

FORTUNE BRANDS HOME & SECURITY, INC.
Supplemental 2013-2014 Quarterly Sales and OI from Continuing Operations by Segment
(In millions)
(Unaudited)

	Three Months Ended									Twelve Months Ended	
	March 31, 2014	March 31, 2013	% Change	June 30, 2014	June 30, 2013	% Change	September 30, 2014	September 30, 2013	% Change	December 31, 2013	December 31, 2013
Net Sales (GAAP)											
Cabinets	\$ 410.9	\$ 345.3	19	\$ 467.9	\$ 392.4	19	\$ 452.6	\$ 448.6	1	\$ 455.9	\$ 1,642.2
Plumbing	309.9	308.9	-	340.1	322.6	5	345.9	338.1	2	317.4	1,287.0
Doors	79.6	73.7	8	110.5	99.5	11	114.4	100.9	13	97.5	371.6
Security & Storage	115.4	111.6	3	141.3	148.9	(5)	184.8	157.4	17	152.5	570.4
Total Net Sales	\$ 915.8	\$ 839.5	9	\$ 1,059.8	\$ 963.4	10	\$ 1,097.7	\$ 1,045.0	5	\$ 1,023.3	\$ 3,871.2
Operating Income Before Charges/Gains ^(a)											
Cabinets	\$ 20.0	\$ 14.9	34	\$ 46.3	\$ 35.3	31	\$ 36.5	\$ 36.8	(1)	\$ 33.6	\$ 120.6
Plumbing	55.4	55.0	1	69.9	55.3	26	76.0	65.9	15	53.5	229.7
Doors	(0.1)	(2.1)	95	9.7	6.6	47	12.1	7.5	61	3.3	15.3
Security & Storage	12.0	12.3	(2)	19.8	26.3	(25)	27.6	29.5	(6)	22.3	90.4
Corporate Expenses	(14.4)	(11.9)	(21)	(14.2)	(19.6)	28	(14.0)	(19.2)	27	(17.3)	(68.0)
Total Operating Income Before Charges/Gains ^(a)	72.9	68.2	7	131.5	103.9	27	138.2	120.5	15	95.4	388.0
Restructuring and other charges ^{(b) (c)}	(2.4)	(0.6)	(300)	(0.2)	0.1	(300)	(0.7)	(1.5)	53	(1.7)	(3.7)
Asset impairment charge	-	-	-	-	-	-	-	(21.2)	100	-	(21.2)
Defined benefit plan actuarial losses ^(d)	(0.6)	(4.6)	87	-	(0.7)	100	(1.1)	(0.2)	(450)	0.4	(5.1)
Total Operating Income (GAAP)	\$ 69.9	\$ 63.0	11	\$ 131.3	\$ 103.3	27	\$ 136.4	\$ 97.6	40	\$ 94.1	\$ 358.0

(a) Operating income before charges/gains is operating income derived in accordance with U.S. generally accepted accounting principles ("GAAP") excluding restructuring and other charges, an asset impairment charge 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) Restructuring charges are costs incurred to implement significant cost reduction initiatives and include workforce reduction costs.

(c) Other charges which were recorded in cost of products sold or selling, general and administrative expenses, represent charges or gains directly related to restructuring initiatives that cannot be reported as restructuring under GAAP. Such charges or gains 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.

(d) 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, 2013		Year Ended 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%	