



**BOARD OF DIRECTORS  
CORPORATE GOVERNANCE PRINCIPLES  
OF  
BEAM INC.**

The following principles have been adopted by the Board of Directors of Beam Inc. (the “Company”) to assist the Board in the exercise of its responsibilities to the Company and its stockholders.

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## A. Board Composition

### 1. Size of Board.

The Company's By-laws provide that the Board shall have no fewer than seven and no more than twenty members, with the precise number to be set by the Board from time to time.

### 2. Independent Directors.

It is the policy of the Board, consistent with New York Stock Exchange listing standards, that at least a majority of the Board members shall be independent directors. The Board shall determine on an annual basis whether each director qualifies as an "independent director" within the meaning of the New York Stock Exchange listing standards. If the resignation of an incumbent independent director would result in the number of independent directors falling below a majority, the Nominating and Corporate Governance Committee shall nominate, and the Board shall appoint, a replacement independent director as soon as practicable.

### 3. Director Qualifications.

The Nominating and Corporate Governance Committee is responsible for developing and reviewing with the Board the appropriate qualifications required of Board members. In developing these qualifications, the Nominating and Corporate Governance Committee will consider qualifications such as executive leadership experience, educational experience, business judgment, diversity, stature, lack of conflicts of interest, integrity, ethics, commitment to the goal of maximizing stockholder value, consumer products expertise, board experience and any evolving needs of the Board.

### 4. Majority Vote Policy.

The Company's By-laws provide for directors to be elected by a majority of the votes cast in an uncontested election. If, in an uncontested election of directors, the votes cast for a director do not exceed a majority of the votes cast, the director will promptly tender his or her resignation in accordance with the provisions of the By-laws.

The Nominating and Corporate Governance Committee is responsible for considering the tendered resignation and making a recommendation to the Board whether to accept or reject the resignation or take any other action with respect thereto. The Board will act on such recommendation within 90 days of the certification of the stockholder vote and will promptly disclose its decision in a filing with the Securities and Exchange Commission.

A director who tenders his or her resignation in accordance with the By-laws will not participate in the action or deliberations of the Nominating and Corporate Governance Committee or the Board regarding his or her resignation. However, if directors who have tendered resignations constitute a majority of the directors then in office, then, with respect to each tendered resignation, all directors, other than the director who tendered the particular resignation under consideration, may participate

in the deliberations and action regarding whether to accept or reject the tendered resignation or to take other action with respect thereto.

5. Tenure; Retirement Age.

The Board does not believe it should limit the number of terms an individual may serve as a director; however, directors must retire from the Board at the Annual Meeting of Stockholders following the attainment of their 72<sup>nd</sup> birthday.

6. Change of Primary Employment.

Upon a significant change of primary employment, non-employee directors shall tender a resignation to the Chair of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall evaluate the appropriateness of continued Board membership under the new circumstances and make a recommendation to the Board as to whether to accept the resignation. The Board shall have the sole discretion to determine whether to accept or reject the resignation. In the event that a director becomes employed by a competitor of the Company, the director's resignation will be accepted.

7. Selection of Directors.

The Nominating and Corporate Governance Committee selects director candidates on the basis of how well the candidates meet the qualifications developed by that Committee and the contributions the candidates can make in providing advice and guidance to the Board and management of the Company. The Nominating and Corporate Governance Committee shall recommend to the Board candidates for election to serve for a full term as directors, and the Board shall nominate directors for election by the Company's stockholders. If there is a vacancy in a director position, the Nominating and Corporate Governance Committee shall make recommendations to the Board for the appointment of a director to fill the vacancy for the remainder of the term.

8. Service on Other Public Company Boards.

Directors must obtain approval from the Chair of the Nominating and Corporate Governance Committee before accepting any offer to serve as a director of another public company. Any request for approval to serve on the board of directors of a direct competitor of the Company will be denied.

To ensure that all directors have sufficient time to devote proper attention to their responsibilities, directors who are actively employed shall not serve on more than two public company boards in addition to the Company's Board. This limitation shall not include service on the board of any subsidiary or affiliate of a company by which the director is employed. Directors who are not actively employed shall not serve on more than four public company boards in addition to the Company's Board. Positions may be held in excess of these limits if the Board determines that doing so would not impair a director's ability to serve effectively on the Company's Board.

No member of the Company's Audit Committee may serve on the audit committee of more than two other publicly traded companies, unless the Board

determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee of the Board.

9. Chair of the Board; Lead Director.

The Chair of the Board shall be responsible for:

- (a) presiding at all Board meetings and the Annual Meeting of Stockholders;
- (b) establishing Board meeting agendas in consultation with the chairs of the Board committees;
- (c) acting as a liaison between the non-employee directors and the Company's management;
- (d) advising the Chief Executive Officer of the quality, quantity and timeliness of the flow of information from Company management to enable the independent directors to effectively and responsibly perform their duties;
- (e) facilitating teamwork and communication among non-employee directors;
- (f) maintaining frequent contact with the Chief Executive Officer; and
- (g) performing such other duties assigned by the Board, or requested by the Chief Executive Officer.

The Chair of the Board and the Chief Executive Officer position may be filled by the same individual. If the Chair of the Board is the Chief Executive Officer, the independent directors on the Board shall elect one director whom the Board has determined is "independent" under New York Stock Exchange listing standards to serve as the Lead Director. The Lead Director shall preside at all executive sessions of the non-employee directors of the Board, as described in Section B(2) of these Principles, and perform such other duties assigned by the Board.

**B. Board Performance**

1. Board Responsibilities and Functions.

In fulfilling its responsibilities to the Company and its stockholders, the Company's Board performs, either directly or through its committees, the following principal functions:

- (a) oversight of management's effort to increase stockholder value and protect the interests of stockholders;
- (b) oversight of legal compliance and ethical conduct;
- (c) oversight of management's efforts to ensure the integrity, accuracy and completeness of the Company's financial statements and reports to

stockholders, the New York Stock Exchange, and the Securities and Exchange Commission;

- (d) general oversight of the business;
- (e) approving corporate strategy;
- (f) approving major management initiatives, including major acquisitions, divestitures and other transactions;
- (g) selecting, compensating, evaluating, and, when necessary, replacing the Chief Executive Officer and other senior executives;
- (h) selecting director nominees, or in the case of a Board vacancy, new directors, and evaluating the Board's composition; and
- (i) evaluating Board processes and performance.

In order to perform these functions, it is expected that directors will attend the meetings of the Board and the committees on which they serve. Each director is also strongly encouraged to attend the Annual Meeting of Stockholders.

## 2. Executive Sessions of Non-Employee Directors.

Non-employee directors shall meet in executive session, without management participation, on a regularly scheduled basis. At each of these meetings, the Chair of the Board or, if he or she is not a non-employee director, the Lead Director shall preside, or in his or her absence, one of the other non-employee directors shall be selected to preside. If the non-employee directors include one or more directors who is not independent under New York Stock Exchange listing standards, the independent directors will themselves meet in executive session at least once per year.

## 3. Orientation, Training and Continuing Education of Directors.

To facilitate directors in the performance of their duties and responsibilities, all directors, including new directors, shall be provided with a Board of Directors Handbook and other materials regarding the Company's business and operations, governing documents, information on key personnel, and financial information, which will be periodically updated. The Company shall also make available to all directors opportunities for continuing education with respect to the duties and responsibilities of corporate directors, the Company's regulatory environment, applicable federal securities and state corporate laws, corporate governance, board and committee practices and functions, financial principles and standard accounting procedures.

## 4. Annual Evaluation of the Board's Performance.

Through an evaluation process administered by the Nominating and Corporate Governance Committee, the Board shall annually evaluate the performance of the

Board and each of its committees. Each committee shall also annually review its own performance.

5. Board Compensation.

The compensation of non-employee directors of the Company is designed to ensure that the Company can attract and retain qualified directors of outstanding ability with a high degree of experience and expertise. The amount and form of non-employee directors' compensation is annually recommended by the Nominating and Corporate Governance Committee to the Board after review of the compensation provided to directors at companies in the Company's performance peer group and other companies with comparable levels of assets and revenues.

The structure of fees to non-employee directors is designed to provide increased compensation for those directors whose duties require additional expenditures of time and effort. To link directors' compensation to performance and to further align the Board's interests with the interests of stockholders, a significant portion of directors' compensation should be paid in the form of equity.

**C. Board Access to Senior Management and Outside Advisors**

The directors of the Company shall have complete access to senior management of the Company and, as necessary and appropriate, to the outside auditors, consultants and other advisors of the Company. The outside auditors of the Company shall meet periodically with, and shall be accessible to, the Audit Committee and, at the Board's request, the Board of Directors. The Audit Committee shall have sole authority to retain (subject to stockholder approval) and terminate the Company's independent auditors. The Compensation and Benefits Committee shall have sole authority to retain consultants assisting in the evaluation of director, CEO and senior management compensation. The Nominating and Corporate Governance Committee shall have sole authority to retain search firms for potential director nominees. The Board shall have the right to retain its own legal counsel, consultants and other advisors independent of the Company, and shall have the right to designate funds to be used for this purpose.

**D. Board Meeting Procedures**

1. Selection of Agenda Items.

The Chair of the Board shall establish the agenda for each Board meeting. Each director is free to suggest the inclusion of items on the agenda for any Board meeting.

2. Board Materials Distributed in Advance.

Information and data that is important to the Board's understanding of the business to be discussed at an upcoming Board meeting will generally be distributed in writing to the Board members sufficiently in advance of the meeting to permit meaningful review.

## **E. Board Committees**

### 1. Establishment of Committees.

From time to time the Board may determine to form a new committee or disband a current committee. The current Board committees are the Executive, Audit, Corporate Responsibility, Compensation and Benefits and Nominating and Corporate Governance Committees.

### 2. Permanent Committees.

For so long as the Company is a public company listed on the New York Stock Exchange, there shall be an Audit Committee, a Compensation and Benefits Committee, and a Nominating and Corporate Governance Committee.

### 3. Membership of Permanent Committees.

Membership on the Audit Committee, the Compensation and Benefits Committee, and the Nominating and Corporate Governance Committee shall be limited to those directors whom the Board has determined are independent under New York Stock Exchange listing standards.

### 4. Committee Charters.

Each of the following committees shall establish, and the Board shall approve, formal charters in order to define the Committee's responsibilities and role in ensuring proper and effective corporate governance: (a) Audit Committee; (b) Compensation and Benefits Committee; (c) Nominating and Corporate Governance Committee; (d) Corporate Responsibility Committee; and (e) Executive Committee. The charters of the Audit Committee, the Compensation and Benefits Committee and the Nominating and Corporate Governance Committee shall address those matters required by the New York Stock Exchange listing standards with respect to that committee.

## **F. Stockholder Rights Plan Policy**

The Board shall obtain stockholder approval prior to adopting any stockholder rights plan; provided, however, that the Board may act on its own to adopt a stockholder rights plan if under the then current circumstances, in the reasonable business judgment of a majority of the independent directors, adoption of a plan without prior stockholder approval is in the best interests of the stockholders or is otherwise required by the Board's fiduciary duties. The retention of any plan so adopted by the Board will be submitted to a vote of stockholders as a separate ballot item at either the next subsequent annual meeting of the Company's stockholders or at a special meeting of stockholders within one year of the adoption of such plan and, if not approved by a majority of the votes cast on such issue, such plan will subsequently be terminated.

## **G. Board Review of Management Succession Planning**

The Board shall annually review a management succession plan for the Chief Executive Officer and other key senior leadership positions in the Company.

#### **H. Interpretation and Amendment of Corporate Governance Principles**

These Corporate Governance Principles shall be interpreted by the Board, and shall be subject to amendment by the Board.

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