

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2022

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-35166

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

(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

62-1411546  
(I.R.S. Employer  
Identification No.)

520 Lake Cook Road, Deerfield, Illinois 60015-5611

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (847) 484-4400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	FBHS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the registrant's common stock, par value \$0.01 per share, at July 15, 2022 was 129,316,984.

PART I. FINANCIAL INFORMATION

**Item 1. FINANCIAL STATEMENTS.**

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Six and Three Months Ended June 30, 2022 and 2021**  
(In millions, except per share amounts)  
(Unaudited)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2022	2021	2022	2021
Net sales	\$ 4,028.3	\$ 3,707.1	\$ 2,111.0	\$ 1,936.1
Cost of products sold	2,585.7	2,357.2	1,347.9	1,230.3
Selling, general and administrative expenses	844.1	766.1	434.6	394.6
Amortization of intangible assets	32.1	32.6	16.1	16.0
Asset impairment charges	26.0	-	26.0	-
Restructuring charges	2.9	7.9	2.3	0.3
Operating income	537.5	543.3	284.1	294.9
Interest expense	52.3	42.6	30.5	21.2
Other expense (income), net	(1.5)	2.0	(0.2)	(1.3)
Income before taxes	486.7	498.7	253.8	275.0
Income tax	113.8	103.7	61.8	57.8
Net income	\$ 372.9	\$ 395.0	\$ 192.0	\$ 217.2
Basic earnings per common share	\$ 2.83	\$ 2.85	\$ 1.47	\$ 1.57
Diluted earnings per common share	\$ 2.80	\$ 2.81	\$ 1.46	\$ 1.55
Comprehensive income	\$ 425.3	\$ 411.7	\$ 184.5	\$ 229.8

See notes to condensed consolidated financial statements.

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In millions)  
(Unaudited)

	June 30, 2022	December 31, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 360.6	\$ 471.5
Accounts receivable less allowances for discounts and credit losses	998.5	885.7
Inventories	1,446.7	1,193.8
Other current assets	258.0	193.5
Total current assets	3,063.8	2,744.5
Property, plant and equipment, net of accumulated depreciation	1,082.8	1,009.5
Operating lease assets	184.0	191.7
Goodwill	2,479.6	2,465.1
Other intangible assets, net of accumulated amortization	1,334.6	1,383.8
Other assets	189.3	141.6
Total assets	<u>\$ 8,334.1</u>	<u>\$ 7,936.2</u>
<b>Liabilities and equity</b>		
Current liabilities		
Short-term debt	\$ -	\$ 400.0
Accounts payable	756.3	764.9
Other current liabilities	685.2	806.2
Total current liabilities	1,441.5	1,971.1
Long-term debt	3,357.9	2,309.8
Deferred income taxes	184.2	176.0
Accrued defined benefit plans	74.3	79.7
Operating lease liabilities	149.8	158.8
Other non-current liabilities	174.0	176.0
Total liabilities	5,381.7	4,871.4
Commitments and contingencies (see Note 17)		
Stockholders' equity		
Common stock <sup>(a)</sup>	1.9	1.9
Paid-in capital	3,046.2	3,018.3
Accumulated other comprehensive loss	27.8	(24.6)
Retained earnings	3,145.0	2,807.9
Treasury stock	(3,268.5)	(2,738.7)
Total stockholders' equity	2,952.4	3,064.8
Total liabilities and equity	<u>\$ 8,334.1</u>	<u>\$ 7,936.2</u>

<sup>(a)</sup> Common stock, par value \$0.01 per share; 186.0 million shares and 185.3 million shares issued at June 30, 2022 and December 31, 2021, respectively.

See notes to condensed consolidated financial statements.

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Six Months Ended June 30, 2022 and 2021**

(In millions)  
(Unaudited)

	2022	2021
<b>Operating activities</b>		
Net income	\$ 372.9	\$ 395.0
Non-cash adjustments:		
Depreciation	61.7	62.6
Amortization of intangibles	32.1	32.6
Non-cash lease expense	22.2	20.9
Stock-based compensation	27.5	24.4
Deferred taxes	(0.5)	7.1
Asset impairment charges	26.0	-
Amortization of deferred financing fees	1.8	2.1
Loss on equity investments	-	2.9
(Gain) loss on sale of property, plant and equipment	(5.9)	1.2
Changes in assets and liabilities:		
Increase in accounts receivable	(110.8)	(106.0)
Increase in inventories	(247.4)	(173.1)
(Decrease) increase in accounts payable	(1.0)	78.7
(Increase) decrease in other assets	(17.1)	0.5
Decrease in accrued expenses and other liabilities	(110.2)	(100.2)
(Decrease) increase in accrued taxes	(9.4)	14.0
Net cash provided by operating activities	41.9	262.7
<b>Investing activities</b>		
Capital expenditures <sup>(a)</sup>	(115.6)	(65.8)
Proceeds from the disposition of assets	8.0	1.7
Cost of acquisitions, net of cash acquired	(61.6)	5.2
Net cash used in investing activities	(169.2)	(58.9)
<b>Financing activities</b>		
Issuance of short-term debt	700.0	-
Repayment of short-term debt	(1,100.0)	-
Issuance of long-term debt	4,123.7	535.0
Repayment of long-term debt	(3,073.3)	(500.0)
Proceeds from the exercise of stock options	0.4	32.1
Treasury stock purchases	(505.0)	(156.0)
Employee withholding taxes related to stock-based compensation	(24.8)	(8.4)
Dividends to stockholders	(73.6)	(72.0)
Other financing, net	(20.3)	(0.1)
Net cash provided by (used in) financing activities	27.1	(169.4)
Effect of foreign exchange rate changes on cash	(11.3)	5.9
Net (decrease) increase in cash and cash equivalents	\$ (111.5)	\$ 40.3
Cash, cash equivalents and restricted cash <sup>(b)</sup> at beginning of period	\$ 476.1	\$ 425.0
Cash, cash equivalents and restricted cash <sup>(b)</sup> at end of period	\$ 364.6	\$ 465.3

(a) Capital expenditures of \$12.1 million and \$10.5 million that had not been paid as of June 30, 2022 and 2021, respectively, were excluded from the Statement of Cash Flows.

(b) Restricted cash of \$1.2 million and \$2.8 million is included in Other current assets and Other assets, respectively, as of June 30, 2022 and restricted cash of \$1.4 million and \$3.9 million is included in Other current assets and Other assets, respectively, as of June 30, 2021. Restricted cash of \$1.3 million and \$3.3 million is included in Other current assets and Other assets, respectively, as of December 31, 2021.

See notes to condensed consolidated financial statements.

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
**For the Six and Three Months Ended June 30, 2022 and 2021**

(In millions)  
(Unaudited)

	Common Stock	Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Treasury Stock	Total Equity
Balance at December 31, 2020	\$ 1.8	\$ 2,926.3	\$ (55.1)	\$ 2,180.2	\$ (2,277.7)	\$ 2,775.5
Comprehensive income:						
Net income	-	-	-	395.0	-	395.0
Other comprehensive income (loss)	-	-	16.7	-	-	16.7
Stock options exercised	0.1	32.1	-	-	-	32.2
Stock-based compensation	-	24.4	-	-	(8.4)	16.0
Treasury stock purchases	-	-	-	-	(156.0)	(156.0)
Dividends (\$0.26 per common share)	-	-	-	(35.9)	-	(35.9)
Balance at June 30, 2021	<u>\$ 1.9</u>	<u>\$ 2,982.8</u>	<u>\$ (38.4)</u>	<u>\$ 2,539.3</u>	<u>\$ (2,442.1)</u>	<u>\$ 3,043.5</u>
Balance at December 31, 2021	\$ 1.9	\$ 3,018.3	\$ (24.6)	\$ 2,807.9	\$ (2,738.7)	\$ 3,064.8
Comprehensive income:						
Net income	-	-	-	372.9	-	372.9
Other comprehensive income (loss)	-	-	52.4	-	-	52.4
Stock options exercised	-	0.4	-	-	-	0.4
Stock-based compensation	-	27.5	-	-	(24.8)	2.7
Treasury stock purchases	-	-	-	-	(505.0)	(505.0)
Dividends (\$0.28 per common share)	-	-	-	(35.8)	-	(35.8)
Balance at June 30, 2022	<u>\$ 1.9</u>	<u>\$ 3,046.2</u>	<u>\$ 27.8</u>	<u>\$ 3,145.0</u>	<u>\$ (3,268.5)</u>	<u>\$ 2,952.4</u>
	Common Stock	Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Treasury Stock	Total Equity
Balance at March 31, 2021	\$ 1.9	\$ 2,955.1	\$ (51.0)	\$ 2,358.0	\$ (2,339.6)	\$ 2,924.4
Comprehensive income:						
Net income	-	-	-	217.2	-	217.2
Other comprehensive income (loss)	-	-	12.6	-	-	12.6
Stock options exercised	-	14.9	-	-	-	14.9
Stock-based compensation	-	12.8	-	-	(0.6)	12.2
Treasury stock purchases	-	-	-	-	(101.9)	(101.9)
Dividends (\$0.26 per common share)	-	-	-	(35.9)	-	(35.9)
Balance at June 30, 2021	<u>\$ 1.9</u>	<u>\$ 2,982.8</u>	<u>\$ (38.4)</u>	<u>\$ 2,539.3</u>	<u>\$ (2,442.1)</u>	<u>\$ 3,043.5</u>
Balance at March 31, 2022	\$ 1.9	\$ 3,030.8	\$ 35.3	\$ 2,989.4	\$ (3,142.6)	\$ 2,914.8
Comprehensive income:						
Net income	-	-	-	192.0	-	192.0
Other comprehensive income (loss)	-	-	(7.5)	-	-	(7.5)
Stock options exercised	-	0.2	-	-	-	0.2
Stock-based compensation	-	15.2	-	-	(0.5)	14.7
Treasury stock purchases	-	-	-	-	(125.4)	(125.4)
Dividends (\$0.28 per common share)	-	-	-	(36.4)	-	(36.4)
Balance at June 30, 2022	<u>\$ 1.9</u>	<u>\$ 3,046.2</u>	<u>\$ 27.8</u>	<u>\$ 3,145.0</u>	<u>\$ (3,268.5)</u>	<u>\$ 2,952.4</u>

See notes to condensed consolidated financial statements.

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Basis of Presentation and Principles of Consolidation**

References to “Fortune Brands,” “the Company,” “we,” “our” and “us” refer to Fortune Brands Home & Security, Inc. and its consolidated subsidiaries as a whole, unless the context otherwise requires.

The Company is a leading home and security products company with a portfolio of leading branded products used for residential home repair, remodeling, new construction and security applications.

The condensed consolidated balance sheet as of June 30, 2022, the related condensed consolidated statements of comprehensive income and equity for the six and three months ended June 30, 2022 and 2021, and the related condensed consolidated statements of cash flows for the six months ended June 30, 2022 and 2021 are unaudited. The presentation of these financial statements requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. In the opinion of management, all adjustments necessary for a fair statement of the financial statements have been included. Interim results may not be indicative of results for a full year.

In the first quarter of 2022, our Plumbing segment was renamed “Water Innovations” to better align with our key brands and organizational purpose. The Plumbing segment name change is to the name only and had no impact on the Company’s historical financial position, results of operations, cash flow or segment level results previously reported.

In January 2022, we acquired 100% of the outstanding equity of Solar Innovations LLC and an affiliated entity (together, “Solar”), a leading producer of wide-opening exterior door systems and outdoor enclosures, for a purchase price of approximately \$61.6 million, net of cash acquired of \$4.8 million. The purchase price is subject to a final post-closing working capital adjustment. We financed the transaction using cash on hand and borrowings under our revolving credit facility. The results of Solar are reported as part of the Outdoors & Security segment. Its complementary product offerings support the segment’s outdoor living strategy.

The condensed consolidated financial statements and notes are presented pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and do not contain certain information included in our annual audited consolidated financial statements and notes. The December 31, 2021 condensed consolidated balance sheet was derived from our audited consolidated financial statements, but does not include all disclosures required by U.S. generally accepted accounting principles (“GAAP”). This Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2021.

**2. Recently Issued Accounting Standards**

*Disclosures by Business Entities About Government Assistance*

In November 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2021-10, Government Assistance (Topic 832). The new guidance, codified in Accounting Standards Codification (“ASC”) 832, requires business entities that account for transactions with a government by applying a grant or contribution model by analogy to disclose information about government assistance recorded during the period. ASU 2021-10 is effective for all entities for annual reporting periods beginning after December 15, 2021. The adoption of this guidance did not have a material effect on our financial statements.

**3. Balance Sheet Information**

Supplemental information on our balance sheets is as follows:

(In millions)	June 30, 2022	December 31, 2021
<b>Inventories:</b>		
Raw materials and supplies	\$ 541.4	\$ 455.1
Work in process	108.4	93.0
Finished products	796.9	645.7
Total inventories	\$ 1,446.7	\$ 1,193.8
<b>Property, plant and equipment, gross</b>		
	\$ 2,403.0	\$ 2,278.0
Less: accumulated depreciation	1,320.2	1,268.5
Property, plant and equipment, net	\$ 1,082.8	\$ 1,009.5

**4. Acquisitions and Dispositions**

*Cabinets*

On April 28, 2022, the Company announced that its Board of Directors authorized the Company to develop a plan to separate the Company into two independent, publicly-traded companies via a tax-free spin-off of the MasterBrand Cabinets, Inc. business into a separate standalone publicly-traded company (the "Spin-Off"). The Spin-Off is expected to be completed approximately twelve months from the announcement date, subject to a number of conditions including the approval by the Company's Board of Directors and the effectiveness of a registration statement on Form 10 to be filed with the SEC.

*Solar*

In January 2022, we acquired 100% of the outstanding equity of Solar Innovations LLC and an affiliated entity (together, "Solar"), a leading producer of wide-opening exterior door systems and outdoor enclosures, for a purchase price of \$61.6 million, net of cash acquired of \$4.8 million. The purchase price is subject to a final post-closing working capital adjustment. We financed the transaction using cash on hand and borrowings under our revolving credit facility. The results of Solar are reported as part of the Outdoors & Security segment. Its complementary product offerings support the segment's outdoor living strategy. Solar's net sales and operating income for the three and six months ended June 30, 2022 were not material to the Company. We have not included pro forma financial information as it is immaterial to our condensed consolidated statements of comprehensive income. The fair value allocated to assets acquired and liabilities assumed as of January 31, 2022 was \$61.6 million, which includes \$20.4 million of goodwill. Goodwill includes expected sales and cost synergies and is expected to be deductible for income tax purposes.

*Flo Technologies*

In 2018, our Water Innovations segment entered into a strategic partnership with, and acquired non-controlling equity interests in, Flo Technologies, Inc. ("Flo"), a U.S. manufacturer of comprehensive water monitoring and shut-off systems with leak detection technologies. In January 2020, we entered into an agreement to acquire the remaining outstanding shares of Flo in a multi-phase transaction. As part of this agreement, we acquired a majority of Flo's outstanding shares during 2020 and entered into a forward contract to purchase all remaining shares of Flo during the first quarter of 2022 for a price based on a multiple of Flo's 2021 sales and adjusted earnings before interest and taxes. During the six months ended June 30, 2022, we made a final cash payment of \$16.7 million to the legacy minority shareholders to acquire such shares which is reflected within Other financing, net in our consolidated statements of cash flows.

The minority shareholders' substantive participating rights expired on January 1, 2021, at which time we obtained control of, and began consolidating, Flo in our results of operations and statements of financial positions and cash flows. Immediately prior to consolidating Flo, we recognized a non-cash loss of \$4.5 million within other expense during the three months ended March 31, 2021 related to the remeasurement of our previously existing investment in Flo. The fair value allocated to assets acquired and liabilities assumed as of January 1, 2021 was \$87.8 million, net of cash acquired of \$9.7 million, which includes \$65.3 million of goodwill. Goodwill includes expected sales and cost synergies and is not expected to be deductible for income tax purposes.

**5. Goodwill and Identifiable Intangible Assets**

We had goodwill of \$2,479.6 million and \$2,465.1 million as of June 30, 2022 and December 31, 2021, respectively. The change in the net carrying amount of goodwill by segment was as follows:

(In millions)	Water Innovations	Outdoors & Security	Cabinets	Total Goodwill
Goodwill at December 31, 2021 <sup>(a)</sup>	\$ 814.1	\$ 724.8	\$ 926.2	\$ 2,465.1
Year-to-date translation adjustments	(5.5)	(0.1)	(0.3)	(5.9)
Acquisition-related adjustments	—	20.4	-	20.4
Goodwill at June 30, 2022 <sup>(a)</sup>	\$ 808.6	\$ 745.1	\$ 925.9	\$ 2,479.6

(a) Net of accumulated impairment losses of \$399.5 million in the Outdoors & Security segment.

The gross carrying value and accumulated amortization by class of identifiable intangible assets as of June 30, 2022 and December 31, 2021 were as follows:

(In millions)	As of June 30, 2022			As of December 31, 2021		
	Gross Carrying Amounts	Accumulated Amortization	Net Book Value	Gross Carrying Amounts	Accumulated Amortization	Net Book Value
Indefinite-lived tradenames	\$ 684.4	\$ -	\$ 684.4	\$ 711.1	\$ -	\$ 711.1
Amortizable intangible assets						
Tradenames	38.7	(16.1)	22.6	36.4	(15.5)	20.9
Customer and contractual relationships	978.9	(412.3)	566.6	975.7	(388.2)	587.5
Patents/proprietary technology	135.5	(74.5)	61.0	133.1	(68.8)	64.3
Total	1,153.1	(502.9)	650.2	1,145.2	(472.5)	672.7
Total identifiable intangibles	\$ 1,837.5	\$ (502.9)	\$ 1,334.6	\$ 1,856.3	\$ (472.5)	\$ 1,383.8

We had net identifiable intangible assets of \$1,334.6 million and \$1,383.8 million as of June 30, 2022 and December 31, 2021, respectively. The \$18.8 million decrease in gross identifiable intangible assets was primarily due to the tradename impairment charges of \$26.0 million in our Cabinets segment (as discussed below), partially offset by the acquisition of Solar.

Amortizable identifiable intangible assets, principally customer relationships, are subject to amortization over their estimated useful life, ranging from 5 to 30 years, based on the assessment of a number of factors that may impact useful life, which includes customer attrition rates and other relevant factors.

In the second quarter of 2022, we recognized an impairment charge of \$26.0 million related to an indefinite-lived tradename. During the second quarter of 2022, production was shifted at a historical make-to-order plant to a stock product line, to enable what we expect to be a higher value purpose and growth opportunity, which led to downward revisions to forecasted revenue growth rates associated with the tradename.

The fair value of this tradename was measured using the relief-from-royalty approach, which estimates the present value of royalty income that could be hypothetically earned by licensing the tradename to a third party over its remaining useful life. Some of the more significant assumptions inherent in estimating the fair values include forecasted revenue growth rates for the tradename, assumed royalty rate, and a market-participant discount rate that reflects the level of risk associated with the tradenames' future revenues and profitability. We selected the assumptions used in the financial forecasts using historical data, supplemented by current and anticipated market conditions, estimated growth rates, and management plans. These assumptions represent Level 3 inputs of the fair value hierarchy (refer to Note 8).

The significant assumptions used to estimate the fair value of the tradename impaired in the second quarter of 2022 were as follows:

Unobservable Input	2022
Discount rate	11.6 %
Royalty rate <sup>(a)</sup>	3 %
Long-term revenue growth rate <sup>(b)</sup>	1 %

(a) Represents estimated percentage of sales a market-participant would pay to license the impaired tradename.

(b) Selected long-term revenue growth rate within 10-year projection period of the impaired tradename



.As of June 30, 2022, the estimated fair value of this tradename equaled its carrying value of \$59.0 million. A reduction in the estimated fair value of this tradename could trigger additional impairment charges in future periods. Events or circumstances that could have a potential negative effect on the estimated fair value of our reporting units and indefinite-lived tradenames include: lower than forecasted revenues, more severe impacts of the COVID-19 pandemic than currently expected, including due to resurgences of the virus, actual new construction and repair and remodel growth rates that fall below our assumptions, actions of key customers, increases in discount rates, continued economic uncertainty, higher levels of unemployment, weak consumer confidence, lower levels of discretionary consumer spending, a decrease in royalty rates and a decline in the trading price of our common stock. We cannot predict the occurrence of certain events or changes in circumstances that might adversely affect the carrying value of goodwill and indefinite-lived assets.

## 6. External Debt and Financing Arrangements

### Senior Notes

In March 2022, the Company issued \$900 million in aggregate principal amount of senior unsecured notes in a registered public offering consisting of \$450 million of 4.00% senior unsecured notes maturing in 2032 and \$450 million of 4.50% senior unsecured notes maturing in 2052 (together, the “2022 Notes”). The Company used the net proceeds from the 2022 Notes offering to pay down a portion of the outstanding balance on the 2021 Term Loan, as described below.

At June 30, 2022, the Company had aggregate outstanding senior notes in the amount of \$2.7 billion, with varying maturities (the “Notes”). The Notes are unsecured senior obligations of the Company. The following table provides a summary of the Company’s outstanding Notes, including the net carrying value of the Notes, net of underwriting commissions, price discounts, and debt issuance costs as of June 30, 2022 and December 31, 2021:

(in millions)	Principal Amount	Issuance Date	Maturity Date	Net Carrying Value	
				June 30, 2022	December 31, 2021
4.000% Senior Notes	\$ 500.0	June 2015	June 2025	\$ 497.7	\$ 497.4
4.000% Senior Notes	600.0	September 2018	September 2023	598.8	598.2
3.250% Senior Notes	700.0	September 2019	September 2029	694.6	694.2
4.000% Senior Notes	450.0	March 2022	March 2032	445.4	-
4.500% Senior Notes	450.0	March 2022	March 2052	435.0	-
Total Senior Notes	\$ 2,700.0			\$ 2,671.5	\$ 1,789.8

### Credit Facilities

In November 2021, the Company entered into a 364-day, \$400 million term loan credit agreement (“2021 Term Loan”), for general corporate purposes, to mature in November 2022. On March 1, 2022, the Company entered into a First Amendment and Incremental Agreement to the 2021 Term Loan (the “First Amendment”). The First Amendment provided for an increase in the principal amount from \$400 million to \$600 million as well as the transition from LIBOR to SOFR interest rates. As a result, interest rates under the 2021 Term Loan were variable based on SOFR at the time of the borrowing and the Company’s long-term credit rating and could range from SOFR + 0.725% to SOFR + 1.350%. On March 18, 2022, the Company entered into a Second Amendment and Incremental Agreement to the 2021 Term Loan (the “Second Amendment”), increasing the principal amount from \$600 million to \$1.1 billion. All other terms and conditions remained the same under the First Amendment and Second Amendment. Proceeds from the increased 2021 Term Loan were used to repay outstanding balances under the 2019 Revolving Credit Agreement (as described below). The outstanding \$1.1 billion under the 2021 Term Loan was repaid on March 25, 2022 with proceeds from the senior notes offering in March 2022 (as described above) and other existing sources of liquidity.

In September 2019, the Company entered into a second amended and restated \$1.25 billion revolving credit facility (the “2019 Revolving Credit Agreement”), and borrowings thereunder will be used for general corporate purposes. The maturity date of the facility is September 2024. Interest rates under the 2019 Revolving Credit Agreement are variable based on LIBOR at the time of the borrowing and the Company’s long-term credit rating and can range from LIBOR + 0.91% to LIBOR + 1.4%. Under the 2019 Revolving Credit Agreement, the Company is required to maintain a minimum ratio of consolidated EBITDA to consolidated interest expense of 3.0 to 1.0. Consolidated EBITDA is defined as consolidated net income before interest expense, income taxes, depreciation, amortization of intangible assets, losses from asset impairments, and certain other one-time adjustments. In addition, the Company’s ratio of consolidated debt minus certain cash and cash equivalents to consolidated EBITDA generally may not exceed 3.5 to 1.0. On June 30, 2022 and December 31, 2021, our outstanding borrowings under this facility were \$125.0 million and \$520.0 million, respectively. This facility is included in Long-term debt in the condensed consolidated balance sheets. As of June 30, 2022, we were in compliance with all covenants under this facility.

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We currently have uncommitted bank lines of credit in China, which provide for unsecured borrowings for working capital of up to \$20.5 million and \$17.5 million in aggregate as of June 30, 2022 and December 31, 2021, respectively. There were no outstanding balances as of June 30, 2022 and December 31, 2021, respectively.

*Commercial Paper*

In November 2021, the Company established a commercial paper program (the “Commercial Paper Program”) pursuant to which the Company may issue unsecured commercial paper notes. The Company’s 2019 Revolving Credit Agreement is the liquidity backstop for the repayment of any notes issued under the Commercial Paper Program, and as such, borrowings under the Commercial Paper Program are included in Long-term debt in the condensed consolidated balance sheets. Amounts available under the Commercial Paper Program may be borrowed, repaid and re-borrowed, with the aggregate principal amount outstanding at any time, including borrowings under the 2019 Revolving Credit Agreement, not to exceed \$1.25 billion. The Company plans to use net proceeds from any issuances under the Commercial Paper Program for general corporate purposes. On June 30, 2022 and December 31, 2021 our outstanding borrowings under the Commercial Paper Program were \$561.4 million and zero, respectively.

**7. Financial Instruments**

We do not enter into financial instruments for trading or speculative purposes. We principally use financial instruments to reduce the impact of changes in foreign currency exchange rates and commodities used as raw materials in our products. The principal derivative financial instruments we enter into on a routine basis are foreign exchange contracts. Derivative financial instruments are recorded at fair value. The counterparties to derivative contracts are major financial institutions. We are subject to credit risk on these contracts equal to the fair value of these instruments. Management currently believes that the risk of incurring material losses is unlikely and that the losses, if any, would be immaterial to the Company.

Raw materials used by the Company are subject to price volatility caused by weather, supply conditions, geopolitical and economic variables, and other unpredictable external factors. As a result, from time to time, we enter into commodity swaps to manage the price risk associated with forecasted purchases of materials used in our operations.

We may be exposed to interest rate risk on existing debt or forecasted debt issuance. To mitigate this risk, we may enter into interest rate hedge contracts. As of June 30, 2022, we had outstanding interest rate hedges with a notional value of \$600 million which have been accounted for as cash flow hedges.

We terminated \$600 million of interest rate hedges during the first quarter of 2022, concurrent with the issuance of new long-term debt. Total realized pre-tax gains of \$39.0 million related to these interest rate hedges have been recorded in accumulated other comprehensive income and will be reclassified to earnings over the related maturity of the related interest rate hedging instrument.

Our primary foreign currency hedge contracts pertain to the Canadian dollar, the British pound, the Mexican peso and the Chinese yuan. The gross U.S. dollar equivalent notional amount of all foreign currency derivative hedges outstanding at June 30, 2022 was \$568.3 million. Based on foreign exchange rates as of June 30, 2022, we estimate that \$2.6 million of net derivative losses included in accumulated other comprehensive income as of June 30, 2022 will be reclassified to earnings within the next twelve months.

The fair values of derivative instruments on the consolidated balance sheets as of June 30, 2022 and December 31, 2021 were as follows:

(In millions)	Location	Fair Value	
		June 30, 2022	December 31, 2021
<b>Assets:</b>			
Foreign exchange contracts	Other current assets	\$ 5.7	\$ 4.1
Interest rate hedges	Other non-current assets	58.9	-
	Total assets	\$ 64.6	\$ 4.1
<b>Liabilities:</b>			
Foreign exchange contracts	Other current liabilities	\$ 0.9	\$ 1.4
Commodity contracts	Other current liabilities	9.4	0.1
	Total liabilities	\$ 10.3	\$ 1.5

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The effects of derivative financial instruments on the statements of comprehensive income for the six months ended June 30, 2022 and 2021 were as follows:

(In millions)

	Classification and Amount of Gain (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships		
	Six Months Ended June 30, 2022		
	Cost of products sold	Interest expense	Other income, net
Total amounts per Consolidated Statements of Comprehensive Income	\$ 2,585.7	\$ 52.3	\$ 1.5
The effects of fair value and cash flow hedging:			
Gain (loss) on fair value hedging relationships			
Foreign exchange contracts:			
Hedged items	-	-	(8.9)
Derivative designated as hedging instruments	-	-	5.1
Gain (loss) on cash flow hedging relationships			
Foreign exchange contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	3.0	-	-
Commodity contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	(0.3)	-	-
Interest rate contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	-	1.4	-

(In millions)

	Classification and Amount of Gain (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships		
	Six Months Ended June 30, 2021		
	Cost of products sold	Interest expense	Other expense, net
Total amounts per Consolidated Statements of Comprehensive Income	\$ 2,357.2	\$ 42.6	\$ 2.0
The effects of fair value and cash flow hedging:			
Gain (loss) on fair value hedging relationships			
Foreign exchange contracts:			
Hedged items	-	-	1.7
Derivative designated as hedging instruments	-	-	(3.7)
Gain (loss) on cash flow hedging relationships			
Foreign exchange contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	(0.7)	-	-
Commodity contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	0.9	-	-
Interest rate contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	-	0.3	-

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The effects of derivative financial instruments on the statements of comprehensive income for the three months ended June 30, 2022 and 2021 were as follows:

(In millions)

	Classification and Amount of Gain (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships		
	Three Months Ended June 30, 2022		
	Cost of products sold	Interest expense	Other income, net
Total amounts per Consolidated Statements of Comprehensive Income	\$ 1,347.9	\$ 30.5	\$ 0.2
The effects of fair value and cash flow hedging:			
Gain (loss) on fair value hedging relationships			
Foreign exchange contracts:			
Hedged items	-	-	(7.8)
Derivative designated as hedging instruments	-	-	6.2
Gain (loss) on cash flow hedging relationships			
Foreign exchange contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	2.1	-	-
Commodity contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	(0.4)	-	-
Interest rate contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	-	1.2	-

(In millions)

	Classification and Amount of Gain (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships		
	Three Months Ended June 30, 2021		
	Cost of products sold	Interest expense	Other income, net
Total amounts per Consolidated Statements of Comprehensive Income	\$ 1,230.3	\$ 21.2	\$ 1.3
The effects of fair value and cash flow hedging:			
Gain (loss) on fair value hedging relationships			
Foreign exchange contracts:			
Hedged items	-	-	2.5
Derivative designated as hedging instruments	-	-	(3.7)
Gain (loss) on cash flow hedging relationships			
Foreign exchange contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	0.1	-	-
Commodity contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	0.8	-	-
Interest rate contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	-	0.1	-

The cash flow hedges recognized in other comprehensive income were a net loss of \$0.5 million and a net loss of \$0.6 million in the six months ended June 30, 2022 and 2021, respectively. The cash flow hedges recognized in other comprehensive income were a net gain of \$0.2 million and a net gain of \$1.4 million in the three months ended June 30, 2022 and 2021, respectively.

**8. Fair Value Measurements**

FASB ASC requirements for Fair Value Measurements and Disclosures establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs, the highest priority, are quoted prices in active

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

markets for identical assets or liabilities. Level 2 inputs reflect other than quoted prices included in Level 1 that are either observable directly or through corroboration with observable market data. Level 3 inputs are unobservable inputs, due to little or no market activity for the asset or liability, such as internally-developed valuation models. We do not have any assets or liabilities measured at fair value on a recurring basis that are Level 3.

The carrying value and fair value of debt as of June 30, 2022 and December 31, 2021 were as follows:

(In millions)	June 30, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Notes, net of underwriting commissions, price discounts and debt issuance costs	\$ 2,671.5	\$ 2,445.6	\$ 1,789.8	\$ 1,902.9
2019 Revolving Credit Agreement	125.0	125.0	520.0	520.0
Commercial paper borrowings	561.4	561.4	-	-
2021 Term Loan	-	-	400.0	400.0
<b>Total debt</b>	<b>\$ 3,357.9</b>	<b>\$ 3,132.0</b>	<b>\$ 2,709.8</b>	<b>\$ 2,822.9</b>

The estimated fair value of our Notes is determined by using quoted market prices of our debt securities, which are Level 1 inputs. The estimated fair value of our 2019 Revolving Credit Facility, Commercial paper borrowings and 2021 Term Loan is determined primarily using broker quotes, which are Level 2 inputs.

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and December 31, 2021 were as follows:

(In millions)	Fair Value	
	June 30, 2022	December 31, 2021
<b>Assets</b>		
Derivative financial instruments (Level 2)	\$ 64.6	\$ 4.1
Deferred compensation program assets (Level 2)	19.5	19.8
<b>Total assets</b>	<b>\$ 84.1</b>	<b>\$ 23.9</b>
<b>Liabilities</b>		
Derivative financial instruments (Level 2)	\$ 10.3	\$ 1.5

**9. Accumulated Other Comprehensive Income (Loss)**

Total accumulated other comprehensive income (loss) consists of net income and other changes in business equity from transactions and other events from sources other than stockholders. It includes currency translation gains and losses, unrealized gains and losses from derivative instruments designated as cash flow hedges, and defined benefit plan adjustments. The after-tax components of and changes in accumulated other comprehensive (loss) income for the six and three months ended June 30, 2022 and 2021 were as follows:

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(In millions)

	Foreign Currency Adjustments	Derivative Hedging Gain (Loss)	Defined Benefit Plan Adjustments	Accumulated Other Comprehensive Loss
Balance at December 31, 2020	\$ 7.2	\$ 4.2	\$ (66.5)	\$ (55.1)
Amounts classified into accumulated other comprehensive (loss) income	17.8	(0.3)	(0.2)	17.3
Amounts reclassified from accumulated other comprehensive (loss) income	-	(0.6)	-	(0.6)
Net current-period other comprehensive (loss) income	17.8	(0.9)	(0.2)	16.7
Balance at June 30, 2021	<u>\$ 25.0</u>	<u>\$ 3.3</u>	<u>\$ (66.7)</u>	<u>\$ (38.4)</u>
Balance at December 31, 2021	\$ 3.3	\$ 2.9	\$ (30.8)	\$ (24.6)
Amounts classified into accumulated other comprehensive (loss) income	(16.1)	72.4	(0.1)	56.2
Amounts reclassified from accumulated other comprehensive (loss) income	-	(3.8)	-	(3.8)
Net current-period other comprehensive (loss) income	(16.1)	68.6	(0.1)	52.4
Balance at June 30, 2022	<u>\$ (12.8)</u>	<u>\$ 71.5</u>	<u>\$ (30.9)</u>	<u>\$ 27.8</u>

(In millions)

	Foreign Currency Adjustments	Derivative Hedging Gain (Loss)	Defined Benefit Plan Adjustments	Accumulated Other Comprehensive Loss
Balance at March 31, 2021	\$ 13.0	\$ 2.7	\$ (66.7)	\$ (51.0)
Amounts classified into accumulated other comprehensive (loss) income	12.0	1.5	-	13.5
Amounts reclassified from accumulated other comprehensive (loss) income	-	(0.9)	-	(0.9)
Net current-period other comprehensive (loss) income	12.0	0.6	-	12.6
Balance at June 30, 2021	<u>\$ 25.0</u>	<u>\$ 3.3</u>	<u>\$ (66.7)</u>	<u>\$ (38.4)</u>
Balance at March 31, 2022	\$ 14.9	\$ 51.0	\$ (30.6)	\$ 35.3
Amounts classified into accumulated other comprehensive (loss) income	(27.7)	23.2	(0.3)	(4.8)
Amounts reclassified from accumulated other comprehensive (loss) income	-	(2.7)	-	(2.7)
Net current-period other comprehensive (loss) income	(27.7)	20.5	(0.3)	(7.5)
Balance at June 30, 2022	<u>\$ (12.8)</u>	<u>\$ 71.5</u>	<u>\$ (30.9)</u>	<u>\$ 27.8</u>

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The reclassifications out of accumulated other comprehensive loss for the six and three months ended June 30, 2022 and 2021 were as follows:

(In millions)

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss Six Months Ended June 30,		Affected Line Item in the Statement of Comprehensive Income
	2022	2021	
	<b>Gains (losses) on cash flow hedges</b>		
Foreign exchange contracts	\$ 3.0	\$ (0.7)	Cost of products sold
Commodity contracts	(0.3)	0.9	Cost of products sold
Interest rate contracts	1.4	0.3	Interest expense
	4.1	0.5	Total before tax
	(0.3)	0.1	Tax expense
<b>Total reclassifications for the period</b>	<b>\$ 3.8</b>	<b>\$ 0.6</b>	<b>Net of tax</b>

(In millions)

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss Three Months Ended June 30,		Affected Line Item in the Statement of Comprehensive Income
	2022	2021	
	<b>Gains (losses) on cash flow hedges</b>		
Foreign exchange contracts	\$ 2.1	\$ 0.1	Cost of products sold
Commodity contracts	(0.4)	0.8	Cost of products sold
Interest rate contracts	1.2	0.1	Interest expense
	2.9	1.0	Total before tax
	(0.2)	(0.1)	Tax expense
<b>Total reclassifications for the period</b>	<b>\$ 2.7</b>	<b>\$ 0.9</b>	<b>Net of tax</b>

**10. Revenue**

The following table disaggregates our consolidated revenue by major sales distribution channels for the six and three months ended June 30, 2022 and 2021:

(In millions)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2022	2021	2022	2021
Wholesalers <sup>(a)</sup>	\$ 1,886.8	\$ 1,660.8	\$ 1,034.5	\$ 862.8
Home Center retailers <sup>(b)</sup>	1,206.9	1,117.1	605.9	568.2
Other retailers <sup>(c)</sup>	210.2	198.1	117.1	99.0
Builder direct	160.0	129.1	87.8	67.7
U.S. net sales	3,463.9	3,105.1	1,845.3	1,597.7
International <sup>(d)</sup>	564.4	602.0	265.7	338.4
<b>Net sales</b>	<b>\$ 4,028.3</b>	<b>\$ 3,707.1</b>	<b>\$ 2,111.0</b>	<b>\$ 1,936.1</b>

- (a) Represents sales to customers whose business is oriented towards builders, professional trades and home remodelers, inclusive of sales through our customers' respective internet website portals.
- (b) Represents sales to the three largest "Do-It-Yourself" retailers; The Home Depot, Inc., Lowe's Companies, Inc. and Menards, Inc., inclusive of sales through their respective internet website portals.
- (c) Represents sales principally to our mass merchant and standalone independent e-commerce customers.
- (d) Represents sales in markets outside the United States, principally in Canada, China, Europe and Mexico.



**11. Defined Benefit Plans**

The components of net periodic benefit income for pension benefits for the six and three months ended June 30, 2022 and 2021 were as follows:

(In millions)	Six Months Ended June 30,		Three Months Ended June 30,	
	Pension Benefits		Pension Benefits	
	2022	2021	2022	2021
Service cost	\$ 0.2	\$ 0.2	\$ 0.1	\$ 0.1
Interest cost	12.7	12.0	6.4	6.0
Expected return on plan assets	(17.7)	(17.5)	(8.9)	(8.8)
Net periodic benefit income	\$ (4.8)	\$ (5.3)	\$ (2.4)	\$ (2.7)

Service cost relates to benefit accruals in an hourly Union defined benefit plan in our Outdoors & Security segment. All other defined benefit pension plans were frozen as of December 31, 2016.

**12. Income Taxes**

The effective income tax rates for six and three months ended June 30 were 23.4% and 24.3% for 2022 and 20.8% and 21.0% for 2021, respectively.

The difference between the Company's effective tax rate for the six months ended June 30, 2022 and the U.S. statutory rate of 21.0% primarily relates to state income taxes (net of federal income tax benefit), tax benefit for stock compensation, changes in valuation allowances, and foreign tax expense.

**13. Product Warranties**

We generally record warranty expense related to contractual warranty terms at the time of sale. We may also provide customer concessions for claims made outside of the contractual warranty terms and those expenses are recorded in the period in which the concession is made. We offer our customers various warranty terms based on the type of product that is sold. Warranty expense is determined based on historic claim experience and the nature of the product category. The following table summarizes activity related to our product warranty liability for the six months ended June 30, 2022 and 2021, respectively.

(In millions)	Six Months Ended June 30,	
	2022	2021
Reserve balance at January 1,	\$ 26.5	\$ 24.5
Provision for warranties issued	22.2	16.9
Settlements made (in cash or in kind)	(21.3)	(16.8)
Acquisition	0.4	0.3
Foreign translation adjustments	(0.2)	-
Reserve balance at June 30,	\$ 27.6	\$ 24.9

**14. Information on Business Segments**

Net sales and operating income for the six and three months ended June 30, 2022 and 2021 by segment were as follows:

(In millions)	Six Months Ended June 30,		
	2022	2021	% Change vs. Prior Year
<b>Net Sales</b>			
Water Innovations	\$ 1,293.6	\$ 1,316.2	(1.7) %
Outdoors & Security	1,102.0	997.0	10.5
Cabinets	1,632.7	1,393.9	17.1
Net sales	\$ 4,028.3	\$ 3,707.1	8.7 %
<b>Operating Income (Loss)</b>			
Water Innovations	\$ 310.0	\$ 316.8	(2.1) %
Outdoors & Security	152.7	131.3	16.3
Cabinets	142.4	147.0	(3.1)
Less: Corporate expenses	(67.6)	(51.8)	(30.5)
Operating income	\$ 537.5	\$ 543.3	(1.1) %

  

(In millions)	Three Months Ended June 30,		
	2022	2021	% Change vs. Prior Year
<b>Net Sales</b>			
Water Innovations	\$ 650.0	\$ 694.6	(6.4) %
Outdoors & Security	605.4	535.5	13.1
Cabinets	855.6	706.0	21.2
Net sales	\$ 2,111.0	\$ 1,936.1	9.0 %
<b>Operating Income (Loss)</b>			
Water Innovations	\$ 160.7	\$ 168.9	(4.9) %
Outdoors & Security	92.5	78.5	17.8
Cabinets	68.8	74.4	(7.5)
Less: Corporate expenses	(37.9)	(26.9)	(40.9)
Operating income	\$ 284.1	\$ 294.9	(3.7) %

**15. Restructuring and Other Charges**

Pre-tax restructuring and other charges for the six and three months ended June 30, 2022 and 2021 are shown below.

(In millions)	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Restructuring Charges	Other Charges (Gains) <sup>(a)</sup>	Total Charges	Restructuring Charges	Other Charges (Gains) <sup>(a)</sup>	Total Charges
Water Innovations	\$ 0.9	\$ 0.8	\$ 1.7	\$ -	\$ 1.6	\$ 1.6
Outdoors & Security	0.7	(6.3)	(5.6)	6.1	-	6.1
Cabinets	1.3	2.4	3.7	1.8	2.6	4.4
Total	\$ 2.9	\$ (3.1)	\$ (0.2)	\$ 7.9	\$ 4.2	\$ 12.1

(a) "Other Charges (Gains)" 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, accelerated depreciation resulting from the closure of facilities and gains or losses on the sale of previously closed facilities.

**FORTUNE BRANDS HOME & SECURITY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Restructuring and other charges (gains) in the first six months of 2022 are largely related to severance costs associated with plant and office closures. Restructuring and other charges in the first six months of 2021 largely related to severance costs associated with the relocation of manufacturing facilities within our Cabinets and Outdoors & Security segments.

(In millions)	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	Restructuring Charges	Other Charges (Gains) <sup>(a)</sup>	Total Charges	Restructuring Charges	Other Charges (Gains) <sup>(a)</sup>	Total Charges
Water Innovations	\$ 0.9	\$ -	\$ 0.9	\$ -	\$ 0.2	\$ 0.2
Outdoors & Security	0.1	-	0.1	-	-	-
Cabinets	1.3	2.3	3.6	0.3	2.1	2.4
Total	\$ 2.3	\$ 2.3	\$ 4.6	\$ 0.3	\$ 2.3	\$ 2.6

(a) "Other Charges (Gains)" 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, accelerated depreciation resulting from the closure of facilities and gains or losses on the sale of previously closed facilities.

Restructuring and other charges (gains) in the second quarter of 2022 largely related to severance costs associated with plant and office closures within our Cabinets and Water Innovations segments. Restructuring and other charges in the second quarter of 2021 largely related to costs associated with plant and office closures within our Cabinets segment.

### Reconciliation of Restructuring Liability

(In millions)	Balance at December 31, 2021	2022 Provision	Cash Expenditures <sup>(a)</sup>	Balance at June 30, 2022
Workforce reduction costs	\$ 4.7	\$ 2.8	\$ (4.3)	\$ 3.2
Other	1.0	0.1	(0.2)	0.9
Total	\$ 5.7	\$ 2.9	\$ (4.5)	\$ 4.1

(a) Cash expenditures primarily relate to severance charges.

(In millions)	Balance at December 31, 2020	2021 Provision	Cash Expenditures <sup>(a)</sup>	Balance at June 30, 2021
Workforce reduction costs	\$ 6.9	\$ 6.4	\$ (7.9)	\$ 5.4
Other	0.7	1.5	(0.9)	1.3
Total	\$ 7.6	\$ 7.9	\$ (8.8)	\$ 6.7

(a) Cash expenditures primarily relate to severance charges.

### 16. Earnings Per Share

The computations of earnings per common share for the six and three months ended June 30, 2022 and 2021 were as follows:

(In millions, except per share data)	Six Months Ended June 30,		Three Months Ended June 30,	
	2022	2021	2022	2021
Net income	\$ 372.9	\$ 395.0	\$ 192.0	\$ 217.2
Basic earnings per common share	\$ 2.83	\$ 2.85	\$ 1.47	\$ 1.57
Diluted earnings per common share	\$ 2.80	\$ 2.81	\$ 1.46	\$ 1.55
Basic average shares outstanding	131.9	138.5	130.3	138.4
Stock-based awards	1.1	2.0	0.9	2.0
Diluted average shares outstanding	133.0	140.5	131.2	140.4
Antidilutive stock-based awards excluded from weighted-average number of shares outstanding for diluted earnings per share	1.0	0.3	1.6	0.4

**17. Commitments and Contingencies**

**Litigation**

We are defendants in lawsuits associated with the normal conduct of our businesses and operations. It is not possible to predict the outcome of the pending actions, and, as with any litigation, it is possible that these actions could be decided unfavorably to the Company. The Company believes that there are meritorious defenses to these actions and that these actions will not have a material adverse effect upon our results of operations, cash flows or financial condition, and where appropriate, these actions are being vigorously contested. Accordingly, the Company believes the likelihood of material loss is remote.

**Environmental**

Compliance with federal, state and local laws regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, did not have a material effect on capital expenditures, earnings or the competitive position of Fortune Brands during the six and three months ended June 30, 2022 and 2021. We are involved in remediation activities to clean up hazardous wastes as required by federal and state laws. Liabilities for remediation costs of each site are based on our best estimate of undiscounted future costs. Uncertainties about the status of laws, regulations, technology and information related to individual sites make it difficult to develop estimates of environmental remediation exposures. We believe compliance with current environmental protection laws (before taking into account estimated recoveries from third parties) will not have a material adverse effect upon our results of operations, cash flows or financial condition.

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto, which are included in this report, as well as our audited consolidated financial statements for the year ended December 31, 2021, which are included in our Annual Report on Form 10-K for the year ended December 31, 2021.

This discussion contains forward-looking statements that are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), regarding expectations for our business, operations, financial performance or financial condition in addition to statements regarding our general business strategies, market potential, the potential of our brands and other matters, expected capital spending, expected pension contributions, the anticipated impact of recently issued accounting standards on our financial statements, the anticipated impact of acquisitions, other strategic transactions and other matters that are not historical in nature, including the expected or potential impact of the novel coronavirus (“COVID-19”) pandemic. Statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” “plans” and similar expressions or future or conditional verbs such as “will,” “should,” “would,” “may” and “could” are generally forward-looking in nature and not historical facts. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on current expectations, estimates, assumptions and projections about our industry, business and future financial results, available at the time this report is filed with the Securities and Exchange Commission. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including but not limited to: (i) our reliance on the North American and Chinese home improvement, repair and remodel and new home construction activity levels, (ii) the housing market, downward changes in the general economy, unfavorable interest rates or other business conditions, (iii) the competitive nature of consumer and trade brand businesses, (iv) our ability to develop new products or processes and improve existing products and processes, (v) our reliance on key customers and suppliers, including wholesale distributors and dealers and retailers, (vi) risks associated with our ability to improve organizational productivity and global supply chain efficiency and flexibility, (vii) risks associated with global commodity and energy availability and price volatility, as well as the possibility of sustained inflation, (viii) delays or outages in our information technology systems or computer networks, (ix) risks associated with doing business globally, including changes in trade-related tariffs and risks with uncertain trade environments, (x) risks associated with the disruption of operations, (xi) our inability to obtain raw materials and finished goods in a timely and cost-effective manner, (xii) risks associated with entering into potential strategic acquisitions and joint ventures and related integration activities, (xiii) impairments in the carrying value of goodwill or other acquired intangible assets, (xiv) risk of increases in our defined benefit-related costs and funding requirements, (xv) the uncertainties relating to the impact of COVID-19 on the Company’s business, financial performance and operating results, (xvi) our ability to attract and retain qualified personnel and other labor constraints, (xvii) the effect of climate change and the impact of related changes in government regulations and consumer preferences, (xviii) risks associated with environmental, social and governance matters, (xix) changes in government and industry regulatory standards, (xx) future tax law changes or the interpretation of existing tax laws, (xxi) our ability to secure and protect our intellectual property rights, (xxii) potential liabilities and costs from claims and litigation, (xxiii) the potential costs and disruption to our business of implementing the Spin-Off, (xxiv) our ability to consummate the Spin-Off and achieve the expected benefits of the Spin-Off transaction, (xxv) the loss of synergies from operating the businesses that could negatively impact the balance sheet, profit margins or earnings of both businesses, (xxvi) the potential that the combined value of the common stock of the two publicly-traded companies resulting from the Spin-Off does not equal or exceed the value that the Company’s common stock could have had if the Spin-Off had not occurred and (xxvii) the expected timing of the completion of the Spin-Off transaction and the transaction terms. These and other factors are discussed in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2021 and in Part II, Item 1A of this Report. We undertake no obligation to, and expressly disclaim any such obligation to, update or clarify any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, new information or changes to future results over time or otherwise, except as required by law.

## OVERVIEW

References to “Fortune Brands,” “the Company,” “we,” “our” and “us” refer to Fortune Brands Home & Security, Inc. and its consolidated subsidiaries as a whole, unless the context otherwise requires. The Company is a leading home and security products company with a portfolio of leading branded products used for residential home repair, remodeling, new construction and security applications.

On April 28, 2022, the Company announced that its Board of Directors authorized the Company to develop a plan to separate the Company into two independent, publicly-traded companies via a tax-free spin-off of the MasterBrand Cabinets, Inc. business into a separate standalone publicly-traded company (the “Spin-Off”). The Spin-Off is expected to be completed approximately twelve months from the announcement date, subject to a number of conditions including the approval by the Company’s Board of Directors and the effectiveness of a registration statement on Form 10 to be filed with the SEC.

We believe that the Company has certain competitive advantages including market-leading brands, a diversified mix of channels, lean and flexible supply chains, a decentralized business model and a strong capital structure, as well as a tradition of strong innovation and customer service. We are focused on outperforming our markets in growth, profitability and returns in order to drive increased stockholder value. We believe the Company’s track record reflects the long-term attractiveness and potential of the categories we serve and our leading brands. The long-term outlook for our products remain favorable, and our strategic advantages, including those set of capabilities we refer to as the Fortune Brands Advantage, helps us to continue to achieve profitable organic growth.

We continue to believe our most attractive opportunities are to invest in profitable organic growth initiatives, pursue accretive strategic acquisitions, non-controlling equity investments, and joint ventures, and return cash to stockholders through a combination of dividends and repurchases of shares of our common stock under our share repurchase program as explained in further detail under “Liquidity and Capital Resources” below.

The U.S. market for our products primarily consists of spending on both new home construction and repair and remodel activities within existing homes, with a substantial majority of the markets we serve consisting of repair and remodel spending. Continued growth in the U.S. market for our home products will largely depend on consumer confidence, employment, wage growth, home prices, stable mortgage rates and credit availability. Inflation and rising of mortgage rates have recently started slowing the pace of single-family and existing home sales activity. However, we believe we are well positioned to manage any short-term slow-down in the housing market because the fundamental drivers of the housing market remain intact.

We have been and may continue to be impacted by near-term supply, labor and freight constraints, a volatile global supply chain environment, as well as sustained increased rates of inflation, rising interest rates, unfavorable fluctuations in foreign exchange rates and the ongoing costs of tariffs. We continue to manage these challenges and are diligently working to offset potential unfavorable impacts of these items through continuous productivity improvement initiatives and price increases.

In the first quarter of 2022, our Plumbing segment was renamed “Water Innovations” to better align with our key brands and organizational purpose. The Plumbing segment name change had no impact on the Company’s historical financial position, results of operations, cash flow or segment-level results previously reported.

In January 2022, we acquired 100% of the outstanding equity of Solar Innovations LLC and an affiliated entity (together, “Solar”), a leading producer of wide-opening exterior door systems and outdoor enclosures, for a purchase price of approximately \$61.6 million, net of cash acquired. The purchase price is subject to a final post-closing working capital adjustment. We financed the transaction using cash on hand and borrowings under our revolving credit facility. The results of Solar are reported as part of the Outdoors & Security segment. Its complementary product offerings support the segment’s outdoor living strategy.

**RESULTS OF OPERATIONS****Six Months Ended June 30, 2022 Compared To Six Months Ended June 30, 2021**

(In millions)	Net Sales		
	2022	2021	% Change vs. Prior Year
Water Innovations	\$ 1,293.6	\$ 1,316.2	(1.7) %
Outdoors & Security	1,102.0	997.0	10.5
Cabinets	1,632.7	1,393.9	17.1
Net sales	\$ 4,028.3	\$ 3,707.1	8.7 %

  

(In millions)	Operating Income (Loss)		
	2022	2021	% Change vs. Prior Year
Water Innovations	\$ 310.0	\$ 316.8	(2.1) %
Outdoors & Security	152.7	131.3	16.3
Cabinets	142.4	147.0	(3.1)
Less: Corporate expenses	(67.6)	(51.8)	(30.5)
Operating income	\$ 537.5	\$ 543.3	(1.1) %

The following discussion of consolidated results of operations and segment results refers to the six months ended June 30, 2022 compared to the six months ended June 30, 2021. Consolidated results of operations should be read in conjunction with segment results of operations.

*Net sales*

Net sales increased by \$321.2 million, or 8.7%, principally due to price increases to help mitigate the impact of cumulative commodity and transportation cost increases across all our segments, higher sales volume in the Cabinets segment and the benefit from the Solar Innovations acquisition (\$11.4 million). These benefits were partially offset by lower sales volume in the Water Innovations segment due to the impact of shutdowns mandated by the Chinese government in response to a COVID-19 resurgence in China and higher sales incentives, as well as unfavorable foreign exchange of approximately \$9 million.

*Cost of products sold*

Cost of products sold increased by \$228.5 million, or 9.7%, due to the impact of raw material cost increases and labor cost increases and unfavorable inventory-related expense write-offs in our Outdoors & Security and Cabinets segments, partially offset by the benefit from productivity improvements across all segments, a gain on the sale of a previously closed manufacturing facility within our Outdoors & Security segment and the impact of Larson's acquisition related inventory fair value adjustment amortization of \$3.3 million in 2021, which did not recur in 2022.

*Selling, general and administrative expenses*

Selling, general and administrative expenses increased by \$78.0 million, or 10.2%, due to higher transportation and headcount-related costs.

*Asset impairment charge*

The asset impairment charge of \$26.0 million in 2022 relates to an indefinite-lived tradename within our Cabinets segment. During the second quarter of 2022, production was shifted at a historical make-to-order plant to a stock product line, to enable what we expect to be a higher value purpose and growth opportunity, which led to downward revisions to forecasted revenue growth rates associated with the tradename.

*Restructuring charges*

Restructuring charges of \$2.9 million in the six months ended June 30, 2022 are largely related to severance costs associated with plant and office closures. Restructuring charges of \$7.9 million in the six months ended June 30, 2021 largely related to severance costs associated with the relocation of manufacturing facilities within our Cabinets and Outdoors & Security segments.

## RESULTS OF OPERATIONS (Continued)

### *Operating income*

Operating income decreased by \$5.8 million, or 1.1%, primarily due to higher commodity, transportation and headcount-related costs, an asset impairment charge of \$26.0 million, a continued shift to value-priced products in the Cabinets segment and higher sales rebate costs, as well as unfavorable foreign exchange of approximately \$2 million. These factors were partially offset by the benefit from higher net sales, the benefit from productivity improvements and lower restructuring charges.

### *Interest expense*

Interest expense increased by \$9.7 million to \$52.3 million due to higher average borrowings and higher average interest rates.

### *Other (income) expense, net*

Other income, net, was \$1.5 million in the six months ended June 30, 2022, compared to other expense, net of \$2.0 million in the six months ended June 30, 2021. The increase in other income, net is primarily due to a non-cash loss of \$4.5 million related to the 2021 remeasurement of our investment in Flo immediately prior to consolidation, partly offset by a decrease in foreign currency transaction gains.

### *Income taxes*

The effective income tax rates for the six months ended June 30, 2022 and 2021 were 23.4% and 20.8%, respectively. The effective income tax rate in 2022 was higher than the prior period primarily due to increased foreign tax expense and lower tax benefits from uncertain tax positions, offset by the benefit of a valuation allowance release.

### *Net income*

Net income was \$372.9 million in the six months ended June 30, 2022 compared to \$395.0 million in the six months ended June 30, 2021. The decrease was due to higher income tax expense, higher interest expense and lower operating income, partly offset by higher other income.

## **Results By Segment**

### **Water Innovations**

Net sales decreased by \$22.6 million, or 1.7%, due to the impact of shutdowns mandated by the Chinese government in response to a COVID-19 resurgence in China and higher sales rebate costs, as well as unfavorable foreign exchange of approximately \$5 million. These factors were partially offset by the benefit from price increases to help mitigate the impact of cumulative commodity and transportation cost increases and a sales increase in our U.S. e-commerce channel.

Operating income decreased by \$6.8 million, or 2.1%, due to the lower sales volume and the impact of higher commodity and freight costs, as well as unfavorable foreign exchange of approximately \$2 million. These factors were partially offset by the benefit from price increases to help mitigate the impact of cumulative commodity and transportation cost increases, lower sales rebate costs and cost reductions, including employee-related costs.

### **Outdoors & Security**

Net sales increased by \$105.0 million, or 10.5%, due to price increases to help mitigate the impact of cumulative commodity and transportation cost increases and the benefit from the Solar Innovations acquisition (\$11.4 million). These benefits were partially offset by lower sales volume, as well as unfavorable foreign exchange of approximately \$3 million.



Operating income increased by \$21.4 million, or 16.3%, due to higher net sales, lower restructuring costs including a gain of \$6.2 million on the sale of a previously closed manufacturing facility, the benefit from productivity improvements, an increase in wholesale doors products versus retail doors products and the benefit from the Solar Innovations acquisition (\$1.2 million). These benefits were partially offset by higher commodity, headcount-related and freight costs, in addition to labor availability constraints and an unfavorable inventory-related expense write-off, as well as unfavorable foreign exchange of approximately \$1 million.

### **Cabinets**

Net sales increased by \$238.8 million, or 17.1%, due to price increases to help mitigate the impact of cumulative commodity and transportation cost increases and higher sales volume. These benefits were partially offset by unfavorable foreign exchange of approximately \$1 million.

Operating income decreased by \$4.6 million, or 3.1%, due to commodity cost inflation, a continued shift to value-priced products, higher freight costs, an asset impairment charge, higher headcount-related costs and an unfavorable inventory-related expense write-off. These factors were partly offset by the benefit from higher net sales and productivity improvements.

### **Corporate**

Corporate expenses increased by \$15.8 million, or 30.5%, due to higher consulting costs relating to our digital transformation initiatives and costs related to the planned Spin-Off of our Cabinets business.

**Three Months Ended June 30, 2022 Compared To Three Months Ended June 30, 2021**

(In millions)	Net Sales		
	2022	2021	% Change vs. Prior Year
Water Innovations	\$ 650.0	\$ 694.6	(6.4) %
Outdoors & Security	605.4	535.5	13.1
Cabinets	855.6	706.0	21.2
Net sales	\$ 2,111.0	\$ 1,936.1	9.0 %

  

(In millions)	Operating Income (Loss)		
	2022	2021	% Change vs. Prior Year
Water Innovations	\$ 160.7	\$ 168.9	(4.9) %
Outdoors & Security	92.5	78.5	17.8
Cabinets	68.8	74.4	(7.5)
Less: Corporate expenses	(37.9)	(26.9)	(40.9)
Operating income	\$ 284.1	\$ 294.9	(3.7) %

The following discussion of consolidated results of operations and segment results refers to the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Consolidated results of operations should be read in conjunction with segment results of operations.

*Net sales*

Net sales increased by \$174.9 million, or 9.0%, due to price increases to help mitigate the impact of cumulative commodity and transportation cost increases across all our segments, higher sales volume in the Cabinets segment, the benefit from the Solar Innovations acquisition (\$8.4 million) and lower sales incentive costs. These benefits were partially offset by lower sales volume in the Water Innovations segment due to the impact of shutdowns mandated by the Chinese government in response to a COVID-19 resurgence in China, as well as unfavorable foreign exchange of approximately \$10 million.

*Cost of products sold*

Cost of products sold increased by \$117.6 million, or 9.6%, due to the impact of raw material and labor cost increases, the impact of the Solar Innovations acquisition (\$7.0 million) and unfavorable inventory-related expense write-offs in our Outdoors & Security and Cabinets segments, partially offset by the benefit of productivity improvements across all segments.

*Selling, general and administrative expenses*

Selling, general and administrative expenses increased by \$40.0 million, or 10.1%, due to higher transportation and headcount-related costs.

*Asset impairment charge*

The asset impairment charge of \$26.0 million in 2022 relates to an indefinite-lived tradename within our Cabinets segment. During the second quarter of 2022, production was shifted at a historical make-to-order plant to a stock product line, to enable what we expect to be a higher value purpose and growth opportunity, which led to downward revisions to forecasted revenue growth rates associated with the tradename.

*Restructuring charges*

Restructuring charges of \$2.3 million in the three months ended June 30, 2022 largely related to severance costs associated with plant and office closures within our Cabinets and Water Innovations segments. Restructuring charges of \$0.3 million in the three months ended June 30, 2021 largely related to costs associated with plant and office closures within our Cabinets segment.

*Operating income*

Operating income decreased by \$10.8 million, or 3.7%, primarily due to higher commodity, headcount-related and transportation costs, an asset impairment charge of \$26.0 million, a continued shift to value-priced products in the Cabinets segment and higher restructuring costs, as well as unfavorable foreign exchange of approximately \$3 million. These factors were partially offset by the benefit from higher net sales, the benefit from productivity improvements and the benefit from the Solar Innovations acquisition.

### *Interest expense*

Interest expense increased by \$9.3 million to \$30.5 million due to higher average borrowings and higher average interest rates.

### *Other income, net*

Other income, net, was \$0.2 million in the three months ended June 30, 2022, compared to \$1.3 million in the three months ended June 30, 2021. The decrease in other income, net is primarily due to a decrease in foreign currency transaction gains.

### *Income taxes*

The effective income tax rates for the three months ended June 30, 2022 and 2021 were 24.3% and 21.0%, respectively. The effective income tax rate in 2022 was higher than the prior period primarily due to increased foreign tax expense, lower tax benefits from share-based compensation and uncertain tax positions, offset by the benefit of a valuation allowance release.

### *Net income*

Net income was \$192.0 million in the three months ended June 30, 2022 compared to \$217.2 million in the three months ended June 30, 2021. The decrease was due to lower operating income, higher interest expense, higher income tax expense and lower other income.

## **Results By Segment**

### **Water Innovations**

Net sales decreased by \$44.6 million, or 6.4%, due to the impact of shutdowns mandated by the Chinese government in response to a COVID-19 resurgence in China, as well as unfavorable foreign exchange of approximately \$6 million. These factors were partially offset by the benefit from price increases to help mitigate the impact of cumulative commodity and transportation cost increases, sales increases in our U.S. e-commerce channel and lower sales rebate costs.

Operating income decreased by \$8.2 million, or 4.9%, due to the lower sales volume and the impact of higher commodity and freight costs, as well as unfavorable foreign exchange of approximately \$3 million. These factors were partially offset by the benefit from price increases to help mitigate the impact of cumulative commodity and transportation cost increases, lower sales rebate costs, and cost reductions, including employee-related costs.

### **Outdoors & Security**

Net sales increased by \$69.9 million, or 13.1%, due to price increases to help mitigate the impact of cumulative commodity and transportation cost increases and the benefit from the Solar Innovations acquisition (\$8 million). These benefits were partially offset by lower sales volume, as well as unfavorable foreign exchange of approximately \$2 million.

Operating income increased by \$14.0 million, or 17.8%, due to higher net sales, the benefit from productivity improvements, an increase in wholesale doors products versus retail doors products within the quarter and the benefit from the Solar Innovations acquisition. These benefits were partially offset by commodity, headcount-related and freight costs, in addition to labor availability constraints and an unfavorable inventory-related expense write-off, as well as unfavorable foreign exchange of approximately \$1 million.

### **Cabinets**

Net sales increased by \$149.6 million, or 21.2%, due to price increases to help mitigate the impact of cumulative commodity and transportation cost increases and higher sales volume. These benefits were partially offset by unfavorable foreign exchange of approximately \$1 million.

Operating income decreased by \$5.6 million, or 7.5%, due to an asset impairment charge related to a make-to-order indefinite-lived tradename, commodity cost inflation, a continued shift to value-priced products, higher freight and headcount-related costs and an unfavorable inventory-related expense write-off. These factors were partly offset by the benefit from higher net sales and productivity improvements.

### **Corporate**

Corporate expenses increased by \$11.0 million, or 40.9%, due to costs related to the planned spin-off of our Cabinets business, higher consulting costs relating to our digital transformation initiatives, and higher employee-related costs.

## LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash on hand, cash flows from operating activities, cash borrowed under our credit facility and cash from debt issuances in the capital markets. Our operating income is generated by our subsidiaries. We believe our operating cash flows, including funds available under the credit facility and access to capital markets, provide sufficient liquidity to support the Company's working capital requirements, capital expenditures and service of indebtedness, as well as to finance acquisitions, repurchase shares of our common stock and pay dividends to stockholders, as the Board of Directors deems appropriate.

Our cash flows from operations, borrowing availability and overall liquidity are subject to certain risks and uncertainties, including those described in the section of our Annual Report on Form 10-K for the year-ended December 31, 2021 entitled "Item 1A. Risk Factors." In addition, we cannot predict whether or when we may enter into acquisitions, joint ventures or dispositions, repurchase shares of our common stock under our share repurchase program, pay dividends, or what impact any such transactions could have on our results of operations, cash flows or financial condition, whether as a result of the issuance of debt or equity securities, or otherwise.

### Long-Term Debt

In March 2022, the Company issued \$900 million in aggregate principal amount of senior unsecured notes in a registered public offering consisting of \$450 million of 4.00% senior unsecured notes maturing in 2032 and \$450 million of 4.50% senior unsecured notes maturing in 2052 (together, the "2022 Notes"). The Company used the net proceeds from the 2022 Notes offering to pay down a portion of the outstanding balance on the 2021 Term Loan (as defined below).

At June 30, 2022, the Company had aggregate outstanding notes in the amount of \$2.7 billion, with varying maturities (the "Notes"). The Notes are unsecured senior obligations of the Company. The following table provides a summary of the Company's outstanding Notes, including the net carrying value of the Notes, net of underwriting commissions, price discounts and debt issuance costs as of June 30, 2022 and December 31, 2021:

(in millions)	Principal Amount	Issuance Date	Maturity Date	Net Carrying Value	
				June 30, 2022	December 31, 2021
4.000% Senior Notes	\$ 500.0	June 2015	June 2025	\$ 497.7	\$ 497.4
4.000% Senior Notes	600.0	September 2018	September 2023	598.8	598.2
3.250% Senior Notes	700.0	September 2019	September 2029	694.6	694.2
4.000% Senior Notes	450.0	March 2022	March 2032	445.4	-
4.500% Senior Notes	450.0	March 2022	March 2052	435.0	-
Total Senior Notes	\$ 2,700.0			\$ 2,671.5	\$ 1,789.8

### Credit Facilities

In November 2021, the Company entered into a 364-day, \$400 million term loan credit agreement (the "2021 Term Loan"), for general corporate purposes, to mature in November 2022. On March 1, 2022, the Company entered into a First Amendment and Incremental Agreement to the 2021 Term Loan (the "First Amendment"). The First Amendment provided for an increase in the principal amount from \$400 million to \$600 million as well as the transition from LIBOR to SOFR interest rates. As a result, interest rates under the 2021 Term Loan were variable based on SOFR at the time of the borrowing and the Company's long-term credit rating and could range from SOFR + 0.725% to SOFR + 1.350%. On March 18, 2022, the Company entered into a Second Amendment and Incremental Agreement to the 2021 Term Loan (the "Second Amendment"), increasing the principal amount from \$600 million to \$1.1 billion. All other terms and conditions remained the same under the First Amendment and Second Amendment. Proceeds from the increased 2021 Term Loan were used to repay outstanding balances on the 2019 Revolving Credit Agreement (as defined below). The outstanding \$1.1 billion under the 2021 Term Loan was repaid on March 25, 2022 with proceeds from the 2022 Notes and other existing sources of liquidity.

In September 2019, the Company entered into a second amended and restated \$1.25 billion revolving credit facility (the "2019 Revolving Credit Agreement"), and borrowings thereunder will be used for general corporate purposes. The maturity date of the facility is September 2024. Interest rates under the 2019 Revolving Credit Agreement are variable based on LIBOR at the time of the borrowing and the Company's long-term credit rating and can range from LIBOR + 0.91% to LIBOR + 1.4%. Under the 2019 Revolving Credit Agreement, the Company is required to maintain a minimum ratio of consolidated EBITDA to consolidated interest expense of 3.0 to 1.0. Consolidated EBITDA is defined as consolidated net income before interest expense, income taxes, depreciation, amortization of intangible assets, losses from asset impairments, and certain other one-time adjustments. In addition, the Company's ratio of consolidated debt minus certain cash and cash equivalents to consolidated EBITDA generally may not exceed 3.5 to 1.0. On June 30, 2022 and December 31, 2021, our outstanding borrowings under this facility were \$125.0 million and \$520.0

million, respectively. This facility is included in Long-term debt in the condensed consolidated balance sheets. As of June 30, 2022 we were in compliance with all covenants under this facility.

### Commercial Paper

In November 2021, the Company established a commercial paper program (the "Commercial Paper Program") pursuant to which the Company may issue unsecured commercial paper notes. The Company's 2019 Revolving Credit Agreement is the liquidity backstop for the repayment of any notes issued under the Commercial Paper Program, and as such borrowings under the Commercial Paper Program are included in Long-term debt in the condensed consolidated balance sheets. Amounts available under the Commercial Paper Program may be borrowed, repaid and re-borrowed, with the aggregate principal amount outstanding at any time, including borrowings under the 2019 Revolving Credit Agreement, not to exceed \$1.25 billion. The Company plans to use net proceeds from any issuances under the Commercial Paper Program for general corporate purposes. On June 30, 2022 and December 31, 2021 our outstanding borrowings under the Commercial Paper Program were \$561.4 million and zero, respectively.

### Cash and Seasonality

On June 30, 2022, we had cash and cash equivalents of \$360.6 million, of which \$296.6 million was held at non-U.S. subsidiaries. We manage our global cash requirements considering (i) available funds among the subsidiaries through which we conduct business, (ii) the geographic location of our liquidity needs, and (iii) the cost to access international cash balances. The repatriation of non-U.S. cash balances from certain subsidiaries could have adverse tax consequences as we may be required to pay and record tax expense on those funds that are repatriated.

Our operating cash flows are significantly impacted by the seasonality of our business. We typically generate most of our operating cash flow in the third and fourth quarters of each year. We use operating cash in the first quarter of the year.

We believe that our current cash position, cash flow generated from operations, and amounts available under our revolving credit facility should be sufficient for our operating requirements and enable us to fund our capital expenditures, dividend payments, and any required long-term debt payments. In addition, we believe that we have the ability to obtain alternative sources of financing if required.

### Share Repurchases and Dividends

In the first six months of 2022, we repurchased 6.2 million shares of our outstanding common stock under the Company's share repurchase program for \$505.0 million. As of June 30, 2022, the Company's total remaining share repurchase authorization under its share repurchase program was approximately \$660 million. The share repurchase program does not obligate the Company to repurchase any specific dollar amount or number of shares and may be suspended or discontinued at any time.

In the first six months of 2022, we paid dividends in the amount of \$73.6 million to the Company's stockholders. Our Board of Directors will continue to evaluate dividend payment opportunities on a quarterly basis. There can be no assurance as to when and if future dividends will be paid, and at what level, because the payment of dividends is dependent on our financial condition, results of operations, cash flows, capital requirements and other factors deemed relevant by our Board of Directors. There are no restrictions on the ability of our subsidiaries to pay dividends or make other distributions to Fortune Brands.

### Acquisitions

We periodically review our portfolio of brands and evaluate potential strategic transactions and other capital initiatives to increase stockholder value.

### Cash Flows

Below is a summary of cash flows for the six months ended June 30, 2022 and 2021.

(In millions)	Six Months Ended			
	June 30,			
	2022	2021	2022	2021
Net cash provided by operating activities	\$	41.9	\$	262.7
Net cash used in investing activities		(169.2)		(58.9)
Net cash provided by (used in) financing activities		27.1		(169.4)
Effect of foreign exchange rate changes on cash		(11.3)		5.9
Net (decrease) increase in cash and cash equivalents	\$	(111.5)	\$	40.3

Net cash provided by operating activities was \$41.9 million in the six months ended June 30, 2022, compared to net cash provided by operating activities of \$262.7 million in the six months ended June 30, 2021. The decrease in cash provided of \$220.8 million was primarily due to higher accounts payable, an increase in our inventory investments to mitigate the impact of an uncertain and volatile global supply chain environment, a decrease in accrued taxes, a partial settlement on our interest rate swap and higher increases in accounts receivable associated with our sales growth in the first half of 2022.

Net cash used in investing activities was \$169.2 million in the six months ended June 30, 2022, compared to net cash used in investing activities of \$58.9 million in the six months ended June 30, 2021. The increase in cash used of \$110.3 million reflects the Solar Innovations acquisition in January 2022 (\$61.6 million), and a planned increase in capital expenditures, partly offset by higher proceeds from the sale of previously closed manufacturing facilities.

Net cash provided by financing activities was \$27.1 million in the six months ended June 30, 2022, compared to cash used in financing activities of \$169.4 million in the six months ended June 30, 2021. The increase in cash provided of \$196.5 million was primarily due to higher net borrowings in 2022 compared to 2021 (\$615.4 million increase), partly offset by higher share repurchases in 2022 compared to 2021, a decrease in the proceeds from the exercise of stock options and the final payment for the remaining equity interest in Flo (\$16.7 million).

### **Pension Plans**

Subsidiaries of Fortune Brands sponsor their respective defined benefit pension plans that are funded by a portfolio of investments maintained within our benefit plan trust. As of December 31, 2021, the fair value of our total pension plan assets was \$816.0 million, representing 92% of the accumulated benefit obligation liability. In 2022, we expect to make pension contributions of approximately \$10 million. For the foreseeable future, we believe that we have sufficient liquidity to meet the minimum funding that may be required by the Pension Protection Act of 2006.

### **Foreign Exchange**

We have operations in various foreign countries, principally Canada, Mexico, the United Kingdom, China, South Africa, France and Japan. Therefore, changes in the value of the related currencies affect our financial statements when translated into U.S. dollars.

### **RECENTLY ISSUED ACCOUNTING STANDARDS**

The adoption of recent accounting standards, as discussed in Note 2, “Recently Issued Accounting Standards,” to our Condensed Consolidated Financial Statements, has not had and is not expected to have a significant impact on our revenue, earnings or liquidity.

### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

There have been no material changes in the information provided in the section entitled “Quantitative and Qualitative Disclosures about Market Risk” in our Annual Report on Form 10-K for the year ended December 31, 2021.

### **Item 4. CONTROLS AND PROCEDURES.**

#### **(a) Evaluation of Disclosure Controls and Procedures.**

The Company’s management has evaluated, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this report.

#### **(b) Changes in Internal Control Over Financial Reporting.**

There have not been any changes in the Company’s internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. The Company is in the process of reviewing the internal control structure of Solar and, if necessary, will make appropriate changes as we incorporate our controls and procedure into this recently acquired business.

## PART II. OTHER INFORMATION

### **Item 1. LEGAL PROCEEDINGS.**

#### **(a) Litigation.**

We are defendants in lawsuits associated with the normal conduct of our businesses and operations. It is not possible to predict the outcome of the pending actions, and, as with any litigation, it is possible that these actions could be decided unfavorably to the Company. The Company believes that there are meritorious defenses to these actions and that these actions will not have a material adverse effect upon our results of operations, cash flows or financial condition, and, where appropriate, these actions are being vigorously contested. Accordingly, the Company believes the likelihood of material loss is remote.

#### **(b) Environmental.**

Compliance with federal, state and local laws regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, did not have a material effect on capital expenditures, earnings or the competitive position of Fortune Brands during the six and three months ended June 30, 2022 and 2021. We are involved in remediation activities to clean up hazardous wastes as required by federal and state laws. Liabilities for remediation costs of each site are based on our best estimate of undiscounted future costs. We believe compliance with current environmental protection laws (before taking into account estimated recoveries from third parties) will not have a material adverse effect upon our results of operations, cash flows or financial condition. Uncertainties about the status of laws, regulations, technology and information related to individual sites make it difficult to develop estimates of environmental remediation exposures.

### **Item 1A. RISK FACTORS.**

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021 in the section entitled "Risk Factors," except as follows:

***The Spin-Off of the Company's Cabinets business into a standalone publicly-traded company could cause disruptions to our business and could impact financial performance and operating results.***

The Spin-Off is complex in nature and unanticipated developments or changes, including challenges in executing the Spin-Off, could delay or prevent the completion of the proposed Spin-Off. The process of completing the proposed Spin-Off has been and is expected to continue to be time-consuming and involves significant costs and expenses. In addition, the full strategic and financial benefits that are expected to result from the Spin-Off may not be achieved, and there may be a loss of synergies from separating the businesses that could negatively impact the balance sheet, profit margins or earnings of both businesses. Further, there can be no assurance that the combined value of the common stock of each company following the Spin-Off will be equal to or greater than what the value of the Company's common stock would have been had the proposed Spin-Off not occurred.

The Company intends that the Spin-Off qualify as tax-free under the U.S. Internal Revenue Code of 1986, as amended. If subsequent to the Spin-Off it is determined that the transaction does not qualify for tax-free treatment for U.S. federal income tax purposes, the resulting tax liability to the Company and its stockholders could be substantial. The planned separation may be taxable in other countries around the world, and as a result may trigger substantial tax liability to the Company.

### **Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

Below are the repurchases of common stock by the Company or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Exchange Act) for the three months ended June 30, 2022:

#### Issuer Purchases of Equity Securities

	Total number of shares purchased <sup>(a)</sup>	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs <sup>(a)</sup>	Maximum dollar amount that may yet be purchased under the plans or programs <sup>(a)</sup>
Three Months Ended June 30, 2022				
April 1 – April 30	355,164	\$ 72.2	355,164	\$ 759,515,175
May 1 – May 31	775,400	67.7	775,400	707,014,763
June 1 – June 30	763,568	62.0	763,568	659,669,166
Total	1,894,132	\$ 66.3	1,894,132	

<sup>(a)</sup> Information on the Company's share repurchase program follows:

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Authorization date	Announcement date	Authorization amount of shares of outstanding common stock	Expiration date
September 21, 2020	September 21, 2020	\$500,000,000	September 21, 2022
July 23, 2021	July 23, 2021	\$400,000,000	July 23, 2023
March 2, 2022	March 2, 2022	\$750,000,000	March 2, 2024



**Item 6. EXHIBITS**

- 3(i) [Restated Certificate of Incorporation of Fortune Brands Home & Security, Inc. is incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 5, 2012.](#)
- 3(ii) [Amended and Restated Bylaws of Fortune Brands Home & Security, Inc., effective February 23, 2021, are incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 23, 2021.](#)
- 10.1 [Fortune Brands Home & Security, Inc. 2022 Long-Term Incentive Plan, effective as of May 3, 2022, is incorporated herein by reference to Appendix B to the Company's Definitive Proxy Statement filed on March 21, 2022.\\*\\*](#)
- 10.2\* [Form of Stock Option Award Agreement under the Fortune Brands Home & Security, Inc. 2022 Long-Term Incentive Plan.\\*\\*](#)
- 10.3\* [Form of Performance Share Award Agreement under the Fortune Brands Home & Security, Inc. 2022 Long-Term Incentive Plan.\\*\\*](#)
- 10.4\* [Form of Restricted Stock Unit Agreement under the Fortune Brands Home & Security, Inc. 2022 Long-Term Incentive Plan.\\*\\*](#)
- 31.1\* [Certificate of Chief Executive Officer Required Under Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2\* [Certificate of Chief Financial Officer Required Under Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.\* [Joint CEO/CFO Certificate Required Under Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.\* The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) the Cover Page, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, (v) the Condensed Consolidated Statements of Equity, and (vi) the Notes to the Condensed Consolidated Financial Statements.
- 104.\* Cover Page Interactive Data File (embedded within the iXBRL document).
- \* Filed or furnished herewith.
- \*\* Indicates the exhibit is a management contract or compensatory plan or arrangement.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FORTUNE BRANDS HOME & SECURITY, INC.

(Registrant)

Date: July 28, 2022

/s/ Patrick D. Hallinan

Patrick D. Hallinan

Senior Vice President and Chief Financial Officer

(Duly authorized officer and principal financial officer of the Registrant)

**FORM OF  
FORTUNE BRANDS HOME & SECURITY, INC.  
2022 LONG-TERM INCENTIVE PLAN**

**[GRANT DATE] Stock Option Agreement (the “Agreement”)**

**[Vesting Schedule]**

Fortune Brands Home & Security, Inc., a Delaware corporation (the “Company”), grants to the undersigned “Optionee” an option to purchase shares of Common Stock from the Company subject to the terms and conditions of the Fortune Brands Home & Security, Inc. 2022 Long-Term Incentive Plan (the “Plan”), the Award Notice (“Award Notice”), and this Agreement (collectively, the “Award”). Capitalized terms not defined in this Agreement have the meanings specified in the Plan.

1. Option Subject to Acceptance of Agreement. The date of grant (the “Award Date”), the number and class of shares of Common Stock subject to the Option and the purchase price per share (the “Exercise Price”) are set forth in the Award Notice and in the Plan’s online administrative system. The Option will be null and void unless Optionee accepts this Agreement in a timely manner through the acceptance process prescribed by the Company.

The Option will terminate on the expiration date set forth in the Award Notice (the “Expiration Date”) except as otherwise provided in Section 2 or if exercised pursuant to Section 3. Upon the termination of the Option, the Option will no longer be exercisable and will immediately become null and void.

2. Time and Manner of Exercise of Option.

(a) Maximum Term of Option. Except as specifically provided in Section 2(b) below, the Option may not be exercised, in whole or in part, after the Expiration Date.

(b) Vesting and Exercise of Option. The Option will vest and become exercisable in accordance with the vesting schedule specified in the Award Notice (the “Vesting Schedule”), subject to Section 3 below. If Optionee’s employment terminates before the Option is fully vested, the Option will vest and be exercisable as follows:

- (i) Notwithstanding the provisions of Section 5 below, in the event of Optionee’s death while the Award is outstanding, the Option will immediately become fully exercisable (to the extent not exercisable on the date of death) and will continue to be exercisable by Optionee’s beneficiary, executor, administrator or legal representative through the earlier of: (A) the date which is three (3) years after the date of Optionee’s death, and (B) the Expiration Date; provided, however, that the Option will continue to be exercisable for at least one (1) year following the date of Optionee’s death, even if this one-year period extends beyond the Expiration Date.
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- (ii) In the event of Optionee's Disability (as defined below) while the Award is outstanding, provided that Optionee has been continuously employed with the Company for at least one (1) year following the Award Date and prior to the date of Disability, Optionee will be treated as continuing employment with the Company during the Disability for purposes of determining the vesting and exercisability of the Options. For purposes of this Award, Optionee will have a "Disability" if Optionee is receiving benefits under the long-term disability plan maintained by Optionee's employer.
- (iii) Notwithstanding the provisions of Section 5 below, in the event of Optionee's Retirement (as defined below) while the Award is outstanding, any unvested Options will fully vest and become exercisable as of date of Optionee's Retirement and will remain exercisable through the Expiration Date, subject to Section 3 below and provided that Optionee has been continuously employed with the Company for at least one (1) year following the Award Date. For purposes of this Award, "Retirement" means Optionee's termination of employment (other than for Cause as described in subsection (iv) below) on or after attaining age 55 and completing five (5) years of service with the Company or its predecessors or affiliates. In the event of a Change in Control, Optionee will receive the treatment described in this Section 2(b)(iii) if Optionee terminates employment after qualifying for Retirement, even if Optionee does not have Good Reason (as defined below).
- (iv) If the Optionee's employment is terminated for Cause (as defined below) while the Award outstanding, then all options (including without limitation any vested but unexercised Options) will be forfeited and cancelled immediately upon such termination. For purposes of this Award, "Cause" has the same meaning as specified in any employment or other written agreement between Optionee and Optionee's employer regarding benefits upon termination of employment and which is in effect on the Award Date ("Termination Agreement"), provided that if Optionee is not a party to a Termination Agreement that contains such definition, then Cause shall mean termination of employment for: (A) dishonesty or fraud; (B) commission of any act, or omission to act, that causes or may cause damage or detriment to the business, employees, property or reputation of the Company or its Subsidiaries; (C) dereliction of duty; (D) gross misconduct, gross negligence or gross malfeasance; or (E) violation of the code of conduct and/or personnel policies of the Company or its Subsidiaries.
- (v) Except as provided in Section 5 below, if Optionee's employment terminates for any reason other than death, Disability, Retirement or Cause while the Option is outstanding, unvested Options will be cancelled as of Optionee's termination date and vested Options will

remain exercisable through the earlier of: (A) three (3) months following Optionee's termination, or (B) the Expiration Date. Any vested Options not exercised within three (3) months of the Optionee's termination will be forfeited and cancelled by the Company.

- (vi) For the purposes of this Agreement, (i) a transfer of Optionee's employment from the Company to a Subsidiary or vice versa, or from one Subsidiary to another, without an intervening period, will not be deemed a termination of employment; and (ii) if Optionee is granted in writing a leave of absence, Optionee will be deemed to have remained in the employ of the Company or a Subsidiary during such leave of absence.

3. Method of Exercise. Subject to this Agreement, the Option may be exercised as follows:

(a) By specifying the number of whole shares of Common Stock to be purchased in the manner prescribed by the Company, accompanied by full payment (or by arranging for full payment to the Company's satisfaction) either:

- (i) in cash;
- (ii) by delivery to the Company (either actual delivery or by attestation procedures established by the Company) of shares of Common Stock having an aggregate "Fair Market Value" (as defined below), determined as of the date of exercise, equal to the aggregate purchase price payable pursuant to the Option;
- (iii) by authorizing the Company to sell shares of Common Stock subject to the option exercise a withhold from the proceeds an amount equal to the option exercise price; or
- (iv) by a combination of (i), (ii) and (iii); and

(b) By executing such documents as the Company may reasonably request.

For this purpose, "Fair Market Value" as of any date means the value determined by reference to the closing price of a share of Common Stock as finally reported on the New York Stock Exchange for the trading day immediately preceding such date. Any fraction of a share of Common Stock which would be required to pay such purchase price will be disregarded and the remaining amount due will be paid in cash by Optionee. No Common Stock will be issued or delivered until the full purchase price and any related withholding taxes, as described in Section 10 herein, have been paid.

4. Issuance or Delivery of Shares. Upon the exercise of the Option, in whole or in part, the Company will issue or deliver, subject to the conditions of this Agreement, the number of shares of Common Stock purchased. Such issuance will be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company will pay all original issue or transfer taxes and all fees and expenses related to such issuance, except as otherwise provided in Section 10 herein.

5. Change in Control. In the event of a Change in Control, the Award will become subject to Section 5.8 of the Plan. In the event that Options remain outstanding following a Change in Control and Optionee's employment is terminated either: (i) by the Company other than for Cause (as defined in Paragraph 2(b)(iv) above), or (ii) by Optionee for Good Reason (as defined below), in each case, on or within two years after such Change in Control but while the Options are outstanding, the Options will become fully vested, exercisable and nonforfeitable as of the date of such termination of employment and will remain exercisable through the Expiration Date, subject to Section 5.8 of the Plan. For purposes of this Award, "Good Reason" will have the same meaning as such term has under any Termination Agreement, provided that if Optionee is not a party to any Termination Agreement that contains such definition, then Good Reason shall mean the Optionee's termination of the Optionee's employment for any of the following reasons without the Optionee's consent: (A) a material diminution in the Optionee's duties, responsibilities and status as in effect immediately preceding the Change in Control; (B) a material reduction in the Optionee's base salary as in effect immediately preceding the Change in Control; or (C) requiring Optionee to relocate to an office more than 50 miles from the offices at which the Optionee was based immediately preceding the Change in Control, except for required travel on Company business to an extent substantially consistent with Optionee's position; provided, however, that in order to terminate Optionee's employment for Good Reason, Optionee must (x) provide written notice of his or her intent to terminate employment within 30 days following the initial existence of the event or circumstance giving rise to Good Reason, (y) the Company must be provided an opportunity to cure the event or circumstance giving rise to "Good Reason for a period of 30 days; and (z) if not cured, the Optionee must terminate his or her employment due to Good Reason within 30 days following the expiration of the Company's cure period.

6. No Stockholder Rights. Optionee will not have any rights of a stockholder (including voting rights) or any other right, title or interest, with respect to any of the shares of Common Stock subject to the Option unless and until such shares of Common Stock have been recorded on the Company's official stockholder records as having been issued or transferred to Optionee.

7. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the vesting of the Options or the delivery or issuance of shares, the shares of Common Stock subject to the Award may not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action has been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to obtain and maintain any such listing, registration, qualification, consent, approval or other action.

8. Clawback Policy. Notwithstanding any provision of the Plan or this Agreement to the contrary, outstanding Options may be cancelled, and the Company may require Optionee to return shares of Common Stock (or the value of such stock when originally issued to Optionee) issued under this Agreement and any other amount required by applicable law to be returned, in the event that such repayment is required pursuant to the terms of the Company's Clawback Policy in effect as of the Award Date or to the extent required to comply with any laws or regulations relating to restatements of the Company's publicly-reported financial results.

9. Non-transferability. The Award may not be transferred, assigned, pledged or hypothecated in any manner, by operation of law or otherwise by Optionee other than (a) by will or by the laws of descent and distribution; or (b) pursuant to an approved domestic relations order approved in writing by the Secretary of the Committee or the Secretary's designee. Except to the extent permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all related rights will immediately become null and void.

10. Tax Withholding. As a condition to the delivery of shares of Common Stock upon the exercise of Options, Optionee must, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award. If Optionee fails to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount payable by the Company to Optionee, including regular salary or bonus payments. No shares of Common Stock will be issued or delivered until the Required Tax Payments have been paid in full. Optionee may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (a) a cash payment to the Company; (b) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Common Stock having an aggregate Fair Market Value (as defined in Section 3), determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments; (c) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered to Optionee having an aggregate Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (d) any combination of (a), (b) and (c). Shares of Common Stock may not have an aggregate Fair Market Value in excess of the amount determined by applying the maximum statutory withholding rate in the applicable jurisdiction. The number of shares to be delivered to the Company or withheld from the Optionee shall be determined by applying the maximum statutory withholding rate, if the Optionee makes such an election. Any fraction of a share of Common Stock which would be required to satisfy any Required Tax Payment will be disregarded and the remaining amount due must be paid in cash by Optionee. No share of Common Stock will be issued or delivered until the Required Tax Payments have been satisfied in full.

11. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation or any successor or replacement accounting standard) that causes the per share value of shares of Common Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary cash dividend, the terms of the Option (including the number and class of securities subject to the Option and the purchase price per share) shall be appropriately adjusted by the Committee, such adjustments to be made in accordance with Section 409A of the Code. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of

rights of participants. In either case, the decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

12. No Rights to Continued Employment. In no event will the granting of the Option or its acceptance by Optionee, or any provision of this Agreement or the Plan, give or be deemed to give Optionee any right to continued employment by the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time for any reason.

13. Restrictive Covenants. In exchange for accepting the Award and in consideration of the Confidential Information (defined below) the Company provides to Optionee, benefits Optionee is not otherwise entitled to, Optionee agrees to the following restrictive covenants:

(a) State Specific Modifications. Employees in Illinois are directed to Exhibit A for important limitations on the scope of this Agreement.

(b) Confidential Information. Optionee acknowledges that he/she has access to highly confidential information of the Company and any Subsidiary that Optionee provides services to or is provided confidential information about, including but not limited to, information concerning: finances, supply and service, marketing, customers (including lists), operations, business and financial plans and strategies, and product costs, sourcing and pricing (“Confidential Information”). The Optionee agrees that during his/her employment and for three years following the end of Optionee’s employment (for whatever reason), Optionee will protect the Confidential Information and only use it for business-related reasons; however, trade secrets will always remain protected for as long as the information qualifies as a trade secret under applicable law. The obligations of this Agreement (including, but not limited to the confidentiality obligations) do not prohibit Optionee from reporting any event that Optionee reasonably and in good faith believes is a violation of law to the relevant law-enforcement agency (such as the Securities and Exchange Commission, Equal Employment Opportunity Commission, or Department of Labor), cooperating in an investigation conducted by such a government agency, or disclosing to such a government agency any Confidential Information that is lawfully acquired by Optionee and that Optionee reasonably and in good faith believes is relevant to the matter at issue. Similarly, pursuant to the Defend Trade Secrets Act of 2016, Employee shall not be held criminally or civilly liable under any Federal or State trade secret law for disclosing a trade secret if that disclosure is (A) made in confidence to an attorney or a Federal, State, or local government official, either directly or indirectly, and is solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual’s attorney and may use the trade secret information in the court proceeding, provided the individual (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order.

(c) Non-Competition. Optionee agrees that he/she will not, directly or indirectly, for a period of 12 months after the end of Optionee’s employment (for whatever reason), engage in a Prohibited Capacity within the Restricted Area on behalf of a business that



manufactures, distributes, offers, sells or provides any Competing Products. "Competing Products" means any products and/or services that are similar in function or purpose to those offered by the Company and its Subsidiaries and as to which Optionee had Involvement. "Involvement" means to have responsibilities, provide supervision, engage in dealings or receive Confidential Information about during the last two (2) years immediately preceding the end of Optionee's employment (the "Look Back Period"). "Prohibited Capacity" means to engage in the same or similar capacity or function that Optionee worked for the Company and/or its Subsidiaries at any time during the Look Back Period or in a capacity that would otherwise result in the use or disclosure of Confidential Information. "Restricted Area" means those geographic areas in which the Company and its Subsidiaries do business and as to which business Optionee had Involvement.

(d) Non-Solicitation of Customers. Optionee agrees that he/she will not, directly or indirectly, during his/her employment and for a period of 12 months after the end of his/her employment (for whatever reason), solicit, induce or attempt to induce (or assist others to solicit) any customers or prospective customers of the Company and its Subsidiaries to cease doing business with the Company and its Subsidiaries or to buy a Competing Product. The prohibition in this Section 13(c) only applies to customers and prospective customers with which Optionee had Involvement.

(e) Non-Solicitations of Employees. Optionee agrees that he/she will not, directly or indirectly, for a period of 12 months after the end of his/her employment (for whatever reason), solicit (or assist another in soliciting), induce, employ or seek to employ any individual employed by Company and/or its Subsidiaries. Where an additional restriction is required to enforce the foregoing, Optionee's non-solicitation obligation is limited to employees with whom Optionee had Involvement.

(f) Reasonableness of Restrictions. Optionee acknowledges that the temporal, activity and geographic limitations of Sections 13(b), (c), (d) and (e) above are reasonable in scope and narrowly constructed so as to protect only the Company and its Subsidiaries' legitimate protectable interests and will not prohibit Optionee from obtaining meaningful employment following the end of Optionee's employment.

(g) Tolling of Restrictive Period. The periods described in Sections 13(b), (c) (d) and (e) above shall not run during any period of time in which the Optionee is in violation of this paragraph and shall toll during any such period of violation. If Optionee resides in and is subject to the laws of Wisconsin, then this paragraph shall not apply.

(h) General. (i) Before accepting new employment, Optionee will advise any such future employer of the restrictions in this Agreement. Optionee agrees that the Company and its Subsidiaries may advise any such future employer or prospective employer of this Agreement and their position on the potential application of this Agreement without such giving rise to any legal claim. (ii) The obligations in this Agreement shall survive the termination of Optionee's employment and shall, likewise, continue to apply and be valid notwithstanding any change in Optionee's employment terms (such as, without limitation, a change in duties, responsibilities, compensation, position or title). (iii) The Subsidiaries are third party beneficiaries of the Agreement and may enforce the Agreement without the need for further consent or agreement by the Optionee. (iv) If either party waives his, her,

or its right to pursue a claim for the other's breach of any provision of the Agreement, the waiver will not extinguish that party's right to pursue a claim for a subsequent breach. (v) This Agreement shall not be construed to supersede or replace any prior agreements containing confidentiality, nondisclosure, non-competition and non-solicitation provisions. Rather, the restrictions in this Agreement shall be read together with such prior agreements to afford the Company and its Subsidiaries the broadest protections allowed by law. (vi) If a court finds any of the Agreement's restrictions unenforceable as written, the parties agree the court is authorized and expected under the terms of this Agreement to revise the restriction (for the jurisdiction covered by that court only) so as to make it enforceable, or if such revision is not permitted then to enforce the otherwise unreasonable or unenforceable restriction to such lesser extent as would be deemed reasonable and lawful within that jurisdiction. (vii) If Optionee resides in California: Sections 13(c), and (e) shall not apply; Section 13(d) shall only apply if Optionee uses or discloses the Company's or its Subsidiaries' trade secrets per Cal. Bus. & Prof. Code §16600; and Section 18 shall not apply.

14. Decisions of Board or Committee. The Board or the Committee has the right to resolve all questions which may arise in connection with the Option. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement is final and binding.

15. Successors. This Agreement is binding upon and will inure to the benefit of any successor or successors of the Company and any person or persons who, upon the death of Optionee, may acquire any rights in accordance with this Agreement or the Plan.

16. Notices. All notices, requests or other communications provided for in this Agreement will be made, if to the Company, to Fortune Brands Home & Security, Inc., Attn. General Counsel, 520 Lake Cook Road, Deerfield, Illinois 60015, and if to Optionee, to the last known mailing address of Optionee contained in the records of the Company. All notices, requests or other communications provided for in this Agreement will be made in writing either (a) by personal delivery; (b) by facsimile or electronic mail with confirmation of receipt; (c) by mailing in the United States mails; or (d) by express courier service. The notice, request or other communication will be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the intended party if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it will be deemed to be received on the next succeeding business day of the Company.

17. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement will not affect any other provisions of this Agreement and this Agreement will be construed in all respects as if such invalid or unenforceable provisions were omitted.

18. Governing Law. This Agreement, the Award and all determinations made and actions taken with respect to this Agreement or Award, to the extent not governed by the Code or the laws of the United States, will be governed by, and construed in accordance with, the laws of the State of Delaware without giving effect to principles of conflicts of laws.

19. Agreement Subject to the Plan. This Agreement is subject to, and will be interpreted in accordance with, the Plan. In the event of a conflict between this Agreement and the Plan, the terms of the Plan will apply

. Optionee hereby acknowledges receipt of a copy of the Plan, and by accepting the Award in the manner specified by the Company, he or she agrees to be bound by the terms and conditions of this Agreement, the Award, the Plan, and if applicable to the Optionee, stock ownership guidelines established by the Company.

20. Counterparts. This Agreement may be executed in one or more counterparts, all of which together will constitute but one Agreement.

EXHIBIT A

1. State-Specific Modifications. The following limitations on the scope of this Agreement apply to employees in Illinois.

(a) Paragraph 13(c) shall not apply to any Optionee whose actual or expected annualized rate of earnings does not exceed \$75,000 per year. Starting on January 1, 2027, Paragraph 13(c) shall not apply to any Optionee whose actual or expected annualized rate of earnings does not exceed \$80,000 per year. Starting on January 1, 2032, Paragraph 13(c) shall not apply to any Optionee whose actual or expected annualized rate of earnings does not exceed \$85,000 per year. Starting on January 1, 2037, Paragraph 13(c) shall not apply to any Optionee whose actual or expected annualized rate of earnings does not exceed \$90,000 per year.

(b) Paragraphs 13(d) and 13(e) shall not apply to any Optionee whose actual or expected annualized rate of earnings does not exceed \$45,000 per year. Starting on January 1, 2027, Paragraphs 13(d) and 13(e) shall not apply to any Optionee whose actual or expected annualized rate of earnings does not exceed \$47,500 per year. Starting on January 1, 2032, Paragraphs 13(d) and 13(e) shall not apply to any Optionee whose actual or expected annualized rate of earnings does not exceed \$50,000 per year. Starting on January 1, 2037, Paragraphs 13(d) and 13(e) shall not apply to any Optionee whose actual or expected annualized rate of earnings does not exceed \$52,500 per year.

(c) The Agreement is modified to include the following Paragraph 13(h): Optionee has been provided with a period of at least fourteen (14) days advance notice of this Agreement prior to being required to execute it and is advised to seek the advice of legal counsel before entering into this Agreement.

## FORM OF

FORTUNE BRANDS HOME & SECURITY, INC.  
2022 LONG-TERM INCENTIVE PLAN

## [GRANT DATE] Performance Share Award Agreement (the "Agreement")

## [VESTING SCHEDULE]

Fortune Brands Home & Security, Inc., a Delaware corporation (the "Company"), grants to the undersigned "Holder" a performance share award subject to the terms and conditions of the Fortune Brands Home & Security, Inc. 2022 Long-Term Incentive Plan (the "Plan") and this Agreement (collectively, the "Award"). The date of the grant, the number of shares of Common Stock of the Company to be paid to Holder under the Award ("Performance Shares"), the minimum, target and maximum goals ("Performance Measures") and the period during which the Performance Measures may be achieved (the "Performance Period"), are provided in a separate notice outlining specifics of the Award (the "Award Notice") and on the Plan's online administrative system. Capitalized terms not defined in this Agreement have the meanings specified in the Plan.

1. Number of Shares Payable Pursuant to Award. Subject to the certification by the Committee and except as otherwise provided in this Agreement, the number of Performance Shares payable to Holder shall be determined based on the satisfaction of the Performance Measures as set forth in the Award Notice; provided, however, that no Performance Shares shall be payable for the Performance Period if the actual achievement of the Performance Measures is less than the minimum Performance Measures established for the Performance Period. Any Performance Shares that become payable to Holder under this Award will be issued to Holder (or, in the event of Holder's death or termination due to Disability, Holder's appointed and qualified executor or other personal representative) by the Company as soon as practicable following: (i) the end of the Performance Period; and (ii) the certification by the Committee of the Company's achievement of the Performance Measures (but in any event no later than sixty (60) days following the end of the Performance Period). In addition, no fractional shares will be delivered.

2. Termination of Employment During the Performance Period.

(a) In the event of Holder's death during the Performance Period, Holder's beneficiary or estate (as applicable) will be entitled to receive, as soon as practicable following the certification of performance by the Committee following the end of the Performance Period (as described in Section 1 above), a payment of the number of shares of Company Common Stock, if any, that would have otherwise been payable to Holder had Holder's death not occurred prior to the end of the Performance Period, based upon actual performance during the entire Performance Period.

(b) In the event of Holder's Retirement or termination due to Disability (each as defined below) during the Performance Period but after the one-year anniversary of the Grant Date (as specified in the Award Notice), Holder will be entitled to receive, as soon as practicable following the certification of the Company's performance by the Committee following the end of the Performance Period (as described in Section 1 above), a payment of the number of shares

of Company Common Stock, if any, that would have otherwise been payable to Holder had Holder's employment not terminated prior to the end of the Performance Period, based upon actual performance during the entire Performance Period. Notwithstanding the foregoing, in the event of a Change in Control (as described in Section 4 below), Holder will receive the number of shares determined under Section 4 of this Agreement, as applicable, and not this Section 2, even if Holder is eligible for Retirement when Holder's employment terminates, and payment will be made at the time specified in Section 4. For purposes of this Award, (i) "Retirement" means Holder's termination of employment (other than for Cause as described below) on or after attaining age 55 and completing five (5) years of service with the Company or its predecessors or affiliates; and (ii) Holder will have a "Disability" if Holder is receiving benefits under the long-term disability plan maintained by Holder's employer at the time of Holder's termination of employment.

(c) If the Holder's employer terminates Holder's employment for Cause (as defined below) at any time prior to the certification by the Committee of the Company's achievement of the Performance Measures, then the Award will be forfeited and cancelled immediately upon such termination of employment. For purposes of this Award, "Cause" has the same meaning as specified in any employment or other written agreement between Holder and Holder's employer regarding benefits upon termination of employment and which is in effect on the Award Date ("Termination Agreement"), provided that if Holder is not a party to a Termination Agreement that contains such definition, then Cause shall mean termination of employment for: (A) dishonesty or fraud; (B) commission of any act, or omission to act, that causes or may cause damage or detriment to the business, employees, property or reputation of the Company or its Subsidiaries; (C) dereliction of duty; (D) gross misconduct, gross negligence or gross malfeasance; or (E) violation of the code of conduct and/or personnel policies of the Company or its Subsidiaries.

(d) Except as otherwise provided in Section 4 below, if Holder's employment terminates during the Performance Period for any reason other than death, Disability, or Retirement, the Award will be canceled as of Holder's termination date and Holder will not be entitled to any payment of Performance Shares.

(e) For the purposes of this Agreement, (i) a transfer of Holder's employment from the Company to a Subsidiary or vice versa, or from one Subsidiary to another, without an intervening period, will not be deemed a termination of employment; and (ii) if Holder is granted in writing a leave of absence, Holder will be deemed to have remained in the employ of the Company or a Subsidiary during such leave of absence (but not beyond Holder's separation from service within the meaning of Section 409A of the Code if this Award is deemed to be subject to said Section, using a 29-month period rather than 6-months per U.S. Treasury Regulation §1.409A-1(h)(1)(i) for a leave of absence due to any medically determinable physical or mental impairment as contemplated under such section).

3. **Dividend Equivalents.** Holder will be entitled to receive dividend equivalents with respect to the Award to the extent that the Company pays dividends on Company Common Stock during the Performance Period. Such dividend equivalents will be equal to the cash dividends (if any) that would have been paid to Holder for the shares of Common Stock subject to the Award

had such shares been issued and outstanding on the dividend record date occurring during the Performance Period. Dividend equivalents (if any) will be subject to the same vesting conditions as the Performance Shares and will be paid to Holder in cash at the same time as the shares of Common Stock subject to the Award are delivered.

4. Termination without Cause or for Good Reason Following Change in Control. In the event of a Change in Control, the Award will become subject to Section 5.8 of the Plan. In the event that the Performance Shares remain outstanding following a Change in Control and Holder's employment is terminated following a Change in Control but prior to the end of the Performance Period either: (i) by the Company other than for Cause, or (ii) by Holder for "Good Reason" (as defined below), the Award will become nonforfeitable and will be paid to the Holder, subject to Section 19 of this Agreement, within sixty (60) days following the date Holder's employment terminates assuming that the target Performance Measures under the Award for the entire Performance Period had been achieved; provided, however, if the Award is considered "nonqualified deferred compensation" (within the meaning of Section 409A of the Code) and (x) the Change in Control was not a "change in control event" within the meaning of Section 409A of the Code or (y) the termination of employment occurred more than two years following the occurrence of such "change in control event," then the Award shall be paid to the Holder at the time specified in Section 1 of the Agreement. For purposes of this Award, "Good Reason" will have the same meaning as such term has under any Termination Agreement, provided that if Holder is not a party to any Termination Agreement that contains such definition, then Good Reason shall mean the Holder's termination of the Holder's employment for any of the following reasons without the Holder's consent: (A) a material diminution in the Holder's duties, responsibilities and status as in effect immediately preceding the Change in Control; (B) a material reduction in the Holder's base salary as in effect immediately preceding the Change in Control; or (C) requiring Holder to relocate to an office more than 50 miles from the offices at which the Holder was based immediately preceding the Change in Control, except for required travel on Company business to an extent substantially consistent with Holder's position; provided, however, that in order to terminate Holder's employment for Good Reason, Holder must (x) provide written notice of his or her intent to terminate employment within 30 days following the initial existence of the event or circumstance giving rise to Good Reason, (y) the Company must be provided an opportunity to cure the event or circumstance giving rise to "Good Reason for a period of 30 days, and (z) if not cured, the Holder must terminate his or her employment due to Good Reason within 30 days following the expiration of the Company's cure period.

5. No Stockholder Rights. Holder will not have any rights of a stockholder (including voting rights) or any other right, title or interest, with respect to any of the Performance Shares unless and until such shares have been recorded on the Company's official stockholder records as having been issued or transferred to Holder in the form of Common Stock of the Company.

6. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the payment, delivery or issuance of Performance Shares, the shares of Common Stock subject to the Award may not be

delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action has been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to obtain and maintain any such listing, registration, qualification, consent, approval or other action.

7. Clawback Policy. Notwithstanding any provision of the Plan or this Agreement to the contrary, outstanding Performance Shares may be cancelled, and the Company may require Holder to return shares of Common Stock (or the value of such stock when originally paid to Holder), dividend equivalents (if any) issued under this Award and any other amount required by applicable law to be returned, in the event that such repayment is required pursuant to the terms of the Company's Clawback Policy in effect as of the Award Date or to the extent required in order to comply with any laws or regulations relating to restatements of the Company's publicly-reported financial results.

8. Non-transferability. This Award may not be transferred, assigned, pledged or hypothecated in any manner, by operation of law or otherwise by Holder, other than (a) by will or by the laws of descent and distribution; or (b) pursuant to an approved domestic relations order approved in writing by the Secretary of the Committee or the Secretary's designee. Except to the extent permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all related rights will immediately become null and void.

9. Tax Withholding. As a condition to the delivery of shares of Common Stock, Holder must, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award. If Holder fails to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount payable by the Company to Holder, including regular salary or bonus payments. Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (a) a cash payment to the Company; (b) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Common Stock having an aggregate Fair Market Value (as defined below), determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments; (c) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered to Holder having an aggregate Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (d) any combination of (a), (b) and (c). Shares of Common Stock may not have an aggregate Fair Market Value in excess of the amount determined by applying the maximum statutory withholding rate in the applicable jurisdiction. The number of shares to be delivered to the Company or withheld from the Holder shall be determined by applying the maximum statutory withholding rate, if the Holder makes such an election. For purposes of this Award, "Fair Market Value" as of any date means the value determined by reference to the closing price of a share of Common Stock as finally reported on the New York Stock Exchange for the trading day immediately preceding such date. Any fraction of a share of Common Stock which would be required to satisfy any Required Tax Payment will be disregarded and the remaining amount due must be paid in cash by Holder. No



share of Common Stock will be issued or delivered until the Required Tax Payments have been satisfied in full.

10. Adjustments.

(a) In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation or any successor or replacement accounting standard) that causes the per share value of shares of Common Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary cash dividend, the terms of the RSU (including the number and class of securities subject to the Award) shall be appropriately adjusted by the Committee. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of participants. In either case, the decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

(b) Appropriate and equitable adjustments (which may be increases or decreases) will be made by the Committee to the Performance Measures to take into account changes in law or to reflect the inclusion or exclusion of the impact of extraordinary or unusual items, events or circumstances, including, but not limited to (i) changes in laws, regulations and accounting principles; (ii) actuarial gains or losses related to defined benefit plan accounting; and (iii) impairment and restructuring related changes.

11. No Rights to Continued Employment. In no event will the granting of the Award or its acceptance by Holder, or any provision of this Agreement or the Plan, give or be deemed to give Holder any right to continued employment by the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time for any reason.

12. Restrictive Covenants. In exchange for accepting the Award and in consideration of the Confidential Information (defined below) the Company provides to Holder, benefits Holder is not otherwise entitled to, Holder agrees to the following restrictive covenants:

(a) State Specific Modifications. Employees in Illinois are directed to Exhibit A for important limitations on the scope of this Agreement.

(b) Confidential Information. Holder acknowledges that he/she has access to highly confidential information of the Company and any Subsidiary that Holder provides services to or is provided confidential information about, including but not limited to, information concerning: finances, supply and service, marketing, customers (including lists), operations, business and financial plans and strategies, and product costs, sourcing and pricing ("Confidential Information"). The Holder agrees that during his/her employment and for three years following the end of Holder's employment (for whatever reason), Holder will protect the Confidential Information and only use it for business-related reasons; however, trade secrets will always remain protected for as long as the information qualifies as a trade secret under

applicable law. Nothing in this Agreement is intended to prohibit any activity by Holder which is protected by law. The obligations of this Agreement (including, but not limited to the confidentiality obligations) do not prohibit Holder from reporting any event that Holder reasonably and in good faith believes is a violation of law to the relevant law-enforcement agency (such as the Securities and Exchange Commission, Equal Employment Opportunity Commission, or Department of Labor), cooperating in an investigation conducted by such a government agency, or disclosing to such a government agency any Confidential Information that is lawfully acquired by Holder and that Holder reasonably and in good faith believes is relevant to the matter at issue. Similarly, pursuant to the Defend Trade Secrets Act of 2016, Employee shall not be held criminally or civilly liable under any Federal or State trade secret law for disclosing a trade secret if that disclosure is (A) made in confidence to an attorney or a Federal, State, or local government official, either directly or indirectly, and is solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and may use the trade secret information in the court proceeding, provided the individual (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order.

(c) Non-Competition. Holder agrees that he/she will not, directly or indirectly, for a period of 12 months after the end of Holder's employment (for whatever reason), engage in a Prohibited Capacity within the Restricted Area on behalf of a business that manufactures, distributes, offers, sells or provides any Competing Products. "Competing Products" means any products and/or services that are similar in function or purpose to those offered by the Company and its Subsidiaries and as to which Holder had Involvement. "Involvement" means to have responsibilities, provide supervision, engage in dealings or receive Confidential Information about during the last two (2) years immediately preceding the end of Holder's employment (the "Look Back Period"). "Prohibited Capacity" means to engage in the same or similar capacity or function that Holder worked for the Company and/or its Subsidiaries at any time during the Look Back Period or in a capacity that would otherwise result in the use or disclosure of Confidential Information. "Restricted Area" means those geographic areas in which the Company and its Subsidiaries do business and as to which business Holder had Involvement.

(d) Non-Solicitation of Customers. Holder agrees that he/she will not, directly or indirectly, during his/her employment and for a period of 12 months after the end of his/her employment (for whatever reason), solicit, induce or attempt to induce (or assist others to solicit) any customers or prospective customers of the Company and its Subsidiaries to cease doing business with the Company and its Subsidiaries or to buy a Competing Product. The prohibition in this Section 12(c) only applies to customers and prospective customers with which Holder had Involvement.

(e) Non-Solicitations of Employees. Holder agrees that he/she will not, directly or indirectly, for a period of 12 months after the end of his/her employment (for whatever reason), solicit (or assist another in soliciting), induce, employ or seek to employ any individual employed by Company and/or its Subsidiaries. Where an additional restriction is required to

enforce the foregoing, Holder's non-solicitation obligation is limited to employees with whom Holder had Involvement.

(f) Reasonableness of Restrictions. Holder acknowledges that the temporal, activity and geographic limitations of Sections 12(b), (c), (d) and (e) above are reasonable in scope and narrowly constructed so as to protect only the Company and its Subsidiaries' legitimate protectable interests, and will not prohibit Holder from obtaining meaningful employment following the end of Holder's employment.

(g) Tolling of Restrictive Period. The periods described in Sections 12(b), (c), (d), and (e) above shall not run during any period of time in which the Holder is in violation of this paragraph, and shall toll during any such period of violation. If Holder resides in and is subject to the laws of Wisconsin, then this paragraph shall not apply.

(h) General. (i) Before accepting new employment, Holder will advise any such future employer of the restrictions in this Agreement. Holder agrees that the Company and its Subsidiaries may advise any such future employer or prospective employer of this Agreement and their position on the potential application of this Agreement without such giving rise to any legal claim. (ii) The obligations in this Agreement shall survive the termination of Holder's employment and shall, likewise, continue to apply and be valid notwithstanding any change in Holder's employment terms (such as, without limitation, a change in duties, responsibilities, compensation, position or title). (iii) The Subsidiaries are third party beneficiaries of the Agreement and may enforce the Agreement without the need for further consent or agreement by the Holder. (iv) If either party waives his, her, or its right to pursue a claim for the other's breach of any provision of the Agreement, the waiver will not extinguish that party's right to pursue a claim for a subsequent breach. (v) This Agreement shall not be construed to supersede or replace any prior agreements containing confidentiality, nondisclosure, non-competition and non-solicitation provisions. Rather, the restrictions in this Agreement shall be read together with such prior agreements to afford the Company and its Subsidiaries the broadest protections allowed by law. (vi) If a court finds any of the Agreement's restrictions unenforceable as written, the parties agree the court is authorized and expected under the terms of this Agreement to revise the restriction (for the jurisdiction covered by that court only) so as to make it enforceable, or if such revision is not permitted then to enforce the otherwise unreasonable or unenforceable restriction to such lesser extent as would be deemed reasonable and lawful within that jurisdiction. (vii) If Holder resides in California: Sections 13(c) and (e) shall not apply; Section 13(d) shall only apply if Holder uses or discloses the Company's or its Subsidiaries' trade secrets per Cal. Bus. & Prof. Code §16600; and Section 18 shall not apply.

13. Decisions of Board or Committee. The Board or the Committee has the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement is final and binding.

14. Successors. This Agreement is binding upon and will inure to the benefit of any successor or successors of the Company and any person or persons who, upon the death of Holder, may acquire any rights in accordance with this Agreement or the Plan.

15. Notices. All notices, requests or other communications provided for in this Agreement will be made, if to the Company, to Fortune Brands Home & Security, Inc., Attn. General Counsel, 520 Lake Cook Road, Deerfield, Illinois 60015, and if to Holder, to the last known mailing address of Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement will be made in writing either (a) by personal delivery; (b) by facsimile or electronic mail with confirmation of receipt; (c) by mailing in the United States mails; or (d) by express courier service. The notice, request or other communication will be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the intended party if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it will be deemed to be received on the next succeeding business day of the Company.

16. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement will not affect any other provisions of this Agreement and this Agreement will be construed in all respects as if such invalid or unenforceable provisions were omitted.

17. Governing Law. This Agreement, the Award and all determinations made and actions taken with respect to this Agreement or Award, to the extent not governed by the Code or the laws of the United States, will be governed by, and construed in accordance with, the laws of the State of Delaware without giving effect to principles of conflicts of laws.

18. Agreement Subject to the Plan. This Agreement is subject to, and will be interpreted in accordance with, the Plan. In the event of a conflict between this Agreement and the Plan, the terms of the Plan will apply. Holder hereby acknowledges receipt of a copy of the Plan, and by accepting the Award in the manner specified by the Company, he or she agrees to be bound by the terms and conditions of this Agreement, the Award, the Plan, and if applicable to the Holder, stock ownership guidelines established by the Company.

19. Section 409A. Any payment of Performance Shares to the Holder pursuant to this Agreement is intended to be exempt from Section 409A of the Code to the maximum extent possible as a short-term deferral pursuant to Treasury Regulation §1.409A-1(b)(4). However, if this Agreement and the Award are not so exempt, then this Agreement and Award are intended to comply with the requirements of Section 409A of the Code and will be interpreted and construed consistently with such intent. In the event the terms of this Agreement would subject Holder to taxes or penalties under Section 409A of the Code (“409A Penalties”), Holder and the Company will cooperate diligently to amend the terms of this Agreement to avoid such 409A Penalties, to the extent possible; provided that in no event will the Company be responsible for any 409A Penalties that arise in connection with any amounts payable under this Agreement. To the extent any amounts under this Agreement are payable by reference to Holder’s “termination of employment,” such term will be deemed to refer to Holder’s “separation from service,” within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, if Holder is a “specified employee,” as defined in Section 409A of the Code, as of the date of Holder’s separation from service, then to the extent any amount payable to Holder (a) is payable upon Holder’s separation from service, and (b) under the terms of this Agreement would be payable prior to the six-month

anniversary of Holder's separation from service, to the extent that payment under this Agreement is otherwise subject to the provisions of Section 409A of the Code, such payment will be delayed until the earlier to occur of: (x) the six-month anniversary of Holder's separation from service and (y) the date of Holder's death. If any applicable payment period begins in one calendar year and ends in the following calendar year, Holder shall not have the right to designate the year of the payment.

20. Counterparts. This Agreement may be executed in one or more counterparts, all of which together will constitute but one Agreement.

EXHIBIT A

1. State-Specific Modifications. The following limitations on the scope of this Agreement apply to employees in Illinois.

(a) Paragraph 13(c) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$75,000 per year. Starting on January 1, 2027, Paragraph 13(c) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$80,000 per year. Starting on January 1, 2032, Paragraph 13(c) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$85,000 per year. Starting on January 1, 2037, Paragraph 13(c) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$90,000 per year.

(b) Paragraphs 13(d) and 13(e) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$45,000 per year. Starting on January 1, 2027, Paragraphs 13(d) and 13(e) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$47,500 per year. Starting on January 1, 2032, Paragraphs 13(d) and 13(e) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$50,000 per year. Starting on January 1, 2037, Paragraphs 13(d) and 13(e) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$52,500 per year.

(c) The Agreement is modified to include the following Paragraph 13(h): Holder has been provided with a period of at least fourteen (14) days advance notice of this Agreement prior to being required to execute it and is advised to seek the advice of legal counsel before entering into this Agreement.

## FORM OF

Fortune Brands Home & Security, Inc.  
2022 Long-Term Incentive Plan

## [GRANT DATE] Restricted Stock Unit Agreement (the “Agreement”)

Fortune Brands Home & Security, Inc., a Delaware corporation (the “Company”), grants to the undersigned “Holder” an award of restricted stock units (“RSUs”) subject to the terms and conditions of the Fortune Brands Home & Security, Inc. 2022 Long-Term Incentive Plan (the “Plan”), the Award Notice (“Award Notice”), and this Agreement (collectively, the “Award”). Capitalized terms not defined in this Agreement have the meanings specified in the Plan.

1. Number of RSUs. The date of the grant (the “Award Date”) and the number of RSUs granted to Holder under the Award are provided in the Award Notice and in the Plan’s online administrative system. Except as described below, this Award will become null and void unless Holder accepts this Agreement in a timely manner through the grant acceptance process prescribed by the Company.

2. Restriction Period and Vesting

(a) Subject to the terms and conditions of this Agreement and the Plan, the RSUs subject to the Award will vest in accordance with the vesting schedule described in the Award Notice (the “Restriction Period”), provided that the Holder remains continuously employed with the Company through each applicable vesting date. Notwithstanding the foregoing, if, because the New York Stock Exchange (or such successor exchange on which shares of Company Common Stock are traded) is not open for trading on such date, the vesting date will be the next date on which the New York Stock Exchange (or such successor exchange) is open for trading.

(b) In the event of Holder’s death during the Restriction Period, the RSUs will fully vest on the date of such death and will become immediately eligible for distribution.

(c) Notwithstanding the provisions of Section 5 below, in the event of Holder’s Retirement (as defined below) during the Restriction Period and after the one-year anniversary of the Award Date, any unvested RSUs will fully vest as of the date of Holder’s Retirement and all RSUs granted under this Award will become immediately eligible for distribution. For purposes of this Award, “Retirement” means Holder’s termination of employment (other than for Cause as described in subsection (e) below) on or after attaining age 55 and completing five (5) years of service with the Company or its predecessors or affiliates. In the event of a Change in Control (as defined in Section 5 below), Holder will receive the treatment described in this Section 2(c) if Holder

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terminates employment after qualifying for Retirement, even if Holder does not have Good Reason (as defined below).

(d) In the event of Holder's Disability (as defined below) during the Restriction Period and after the one (1) year anniversary of the Award Date, Holder will be treated as continuing employment with the Company during the Disability for purposes of determining the vesting of the Award, and RSUs will continue to vest and will be eligible for distribution in accordance with the vesting schedule described in Section 2(a) above. For purposes of this Award, Holder will have a "Disability" if Holder is approved for long-term disability benefits under the long-term disability plan maintained by Holder's employer; provided that, if this Award is subject to the restrictions of Section 409A of the Code with respect to Holder, then such Disability must also satisfy the requirements of Section 22(e)(3) of the Code.

(e) If the Holder's employer terminates Holder's employment during the Restriction Period for Cause (as defined below), then the unvested RSUs outstanding under the Award will be forfeited and cancelled immediately upon such termination of employment. For purposes of this Award, "Cause" has the same meaning as specified in any employment or other written agreement between Holder and Holder's employer regarding benefits upon termination of employment and which is in effect on the Award Date ("Termination Agreement"), provided that if Holder is not a party to a Termination Agreement that contains such definition, then Cause shall mean termination of employment for: (A) dishonesty or fraud; (B) commission of any act, or omission to act, that causes or may cause damage or detriment to the business, employees, property or reputation of the Company or its Subsidiaries; (C) dereliction of duty; (D) gross misconduct, gross negligence or gross malfeasance; or (E) violation of the code of conduct and/or personnel policies of the Company or its Subsidiaries.

(f) Except as provided in Section 5 below, if Holder's employment with the Company terminates during the Restriction Period for any reason other than death, Disability or Retirement, the Award, to the extent not vested on the effective date of such termination of employment, will not vest and will be forfeited and cancelled as of Holder's termination date.

(g) For the purposes of this Agreement, (i) a transfer of Holder's employment from the Company to a Subsidiary or vice versa, or from one Subsidiary to another, without an intervening period, will not be deemed a termination of employment; and (ii) if Holder is granted in writing a leave of absence, Holder will be deemed to have remained in the employ of the Company or a Subsidiary during such leave of absence (but not beyond Holder's separation from service within the meaning of Section 409A of the Code if this Award is deemed to be subject to said Section, using a 29-month period rather than 6-months per U.S. Treasury Regulation §1.409A-1(h)(1)(i) for a leave of absence due to any medically determinable physical or mental impairment as contemplated under such section).



(h) If Holder is eligible to participate in the Fortune Brands Home & Security, Inc. Deferred Compensation Plan (“NQDC Plan”) and makes a timely election to defer receipt of a portion of the RSUs granted under this Award, any such deferred RSUs will also be subject to the terms and conditions of the NQDC Plan and deferral election, which shall govern the timing of the distribution of the award, the payment of any related tax obligations and the treatment of the deferred RSUs following a Change in Control (as defined in the NQDC Plan).

3. Delivery of Common Stock. During the Restriction Period, the RSUs will represent only an unfunded and unsecured obligation of the Company. Subject to Section 20 of this Agreement, within sixty (60) days following each applicable vesting date described in the Award Notice or any other applicable distribution date specified under this Agreement, unless Holder has elected to defer receipt of a portion of the RSUs under the NQDC Plan, the Company will deliver or cause to be delivered one share of Common Stock for each RSU that vests or becomes eligible for distribution on such date to Holder (or, in the event of Holder’s death or Disability, Holder’s appointed and qualified executor or other personal representative). No fractional shares will be delivered. Any RSUs deferred under the NQDC Plan that become vested, will continue to represent only an unfunded and unsecured obligation of the Company and will be distributed in accordance with the terms of the NQDC Plan and the applicable deferral election.

4. Dividend Equivalents. Holder will be entitled to receive dividend equivalents with respect to the Award, to the extent that the Company pays dividends on Company Common Stock during the Restriction Period. Such dividend equivalents will be equal to the cash dividends (if any) that would have been paid to Holder for the shares of Common Stock subject to the Award had such shares been issued and outstanding on the dividend record date occurring during the Restriction Period. Dividend equivalents (if any) will be subject to the same vesting conditions as the RSUs and will be paid to Holder in cash at the same time as the shares of Common Stock subject to the Award are delivered in accordance with Section 3. In the event that the Holder has elected to defer receipt of a portion of the RSUs, dividend equivalents will be credited at the time of vesting to the Holder’s deferral account in accordance with the terms of the NQDC Plan.

5. Termination without Cause or for Good Reason Following Change in Control. In the event of a Change in Control, the Award will become subject to Section 5.8 of the Plan. In the event that unvested RSUs remain outstanding following a Change in Control, and Holder’s employment is terminated on or after such Change in Control but prior to the end of the Restriction Period either: (i) by the Company other than for Cause, or (ii) by Holder for Good Reason (as defined below), the RSUs will become fully vested and immediately eligible for distribution as of the date of Holder’s termination of employment. For purposes of this Award, “Good Reason” will have the same meaning as such term has under any Termination Agreement, provided that if Holder is not a party to any Termination Agreement that contains such definition, then Good Reason shall mean the Holder’s termination of the Holder’s employment for any of the following reasons without the Holder’s consent: (A) a material diminution in the Holder’s

duties, responsibilities and status as in effect immediately preceding the Change in Control; (B) a material reduction in the Holder's base salary as in effect immediately preceding the Change in Control; or (C) requiring Holder to relocate to an office more than 50 miles from the offices at which the Holder was based immediately preceding the Change in Control, except for required travel on Company business to an extent substantially consistent with Holder's position; provided, however, that in order to terminate Holder's employment for Good Reason, Holder must (x) provide written notice of his or her intent to terminate employment within 30 days following the initial existence of the event or circumstance giving rise to Good Reason, (y) the Company must be provided an opportunity to cure the event or circumstance giving rise to "Good Reason for a period of 30 days; and (z) if not cured, the Holder must terminate his or her employment due to Good Reason within 30 days following the expiration of the Company's cure period.

6. No Stockholder Rights. Holder will not have any rights of a stockholder (including voting rights) or any other right, title or interest, with respect to any of the shares of Common Stock subject to the Award unless and until such shares of Common Stock have been recorded on the Company's official stockholder records as having been issued or transferred to Holder.

7. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the vesting of the RSUs or the delivery or issuance of shares, the shares of Common Stock subject to the Award may not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action has been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to obtain and maintain any such listing, registration, qualification, consent, approval or other action.

8. Clawback Policy. Notwithstanding any provision of the Plan or this Agreement to the contrary, outstanding RSUs may be cancelled, and the Company may require Holder to return shares of Company Common Stock (or the value of such stock when originally paid to Holder), dividend equivalents (if any) issued under this Agreement and any other amount required by applicable law to be returned, in the event that such repayment is required pursuant to the terms of the Company's Clawback Policy in effect as of the Award Date or to the extent required in order to comply with any laws or regulations relating to restatements of the Company's publicly-reported financial results.

9. Non-transferability. The Award may not be transferred, assigned, pledged or hypothecated in any manner, by operation of law or otherwise by Holder other than (a) by will or by the laws of descent and distribution; or (b) pursuant to an approved domestic relations order approved in writing by the Secretary of the Committee or the Secretary's designee. Except to the extent permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award,

the Award and all related rights will immediately become null and void.

10. Tax Withholding. As a condition to the delivery of shares of Common Stock upon vesting of any portion of the Award, Holder must, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the “Required Tax Payments”) with respect to the Award. If Holder fails to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount payable by the Company to Holder, including regular salary or bonus payments. Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (a) a cash payment to the Company; (b) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Common Stock having an aggregate Fair Market Value (as defined below), determined as of the date on which such withholding obligation arises (the “Tax Date”), equal to the Required Tax Payments; (c) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered to Holder having an aggregate Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (d) any combination of (a), (b) and (c). Shares of Common Stock may not have an aggregate Fair Market Value in excess of the amount determined by applying the maximum statutory withholding rate in the applicable jurisdiction. The number of shares to be delivered to the Company or withheld from the Holder shall be determined by applying the maximum statutory withholding rate, if the Holder makes such an election. For purposes of this Award, “Fair Market Value” as of any date means the value determined by reference to the closing price of a share of Common Stock as finally reported on the New York Stock Exchange for the trading day immediately preceding such date. Any fraction of a share of Common Stock which would be required to satisfy any Required Tax Payment will be disregarded and the remaining amount due must be paid in cash by Holder. No share of Common Stock will be issued or delivered until the Required Tax Payments have been satisfied in full. In accordance with terms of the NQDC Plan, any tax obligations that arise upon vesting under this Agreement with respect to deferred RSUs credited to the NQDC shall not be deducted from the deferred RSUs and instead shall be deducted from any amount payable by the Company to the Holder, including the portion of this Award that has not been deferred into the NQDC Plan, subject in all instances to compliance with Section 409A of the Code.

11. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation or any successor or replacement accounting standard) that causes the per share value of shares of Common Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary cash dividend, the terms of the RSU (including the number and class of securities subject to the RSU) shall be appropriately adjusted by the Committee. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of participants. In either case, the decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

12. No Rights to Continued Employment. In no event will the granting of the Award or its acceptance by Holder, or any provision of this Agreement or the Plan, give or be deemed to give Holder any right to continued employment by the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time for any reason.

13. Restrictive Covenants. In exchange for accepting the Award and in consideration of the Confidential Information (defined below) the Company provides to Holder, benefits Holder is not otherwise entitled to, Holder agrees to the following restrictive covenants:

(a) State Specific Modifications. Employees in Illinois are directed to Exhibit A for important limitations on the scope of this Agreement.

(b) Confidential Information. Holder acknowledges that he/she has access to highly confidential information of the Company and any Subsidiary that Holder provides services to or is provided confidential information about, including but not limited to, information concerning: finances, supply and service, marketing, customers (including lists), operations, business and financial plans and strategies, and product costs, sourcing and pricing (“Confidential Information”). The Holder agrees that during his/her employment and for three years following the end of Holder’s employment (for whatever reason), Holder will protect the Confidential Information and only use it for business-related reasons; however, trade secrets will always remain protected for as long as the information qualifies as a trade secret under applicable law. Nothing in this Agreement is intended to prohibit any activity by Holder which is protected by law. The obligations of this Agreement (including, but not limited to the confidentiality obligations) do not prohibit Holder from reporting any event that Holder reasonably and in good faith believes is a violation of law to the relevant law-enforcement agency (such as the Securities and Exchange Commission, Equal Employment Opportunity Commission, or Department of Labor), cooperating in an investigation conducted by such a government agency, or disclosing to such a government agency any Confidential Information that is lawfully acquired by Holder and that Holder reasonably and in good faith believes is relevant to the matter at issue. Similarly, pursuant to the Defend Trade Secrets Act of 2016, Employee shall not be held criminally or civilly liable under any Federal or State trade secret law for disclosing a trade secret if that disclosure is (A) made in confidence to an attorney or a Federal, State, or local government official, either directly or indirectly, and is solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual’s attorney and may use the trade secret information in the court proceeding, provided the individual (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order.

(c) Non-Competition. Holder agrees that he/she will not, directly or indirectly, for a period of 12 months after the end of Holder's employment (for whatever reason), engage in a Prohibited Capacity within the Restricted Area on behalf of a business that manufactures, distributes, offers, sells or provides any Competing Products. "Competing Products" means any products and/or services that are similar in function or purpose to those offered by the Company and its Subsidiaries and as to which Holder had Involvement. "Involvement" means to have responsibilities, provide supervision, engage in dealings or receive Confidential Information about during the last two (2) years immediately preceding the end of Holder's employment (the "Look Back Period"). "Prohibited Capacity" means to engage in the same or similar capacity or function that Holder worked for the Company and/or its Subsidiaries at any time during the Look Back Period or in a capacity that would otherwise result in the use or disclosure of Confidential Information. "Restricted Area" means those geographic areas in which the Company and its Subsidiaries do business and as to which business Holder had Involvement.

(d) Non-Solicitation of Customers. Holder agrees that he/she will not, directly or indirectly, during his/her employment and for a period of 12 months after the end of his/her employment (for whatever reason), solicit, induce or attempt to induce (or assist others to solicit) any customers or prospective customers of the Company and its Subsidiaries to cease doing business with the Company and its Subsidiaries or to buy a Competing Product. The prohibition in this Section 13(c) only applies to customers and prospective customers with which Holder had Involvement.

(e) Non-Solicitations of Employees. Holder agrees that he/she will not, directly or indirectly, for a period of 12 months after the end of his/her employment (for whatever reason), solicit (or assist another in soliciting), induce, employ or seek to employ any individual employed by Company and/or its Subsidiaries. Where an additional restriction is required to enforce the foregoing, Holder's non-solicitation obligation is limited to employees with whom Holder had Involvement.

(f) Reasonableness of Restrictions. Holder acknowledges that the temporal, activity and geographic limitations of Sections 13(b), (c), (d) and (e) above are reasonable in scope and narrowly constructed so as to protect only the Company and its Subsidiaries' legitimate protectable interests and will not prohibit Holder from obtaining meaningful employment following the end of Holder's employment.

(g) Tolling of Restrictive Period. The periods described in Sections 13(b), (c), (d) and (e) above shall not run during any period of time in which the Holder is in violation of this paragraph and shall toll during any such period of violation. If Holder resides in and is subject to the laws of Wisconsin, then this paragraph shall not apply.

(h) General. (i) Before accepting new employment, Holder will advise any such future employer of the restrictions in this Agreement. Holder agrees that the Company and its Subsidiaries may advise any such future employer or prospective employer of

this Agreement and their position on the potential application of this Agreement without such giving rise to any legal claim. (ii) The obligations in this Agreement shall survive the termination of Holder's employment and shall, likewise, continue to apply and be valid notwithstanding any change in Holder's employment terms (such as, without limitation, a change in duties, responsibilities, compensation, position or title). (iii) The Subsidiaries are third party beneficiaries of the Agreement and may enforce the Agreement without the need for further consent or agreement by the Holder. (iv) If either party waives his, her, or its right to pursue a claim for the other's breach of any provision of the Agreement, the waiver will not extinguish that party's right to pursue a claim for a subsequent breach. (v) This Agreement shall not be construed to supersede or replace any prior agreements containing confidentiality, nondisclosure, non-competition and non-solicitation provisions. Rather, the restrictions in this Agreement shall be read together with such prior agreements to afford the Company and its Subsidiaries the broadest protections allowed by law. (vi) If a court finds any of the Agreement's restrictions unenforceable as written, the parties agree the court is authorized and expected under the terms of this Agreement to revise the restriction (for the jurisdiction covered by that court only) so as to make it enforceable, or if such revision is not permitted then to enforce the otherwise unreasonable or unenforceable restriction to such lesser extent as would be deemed reasonable and lawful within that jurisdiction. (vii) If Holder resides in California: Sections 13(c) and (e) shall not apply; Section 13(d) shall only apply if Holder uses or discloses the Company's or its Subsidiaries' trade secrets per Cal. Bus. & Prof. Code §16600; and Section 18 shall not apply.

14. Decisions of Board or Committee. The Board or the Committee has the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement is final and binding.

15. Successors. This Agreement is binding upon and will inure to the benefit of any successor or successors of the Company and any person or persons who, upon the death of Holder, may acquire any rights in accordance with this Agreement or the Plan.

16. Notices. All notices, requests or other communications provided for in this Agreement will be made, if to the Company, to Fortune Brands Home & Security, Inc., Attn. General Counsel, 520 Lake Cook Road, Deerfield, Illinois 60015, and if to Holder, to the last known mailing address of Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement will be made in writing either (a) by personal delivery; (b) by facsimile or electronic mail with confirmation of receipt; (c) by mailing in the United States mails; or (d) by express courier service. The notice, request or other communication will be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the intended party if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it will be deemed to be received on the next succeeding business day of the Company.

17. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement will not affect any other provisions of this Agreement and this Agreement will be construed in all respects as if such invalid or unenforceable provisions were omitted.

18. Governing Law. This Agreement, the Award and all determinations made and actions taken with respect to this Agreement or Award, to the extent not governed by the Code or the laws of the United States, will be governed by, and construed in accordance with, the laws of the State of Delaware without giving effect to principles of conflicts of laws.

19. Agreement Subject to the Plan. This Agreement is subject to, and will be interpreted in accordance with, the Plan. In the event of a conflict between this Agreement and the Plan, the terms of the Plan will apply. Holder hereby acknowledges receipt of a copy of the Plan, and by accepting the Award in the manner specified by the Company, he or she agrees to be bound by the terms and conditions of this Agreement, the Award, the Plan, and if applicable to the Holder, stock ownership guidelines established by the Company.

20. Section 409A. Any payment to the Holder pursuant to this Agreement is intended to be exempt from Section 409A of the Code to the maximum extent possible as a short-term deferral pursuant to Treasury Regulation §1.409A-1(b)(4) and each payment hereunder shall be considered a separate payment. However, if this Agreement and the Award are not so exempt, this Agreement and the Award are intended to comply with the requirements of Section 409A of the Code and will be interpreted and construed consistently with such intent. In the event the terms of this Agreement would subject Holder to taxes or penalties under Section 409A of the Code (“409A Penalties”), Holder and the Company will cooperate diligently to amend the terms of this Agreement to avoid such 409A Penalties, to the extent possible; provided that in no event will the Company be responsible for any 409A Penalties that arise in connection with any amounts payable under this Agreement. To the extent any amounts under this Agreement are payable by reference to Holder’s “termination of employment,” such term will be deemed to refer to Holder’s “separation from service,” within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, if Holder is a “specified employee,” as defined in Section 409A of the Code, as of the date of Holder’s separation from service, then to the extent any amount payable to Holder (a) is payable upon Holder’s separation from service, and (b) under the terms of this Agreement would be payable prior to the six-month anniversary of Holder’s separation from service, to the extent that payment under this Agreement is otherwise subject to the provisions of Section 409A of the Code, such payment will be delayed until the earlier to occur of: (x) the six-month anniversary of Holder’s separation from service and (y) the date of Holder’s death. If any applicable payment period begins in one calendar year and ends in the following calendar year, Holder shall not have the right to designate the year of the payment.

21. Counterparts. This Agreement may be executed in one or more counterparts, all of which together will constitute but one Agreement.



EXHIBIT A

1. State-Specific Modifications. The following limitations on the scope of this Agreement apply to employees in Illinois.

(a) Paragraph 13(c) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$75,000 per year. Starting on January 1, 2027, Paragraph 13(c) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$80,000 per year. Starting on January 1, 2032, Paragraph 13(c) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$85,000 per year. Starting on January 1, 2037, Paragraph 13(c) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$90,000 per year.

(b) Paragraphs 13(d) and 13(e) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$45,000 per year. Starting on January 1, 2027, Paragraphs 13(d) and 13(e) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$47,500 per year. Starting on January 1, 2032, Paragraphs 13(d) and 13(e) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$50,000 per year. Starting on January 1, 2037, Paragraphs 13(d) and 13(e) shall not apply to any Holder whose actual or expected annualized rate of earnings does not exceed \$52,500 per year.

(c) The Agreement is modified to include the following Paragraph 13(h): Holder has been provided with a period of at least fourteen (14) days advance notice of this Agreement prior to being required to execute it and is advised to seek the advice of legal counsel before entering into this Agreement.

## CERTIFICATION

I, Nicholas I. Fink, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2022 of Fortune Brands Home & Security, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2022

/s/ Nicholas I. Fink  
Nicholas I. Fink  
Chief Executive Officer

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## CERTIFICATION

I, Patrick D. Hallinan, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2022 of Fortune Brands Home & Security, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2022

/s/ Patrick D. Hallinan  
Patrick D. Hallinan  
Senior Vice President and  
Chief Financial Officer

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**JOINT CEO/CFO CERTIFICATE REQUIRED PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned, the Chief Executive Officer and the Senior Vice President and Chief Financial Officer of Fortune Brands Home & Security, Inc. (the "Company"), hereby certifies pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that the Quarterly Report of the Company on Form 10-Q for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and the results of operations of the Company.

Dated: July 28, 2022

/s/ Nicholas I. Fink

Nicholas I. Fink  
Chief Executive Officer

/s/ Patrick D. Hallinan

Patrick D. Hallinan  
Senior Vice President and  
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Fortune Brands Home & Security, Inc. and will be retained by Fortune Brands Home & Security, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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