

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

	For the three months ended			
	March 31, 2014	March 31, 2013	\$ change	% change
<b>KITCHEN &amp; BATH CABINETRY</b>				
Operating income before charges/gains <sup>(a)</sup>	\$ 20.0	\$ 14.9	\$ 5.1	34
Restructuring charges	(0.1)	(0.3)	0.2	67
Other charges				
Cost of products sold	-	(0.3)	0.3	100
Operating income (GAAP)	\$ 19.9	\$ 14.3	\$ 5.6	39
<b>PLUMBING &amp; ACCESSORIES</b>				
Operating income before charges/gains <sup>(a)</sup>	\$ 55.4	\$ 55.0	\$ 0.4	1
Restructuring charges	(0.1)	-	(0.1)	(100)
Operating income (GAAP)	\$ 55.3	\$ 55.0	\$ 0.3	1
<b>ADVANCED MATERIAL WINDOWS &amp; DOOR SYSTEMS</b>				
Operating loss before charges/gains <sup>(a)</sup>	\$ (7.7)	\$ (7.9)	\$ 0.2	3
Restructuring charges	-	(0.6)	0.6	100
Operating loss (GAAP)	\$ (7.7)	\$ (8.5)	\$ 0.8	9
<b>SECURITY &amp; STORAGE</b>				
Operating income before charges/gains <sup>(a)</sup>	\$ 12.0	\$ 12.3	\$ (0.3)	(2)
Restructuring charges	(2.1)	-	(2.1)	(100)
Other charges				
Cost of products sold	(0.1)	-	(0.1)	(100)
Operating income (GAAP)	\$ 9.8	\$ 12.3	\$ (2.5)	(20)
<b>CORPORATE</b>				
Corporate expense before charges/gains <sup>(a)</sup>	\$ (14.6)	\$ (11.9)	\$ (2.7)	(23)
Defined benefit plan actuarial losses <sup>(b)</sup>	(0.6)	(4.6)	4.0	87
Corporate expense (GAAP)	\$ (15.2)	\$ (16.5)	\$ 1.3	8
<b>FORTUNE BRANDS HOME &amp; SECURITY</b>				
Operating income before charges/gains <sup>(a)</sup>	\$ 65.1	\$ 62.4	\$ 2.7	4
Restructuring charges	(2.3)	(0.9)	(1.4)	(156)
Other charges				
Cost of products sold	(0.1)	(0.3)	0.2	67
Defined benefit plan actuarial losses <sup>(b)</sup>	(0.6)	(4.6)	4.0	87
Operating income (GAAP)	\$ 62.1	\$ 56.6	\$ 5.5	10

(a) Operating income (loss) before charges/gains is operating income (loss) derived in accordance with U.S. generally accepted accounting principles ("GAAP") excluding restructuring and other charges 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.

(b) 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 (loss) 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 (loss) 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		Year Ended	
	December 31, 2013		December 31, 2012	
	%	\$	%	\$
Actual return on plan assets	15.2%	\$74.6	14.5%	\$63.7
Expected return on plan assets	7.8%	41.8	7.8%	36.8
Discount rate at December 31:				
Pension benefits	5.0%		4.2%	
Postretirement benefits	4.3%		3.7%	

**FORTUNE BRANDS HOME & SECURITY, INC.**

**RECONCILIATION OF FULL YEAR GUIDANCE DILUTED EPS BEFORE CHARGES/GAINS TO GAAP DILUTED EPS  
(Unaudited)**

	For the twelve months ended		
	December 31, 2014	December 31, 2013	% change
<b>Diluted EPS before charges/gains - full year range</b>	\$1.90 - \$1.99	\$ 1.50	
<b>Diluted EPS before charges/gains<sup>(a)</sup></b>	\$ 1.95	\$ 1.50	30
Restructuring and other charges <sup>(b)</sup>	-	(0.02)	
Asset impairment charges	-	(0.12)	
Defined benefit plan actuarial losses	-	(0.02)	
<b>Diluted EPS (GAAP)</b>	\$ 1.95	\$ 1.34	46

(a) For the twelve months ended December 31, 2013, diluted EPS before charges/gains is net income calculated on a diluted per-share basis excluding \$5.1 million (\$3.6 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).

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.

(b) 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 losses on disposal of inventories, trade receivables allowances from exiting product lines, accelerated depreciation resulting from the closure of facilities and gains or losses associated with the sale of closed facilities.

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**(In millions)**  
**(Unaudited)**

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

**As of March 31, 2014**

Notes payable to banks <sup>(a)</sup>	\$ 9.7
Long-term debt <sup>(a)</sup>	475.0
Total debt	484.7
Less:	
Cash and cash equivalents <sup>(a)</sup>	124.2
Net debt (1)	360.5

**For the twelve months ended March 31, 2014**

EBITDA before charges/gains (2) <sup>(b)</sup>	484.9
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**Net debt-to-EBITDA before charges/gains ratio (1/2)**

0.7
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(a) Amounts are per the unaudited Condensed Consolidated Balance Sheet as of March 31, 2014.

	<b>Three Months Ended March 31, 2014</b>	<b>Nine Months Ended December 31, 2013</b>	<b>Twelve Months Ended March 31, 2014</b>
<b>Net Income</b>	\$ 41.2	\$ 193.4	\$ 234.6
Depreciation <sup>(c)</sup>	\$ 19.5	\$ 58.1	\$ 77.6
Amortization of intangible assets	4.0	10.6	14.6
Restructuring and other charges	2.4	3.9	6.3
Interest expense	1.9	5.5	7.4
Asset impairment charges	-	27.4	27.4
Defined benefit plan actuarial losses	0.6	0.5	1.1
Income taxes	19.5	96.4	115.9
<b>EBITDA BEFORE CHARGES/GAINS</b>	\$ 89.1	\$ 395.8	\$ 484.9

(b) EBITDA before charges/gains is net income derived in accordance with GAAP excluding restructuring and other charges, asset impairment charges, the impact of income and expense from actuarial gains or losses associated with our defined benefit plans, depreciation, amortization of intangible assets, 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.

(c) Depreciation excludes accelerated depreciation of (\$0.1) million for the nine months ended December 31, 2013.

**FORTUNE BRANDS HOME & SECURITY, INC.**

**RECONCILIATION OF PERCENTAGE CHANGE IN NET SALES EXCLUDING WOODCRAFTERS, THE ESTIMATED WEATHER IMPACT AND THE IMPACT FROM THE EXIT OF LOW MARGIN BUILDER DIRECT BUSINESS IN THE WEST IN Q1 2014 TO PERCENTAGE CHANGE IN NET SALES (GAAP)  
(Unaudited)**

**Three Months Ended  
March 31, 2014**

**Kitchen & Bath Cabinetry**

**Percentage change in Net Sales excluding Q1 2014 Impacts**

WoodCrafters Net Sales (GAAP)

Estimated weather impact in Q1 2014

Exit of low margin builder direct business in the west

**Percentage change in Net Sales (GAAP)**

13%
15%
(6%)
(3%)
19%

Net sales excluding WoodCrafters, the estimated impact of weather and the impact from the exit of low margin builder direct business in the west in the first quarter of 2014 is net sales derived in accordance with GAAP excluding WoodCrafters GAAP net sales, the estimated impact of weather and the impact from the exit of low margin builder direct business in the west in the first quarter of 2014. Management uses this measure to evaluate the overall performance of the Kitchen & Bath Cabinetry segment and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the segment from period to period. This measure may be inconsistent with similar measures presented by other companies.

**FORTUNE BRANDS HOME & SECURITY, INC.**

**RECONCILIATION OF PERCENTAGE CHANGE IN NET SALES EXCLUDING  
ESTIMATED WEATHER IMPACT IN Q1 2014 TO PERCENTAGE CHANGE IN NET  
SALES (GAAP)**

**(In millions)**

**(Unaudited)**

**Three months ended  
March 31, 2014**

**PLUMBING & ACCESSORIES**

Percentage change in Net Sales excluding estimated weather impact in Q1 2014

3%

Estimated weather impact in Q1 2014

(3%)

Percentage change in Net Sales (GAAP)

0%

**ADVANCED MATERIAL WINDOWS & DOOR SYSTEMS**

**DOORS**

Percentage change in Net Sales excluding estimated weather impact in Q1 2014

14%

Estimated weather impact in Q1 2014

(6%)

Percentage change in Net Sales (GAAP)

8%

**WINDOWS**

Percentage change in Net Sales excluding estimated weather impact in Q1 2014

6%

Estimated weather impact in Q1 2014

(6%)

Percentage change in Net Sales (GAAP)

0%

Net sales excluding the estimated impact of weather in the first quarter of 2014 is net sales derived in accordance with GAAP excluding the estimated impact of weather in the first quarter of 2014. Management uses this measure to evaluate the overall performance of 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.**  
**BEFORE CHARGES/GAINS OPERATING MARGIN EXCLUDING ESTIMATED**  
**WEATHER IMPACT IN Q1 2014 TO GAAP OPERATING MARGIN**  
**(Unaudited)**

**Three Months Ended**  
**March 31, 2014**

**KITCHEN & BATH CABINERY**

**Before Charges/Gains Operating Margin excluding estimated weather impact in Q1 2014**

Estimated weather impact in Q1 2014

**Before Charges/Gains Operating Margin**

Restructuring & Other Charges

**GAAP Operating Margin**

7%
(2%)
5%
0%
5%

**PLUMBING & ACCESSORIES**

**Before Charges/Gains Operating Margin excluding estimated weather impact in Q1 2014**

Estimated weather impact in Q1 2014

**Before Charges/Gains Operating Margin**

Restructuring & Other Charges

**GAAP Operating Margin**

19%
(1%)
18%
(0%)
18%

Before charges/gains operating margin excluding the estimated impact of weather in the first quarter of 2014 is operating margin derived in accordance with GAAP excluding restructuring and other charges and the estimated impact of weather in the first quarter of 2014. Before charges/gains operating margin excluding the estimated impact of weather in the first quarter of 2014 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.****PERCENTAGE CHANGE IN DILUTED EPS BEFORE CHARGES/GAINS EXCLUDING THE ESTIMATED WEATHER IMPACT IN Q1 2014 RECONCILIATION  
(unaudited)**

<b>Three months ended March 31, 2014</b>
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**Percentage change in Diluted EPS Before Charges/Gains Excluding the estimated weather impact in Q1 2014**

38%

Estimated weather impact in Q1 2014

(34%)

**Percentage change in Diluted EPS Before Charges/Gains**

4%

Restructuring and other charges

(4%)

Defined benefit plan actuarial losses

9%

**Percentage change in Diluted EPS (GAAP)**

9%

Diluted EPS before charges/gains excluding the estimated impact of weather in the first quarter of 2014 is net income calculated on a diluted per-share basis excluding restructuring and other charges, the impact of income and expense from actuarial gains or losses associated with our defined benefit plans and the estimated impact of weather in the first quarter of 2014. Diluted EPS before charges/gains excluding the estimated impact of weather in the first quarter of 2014 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 SEGMENT OPERATING INCOME BEFORE CHARGES/GAINS EXCLUDING ESTIMATED WEATHER IMPACT IN Q1 2014 TO GAAP OPERATING INCOME**

(In millions)  
(unaudited)

**KITCHEN & BATH CABINETRY**

Operating income before charges/gains excluding estimated weather impact in Q1 2014 <sup>(a)</sup>

Estimated weather impact in Q1 2014

Operating income before charges/gains

Restructuring charges

Other charges

Cost of products sold

Operating income (GAAP)

For the three months ended			
March 31, 2014	March 31, 2013	\$ change	% change
\$ 30	\$ 15	\$ 15	100
(10)	-	(10)	(100)
\$ 20	\$ 15	\$ 5	34
(0)	(1)	1	67
-	(0)	0	100
\$ 20	\$ 14	\$ 6	39

**PLUMBING & ACCESSORIES**

Operating income before charges/gains excluding estimated weather impact in Q1 2014 <sup>(a)</sup>

Estimated weather impact in Q1 2014

Operating income before charges/gains

Restructuring charges

Operating income (GAAP)

\$ 60	\$ 55	\$ 5	10
(5)	-	(5)	(100)
\$ 55	\$ 55	\$ 0	1
(0)	-	(0)	(100)
\$ 55	\$ 55	\$ 0	1

**FORTUNE BRANDS HOME & SECURITY**

Operating income before charges/gains excluding estimated weather impact in Q1 2014 <sup>(a)</sup>

Estimated weather impact in Q1 2014

Operating income before charges/gains

Restructuring charges

Other charges

Cost of products sold

Defined benefit plan actuarial losses

Operating income (GAAP)

\$ 84	\$ 62	\$ 22	35
(19)	-	(19)	(100)
\$ 65	\$ 62	\$ 3	4
(2)	(1)	(1)	(156)
(0)	(0)	0	67
(1)	(4)	3	87
\$ 62	\$ 57	\$ 5	10

(a) Operating income before charges/gains excluding the estimated impact of weather in the first quarter of 2014 is operating income derived in accordance with GAAP excluding restructuring and other charges, impact of income and expense from actuarial gains or losses associated with our defined benefit plans and the estimated impact of weather in the first quarter of 2014. 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.



**FORTUNE BRANDS HOME & SECURITY, INC.****RECONCILIATION OF Q1 2013 DILUTED EPS BEFORE CHARGES/GAINS TO GAAP DILUTED EPS**

Diluted EPS before charges/gains is net income calculated on a diluted per-share basis excluding restructuring and other charges, income from a contingent acquisition consideration adjustment and the impact of income and expense from actuarial gains or losses associated with our defined benefit plans. 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.

For the first quarter of 2013, diluted EPS before charges/gains is net income calculated on a diluted per-share basis excluding \$1.2 million (\$0.8 million after tax) of restructuring and other charges and the impact of expense from actuarial losses associated with our defined benefit plans of \$4.6 million (\$3.1 million after tax or \$0.02 per diluted share).

For the first quarter of 2012, diluted EPS before charges/gains is net income calculated on a diluted per-share basis excluding \$1.6 million (\$1.0 million after tax or \$0.01 per diluted share) of restructuring and other charges, and income from a contingent acquisition consideration adjustment of \$2.0 million (\$1.2 million after tax or \$0.01 per diluted share).

	<b>Three Months Ended March 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>% Change</b>
<b>Earnings Per Common Share - Diluted</b>			
EPS Before Charges/Gains	\$ 0.24	\$ 0.08	200.0
Restructuring and other charges	-	(0.01)	100.0
Contingent acquisition consideration adjustment	-	0.01	(100.0)
Defined benefit plan actuarial losses	(0.02)	-	(100.0)
<b>Diluted EPS (GAAP)</b>	<b>\$ 0.22</b>	<b>\$ 0.08</b>	<b>175.0</b>