

FORTUNE BRANDS HOME & SECURITY, INC.
ADJUSTED PRO FORMA INFORMATION
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended December 31,			Year Ended December 31,		
	2011	2010	% Change	2011	2010	% Change
Net Sales (GAAP)						
Kitchen & Bath Cabinetry	\$ 301.7	\$ 286.7	5.2	\$ 1,256.3	\$ 1,188.8	5.7
Plumbing & Accessories	258.1	239.7	7.7	962.8	923.8	4.2
Advanced Material Windows & Door Systems	153.7	173.1	(11.2)	552.9	600.7	(8.0)
Security & Storage	162.6	144.2	12.8	556.6	520.2	7.0
Total Net Sales	\$ 876.1	\$ 843.7	3.8	\$ 3,328.6	\$ 3,233.5	2.9
Adjusted Pro Forma Operating Income (Loss)^(a)						
Kitchen & Bath Cabinetry	\$ (3.1)	\$ 0.4	(875.0)	\$ 18.4	\$ 30.7	(40.1)
Plumbing & Accessories	39.2	35.0	12.0	138.0	132.5	4.2
Advanced Material Windows & Door Systems	2.9	11.1	(73.9)	(3.8)	20.6	(118.4)
Security & Storage	16.9	10.4	62.5	62.6	61.0	2.6
Corporate expense	(15.6)	(17.3)	9.8	(65.7)	(64.5)	(1.9)
Total Adjusted Pro Forma Operating Income	\$ 40.3	\$ 39.6	1.8	\$ 149.5	\$ 180.3	(17.1)
Adjusted Pro Forma Earnings Per Share^(b)						
Diluted	\$ 0.16	\$ 0.16	-	\$ 0.58	\$ 0.73	(20.5)
Adjusted Pro Forma EBITDA^(c)	\$ 65.7	\$ 68.3	(3.8)	\$ 247.9	\$ 289.0	(14.2)

(a) Adjusted pro forma operating income (loss) is operating income derived in accordance with GAAP including estimated incremental standalone corporate expenses and excluding restructuring and other charges, business separation costs, asset impairment charges, and the impact of the change in our defined benefit plan accounting. Adjusted pro forma operating income (loss) is a measure not derived in accordance with GAAP. Management uses this measure to determine the returns generated by FBHS 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. This measure may be inconsistent with similar measures presented by other companies. A GAAP reconciliation is included in subsequent tables.

(b) Adjusted pro forma diluted EPS is Net Income calculated on a diluted per-share basis adjusted to assume that FBHS was an independent business as of the beginning of 2010, including the impact of an initial debt level of approximately \$500 million, the 1:1 share distribution resulting from the spin-off of FBHS from Fortune Brands, Inc., public company corporate expense, its independent company tax rate, and excluding restructuring and other charges, business separation costs, asset impairment charges, and the impact from the defined benefit plan accounting change. Adjusted pro forma diluted EPS 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. A GAAP reconciliation is included in subsequent tables.

(c) Adjusted pro forma EBITDA is net income derived in accordance with GAAP including estimated incremental standalone corporate expenses and excluding restructuring and other charges, business separation costs, asset impairment charges, the impact of the change in our defined benefit plan accounting, depreciation, amortization of intangible assets, related party interest expense, net, external interest expense, and income taxes. Adjusted pro forma EBITDA 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. A GAAP reconciliation is included in subsequent tables.

FORTUNE BRANDS HOME & SECURITY, INC.
CONDENSED CONSOLIDATED BALANCE SHEET (GAAP)
(In millions)
(Unaudited)

	December 31, 2011	December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	\$ 120.8	\$ 60.7
Accounts receivable, net	346.1	374.2
Inventories	336.3	332.1
Loans to Fortune Brands, Inc.	-	571.7
Other current assets	150.3	127.3
Total current assets	953.5	1,466.0
Property, plant and equipment, net	525.8	550.0
Goodwill resulting from business acquisitions	1,366.6	1,364.9
Other intangible assets, net of accumulated amortization	697.3	798.8
Other assets	94.7	77.9
Total assets	\$ 3,637.9	\$ 4,257.6
Liabilities and Equity		
Current liabilities		
Notes payable to banks	\$ 3.8	\$ 3.0
Current portion of long-term debt	17.5	-
Accounts payable	260.7	252.8
Dividend payable to Beam Inc.	6.0	-
Other current liabilities	309.8	320.7
Total current liabilities	597.8	576.5
Long-term debt	389.3	16.8
Deferred income taxes	204.1	267.4
Accrued defined benefit plans	248.2	136.0
Loans from Fortune Brands, Inc.	-	3,214.0
Other long-term liabilities	74.0	103.6
Total liabilities	1,513.4	4,314.3
Stockholders' equity	2,120.8	(60.2)
Noncontrolling interests	3.7	3.5
Total equity	2,124.5	(56.7)
Total liabilities and equity	\$ 3,637.9	\$ 4,257.6

FORTUNE BRANDS HOME & SECURITY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Year Ended December 31,	
	2011	2010
Operating Activities		
Net Income (Loss)	\$ (34.6)	\$ 65.0
Depreciation and amortization	111.5	111.6
Asset impairment charges	90.0	-
Defined benefit plan actuarial losses (gains)	80.0	(3.5)
Deferred income taxes	(62.4)	27.1
Other noncash items	17.5	12.2
Changes in assets and liabilities, net	(26.6)	(73.5)
Net cash provided by operating activities	\$ 175.4	\$ 138.9
Investing Activities		
Capital expenditures, net of proceeds from asset sales	\$ (65.0)	\$ (55.7)
Acquisitions, net of cash acquired	(6.0)	-
Net cash used in investing activities	\$ (71.0)	\$ (55.7)
Financing Activities		
	\$ (43.5)	\$ (81.4)
Effect of changes in foreign currency exchange rates on cash	\$ (0.8)	\$ 1.1
Increase in cash and cash equivalents	\$ 60.1	\$ 2.9
Cash and cash equivalents at beginning of year	60.7	57.8
Cash and cash equivalents at end of period	\$ 120.8	\$ 60.7

FREE CASH FLOW

	Twelve Months Ended December 31,		2012 Full Year
	2011	2010	Targeted Range
Free Cash Flow ^(a)	\$121.4	\$83.2	\$ 145 - 180
Add:			
Capital Expenditures	68.5	58.3	80
Less:			
Proceeds from the sale of assets	3.5	2.6	-
Proceeds from the exercise of stock options	11.0	-	20 - 30
Cash Flow From Operations (GAAP)	\$175.4	\$138.9	\$ 205 - 230

(a) Free Cash Flow is Cash Flow from Operations calculated in accordance with GAAP less net capital expenditures (capital expenditures less proceeds from the sale of assets including property, plant and equipment) plus proceeds from the exercise of stock options. Free Cash Flow is a measure not derived in accordance with GAAP. Management believes that Free Cash Flow provides investors with helpful supplemental information about the company's ability to fund internal growth, make acquisitions, repay debt and related interest, pay dividends, and repurchase common stock. This measure may be inconsistent with similar measures presented by other companies.

Fortune Brands Home and Security, Inc. Adjusted Pro Forma Financial Information

The adjusted pro forma financial information of Fortune Brands Home & Security, Inc. ("FBHS") set forth below is unaudited and has been derived from Fortune Brands Home & Security, Inc.'s unaudited consolidated financial statements.

The adjusted pro forma information is for informational purposes and is not intended to represent what FBHS's operating income and diluted EPS or cash flows would have been had the spin-off of FBHS from Fortune Brands, Inc. occurred on January 1, 2010. The adjusted pro forma information should not be considered indicative of FBHS's future results of operations as an independent public company.

Adjusted pro forma results are continuing operations results before charges/gains, excluding the impact of adopting the company's new method of accounting for defined benefit plans, and further adjusted to assume that FBHS was an independent business as of the beginning of 2010, including the impact of an initial debt level of approximately \$500 million, the 1:1 share distribution resulting from the spin-off of FBHS from Fortune Brands, Inc., public company corporate expense, and FBHS's independent company tax rate. More specifically, the adjusted pro forma information gives pro forma effect to the following:

- The spin-off of FBHS as if it had occurred on January 1, 2010 including (i) the elimination of all intercompany borrowings with Fortune Brands, Inc. (ii) initial bank borrowings by FBHS of \$500 million to fund a dividend to Fortune Brands, Inc. immediately prior to the spin-off and (iii) the distribution of FBHS shares to Fortune Brands' shareholders at a ratio of 1:1.
- Annual FBHS interest cost associated with bank borrowings of approximately \$8 million and \$6 million in 2010 and 2011, respectively, based on FBHS's credit facilities entered into in August 2011.
- Estimated incremental costs required to operate and report as an independent public company as if the spin-off had occurred on January 1, 2010.
- The elimination of charges/gains associated with restructuring and other charges and intangible asset impairment charges attributable to the FBHS business.
- The elimination of the impact of the company's fourth quarter 2011 change in accounting for its US pension and post retirement defined benefit plans.
- An estimated stand-alone FBHS effective income tax rate of approximately 35%. This rate excludes the impact of unusual items such as adjustments to provisions related to uncertain tax positions and other unusual charges.

The adjusted pro forma measures are not derived in accordance with GAAP. Management believes this information provides investors with helpful supplemental information regarding the underlying performance of FBHS from period to period were it functioning as an independent public company. The adjusted pro forma information may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS HOME & SECURITY, INC.
CONSOLIDATED STATEMENT OF INCOME (GAAP)
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended December 31,			Year Ended December 31,		
	2011	2010	% Change	2011	2010	% Change
Net Sales	\$ 876.1	\$ 843.7	3.8	\$ 3,328.6	\$ 3,233.5	2.9
Cost of products sold	637.0	577.3	10.3	2,332.1	2,177.1	7.1
Selling, general and administrative expenses	252.2	219.1	15.1	900.6	834.3	7.9
Amortization of intangible assets	3.4	3.7	(8.1)	14.4	15.7	(8.3)
Restructuring charges	2.9	7.2	(59.7)	4.7	8.0	(41.3)
Business separation costs	-	-	-	2.4	-	-
Asset impairment charges	90.0	-	-	90.0	-	-
Operating Income (Loss)	(109.4)	36.4	(400.5)	(15.6)	198.4	(107.9)
Related party interest expense, net	-	28.6	(100.0)	23.2	116.0	(80.0)
External interest expense	3.0	0.1	(100.0)	3.2	0.3	966.7
Other expense (income), net	(0.3)	(0.5)	40.0	1.6	(1.0)	260.0
Income (Loss) before income taxes	(112.1)	8.2	(1,467.1)	(43.6)	83.1	(152.5)
Income taxes	(41.2)	(3.4)	-	(9.0)	18.1	(149.7)
Net Income (Loss)	\$ (70.9)	\$ 11.6	(711.2)	\$ (34.6)	\$ 65.0	(153.2)
Less: Noncontrolling interests	0.1	0.4	(75.0)	1.0	1.2	(16.7)
Net Income (Loss) attributable to Fortune Brands Home & Security	\$ (71.0)	\$ 11.2	(733.9)	\$ (35.6)	\$ 63.8	(155.8)
Earnings (Loss) Per Common Share, Diluted^(a):						
Net Income	\$ (0.46)	\$ 0.07	(731.6)	\$ (0.23)	\$ 0.41	(155.8)
Diluted Average Shares Outstanding^(a)	155.7	155.1	0.4	155.2	155.1	0.1
Diluted Actual Shares Outstanding^(a)				160.7		

(a) On September 27, 2011 shares of Home & Security common stock (par value \$0.01 per share) were split from 1,000 shares issued and outstanding and 100,000 authorized to approximately 155.1 million shares issued and outstanding and 750 million shares authorized. Diluted earnings per share of common stock and the average number of shares of common stock outstanding were retrospectively restated adjusting the number of Home & Security shares for the stock split.

FORTUNE BRANDS HOME & SECURITY, INC.
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended December 31,			Year Ended December 31,		
	2011	2010	% Change	2011	2010	% Change
Net Sales (GAAP)						
Kitchen & Bath Cabinetry	\$ 301.7	\$ 286.7	5.2	\$ 1,256.3	\$ 1,188.8	5.7
Plumbing & Accessories	258.1	239.7	7.7	962.8	923.8	4.2
Advanced Material Windows & Door Systems	153.7	173.1	(11.2)	552.9	600.7	(8.0)
Security & Storage	162.6	144.2	12.8	556.6	520.2	7.0
Total Net Sales	\$ 876.1	\$ 843.7	3.8	\$ 3,328.6	\$ 3,233.5	2.9
Operating Income (Loss)						
Kitchen & Bath Cabinetry	\$ (15.2)	\$ (1.0)	-	\$ 5.7	\$ 28.2	(79.8)
Plumbing & Accessories	39.2	35.0	12.0	138.0	132.5	4.2
Advanced Material Windows & Door Systems	(91.6)	8.5	-	(101.2)	17.6	-
Security & Storage	16.9	4.8	252.1	62.6	54.0	15.9
Corporate Expenses ^(a)	(58.7)	(10.9)	(438.5)	(120.7)	(33.9)	(256.0)
Total Operating Income (Loss) - GAAP	\$ (109.4)	\$ 36.4	(400.5)	\$ (15.6)	\$ 198.4	(107.9)
ADJUSTED PRO FORMA OPERATING INCOME RECONCILIATION						
Adjusted Pro Forma Operating Income (Loss)^(b)						
Kitchen & Bath Cabinetry	\$ (3.1)	\$ 0.4	(875.0)	\$ 18.4	\$ 30.7	(40.1)
Plumbing & Accessories	39.2	35.0	12.0	138.0	132.5	4.2
Advanced Material Windows & Door Systems	2.9	11.1	(73.9)	(3.8)	20.6	(118.4)
Security & Storage	16.9	10.4	62.5	62.6	61.0	2.6
Corporate expenses	(15.6)	(17.3)	9.8	(65.7)	(64.5)	(1.9)
Total Adjusted Pro Forma Operating Income	40.3	39.6	1.8	149.5	180.3	(17.1)
Restructuring and other charges ^(c)	(16.6)	(9.6)	(72.9)	(20.0)	(12.5)	(60.0)
Standalone corporate costs ^(d)	-	5.0	(100.0)	13.8	20.0	(31.0)
Business separation costs ^(e)	-	-	-	(2.4)	-	-
Asset impairment charges	(90.0)	-	-	(90.0)	-	-
Defined benefit plan accounting change ^(f)	(43.1)	1.4	-	(66.5)	10.6	(727.4)
Total Operating Income (Loss) - GAAP	\$ (109.4)	\$ 36.4	(400.5)	\$ (15.6)	\$ 198.4	(107.9)

(a) Corporate expenses include allocations of certain Fortune Brands, Inc. general corporate expenses incurred directly by Fortune Brands, Inc. These allocated expenses include costs associated with legal, finance, treasury, accounting, internal audit and general management services. They also include the components of defined benefit plan expense other than service cost including actuarial gains and losses.

(b) Adjusted pro forma operating income (loss) is operating income derived in accordance with GAAP including estimated incremental standalone corporate expenses and excluding restructuring and other charges, business separation costs, asset impairment charges, and the impact of the change in our defined benefit plan accounting. Adjusted pro forma operating income (loss) is a measure not derived in accordance with GAAP. Management uses this measure to determine the returns generated by FBHS 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. This measure may be inconsistent with similar measures presented by other companies.

(c) Restructuring charges are costs incurred to implement significant cost reduction initiatives and include workforce reduction costs and asset write-downs; "other charges" represent charges 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 and accelerated depreciation resulting from the closure of facilities.

(d) The Company estimates that it would have incurred \$13.8 million of incremental corporate expenses if it had functioned as an independent standalone public company for the twelve months ended December 31, 2011 and approximately \$20.0 million of incremental costs for the twelve months ended December 31, 2010.

(e) 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 spin-off of FBHS from Fortune Brands, Inc.

(f) Defined benefit plan accounting change represents the impact on defined benefit plan expense attributable to the Company's adoption of a new accounting method.

ADJUSTED PRO FORMA DILUTED EPS RECONCILIATION

Adjusted pro forma diluted EPS is Net Income calculated on a diluted per-share basis adjusted to assume that FBHS was an independent business as of the beginning of 2010, including the impact of an initial debt level of approximately \$500 million, the 1:1 share distribution resulting from the spin-off of FBHS from Fortune Brands, Inc., public company corporate expense, its independent company tax rate and excluding restructuring and other charges, business separation costs, asset impairment charges, and the impact of the change in our defined benefit plan accounting.

For the fourth quarter of 2011, adjusted pro forma diluted EPS is adjusted pro forma Net Income calculated on a per-share basis excluding \$16.6 million (\$10.2 million after tax or \$0.07 per diluted share) of restructuring and other charges, capital structure changes of \$1.5 million (\$0.9 million after tax or \$0.01 per diluted share), an adjusted pro forma tax rate adjustment of \$2.9 million (\$0.02 per diluted share), asset impairment charges of \$90.0 million (\$55.3 million after tax, or \$0.35 per diluted share) and the impact of our defined benefit plan accounting change of \$43.1 million (\$26.9 million after tax, or \$0.17 per diluted share).

For the year ended December 31, 2011, adjusted pro forma diluted EPS is adjusted pro forma Net Income calculated on a per-share basis excluding \$20.0 million (\$12.5 million after tax or \$0.08 per diluted share) of restructuring and other charges, standalone corporate costs of \$13.8 million (\$8.6 million after tax or \$0.05 per diluted share), capital structure changes of \$20.1 million (\$12.4 after tax or \$0.08 per diluted share), business separation costs of \$2.4 million (\$1.7 million after tax or \$0.01 per diluted share), an adjusted pro forma tax rate adjustment of \$11.7 million (\$0.07 per diluted share), asset impairment charges of \$90.0 million (\$55.3 million after tax, or \$0.35 per diluted share) and the impact from our defined benefit plan accounting change of \$66.5 million (\$41.6 million after tax, or \$0.27 per diluted share).

For the fourth quarter of 2010, adjusted pro forma diluted EPS is adjusted pro forma Net Income calculated on a per-share basis excluding \$9.6 million (\$6.6 million after tax, or \$0.05 per diluted share) of restructuring and other charges, standalone corporate costs of \$5.0 million (\$3.1 million after tax or \$0.02 per diluted share), capital structure changes of \$26.7 million (\$16.6 million after tax or \$0.11 per diluted share), an adjusted pro forma tax rate adjustment of \$6.3 million (\$0.04 per diluted share), and the impact from our defined benefit plan accounting change of \$1.4 million (\$0.8 million after tax, or \$0.01 per diluted share).

For the year ended December 31, 2010, adjusted pro forma diluted EPS is adjusted pro forma Net Income calculated on a per-share basis excluding \$12.5 million (\$8.5 million after tax or \$0.05 per diluted share) of restructuring and other charges, standalone corporate costs of \$20.0 million (\$12.4 million after tax or \$0.08 per diluted share), capital structure changes of \$108.0 million (\$67.0 after tax or \$0.44 per diluted share), income tax-related credits of \$1.8 million (\$0.01 per diluted share) related to the resolution of routine foreign and US income tax audit examinations, an adjusted pro forma tax rate adjustment of \$7.2 million (\$0.05 per diluted share), and the impact from our defined benefit plan accounting change of \$10.6 million (\$6.6 million after tax, or \$0.04 per diluted share).

Adjusted pro forma diluted EPS 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.

	Three Months Ended December 31,			Year Ended December 31,		
	2011	2010	% Change	2011	2010	% Change
Earnings Per Common Share - Diluted						
Adjusted Pro Forma Diluted EPS	\$ 0.16	\$ 0.16	-	\$ 0.58	\$ 0.73	(20.5)
Restructuring and other charges	(0.07)	(0.05)	(40.0)	(0.08)	(0.05)	(60.0)
Standalone corporate costs	-	0.02	(100.0)	0.05	0.08	(37.5)
Capital structure change	(0.01)	(0.11)	90.9	(0.08)	(0.44)	81.8
Business separation costs	-	-	-	(0.01)	-	-
Income tax related credits	-	-	-	-	0.01	(100.0)
Adjusted pro forma tax rate adjustment	(0.02)	0.04	(150.0)	(0.07)	0.05	(240.0)
Asset impairment charges	(0.35)	-	(100.0)	(0.35)	-	-
Defined benefit plan accounting change	(0.17)	0.01	-	(0.27)	0.04	(775.0)
Impact of adjusted pro forma diluted shares outstanding	-	-	-	-	(0.01)	100.0
Diluted EPS (GAAP)	\$ (0.46)	\$ 0.07	(731.6)	\$ (0.23)	\$ 0.41	(155.8)

RECONCILIATION OF FULL YEAR 2012 EARNINGS GUIDANCE TO GAAP

For the full year, the company is targeting diluted EPS before charges/gains to be in the range of \$0.66 to \$0.74 per share. On a GAAP basis, the company is targeting diluted EPS to be in the range of \$0.63 to \$0.71 per share.

(In millions, except per share amounts)
(Unaudited)

RECONCILIATION OF 2011 DILUTED EPS BEFORE CHARGES/GAINS

	Year Ended December 31, 2011
Before charges/gains 2011 Diluted EPS ^(a)	\$0.60
Defined benefit plan restatement ^(b)	(0.05)
Capital structure change	0.02
Impact of using actual average diluted shares in 2011	0.01
Adjusted Pro Forma 2011 Diluted EPS	\$0.58
Restructuring and other charges	(0.08)
Standalone corporate costs	0.05
Capital structure change	(0.08)
Business separation costs	(0.01)
Adjusted pro forma tax rate change	(0.07)
Asset impairment charges	(0.35)
Defined benefit plan accounting change	(0.27)
Diluted EPS (GAAP)	(\$0.23)

(a) 2011 Diluted EPS before charges/gains is GAAP Diluted EPS adjusted to (i) reflect pro forma interest expense based on the borrowing arrangements and debt levels that actually existed immediately after the separation from Fortune Brands, Inc. as of October 4, 2011, (ii) reflect the actual diluted shares of the Company as of December 31, 2011 of 160.7 million, (iii) exclude actuarial losses associated with the Company's defined benefit plans, (iv) exclude asset impairment charges, (v) exclude restructuring and other charges, (vi) exclude business separation costs, (vii) include incremental adjusted pro forma stand-alone corporate costs for the 2011 period preceding the separation from Fortune Brands, Inc., and (viii) reflect an adjusted pro forma effective tax rate of 35%. 2011 Diluted EPS before charges/gains is not a measure derived in accordance with GAAP. Management uses this measure to evaluate its underlying 2012 EPS growth rate and believes this measure provides investors with useful supplemental information regarding the performance of the Company in 2011 on a basis consistent with how management expects to assess 2012 performance. This measure may be inconsistent with similar measures presented by other companies.

(b) Excludes the impact of expense from actuarial losses totaling Diluted EPS expense of \$0.32 per share.

RECONCILIATION OF 2011 OPERATING INCOME BEFORE CHARGES/GAINS

	Year Ended December 31, 2011
Operating Income Before Charges/Gains ^(c)	\$163.0
Defined benefit plan restatement ^(d)	(13.5)
Adjusted Pro Forma Operating Income	\$149.5
Restructuring and other charges	(20.0)
Business separation costs	(2.4)
Standalone corporate costs	13.8
Asset impairment charges	(90.0)
Defined benefit plan accounting change	(66.5)
Operating Income (Loss) - GAAP	(\$15.6)

(c) Operating income before charges/gains is GAAP operating income adjusted to (i) exclude actuarial losses associated with the Company's defined benefit plans, (ii) exclude asset impairment charges, (iii) exclude restructuring and other charges (iv) exclude business separation costs, and (v) include incremental adjusted pro forma stand-alone corporate costs for the 2011 period preceding the separation from Fortune Brands, Inc. Operating income before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to determine the returns generated by FBHS 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. This measure may be inconsistent with similar measures presented by other companies.

(d) Excludes the impact of expense from actuarial losses totaling approximately \$80 million.

FORTUNE BRANDS HOME & SECURITY, INC.

(In millions, except per share amounts)

(Unaudited)

RECONCILIATION OF ADJUSTED PRO FORMA EBITDA TO GAAP NET INCOME

	Three Months Ended December 31,			Year Ended December 31,		
	2011	2010	% Change	2011	2010	% Change
Adjusted Pro Forma EBITDA	\$ 65.7	\$ 68.3	(3.8)	\$ 247.9	\$ 289.0	(14.2)
Depreciation ^(a)	\$ (21.7)	\$ (24.5)	11.4	\$ (85.6)	\$ (92.0)	7.0
Amortization of intangible assets	(3.4)	(3.7)	8.1	(14.4)	(15.7)	8.3
Restructuring and other charges	(16.6)	(9.6)	(72.9)	(20.0)	(12.5)	(60.0)
Business separation costs	-	-	-	(2.4)	-	-
Related party interest expense, net	-	(28.6)	-	(23.2)	(116.0)	80.0
External interest expense	(3.0)	(0.1)	-	(3.2)	(0.3)	(966.7)
Standalone corporate expenses	-	5.0	-	13.8	20.0	(31.0)
Asset impairment charges	(90.0)	-	-	(90.0)	-	-
Defined benefit plan accounting change	(43.1)	1.4	-	(66.5)	10.6	-
Income tax (provision) benefit	41.2	3.4	-	9.0	(18.1)	-
Net Income (Loss)	\$ (70.9)	\$ 11.6	(711.2)	\$ (34.6)	\$ 65.0	(153.2)
Noncontrolling interests	(0.1)	(0.4)	75.0	(1.0)	(1.2)	16.7
Net income (loss) attributable to Home & Security	\$ (71.0)	\$ 11.2	(733.9)	\$ (35.6)	\$ 63.8	(155.8)

Adjusted pro forma EBITDA is net income derived in accordance with GAAP including estimated incremental standalone corporate expenses and excluding restructuring and other charges, business separation costs, asset impairment charges, the impact of the change in our defined benefit plan accounting, depreciation, amortization of intangible assets, related party interest expense, net, external interest expense, net, and income taxes. Adjusted pro forma EBITDA 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.

(a) Depreciation excludes accelerated depreciation of \$10.4 million and \$2.4 million for the three months ended December 31, 2011 and 2010, respectively, and \$11.5 million and \$3.9 million for the years ended December 31, 2011 and 2010, respectively. Accelerated depreciation is included in restructuring and other charges.

