FORTUNE BRANDS HOME & SECURITY, INC.

Reconciliation of Operating Income before charges/gains to GAAP Operating Income

(Unaudited)

(in millions)	2017	2016	% Change vs 2017	2015	2014	% Change vs 2017	2013	2012	% Change vs 2017	2011	% Change vs 2017
	Twelve Months Ended December 31,										
Operating income before charges/gains [1]	$ 725	$ 658	10	$ 538	$ 431	68	$ 353	$ 212	242	$ 161	351
Restructuring and other charges [a]	(23)	(23)	1	(40)	(13)	(72)	(4)	(14)	(69)	(14)	(70)
Asset impairment charges [b]	(8)	-	(100)	-	-	(100)	(21)	(13)	37	(24)	65
Loss on sale of product line	(2)	-	(100)	-	-	(100)	-	-	(100)	-	(100)
Standalone corporate costs [c]	-	-	-	-	-	-	-	-	-	14	(100)
Business separation costs [d]	-	-	-	-	-	-	-	-	-	(2)	100
Defined benefit plan actuarial gains/(losses) [e]	1	(2)	126	(3)	(14)	104	(5)	(42)	101	(80)	101
GAAP operating income	$ 692	$ 633	9	$ 496	$ 404	71	$ 323	$ 143	383	$ 55	1,165

Reconciliation of before charges/gains Operating Margin to Operating Margin

(Unaudited)

	2017	2016	Change vs 2017	2015	2014	Change vs 2017	2013	2012	Change vs 2017	2011	Change vs 2017
	Twelve Months Ended December 31,										
Before charges/gains operating margin [2]	13.7%	13.2%	0.5 pts	11.8%	10.7%	3.0 pts	9.5%	6.8%	6.9 pts	5.6%	8.1 pts
Restructuring and other charges [a]	(0.4%)	(0.5%)		(0.9%)	(0.3%)		(0.1%)	(0.4%)		(0.5%)	
Asset impairment charges [b]	(0.2%)	-		-	-		(0.6%)	(0.5%)		(0.8%)	
Loss on sale of product line	-	-		-	-		-	-		-	
Standalone corporate costs [c]	-	-		-	-		-	-		0.5%	
Business separation costs [d]	-	-		-	-		-	-		(0.1%)	
Defined benefit plan actuarial gains/(losses) [e]	-	-		(0.1%)	(0.3%)		(0.1%)	(1.3%)		(2.8%)	
Operating margin	13.1%	12.7%	0.4 pts	10.8%	10.1%	3.0 pts	8.7%	4.6%	8.5 pts	1.9%	11.2 pts

(1) Operating income before charges/gains is operating income derived in accordance with U.S. generally accepted accounting principles ("GAAP") including estimated incremental stand alone corporate expenses for 2011 periods prior to the spin off of FBHS from Fortune Brands Inc. (the "Separation") and excluding restructuring and other charges, asset impairment charges, loss on the sale of a product line, business separation costs and the impact of income and expense from actuarial gains or losses associated with our defined benefit plans. Operating income before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by FBHS and its business segments. Management believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

(2) Operating margin is calculated as operating income derived in accordance with GAAP divided by GAAP Net Sales. Before charges/gains operating margin is operating income derived in accordance with GAAP excluding restructuring and other charges, asset impairment charges, loss on the sale of a product line and for FBHS, standalone corporate costs, business separation costs and the impact of income and expense from actuarial gains or losses associated with our defined benefit plans recorded in the Corporate segment and dividing by GAAP net sales. Before charges/gains operating margin is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by FBHS and its business segments. Management believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

(a) (b) (c) (d) (e) For definitions of Non-GAAP measures, see Definitions of Terms page

FORTUNE BRANDS HOME & SECURITY, INC.
BEFORE CHARGES/GAINS OPERATING MARGIN TO OPERATING MARGIN
(Unaudited)

	Twelve Months Ended December 31, 2017
CABINETS	
Before Charges/Gains Operating Margin	**11.0%**
Restructuring & Other Charges	(0.2%)
Operating Margin	**10.8%**
PLUMBING	
Before Charges/Gains Operating Margin	**21.6%**
Restructuring & Other Charges	(0.5%)
Operating Margin	**21.1%**
DOORS	
Before Charges/Gains Operating Margin	**14.8%**
Operating Margin	**14.8%**
SECURITY	
Before Charges/Gains Operating Margin	**14.9%**
Restructuring & Other Charges	(1.8%)
Asset Impairment	(0.5%)
Loss on sale of product line	(0.4%)
Operating Margin	**12.2%**

Operating margin is calculated as operating income derived in accordance with GAAP divided by GAAP Net Sales. Before charges/gains operating margin is operating income derived in accordance with GAAP excluding restructuring and other charges, loss on the sale of product line and asset impairments, and for the total Company, the impact of income and expense from actuarial gains or losses associated with our defined benefit plans recorded in the Corporate segment, divided by GAAP net sales. Before charges/gains operating margin is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by FBHS and its business segments. Management believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS HOME & SECURITY, INC.
2017, 2016, 2015, 2014, 2013, 2012 & 2011 DILUTED EPS BEFORE CHARGES/GAINS RECONCILIATION
(Unaudited)

	Twelve Months Ended December 31,										
	2017	**2016**	**% Change vs 2017**	**2015**	**2014**	**% Change vs 2017**	**2013**	**2012**	**% Change vs 2017**	**2011**	**% Change vs 2017**
Earnings Per Common Share - Diluted											
EPS Before Charges/Gains [g]	$ 3.08	$ 2.75	12	$ 2.07	$ 1.74	77	$ 1.37	$ 0.83	271	$ 0.57	440
Restructuring and other charges	(0.10)	(0.10)	-	(0.10)	(0.05)	(100)	(0.02)	(0.05)	(100)	(0.05)	(100)
Asset impairment charges	(0.07)	-	-	-	(0.01)	(600)	(0.12)	(0.05)	(40)	(0.09)	22
Loss on sale of product line	(0.02)	-	-	-	-	-	-	-	-	-	-
Norcraft transaction costs [f]	-	-	-	(0.08)	-	-	-	-	-	-	-
Income Tax gains/(losses)	0.16	(0.02)	900	-	0.01	-	-	0.08	100	-	-
Defined benefit plan actuarial losses	-	(0.01)	100	(0.01)	(0.05)	100	(0.02)	(0.16)	100	(0.31)	100
Write off of prepaid debt issuance costs	-	(0.01)	100	-	-	-	-	-	-	-	-
Adjusted pro forma tax rate adjustment	-	-	-	-	-	-	-	-	-	(0.07)	100
Capital structure change	-	-	-	-	-	-	-	-	-	(0.06)	100
Standalone corporate costs	-	-	-	-	-	-	-	-	-	0.05	(100)
Business separation costs	-	-	-	-	-	-	-	-	-	(0.01)	100
Diluted EPS - Continuing Operations	$ 3.05	$ 2.61	17	$ 1.88	$ 1.64	86	$ 1.21	$ 0.65	369	$ 0.03	-

For the twelve months ended December 31, 2017, diluted EPS before charges/gains is net income from continuing operations, net of tax including the impact from noncontrolling interests calculated on a diluted per-share basis excluding $23.0 million ($16.3 million after tax or $0.10 per diluted share) of restructuring and other charges, asset impairments of $15.3 million ($11.1 million after tax or $0.07 per diluted share), the loss on sale of product line of $2.4 million ($2.5 million after tax or $0.02 per diluted share), the impact of income from actuarial gains associated with our defined benefit plans of $0.5 million ($0.3 million after tax) and a net benefit related to the Tax Cuts and Jobs Act of 2017 of $25.7 million ($0.16 per diluted share).

For the twelve months ended December 31, 2016, diluted EPS before charges/gains is income from continuing operations, net of tax and including the impact from noncontrolling interests calculated on a diluted per-share basis excluding $23.2 million ($16.5 million after tax or $0.10 per diluted share) of restructuring and other charges, the impact of the write off of prepaid debt issuance cost of $1.3 million ($0.8 million after tax or $0.01 per diluted share), expense related to tax items of $3.1 million ($0.02 per diluted share), and actuarial losses of $1.9 million ($1.3 million after tax or $0.01 per diluted share).

For the twelve months ended December 31, 2015, diluted EPS before charges/gains is income from continuing operations, net of tax and including the impact from noncontrolling interests calculated on a diluted per-share basis excluding $22.7 million ($16.3 million after tax or $0.10 per diluted share) of restructuring and other charges, transaction costs related to the acquisition of Norcraft of $17.1 million ($13.4 million after tax or $0.08 per diluted share), the impact of expense from actuarial losses associated with our defined benefit plans of $2.5 million ($1.6 million after tax or $0.01 per diluted share) and a charge related to a tax item of $0.2 million.

For the twelve months ended December 31, 2014, diluted EPS before charges/gains is income from continuing operations, net of tax and including the impact from noncontrolling interests calculated on a diluted per-share basis excluding $13.5 million ($8.4 million after tax or $0.05 per diluted share) of restructuring and other charges, a tax benefit resulting from the write off of our investment in an international subsidiary of $1.6 million ($1.6 million after tax or $0.01 per diluted share), an asset impairment charge of $1.6 million ($1.0 million after tax or $0.01 per diluted share) and the impact of expense from actuarial losses associated with our defined benefit plans of $13.7 million ($8.7 million after tax or $0.05 per diluted share).

For the twelve months ended December 31, 2013, diluted EPS before charges/gains is income from continuing operations, net of tax and including the impact from noncontrolling interests calculated on a diluted per-share basis excluding $3.7 million ($3.0 million after tax or $0.02 per diluted share) of restructuring and other charges, asset impairment charges of $27.4 million ($20.0 million after tax or $0.12 per diluted share) and the impact of expense from actuarial losses associated with our defined benefit plan of $5.1 million ($3.3 million after tax or $0.02 per diluted share).

For the twelve months ended December 31, 2012, diluted EPS before charges/gains is income from continuing operations, net of tax and including the impact from noncontrolling interests calculated on a diluted per-share basis excluding $13.6 million ($8.9 million after tax or $0.05 per diluted share) of restructuring and other charges, asset impairment charges of $13.2 million ($8.1 million after tax or $0.05 per diluted share) pertaining to the impairment of certain indefinite lived trade names, income tax gains pertaining to the favorable resolution of tax audits of $12.7 million ($0.08 per diluted share) and the impact of expense from actuarial losses associated with our defined benefit plans of $42.2 million ($26.2 million after tax or $0.16 per diluted share).

For the twelve months ended December 31, 2011, diluted EPS before charges/gains is income from continuing operations, net of tax and including the impact from noncontrolling interests calculated on a diluted per-share basis adjusted to reflect the actual number of diluted shares of the Company as of December 31, 2011 of 160.7 million, estimated incremental standalone corporate costs of $13.8 million ($8.6 million after tax or $0.05 per diluted share), an adjusted pro forma effective tax rate adjustment of $12.0 million ($0.07 per share) to reflect an effective tax rate of 35%, capital structure changes that reflect the borrowing arrangements and debt level of the Company as of October 4, 2011 of $14.4 million ($8.9 million after tax or $0.06 per diluted share), and excludes restructuring and other charges of $13.4 million ($8.4 million after tax or $0.05 per diluted share), business separation costs of $2.4 million ($1.7 million after tax or $0.01 per diluted share), asset impairment charges of $24.0 million ($14.6 million after tax or $0.09 per diluted share) pertaining to the impairment of certain indefinite lived trade names and the impact of expense from actuarial losses associated with our defined benefit plans of $80.0 million ($49.9 million after tax or $0.31 per diluted share).

RECONCILIATION OF FULL YEAR 2018 EARNINGS GUIDANCE TO GAAP

The Company is targeting diluted EPS before charges/gains from continuing operations to be in the range of $3.54 to $3.66 per share. For the full year, on a GAAP basis, the Company is targeting diluted EPS from continuing operations to be in the range of $3.44 to $3.56 per share. Reconciliation of non-GAAP diluted EPS guidance to GAAP diluted EPS guidance cannot be provided without unreasonable efforts on a forward-looking basis due to the high variability and low visibility with respect to gains and losses associated with our defined benefit plans and restructuring and other charges, which are excluded from the diluted EPS before charges/gains. In addition, the Company's GAAP EPS range assumes the Company incurs no gains or losses associated with its defined benefit plans during 2018.

(f) (g) For definitions of Non-GAAP measures, see Definitions of Terms page

FORTUNE BRANDS HOME & SECURITY, INC.

Reconciliation of EBITDA before charges/gains to Income from continuing operations

(Unaudited)

(in millions)

	Twelve Months Ended December 31,		
	2017	2011	% Change vs 2017
EBITDA before charges/gains [h]	$ 855	$ 239	258
Depreciation	$ (99)	$ (71)	$ (40)
Amortization of intangible assets	(32)	(10)	(211)
Restructuring and other charges [a]	(23)	(13)	(72)
Business separation costs [d]	-	(2)	100
Related party interest expense, net	-	(23)	100
Interest Expense	(49)	(3)	(1,547)
Loss on sale of product line	(2)	-	(100)
Standalone corporate costs [c]	-	14	(100)
Asset impairment charges [b]	(15)	(24)	36
Defined benefit plan actuarialgains/(losses) [e]	1	(80)	101
Income taxes	(160)	(21)	(674)
Income from continuing operations, net of tax	$ 475	$ 6	8,388

CALCULATION OF NET DEBT-TO-EBITDA BEFORE CHARGES/GAINS RATIO

As of December 31, 2017	
Long-term debt *	1,508
Total debt	1,508
Less:	
Cash and cash equivalents *	323
Net debt (1)	1,185
For the twelve months ended December 31, 2017	
EBITDA before charges/gains (2) [h]	855
Net debt-to-EBITDA before charges/gains ratio (1/2)	1.4x

* Amounts are per the unaudited Condensed Consolidated Balance Sheet as of December 31, 2017 as presented in our 8k filed on February 1, 2018.

(a) (b) (c) (d) (e) (h) For definitions of Non-GAAP measures, see Definitions of Terms page

FORTUNE BRANDS HOME & SECURITY, INC.
RECONCILIATION OF NET INCOME BEFORE CHARGES/GAINS TO GAAP NET INCOME

(In millions)

(Unaudited)

	Twelve Months Ended December 31,								
	2017	**2016**	**% Change vs 2017**	**2015**	**2014**	**% Change vs 2017**	**2013**	**2012**	**% Change vs 2017**
Net Income Before Charges/Gains	**$ 479**	**$ 434**	10	**$ 338**	**$ 289**	66	**$ 234**	**$ 138**	248
Restructuring and other Charges, net of tax	(16)	(17)	1	(16)	(8)	(94)	(3)	(9)	(83)
Asset Impairment charges, net of tax	(11)	-	-	-	(1)	-	(20)	(8)	(37)
Loss on Sale of product line	(3)	-	-	-	-	-	-	-	-
Income tax gains/(losses)	26	(3)	929	(0)	2	-	-	13	102
Defined benefit plan actuarial gains/(losses), net of tax	0	(1)	123	(2)	(9)	103	(3)	(26)	101
Write-off of prepaid debt issuance costs, net of tax	-	(1)	100	-	-	-	-	-	-
Norcraft transaction costs, net of tax	-	-	-	(13)	-	-	-	-	-
Net Income, Continuing Operations, Reported	**$ 475**	**$ 412**	15	**$ 306**	**$ 272**	74	**$ 208**	**$ 107**	343
Discontinued Operations	(2)	1	(400)	9	(114)	98	22	11	(121)
Net Income	**$ 473**	**$ 413**	14	**$ 315**	**$ 158**	199	**$ 230**	**$ 119**	298

Net income before charges/gains is income from continuing operations, net of tax, less noncontrolling interests and excludes restructuring and other charges, asset impairment charges, the loss on the sale of product line, income tax gains/(losses), the impact of income and expense from actuarial gains or losses associated with our defined benefit plans, the write off of prepaid debt issuance costs and Norcraft transaction related expenses. Net income before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the overall performance of the Company and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS HOME & SECURITY, INC.
Reconciliation of ROIC before charges/gains to ROIC
(in millions)
(Unaudited)

	2017			2016			% Change vs 2017
	Income from continuing operations, net of tax, less noncontrolling interests	Average Invested Capital	ROIC	Income from continuing operations, net of tax, less noncontrolling interests	Average Invested Capital	ROIC	ROIC
Before charges/gains	$ 514 /	$ 3,713 =	13.9%	$ 468 /	$ 3,519 =	13.3%	4.3%
Restructuring and other charges and other select items	(39)	(48)		(55)	(54)		
As reported	$ 475 /	$ 3,664 =	13.0%	$ 412 /	$ 3,465 =	11.9%	9.0%

	2015			2014			% Change vs 2017
	Income from continuing operations, net of tax, less noncontrolling interests	Average Invested Capital	ROIC	Income from continuing operations, net of tax, less noncontrolling interests	Average Invested Capital	ROIC	ROIC
Before charges/gains	$ 359 /	$ 3,166 =	11.3%	$ 296 /	$ 2,845 =	10.4%	33.2%
Restructuring and other charges and other select items	(53)	(101)		(24)	(90)		
As reported	$ 306 /	$ 3,064 =	10.0%	$ 272 /	$ 2,754 =	9.9%	31.1%

	2013			2012			% Change vs 2017
	Income from continuing operations, net of tax, less noncontrolling interests	Average Invested Capital	ROIC	Income from continuing operations, net of tax, less noncontrolling interests	Average Invested Capital	ROIC	ROIC
Before charges/gains	$ 239 /	$ 2,610 =	9.2%	$ 143 /	$ 2,469 =	5.8%	138.7%
Restructuring and other charges and other select items	(31)	(34)		(36)	(70)		
As reported	$ 208 /	$ 2,576 =	8.1%	$ 107 /	$ 2,400 =	4.5%	190.0%

Return on Invested Capital - or ROIC - Before Charges/Gains is income from continuing operations, net of tax, less noncontrolling interests plus after-tax interest expense derived in accordance with GAAP excluding restructuring and other charges and other select items divided by a two point average of GAAP Invested Capital (net debt plus stockholders' equity) excluding any restructuring and other charges and other select items. Restructuring charges are costs incurred to implement significant cost reduction initiatives and include workforce reduction costs. "Other charges" include charges or gains directly related to restructuring initiatives that cannot be reported as restructuring under GAAP. Such charges or gains may include inventory obsolescence provisions and trade receivables allowances from exiting product lines, accelerated depreciation resulting from the closure of facilities, and gains or losses on the sale of previously closed facilities. In addition at Corporate, other charges incurred represent external costs directly related to the acquisition of Norcraft, which primarily include expenditures from banking, legal, accounting and other similar services for the twelve months ended December 31, 2015. In addition, other charges include estimated acquisition related inventory step-up expense in our Plumbing segment for the twelve months ended December 31, 2017, and December 31, 2016, and our Cabinets segment for the twelve months ended December 31, 2015, which are classified in cost of products sold. Other charges also included, in our Plumbing segment, compensation expense related to deferred purchase price consideration payable to certain former Victoria + Albert shareholders contingent on their employment through October 2018 and a transaction related U.K. stamp duty resulting from our acquisition of Victoria + Albert. Other select items include asset impairment charges, income tax gains and lossess, the impact of income and expense from actuarial gains or losses associated with our defined benefit plans and the write off of prepaid debt issuance costs. ROIC Before Charges/Gains is a measure not derived in accordance with GAAP. Management uses this measure to determine the returns generated by the Company and to evaluate and identify cost-reduction initiatives. Management believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from year to year. These measures may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS HOME & SECURITY, INC.
RECONCILIATION OF OPERATING INCOME BEFORE CHARGES/GAINS TO GAAP OPERATING INCOME
(In millions)
(Unaudited)

	For the twelve months ended						
	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
DOORS							
Operating income before charges/gains	$ 74.5	$ 62.3	$ 44.0	$ 29.2	$ 15.3	$ 6.0	$ 5.1
Restructuring charges [(a)]	0.1	(0.4)	-	-	-	-	0.1
Other charges [(a)]							
Cost of products sold	-	-	-	-	-	-	(0.9)
Selling, general and administrative expenses	(0.1)	-	-	-	-	-	-
Asset impairment charges	-	-	-	-	-	(7.3)	(24.0)
Operating income (GAAP)	$ 74.5	$ 61.9	$ 44.0	$ 29.2	$ 15.3	$ (1.3)	$ (19.7)
SECURITY							
Operating income before charges/gains	$ 88.5	$ 81.6	$ 69.3	$ 59.2	$ 55.4	$ 54.3	$ 50.7
Restructuring charges [(a)]	(4.2)	(10.1)	(8.1)	(4.1)	-	-	-
Other charges [(a)]							
Cost of products sold	(5.6)	(4.2)	(5.3)	(5.7)	-	-	-
Selling, general and administrative expenses	(0.7)	(0.7)	-	-	-	-	-
Asset impairment charges	(3.2)	-	-	-	-	-	-
Loss on sale of product line	(2.4)	-	-	-	-	-	-
Operating income (GAAP)	$ 72.4	$ 66.6	$ 55.9	$ 49.4	$ 55.4	$ 54.3	$ 50.7

Operating income before charges/gains is operating income derived in accordance with GAAP excluding restructuring and other charges, asset impairment charges and the loss on the sale of a product line. Operating income before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by FBHS and its business segments. Management believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

(a) For definitions of Non-GAAP measures, see Definitions of Terms page

Definitions of Terms: Non-GAAP Measures

(a) Restructuring charges are costs incurred to implement significant cost reduction initiatives and include workforce reduction costs. "Other charges" represent charges or gains directly related to restructuring initiatives that cannot be reported as restructuring under GAAP. Such costs may include inventory obsolescence provisions and trade receivables allowances from exiting product lines, accelerated depreciation resulting from the closure of facilities, and gains or losses on the sale of previously closed facilities. At Corporate, other charges incurred represent external costs directly related to the acquisition of Norcraft and primarily include expenditures from banking, legal, accounting and other similar services for the twelve months ended December 31, 2015. In addition, other charges include estimated acquisition related inventory step-up expense of $2.0 million for the twelve months ended December 31, 2017, and $3.8 million for the twelve months ended December 31, 2016 in our Plumbing segment and $2.1 million for the twelve months ended December 31,2015 in our Cabinets segment; these charges are classified in cost of products sold. Other charges also included in our Plumbing segment include $ 1.6 million of compensation expense related to deferred purchase price consideration payable to certain former Victoria + Albert shareholders contingent on their employment through October 2018 and $0.7 million of transaction related U.K. stamp duty resulting from our acquisition of Victoria + Albert.

(b) Asset impairment charges for the twelve months ended December 31, 2017, represent an impairment of a cost investment in a developmental stage home security company classified in other expense and an impairment of a long-lived Corporate asset classified in selling, general and administrative expenses and include impairments related to our decision during the first quarter of 2017 to sell the Field ID product line.

(c) The Company estimates that it would have incurred approximately $14 million of incremental corporate expenses if it had functioned as an independent standalone public company for the twelve months ended December 31, 2011.

(d) Business separation costs are costs related to non-cash non-recurring costs associated with the modification of share-based compensation awards as a result of the Separation.

(e) Represents actuarial gains or losses associated with our defined benefit plans. Actuarial gains or losses in a period represent the difference between actual and actuarially assumed experience, principally related to liability discount rates and plan asset returns, as well as other actuarial assumptions including compensation rates, turnover rates, and health care cost trend rates. The Company recognizes actuarial gains or losses immediately in operating income to the extent they cumulatively exceed a “corridor.” The corridor is equal to the greater of 10% of the fair value of plan assets or 10% of a plan’s projected benefit obligation. Actuarial gains or losses are determined at required remeasurement dates which occur at least annually in the fourth quarter. Remeasurements due to plan amendments and settlements may also occur in interim periods during the year. Our operating income before charges/gains reflects our expected rate of return on pension plan assets which in a given period may materially differ from our actual return on plan assets. Our liability discount rates and plan asset returns are based upon difficult to predict fluctuations in global bond and equity markets that are not directly related to the Company’s business. We believe that the exclusion of actuarial gains or losses from operating income before charges/gains provides investors with useful supplemental information regarding the underlying performance of the business from period to period that may be considered in conjunction with our operating income as measured on a GAAP basis. We present this supplemental information because such actuarial gains or losses may create volatility in our operating income that does not necessarily have an immediate corresponding impact on operating cash flow or the actual compensation and benefits provided to our employees. The table below sets forth additional supplemental information on the Company's historical actual and expected rate of return on plan assets, as well as discount rates used to value its defined benefit obligations:

($ In millions)	*Year Ended December 31, 2017*		*Year Ended December 31, 2016*		*Year Ended December 31, 2015*		*Year Ended December 31, 2014*		*Year Ended December 31, 2013*		*Year Ended December 31, 2012*		*Year Ended December 31, 2011*	
	%	*$*	*%*	*$*	*%*	*$*	*%*	*$*	*%*	*$*	*%*	*$*	*%*	*$*
Actual return on plan assets	*16.3%*	*$83.2*	*10.0%*	*$46.6*	*(2.1)%*	*($18.2)*	*9.8%*	*$52.0*	*15.2%*	*$74.6*	*14.5%*	*$63.7*	*(0.6)%*	*($2.7)*
Expected return on plan assets	*6.4%*	*37.3*	*6.6%*	*37.2*	*6.8%*	*40.2*	*7.4%*	*42.2*	*7.8%*	*41.8*	*7.8%*	*36.8*	*8.5%*	*41.3*
Discount rate at December 31:														
Pension benefits	*3.8%*		*4.3%*		*4.6%*		*4.2%*		*5.0%*		*4.2%*		*4.9%*	
Postretirement benefits	*3.4%*		*3.4%*		*4.1%*		*3.5%*		*4.3%*		*3.7%*		*4.6%*	

(f) Represents external costs directly related to the acquisition of Norcraft and primarily includes expenditures for banking, legal, accounting and other similar services. In addition, it includes the impact of expense related to our estimated purchase accounting inventory step-up.

(g) Diluted EPS before charges/gains is income from continuing operations, net of tax, less noncontrolling interests calculated on a diluted per-share basis excluding restructuring and other charges, asset impairment charges, Norcraft transaction related expenses, income tax gains and losses, the impact of income and expense from actuarial gains or losses associated with our defined benefit plans, the loss on the sale of product line and the write-off of prepaid debt issuance costs. Diluted EPS before charges/gains for the twelve months ended December 31, 2011 have also been adjusted to reflect an adjusted pro forma effective tax rate of 35%, capital structure changes that reflect the borrowing arrangements and debt level of the Company as of October 4, 2011, the 1:1 share distribution resulting from the spin-off of the Company from Fortune Brands, Inc. (the "Separation"), estimated incremental standalone corporate expenses for the 2011 periods prior to the Separation, and business separation costs. Diluted EPS before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the overall performance of the Company and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

(h) EBITDA before charges/gains is income from continuing operations, net of tax, derived in accordance with GAAP including estimated incremental standalone corporate expenses for periods prior to the Separation and excluding restructuring and other charges, business separation costs, asset impairment charges, the loss on the sale of product line, the impact of income and expense from actuarial gains or losses associated with our defined benefit plans, depreciation, amortization of intangible assets, related party interest expense, net, external interest expense, and income taxes. EBITDA before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to assess returns generated by FBHS. Management believes this measure provides investors with helpful supplemental information about the Company's ability to fund internal growth, make acquisitions and repay debt and related interest. This measure may be inconsistent with similar measures presented by other companies.