBR and Fortune Brands has agreed to use its reasonable best efforts to cause the merger to qualify, and will not knowingly take any action, cause any action to be taken, fail to take any action or cause any action to fail to be taken which action or failure to act could prevent the merger from qualifying as a reorganization within the meaning of Code section 368(a).

Directors and Officers Indemnification. Subject to certain exceptions, the merger agreement provides that from and after the effective time, Fortune Brands, the surviving entity and SBR will, to the fullest extent permitted under applicable law, indemnify and hold harmless, and provide advancement of expenses to, each present and former director or officer of SBR and its subsidiaries to the fullest extent permitted by applicable law or to the fullest extent permitted under SBR s articles of incorporation and bylaws.

In addition, Fortune Brands will cause to be maintained for three years after the effective time the directors and officers liability insurance and fiduciary liability insurance maintained by SBR with respect to claims arising from facts or events that occurred at or prior to the effective time, provided that Fortune Brands will not, with respect to any of these policies, be required to expend in any one year an amount in excess of 200% of the premiums currently paid by SBR and its subsidiaries.

Post-Closing Obligation. As soon as reasonably practicable after the merger, Fortune Brands will effectuate the subsequent merger.

Conditions to the Consummation of Merger

Conditions to Each Party s Obligations. The respective obligations of SBR and Fortune Brands to consummate the merger are subject to the following conditions:

there be no judgment, order, decree, statute, law, ordinance, rule or regulation, entered, enacted, promulgated, enforced or issued by any court or other governmental authority or other legal restraint or prohibition that:

has the effect of making the consummation of the merger or the other transactions contemplated under the merger agreement illegal;

materially restricts, prevents or prohibits consummation of the merger or any of the transactions contemplated under the merger agreement; or

would impair Fortune Brands ability to own the outstanding shares of the surviving entity, or operate its or any of its subsidiaries businesses (including the businesses of the surviving entity or any of its subsidiaries), following the effective time;

there be no suit, action or proceeding pending by any governmental authority or third party which would have any of the foregoing effects, provided however that each of the parties will use their reasonable best efforts to prevent the entry of such restraints and to appeal as promptly as possible any such restraints that may be entered;

the expiration of the applicable waiting period under the HSR Act or antitrust or competition laws of any applicable jurisdiction; and

the mergers of S. Byrl Ross Enterprises, Inc. and Tres Investment Company with and into direct wholly-owned subsidiaries of Fortune Brands shall have been consummated.

Additional Conditions to SBR s Obligations. The obligations of SBR to consummate the merger are subject to the fulfillment at or prior to the effective time of the following additional conditions:

(1) Fortune Brands representations and warranties relating to financial statements and filings with the Securities and Exchange Commission are true and correct; and (2) all other representations and warranties of Fortune Brands, are true and correct in all material respects, except where any such failure

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to be true and correct would not individually or in the aggregate result in a Fortune Brands material adverse effect, in each case as of the date of the merger agreement, and as of the effective time with the same force and effect as if made on and as of the effective time (except to the extent expressly made as of an earlier date, in which case as of such date), and Fortune Brands shall have delivered to SBR a certificate of any senior executive officer of Fortune Brands to the effect that each of the conditions specified in clauses (1) and (2) is satisfied;

Fortune Brands and its subsidiaries shall have performed or complied in all material respects with its agreements and covenants required to be performed or complied with under the merger agreement as of or prior to the effective time;

Fortune Brands has obtained all consents, approvals, orders, releases or authorization from, and Fortune Brands has made all filings and registrations to or with, any person, including any governmental authority, necessary to be obtained or made in order for the SBR to consummate the merger, unless the failure to obtain such consents or make such filings would not, individually or in the aggregate, have a material adverse effect;

each of Fortune Brands, Merger Sub and the exchange agent have executed and delivered the escrow agreement;

Fortune Brands has delivered or has caused Merger Sub to deliver the merger consideration to the exchange agent as provided for in the merger agreement;

SBR has received any required approval of the merger agreement and the merger from SBR stockholders;

SBR will have received the opinion of counsel that the merger will qualify as a reorganization within the meaning of Code Section 368 and that each of Fortune Brands, Merger Sub and SBR will be a party to the reorganization within the meaning of Code Section 368(b); and

no event has occurred that could reasonably be expected to prevent the ability of Fortune Brands or SBR to consummate the merger.

Additional Conditions to Fortune Brands Obligations. The obligations of Fortune Brands to consummate the merger are subject to the fulfillment at or prior to the effective time of the following additional conditions:

(1) SBR s representations and warranties relating to corporate power, financial statements, absence of certain changes, litigation and governmental orders, certain intellectual property matters, and disclosure are true and correct; and (2) all other representations and warranties of SBR, are true and correct in all material respects, except where any such failure to be true and correct would not individually or in the aggregate result in a material adverse effect, in each case as of the date of the merger agreement, and as of the effective time with the same force and effect as if made on and as of the effective time (except to the extent expressly made as of an earlier date, in which case as of such date);

SBR and its subsidiaries shall have performed or complied in all material respects with its agreements and covenants under the merger agreement as of or prior to the effective time;

SBR shall have delivered to Fortune Brands a certificate of any senior executive officer of SBR to the effect that each of the conditions specified in the preceding two paragraphs are satisfied;

from the date of the merger agreement to the effective time, there shall not have been any event or development which has had, or could reasonably be expected to have, a material adverse effect;

SBR will have obtained all consents from, and SBR will have made all filings to or with, any person, including any governmental authority, necessary to be obtained or made in order for Fortune Brands to consummate the merger, unless the failure to obtain such consents or make such filings would not, individually or in the aggregate, have a material adverse effect;

the requisite stockholder approval of SBR s stockholders of the merger agreement and the merger shall have been obtained and remain in full force and effect;

each of the SBR and the holders representative have executed and delivered the escrow agreement;

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not more than 5% of the company common stock outstanding as of the effective time shall constitute dissenting shares;

prior to the effective time, SBR shall have effectuated (1) the disposition of the Woodcraft entities, (2) the Real Estate Disposition, each on terms and conditions mutually satisfactory to Fortune Brands and SBR and (3) the sale of certain securities set forth on the disclosure schedules;

each of Tres Investments Company and S. Byrl Ross Enterprises, Inc. shall have made stock elections with respect to all of the shares of SBR common stock owned thereby;

Fortune Brands and Merger Sub will have received the opinion of Winston & Strawn LLP that the merger will qualify as a reorganization within the meaning of Code Section 368 and that each of Fortune Brands, Merger Sub and SBR will be a party to the reorganization within the meaning of Code Section 368(b); and

the holders representative will have delivered to Fortune Brands a certificate certifying as to the aggregate amount of tax liabilities incurred or to be incurred by SBR or its subsidiaries arising in connection with, or related to, the disposition of the Woodcraft entities and the Real Estate Disposition, which aggregate amount shall be satisfactory to Fortune Brands.

Indemnification

Survival Periods. The respective representations and warranties of the parties set forth in the merger agreement will survive the effective time and will remain in full force and effect for the 18 month period following the effective time. The covenants of the merger agreements will survive in accordance with their terms.

Indemnification by the Fully-Diluted SBR Stockholders. Following the merger, the fully-diluted SBR stockholders of SBR will, jointly and severally, indemnify and hold harmless Fortune Brands, the surviving entity and its subsidiaries and each of their respective directors, officers, employees and agents (other than the fully-diluted SBR stockholders, referred to collectively herein as the Fortune Brands indemnified parties), for losses arising from (1) any breach by SBR of its covenants and agreements or representations and warranties (provided, if any such representation or warranty is qualified by materiality or material adverse effect or knowledge, such qualification will be ignored and deemed not included in such representation or warranty) in the merger agreement or (2) any breach of SBR s representations and warranties with respect to environmental matters arising from or related to SBR and its subsidiaries or its real property prior to the effective time to the extent such loss is not covered by valid claims previously made under, and prior to the expiration of, SBR s insurance policy with respect to such environmental matters (including any condition, violation or alleged violation of environmental laws or environmental permits or any release or threatened release of hazardous materials continuing as of the effective time); provided that (1) the fully-diluted SBR stockholders will be required to indemnify with respect to the representations and warranties only to the extent that indemnifiable losses exceed $500,000 in the aggregate, and (2) any indemnification claim with respect to matters described in this paragraph must be made during the applicable survival period set forth in the merger agreement; provided further that the limitations described in clauses (1) and (2) above will not apply to losses resulting from SBR s fraud or intentional misrepresentation or any breach of the representation or warranty with respect to tax matters.

Indemnification by Fortune Brands. Following the merger, Fortune Brands will indemnify and hold harmless the fully-diluted SBR stockholders, each of their respective directors, officers, employees and agents (referred to collectively herein as the stockholder indemnified parties), for any breach by Fortune Brands or Merger Sub of its covenants or representations and warranties (provided, if any such representation or warranty is qualified by materiality or material adverse effect, or knowledge, such qualification will be ignored and deemed not included in such representation or warranty) in the merger agreement; provided that (1) Fortune Brands will be required to indemnify with respect to the representations and warranties only to the extent that indemnifiable losses exceed $500,000 in the aggregate, and (2) any indemnification claim with respect to matters described in this paragraph must be made during the applicable survival period set forth in the merger agreement; provided further that the limitations described in clauses (1) and (2) above will not apply to losses resulting from Fortune Brands fraud or

intentional misrepresentation.

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Third Party Claims. If a third party claim is made against a Fortune Brands indemnified party or a stockholder indemnified party, and if such indemnified party seeks indemnity under the merger agreement, such indemnified party will promptly notify the indemnifying party of such claims. With respect to a claim by a Fortune Brands indemnified party or a stockholder indemnified party, Fortune Brands will undertake the settlement or defense thereof, and the indemnified party will cooperate with Fortune Brands in this respect. An indemnifying party may not, without the indemnified party s consent, enter into any settlement that (1) does not include as an unconditional term the giving by the person or persons asserting such claim to all indemnified parties of unconditional release from all liability with respect to such claim or consent to entry of any judgment or (2) imposes any restriction, condition or obligation on, or requires any undertaking or admission by, SBR, its subsidiaries or the indemnified parties.

Termination

Termination by Mutual Consent. The merger agreement may be terminated at any time prior to the effective time by the mutual written consent of SBR and Fortune Brands.

Termination by either SBR or Fortune Brands. The merger agreement may be terminated at any time prior to the effective time by either SBR or Fortune Brands if:

- the merger has not been consummated by July 31, 2006, provided that the terminating party s failure to fulfill any obligation under the merger agreement is not the cause of the merger not being consummated by July 31, 2006;

- a judgment, order, decree, statute, law, ordinance, rule or regulation, entered, enacted, promulgated, enforced or issued by any court or other governmental authority or other legal restraint or prohibition prohibiting the completion of the merger becomes final and nonappealable, provided that the terminating party has used its reasonable best efforts remove the prohibition before it becomes final and nonappealable.

Termination by SBR. The merger agreement may be terminated upon written notice to Fortune Brands at any time prior to the effective time by SBR if Fortune Brands breaches or fails to perform any of the representations, warranties, covenants or other agreements contained in the merger agreement, or if any representation or warranty of Fortune Brands becomes untrue, in either case such that (1) any of the conditions described above with respect to the accuracy of Fortune Brands representations and warranties or the performance by Fortune Brands of its covenants and agreements is not capable of being satisfied, and (2) such breach or failure to be true is not or is incapable of being cured within thirty business days following Fortune Brands receipt of notice of such breach or failure to comply.

Termination by Fortune Brands. The merger agreement may be terminated upon written notice to SBR at any time prior to the effective time by Fortune Brands if:

- SBR breaches or fails to perform any of the representations, warranties, covenants or other agreements contained in the merger agreement, or if any representation or warranty of SBR becomes untrue, in either case such that (1) any of the conditions described above with respect to the accuracy of SBR s representations and warranties or the performance by SBR of its covenants and agreements is not capable of being satisfied, and (2) such breach or failure to be true is not or is incapable of being cured within thirty business days following SBR s receipt of notice of such breach or failure to comply; or

any principal stockholder, as defined in the merger agreement, breaches or fails to perform in any material respect its covenants or other agreements in the applicable voting agreement.

Effect of Termination. If either Fortune Brands or SBR terminates the merger agreement, the merger agreement will become void and neither party will have any liability or obligation except (1) with respect to the payment of expenses pursuant to the merger agreement, (2) to the extent that such termination results from a party s willful breach of any of its representations or warranties or any of its covenants or agreements, or (3) with respect to a party s intentional or knowing misrepresentation in connection with the merger agreement or the transactions contemplated by the merger agreement.

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Payment of Expenses

Subject to the merger agreement s terms and conditions, whether or not the merger is consummated, each of Fortune Brands, SBR and each fully-diluted SBR stockholder shall pay its own expenses incident to preparing for, entering into and carrying out the merger agreement and the consummation of the transactions contemplated by the merger agreement. The filing fee for the required filing under the HSR Act will be borne by Fortune Brands.

Modification or Amendment

Subject to applicable law, at any time prior to the effective time the parties may modify or amend the merger agreement by written agreement executed and delivered by authorized officers of the respective parties.

Related Agreements

Escrow and Exchange Agent Agreement. Pursuant to an escrow and exchange agent agreement, at the effective time, Fortune Brands will deposit $15 million of the merger consideration with The Bank of New York, as escrow agent. Such withheld amount will be placed into two separate escrow accounts consisting of $5 million and $10 million, for the adjustment holdback escrow and indemnity escrow, respectively. Pursuant to the escrow agreement, The Bank of New York, as escrow agent will hold the indemnity escrow and the adjustment holdback escrow for the benefit of Fortune Brands or the fully-diluted SBR stockholders, as the case may be.

The $5 million escrow will be used to pay Fortune Brands in the event the calculations of net indebtedness, cash and transaction costs were inaccurate at the closing of the merger. If the actual amount exceeds the estimated amount at closing, the escrow agent will disburse an aggregate amount of the adjustment holdback escrow equal to such excess to Fortune Brands, provided, in the event such difference exceeds the adjustment holdback escrow, such excess will be deducted from the indemnity escrow. The remaining amount of the adjustment holdback escrow, if any, after payment to Fortune Brands, will be disbursed by the escrow agent to the fully-diluted SBR stockholders pro rata. In the event the estimated amount exceeds the actual amount, Fortune Brands will pay the exchange agent an amount in cash equal to such excess and direct the escrow agent to disburse such excess amount and the adjustment holdback escrow to the fully-diluted SBR stockholders pro rata. To the extent any amounts are available to be disbursed from such adjustment holdback escrow, such disbursement will likely occur 15 to 80 days after the merger.

The $10 million escrow will be used to indemnify Fortune Brands for any breaches of the representations, warranties or covenants of SBR in the merger agreement. To the extent any amounts are available to be disbursed from such indemnity escrow, such disbursement will occur after the 18 month anniversary of the merger. The remaining amount of the indemnity escrow at such time, if any, will be disbursed by the escrow agent to the fully-diluted SBR stockholders pro rata.

The escrow agent will not pay to SBR stockholders that portion of the merger consideration to be deposited into the escrow accounts until such time as such amounts are distributable pursuant to the escrow agreement. The complete text of the escrow agreement is attached as Exhibit C of Annex A. You should read the escrow agreement in its entirety.

Voting and Option Agreements. Concurrently with the execution of the merger agreement, certain SBR stockholders including directors, executive officers, affiliates and certain of their family members who collectively hold approximately 67% of SBR s outstanding Class A common stock and approximately 33% of SBR s outstanding Class B common stock, making up approximately 72% of SBR s outstanding capital stock, have entered into voting and option agreements (referred to herein as voting agreements) with Fortune Brands in which they agreed, subject to certain limited exceptions, to vote and granted to Fortune Brands irrevocable proxies to vote all of the shares of SBR common stock which are beneficially owned by each of them as follows:

in favor of approval of the merger, adoption of the merger agreement and any actions required by the SBR stockholders in furtherance of the merger agreement;

against any action or agreement that would result in a breach in any respect of any covenant, representation or warranty, or any other obligation or agreement, of SBR under the merger agreement or of the stockholder under the voting and option agreement;

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against any proposed, potential or contemplated acquisition proposal;

against any change in a majority of the individuals who constitute SBR s board of directors;

against any change in the present capitalization of SBR or any amendment of SBR s certificate of incorporation or bylaws;

against any material change in SBR s corporate structure or business unless specifically contemplated in the merger agreement; and

against any other action which is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, or materially and adversely affect the merger and the transactions contemplated by the voting and option agreement and the merger agreement.

If (1) the merger is not consummated by July 31, 2006 and the merger agreement is terminated due to the parties failure to consummate the merger by such date or (2) SBR or the stockholder materially breaches the merger agreement or the voting and option agreement, and Fortune Brands has not materially breached the merger agreement, then such stockholder grants Fortune Brands the option to purchase the shares subject to the voting and option agreement, provided that if Fortune Brands exercises the option due to the parties failure to consummate the merger by July 31, 2006 or SBR s material breach of the merger agreement or the voting and option agreement, Fortune Brands must at the time of such exercise, exercise its option to purchase the other shares of SBR common stock subject to the other voting and option agreements. The option terminates on the earlier of the effective time or sixty days following the termination of the merger agreement due to the parties failure to consummate the merger by July 31, 2006. As a result, Fortune Brands has the right, but not the obligation, to acquire economic and voting control of SBR.

Employment Arrangements. As required by the merger agreement, certain individuals will enter into employment arrangements with SBR prior to the effective time of the merger. The employment arrangements contain confidentiality, proprietary information and non-competition and non-solicitation clauses customary for arrangements of this type. These employment arrangements are expected to continue after the consummation of the mergers. The employment arrangements may provide that the employee is eligible to receive severance payments upon termination of his or her employment by SBR, or its successor, for reason other than cause (as that term may be defined in any employment agreement), death or disability in an amount equal to the employee s continued base salary, insurance and benefits for the period stated in any employment agreement. These payments are contingent upon, and prior to the merger it is SBR s intention to request, the holders of the Class A common stock to approve such payments to the extent necessary to preclude them from being treated as parachute payments within the meaning of section 280G of the Internal Revenue Code.

Option Agreements. Concurrently with the execution of the merger agreement, Fortune Brands entered into option agreements with each stockholder of Tres and each stockholder of SB Ross. Collectively, the stockholders of Tres and SB Ross own 1,194,419 shares of SBR Class A common stock, which represents approximately 19.2% of SBR s outstanding capital stock and approximately 22.3% of SBR s outstanding Class A common stock. Pursuant to the option agreements, if (1) the merger is not consummated by July 31, 2006 and the merger agreement is terminated due to the parties failure to consummate the merger by such date or (2) SBR materially breaches the merger agreement or the stockholder materially breaches the option agreement, and Fortune Brands has not materially breached the merger agreement, then such stockholder grants Fortune Brands the option to purchase the shares subject to the option agreement, provided that if Fortune Brands exercises the option due to the parties failure to consummate the merger by July 31, 2006 or SBR s material breach of the merger agreement or the voting agreement, Fortune Brands must at the time of such exercise, exercise its option to purchase the other shares of stock subject to the other option agreements. In the event of the exercise of these options, Fortune Brands will acquire indirect ownership of SBR shares representing approximately 18.5% of the fully-diluted SBR shares. The option terminates on the earlier of the effective time or sixty days following the termination of the merger agreement due to the parties failure to consummate the merger by July 31, 2006.

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THE RELATED MERGERS

Fortune Brands has entered merger agreements for the acquisition of (1) S. Byrl Ross Enterprises, Inc. (SB Ross), and (2) Tres Investment Company (Tres). SB Ross and Tres own 954,419 and 240,000 shares of Class A common stock, respectively, of SBR. Under the related merger agreements, each of SB Ross and Tres will be merged with and into direct, wholly-owned subsidiaries of Fortune Brands, followed in each case by the merger of the respective surviving corporations with and into limited liability companies which are each a direct, wholly-owned subsidiary of Fortune Brands. Execution of the related merger agreements and consummation of the transactions contemplated therein are conditions to the consummation of the merger between Fortune Brands and SBR (the SBR merger).

The following is a summary of the material provisions of the related merger agreements. However, the following is not a complete description of all provisions of related merger agreements. You should refer to the full text of the related merger agreements, incorporated by reference into this proxy statement/prospectus, for precise legal terms of the related merger agreements and other information that may be important to you. This summary is qualified in its entirety by reference to the full text of the related merger agreements.

SB Ross Merger

The SB Ross merger will become effective on the date of filing of certificates of merger with the Secretary of State of the State of Delaware and articles of merger with the Secretary of State of the State of West Virginia, which the parties have agreed to file as soon as practicable upon or before the closing. The effective time of the SB Ross merger will be upon the closing and immediately prior to the effective time of the SBR merger.

As merger consideration, the shareholders of SB Ross will be entitled to receive aggregate merger consideration equal to the aggregate merger consideration SB Ross will be entitled to receive as a stockholder of SBR in the SBR merger. Each shareholder of SB Ross will be entitled to receive their pro rata share of such merger consideration.

At the effective time of the SB Ross merger, Fortune Brands will deposit into separate escrow accounts, pursuant to an escrow agreement, amounts equal to SB Ross s pro rata share of the $5 million and $10 million escrows deposited with the escrow agent in the SBR merger. In the event that Fortune Brands receives any escrow amounts from the escrows in the SBR merger, Fortune Brands shall receive an amount equal to SB Ross s pro rata share of the escrow amount from the escrows in the SB Ross merger. The escrow agent will not pay to SB Ross shareholders that portion of the merger consideration to be deposited into the escrow accounts until such time as such amounts are distributable pursuant to the escrow agreement. Each SB Ross shareholder shall be entitled to such shareholder s pro rata share of any amounts released from the escrow if and when released in accordance with the escrow agreement.

Each shareholder of SB Ross shall be entitled to elect the percentage of the merger consideration it wishes to receive in Fortune Brands stock (the stock election percentage) and the percentage of the merger consideration it wishes to receive in cash (the cash election percentage). Each shareholder of SB Ross will be entitled to receive:

- Aggregate shares of Fortune Brands common stock equal to the quotient of (1) the product of (i) such shareholder s allocable non-escrowed merger consideration (equal to the non-escrowed merger consideration SB Ross is entitled to in the SBR merger times such shareholder s percentage of ownership of SB Ross) times (ii) such shareholder s stock election percentage, divided by (2) $82.00

(the product of such formula referred to herein as the elected parent shares); and

an amount of cash equal to the product of (1) such shareholder s allocable non-escrowed merger consideration times (2) such shareholder s cash election percentage.

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If the aggregate shares of Fortune Brands common stock that Fortune Brands would issue to fully-diluted SBR stockholders in the SBR merger (not including SB Ross and Tres) and the stockholders of SB Ross and Tres in the related mergers exceeds 85% of the aggregate consideration in the SBR merger and related mergers, the number of shares of Fortune Brands common stock issued to each fully-diluted SBR stockholder in the SBR merger (not including SB Ross and Tres) and the stockholders of SB Ross and Tres in the related mergers who elected to receive shares of Fortune Brands common stock shall be reduced pro rata so that the total number of shares of Fortune Brands common stock issued will equal 85% of the consideration in the SBR merger and related mergers. The cash election percentages for those SB Ross stockholders whose shares of Fortune Brands common stock are reduced will be increased to make up for the reduction in shares of Fortune Brands common stock.

If the aggregate shares of Fortune Brands common stock that Fortune Brands would issue to fully-diluted SBR stockholders in the SBR merger (not including SB Ross and Tres) and the stockholders of SB Ross and Tres in the related mergers is less than 60% of the aggregate consideration in the SBR merger and related mergers, the aggregate cash paid to each fully-diluted SBR stockholder in the SBR merger (not including SB Ross and Tres) and the stockholders of SB Ross and Tres in the related mergers who elected to receive cash or made no election shall be reduced pro rata so that the aggregate shares of Fortune Brands common stock issued in the SBR merger and related mergers will equal 60% of the consideration in the SBR merger and related mergers. The stock election percentages for those SB Ross stockholders whose cash election percentages are reduced will be increased to make up for the reduction in cash consideration.

Prior to the closing of the SB Ross merger, SB Ross will contribute all of the assets and liabilities of SB Ross to a wholly-owned subsidiary, whose capital stock shall be distributed to the shareholders of SB Ross on a pro rata basis, except that SB Ross shall retain the SBR shares that it owns and cash in an amount equal to the tax liability arising from the distribution of the capital stock of the wholly-owned subsidiary.

The SBR merger agreement contains customary representations and warranties of SB Ross and its shareholders, on the one hand, and of Fortune Brands and the Related Merger Sub, on the other hand. The respective obligations of Fortune Brands and SB Ross to consummate the related mergers are subject to customary conditions described in the SB Ross merger agreement. The SB Ross shareholders have agreed to indemnify Fortune Brands for all pre-closing liabilities of SB Ross, other than taxes, if any, that arise as a result of the SB Ross merger.

Tres Merger

The Tres merger will become effective on the date of filing of certificates of merger with the Secretary of State of the State of Delaware and articles of merger with the Secretary of State of the State of West Virginia, which the parties have agreed to file as soon as practicable upon or before the closing. The effective time of the Tres merger will be upon the closing and immediately prior to the effective time of the SBR merger.

As merger consideration, the shareholders of Tres will be entitled to receive aggregate merger consideration equal to the aggregate (a) merger consideration Tres will be entitled to receive as a stockholder of SBR in the SBR merger plus (b) cash equal to $1.25 million for the real property owned by Tres located in Eatonton, Georgia. Each shareholder of Tres will be entitled to receive their pro rata share of such merger consideration.

At the effective time of the Tres merger, Fortune Brands will deposit into separate escrow accounts, pursuant to an escrow agreement, amounts equal to Tres pro rata share of the $5 million and $10 million escrows deposited with the escrow agent in the SBR merger. In the event that Fortune Brands receives any escrow amounts from the escrows in the SBR merger, Fortune Brands shall receive an amount equal to Tres pro rata share of the escrow amount from the escrows in the Tres merger. The escrow agent will not pay to Tres shareholders that portion of the merger consideration to be deposited into the escrow accounts until such time as such amounts are distributable pursuant to the escrow agreement. Each Tres shareholder shall be entitled to such shareholder s pro rata share of any amounts released from the escrow if and when

released in accordance with the escrow agreement.

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With respect to the merger consideration consisting of the merger consideration Tres will be entitled to receive in the SBR merger, each shareholder of Tres shall be entitled to elect the percentage it wishes to receive in stock (the stock election percentage) and the percentage it wishes to receive in cash (the cash election percentage). Specifically, each shareholder of Tres will be entitled to receive in the merger:

- Aggregate shares of Fortune Brands common stock equal to the quotient of (1) the product of (i) such shareholder s allocable non-escrowed merger consideration (equal to the non-escrowed merger consideration Tres is entitled to in the SBR merger times such shareholder s percentage of ownership of SB Ross) times (ii) such shareholder s stock election percentage, divided by (2) $82.00 (the product of such formula referred to herein as the elected parent shares);

- an amount of cash equal to the product of (1) such shareholder s allocable non-escrowed merger consideration times (2) such shareholder s cash election percentage; and

- an amount of cash equal to the product of (1) $1.25 million times (2) such shareholder s cash election percentage.

If the aggregate shares of Fortune Brands common stock that Fortune Brands would issue to fully-diluted SBR stockholders in the SBR merger (not including SB Ross and Tres) and the stockholders of SB Ross and Tres in the related mergers exceeds 85% of the aggregate consideration in the SBR merger and related mergers, the number of shares of Fortune Brands common stock issued to each fully-diluted SBR stockholder in the SBR merger (not including SB Ross and Tres) and the stockholders of SB Ross and Tres in the related mergers who elected to receive shares of Fortune Brands common stock shall be reduced pro rata so that the total number of shares of Fortune Brands common stock issued will equal 85% of the aggregate consideration in the SBR merger and related mergers. The cash election percentages for those Tres stockholders whose shares of Fortune Brands common stock are reduced will be increased to make up for the reduction in shares of Fortune Brands common stock.

If the aggregate shares of Fortune Brands common stock that Fortune Brands would issue to fully-diluted SBR stockholders in the SBR merger (not including SB Ross and Tres) and the stockholders of SB Ross and Tres in the related mergers is less than 60% of the aggregate consideration in the SBR merger and related mergers, the aggregate cash paid to each fully-diluted SBR stockholder in the SBR merger (not including SB Ross and Tres) and the stockholders of SB Ross and Tres in the related mergers who elected to receive cash or made no election shall be reduced pro rata so that the aggregate shares of Fortune Brands common stock issued in the SBR merger and related mergers will equal 60% of the aggregate consideration in the SBR merger and related mergers. The stock election percentages for those Tres stockholders whose cash consideration is reduced will be increased to make up for the reduction in cash consideration.

Prior to the closing of the Tres merger, Tres will contribute all of the assets and liabilities of Tres to a wholly-owned subsidiary, whose capital stock shall be distributed to the shareholders of Tres on a pro rata basis, except that Tres shall retain (a) the SBR shares that it owns, (b) cash in an amount equal to the tax liability arising from the distribution of the capital stock of the wholly-owned subsidiary, and (c) the real property owned by Tres located in Eatonton, Georgia.

The Tres merger agreement contains customary representations and warranties of Tres and its shareholders, on the one hand, and of Fortune Brands and the Related Merger Sub, on the other hand. The respective obligations of Fortune Brands and Tres to consummate the related mergers are subject to customary conditions described in the Tres merger agreement. The Tres shareholders have agreed to indemnify Fortune Brands for all pre-closing liabilities of Tres, other than taxes, if any, that arise as a result of the Tres merger.

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MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of the material U.S. federal income tax consequences of the merger and each related merger to U.S. holders (as defined below) of SBR stock, SB Ross stock and Tres stock. This summary is limited to U.S. holders who hold their SBR stock, SB Ross stock, and Tres stock as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the Code), and whose functional currency as defined in the Code is the U.S. dollar. This discussion is based on the Code, applicable Treasury regulations, administrative interpretations and court decisions as in effect as of the date hereof, all of which may change, possibly with retroactive effect. Any such change could affect the continuing validity of the following discussion. This discussion assumes that the related mergers will be completed in accordance with the terms of the related merger agreements and the merger will be completed in accordance with the terms of the merger agreement, including that the entity surviving the merger and each related merger will be merged into a limited liability company wholly owned by Fortune Brands.

This summary discussion does not address all aspects of U.S. federal income taxation that may be important to a U.S. holder in light of that holder s particular circumstances or to a U.S. holder subject to special rules, such as: tax-exempt organizations; a stockholder that is not a U.S. person; a financial institution or insurance company; a dealer or broker in securities; traders in securities that elect to use a mark-to-market method of accounting; a partnership or other entity classified as a partnership for U.S. federal income tax purposes; a stockholder exercising dissenter s rights; a person liable for the alternative minimum tax; stockholders who acquired their shares of stock pursuant to the exercise of options or similar derivative securities, through a tax-qualified retireent:-0px">Eighth Amendment dated as of February 28, 2007 to Loan Agreement dated as of May 10, 2002, as amended, by and between Comerica Bank, Safeguard Delaware, Inc. and Safeguard Scientifics (Delaware), Inc. Form 10-K
3/27/07 10.27.11 10.2.2

Ninth Amendment dated May 2, 2007 to Loan Agreement dated as of May 10, 2002, as amended, by and between Comerica Bank, Safeguard Delaware, Inc. and Safeguard Scientifics (Delaware), Inc.
10.2.3
Amendment and Affirmation of Guaranty dated May 2, 2007 by Safeguard Scientifics, Inc.
10.3.1
Amended and Restated Loan Agreement dated February 28, 2007 for $15 million by and among Comerica Bank, Alliance Consulting Group Associates, Inc. and Alliance Holdings, Inc.
Form 10-K
3/27/07 10.29.5 10.3.2
Amended and Restated Loan Agreement dated February 28, 2007 for $5 million by and among Comerica Bank, Alliance Consulting Group Associates, Inc. and Alliance Holdings, Inc.
Form 10-K
3/27/07 10.29.6 10.3.3
Affirmation of Guaranty dated February 28, 2007 by Safeguard Delaware, Inc. and Safeguard Scientifics (Delaware), Inc. (on behalf of Alliance)
Form 10-K
3/27/07 10.29.7 10.3.4
First Amendment and Waiver dated May 2, 2007 to Amended and Restated Loan Agreement dated February 28, 2007 by and among Comerica Bank, Alliance Consulting Group Associates, Inc. and Alliance Holdings, Inc. ($12.5 million credit facility)
10.3.5
First Amendment and Waiver dated May 2, 2007 to Amended and Restated Loan Agreement dated February 28, 2007 by and among Comerica Bank, Alliance Consulting Group Associates, Inc. and Alliance Holdings, Inc. ($7.5 million credit facility)
10.3.6
Affirmation of Guaranty dated May 2, 2007 by Safeguard Delaware, Inc. and Safeguard Scientifics (Delaware), Inc. (on behalf of Alliance)

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Exhibit Number	Description	Incorporated Filing Reference: Form Type & Filing Date	Incorporated Filing Reference: Original Exhibit Number
10.4.1	Seventh Amendment dated as of January 17, 2007, to Loan Agreement dated as of February 13, 2003, as amended, by and between Comerica Bank and Clarient, Inc., formerly known as ChromaVision Medical Systems, Inc.	(1)	10.1
10.4.2	Third Amended and Restated Unconditional Guaranty dated January 17, 2007 to Comerica Bank provided by Safeguard Delaware, Inc. and Safeguard Scientifics (Delaware), Inc. (on behalf of Clarient, Inc.)	(1)	10.2
10.4.3	Amended and Restated Reimbursement and Indemnity Agreement dated as of January 17, 2007, by Clarient, Inc. in favor of Safeguard Delaware, Inc. and Safeguard Scientifics (Delaware), Inc.	(1)	10.3
10.4.4	Waiver and Eighth Amendment dated as of February 28, 2007, to Loan Agreement dated as of February 13, 2003, as amended, by and between Comerica Bank and Clarient, Inc., formerly known as ChromaVision Medical Systems, Inc.	(1)	10.4
10.4.5	Amendment and Affirmation of Guaranty dated February 28, 2007 to Comerica Bank provided by Safeguard Delaware, Inc. and Safeguard Scientifics (Delaware), Inc. (on behalf of Clarient, Inc.)	(1)	10.5
10.4.6	Ninth Amendment dated as of March 15, 2007, to Loan Agreement dated as of February 13, 2003, as amended, by and between Comerica Bank and Clarient, Inc., formerly known as ChromaVision Medical Systems, Inc.	(1)	10.16
10.5.1	Sixth Amendment dated as of February 28, 2007 to Loan and Security Agreement dated as of December 1, 2004, by and between Comerica Bank and Laureate Pharma, Inc.	Form 10-K 3/27/07	10.31.9
10.5.2	Amendment and Affirmation of Guaranty dated February 28, 2007 to Comerica Bank provided by Safeguard Delaware, Inc. and Safeguard Scientifics (Delaware), Inc. (on behalf of Laureate Pharma)	Form 10-K 3/27/07	10.31.10
10.5.3	Deficiency Guaranty dated February 28, 2007 to Comerica Bank provided by Safeguard Delaware, Inc. and Safeguard Scientifics (Delaware), Inc. (on behalf of Laureate Pharma)	Form 10-K 3/27/07	10.31.11
10.6 *	2007 Management Incentive Plan	Form 8-K 4/26/07	99.1
31.1	Certification of Peter J. Boni pursuant to Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934		
31.2	Certification of Stephen T. Zarrilli pursuant to Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934		
32.1			

	Certification of Peter J. Boni pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Stephen T. Zarrilli pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Filed herewith

* These exhibits relate to management contracts or compensatory plans, contracts or arrangements in which directors and/or executive officers of the Registrant may participate.

(1) Incorporated by reference to the Quarterly Report on Form 10-Q filed on May 9, 2007 by Clarient, Inc. (SEC File No. 000-22677)

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SAFEGUARD SCIENTIFICS, INC.

Date: May 9, 2007

PETER J. BONI

Peter J. Boni
President and Chief Executive Officer

Date: May 9, 2007

STEPHEN T. ZARRILLI

Stephen T. Zarrilli
Acting Senior Vice President, Acting Chief Administrative Officer and Acting Chief Financial Officer