

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

(In millions)

(unaudited)

	For the three month period ended				For the nine month period ended			
	September 30, 2012	September 30, 2011	\$ change	% change	September 30, 2012	September 30, 2011	\$ change	% change
<b>KITCHEN &amp; BATH CABINETS</b>								
Operating income before charges/gains <sup>(a)</sup>	\$ 13.1	\$ 8.0	\$ 5.1	63.8	\$ 27.7	\$ 21.5	\$ 6.2	28.8
Restructuring charges	(2.6)	(0.4)	(2.2)	(558.2)	(3.6)	(0.8)	(2.8)	(350.0)
Other charges								
Cost of products sold	(9.0)	0.2	(9.2)	(5,272.4)	(10.0)	0.2	(10.2)	(5,100.0)
Operating income (GAAP)	\$ 1.5	\$ 7.8	\$ (6.3)	(80.8)	\$ 14.1	\$ 20.9	\$ (6.8)	(32.5)
<b>PLUMBING &amp; ACCESSORIES</b>								
Operating income before charges/gains <sup>(a)</sup>	\$ 48.5	\$ 38.7	\$ 9.8	25.3	\$ 127.5	\$ 98.8	\$ 28.7	29.0
Other charges								
Cost of products sold	-	(0.1)	0.1	100.0	-	0.1	(0.1)	(100.0)
Operating income (GAAP)	\$ 48.5	\$ 38.6	\$ 9.9	25.6	\$ 127.5	\$ 98.9	\$ 28.6	28.9
<b>ADVANCED MATERIAL WINDOWS &amp; DOOR SYSTEMS</b>								
Operating income (loss) before charges/gains <sup>(a)</sup>	\$ 6.2	\$ 1.9	\$ 4.3	226.3	\$ (0.1)	\$ (6.7)	\$ 6.6	98.5
Restructuring charges	(0.5)	(0.7)	0.2	29.5	(1.0)	(1.0)	(0.0)	1.6
Other charges								
Cost of products sold	3.5	(1.5)	5.0	337.8	3.5	(1.9)	5.4	283.0
Contingent acquisition consideration adjustment	-	-	-	-	2.0	-	2.0	100.0
Operating income (loss) (GAAP)	\$ 9.2	\$ (0.3)	\$ 9.5	3,166.7	\$ 4.4	\$ (9.6)	\$ 14.0	145.8
<b>SECURITY &amp; STORAGE</b>								
Operating income before charges/gains <sup>(a)</sup>	\$ 20.8	\$ 20.0	\$ 0.8	4.0	\$ 53.7	\$ 45.7	\$ 8.0	17.5
Restructuring charges	-	-	-	-	0.5	-	0.5	100.0
Operating income (GAAP)	\$ 20.8	\$ 20.0	\$ 0.8	4.0	\$ 54.2	\$ 45.7	\$ 8.5	18.6
<b>CORPORATE</b>								
Operating loss before charges/gains <sup>(a)</sup>	\$ (15.7)	\$ (14.4)	\$ (1.3)	(9.0)	\$ (42.3)	\$ (40.4)	\$ (1.9)	(4.7)
Standalone corporate costs	-	3.8	(3.8)	(100.0)	-	13.8	(13.8)	100.0
Business separation costs	-	(2.4)	2.4	100.0	-	(2.4)	2.4	(100.0)
Defined benefit plan actuarial losses	(3.7)	(32.3)	28.6	88.5	(3.7)	(33.1)	29.4	(88.8)
Corporate expense (GAAP)	\$ (19.4)	\$ (45.3)	\$ 25.9	57.2	\$ (46.0)	\$ (62.1)	\$ 16.1	25.9
<b>FORTUNE BRANDS HOME &amp; SECURITY</b>								
Operating income before charges/gains <sup>(a)</sup>	\$ 72.9	\$ 54.2	\$ 18.7	34.5	\$ 166.5	\$ 118.9	\$ 47.6	40.0
Restructuring charges	(3.1)	(1.1)	(2.0)	(179.3)	(4.1)	(1.8)	(2.3)	(129.8)
Other charges								
Cost of products sold	(5.5)	(1.4)	(4.1)	(298.3)	(6.5)	(1.6)	(4.9)	(303.0)
Contingent acquisition consideration adjustment	-	-	-	-	2.0	-	2.0	100.0
Standalone corporate costs	-	3.8	(3.8)	(100.0)	-	13.8	(13.8)	(100.0)
Business separation costs	-	(2.4)	2.4	100.0	-	(2.4)	2.4	100.0
Defined benefit plan actuarial losses	(3.7)	(32.3)	28.6	88.5	(3.7)	(33.1)	29.4	(88.8)
Operating income (GAAP)	\$ 60.6	\$ 20.8	\$ 39.7	191.3	\$ 154.2	\$ 93.8	\$ 60.4	64.4

(a) Operating income (loss) before charges/gains is operating income derived in accordance with U.S. generally accepted accounting principles ("GAAP") including estimated incremental standalone corporate expenses for 2011 periods and excluding restructuring and other charges, business separation costs, 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. Operating income (loss) 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 period to period. This measure may be inconsistent with similar measures presented by other companies.

**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, 2012	December 31, 2011	% change
<b>Diluted EPS before charges/gains - full year range</b>	\$0.86 - \$0.88		
<b>Diluted EPS before charges/gains<sup>(a)</sup></b>	\$ 0.87	\$ 0.60	45.0
Restructuring and other charges	(0.05)	(0.08)	
Contingent acquisition consideration adjustment	-	-	
Standalone corporate costs	-	0.05	
Capital structure change	-	(0.06)	
Business separation costs	-	(0.01)	
Adjusted pro forma tax rate adjustment	-	(0.07)	
Asset impairment charges	-	(0.35)	
Defined benefit plan actuarial losses <sup>(b)</sup>	(0.01)	(0.31)	
<b>Diluted EPS (GAAP)</b>	<b>\$ 0.81</b>	<b>\$ (0.23)</b>	<b>(452.2)</b>

(a) For the year ended December 31, 2011, diluted EPS before charges/gains is net income (loss) 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 \$20.0 million (\$12.5 million 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), asset impairment charges of \$90.0 million (\$55.3 million after tax or \$0.35 per diluted share) and the impact of income and expenses from actuarial gains or losses associated with our defined benefit plans of \$80.0 million (\$49.9 million after tax or \$0.31 per diluted share).

(b) Amount represents actuarial losses associated with our defined benefit plans recorded for the nine months ended September 30, 2012. In addition, on a GAAP basis, based on current relevant interest rate benchmarks and year-to-date pension asset returns, the Company may incur additional defined benefit plan net actuarial losses in the range of \$0.10 to \$0.15 per share in the fourth quarter of 2012 due to declining discount rates since December 31, 2011, the last remeasurement date. Any actual actuarial loss will be based upon spot discount rates as of December 31, 2012 and our full year 2012 pension asset returns and may differ materially from this estimate. A 25 basis point change in our discount rate impacts our defined benefit liabilities by approximately \$25 million.

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.