

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
See attachment.

Blank lined area for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ **See attachment.**

Blank lined area for providing information on resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
See attachment.

Blank lined area for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ [Redacted] Date ▶ 1/7/2023
Print your name ▶ [Redacted] Title ▶ VP-Tax

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

Part II – Organizational Action

CONSULT YOUR TAX ADVISOR

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX BASIS CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. THE INFORMATION CONTAINED HEREIN DOES NOT CONSTITUTE TAX ADVICE AND DOES NOT PURPORT TO DESCRIBE THE CONSEQUENCES THAT MAY APPLY TO PARTICULAR CATEGORIES OF SHAREHOLDERS. ALL SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action

On December 14, 2022, Fortune Brands Home & Security, Inc. ("**Fortune Brands**") distributed all of the issued and outstanding shares of common stock of MasterBrand, Inc. (NYSE: MBC) ("**MasterBrand**") to the holders of Fortune Brands common stock (the "**Distribution**"). MasterBrand began operating as an independent, publicly traded entity and began "regular-way" trading on the New York Stock Exchange ("**NYSE**") on December 15, 2022.

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis

The Distribution was effected by means of a pro rata distribution of all of the issued and outstanding shares of MasterBrand common stock to holders of Fortune Brands common stock. Each Fortune Brands shareholder was entitled to receive one share of MasterBrand common stock for each share of Fortune Brands common stock held as of 5:00 p.m., Central Time, on December 2, 2022, the record date for the distribution (e.g., a holder of 1,000 shares of Fortune Brands stock will receive 1,000 shares of MasterBrand stock).

No fractional shares of MasterBrand common stock were distributed in connection with the Distribution. Instead, a distribution agent aggregated all fractional shares into whole shares and sold the whole shares in the open market at prevailing market prices and distributed the aggregate cash proceeds of the sales, net of brokerage fees and other costs, pro rata to each Fortune Brands shareholder who would otherwise have been entitled to receive a fractional share in the Distribution.

- No gain or loss will be recognized by, or be includible in the income of, a holder of Fortune Brands common stock, solely as a result of the receipt of MasterBrand common stock in the Distribution, except with respect to any cash received in lieu of fractional shares;
- The aggregate tax basis of the shares of Fortune Brands common stock and shares of MasterBrand common stock in the hands of Fortune Brands shareholders immediately after the Distribution will be the same as the aggregate tax basis of the shares of Fortune Brands common stock held by the holder immediately before the Distribution, allocated between the shares of Fortune Brands common stock and shares of MasterBrand common stock, including any fractional share interest for which cash is received, in proportion to their relative fair market values immediately following the Distribution;
- The holding period with respect to shares of MasterBrand common stock received by Fortune Brands shareholders will include the holding period of their shares of Fortune Brands common stock, provided that such shares of Fortune Brands common stock are held as a capital asset immediately following the Distribution; and
- A Fortune Brands shareholder who receives cash in lieu of a fractional share of MasterBrand common stock in the Distribution will be treated as having sold such fractional share for cash and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and such shareholder's adjusted tax basis in the fractional share. That gain or loss will be long-term capital gain or loss if the shareholder's holding period for its shares of Fortune Brands common stock exceeds one year.

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market value of securities and the valuation dates

The aggregate tax basis in the Fortune Brands common stock held immediately prior to the Distribution will be allocated between the Fortune Brands common stock and the MasterBrand common stock in proportion to the relative fair market values of each immediately following the Distribution. U.S. federal income tax rules do not specifically prescribe the manner by which fair market value is determined and there may be multiple approaches in making such a determination.

One possible approach would be to use the Volume-Weighted Average Price (“VWAP”) of the Fortune Brands common stock and MasterBrand common stock on December 15, 2022, the first trading day after the Distribution. The VWAP of one share of Fortune Brands common stock on December 15, 2022 was \$55.9795 and the VWAP of one share of MasterBrand common stock on December 15, 2022 was \$7.8532. Based on these VWAPs and under this approach, a shareholder’s aggregate tax basis in each share of Fortune Brands common stock would be allocated 87.6972% to each share of Fortune Brands common stock and 12.3028% to each share of MasterBrand common stock after the Distribution.

For example, if a shareholder owned a single block of 1,000 shares of Fortune Brands common stock with a basis of \$10 per share (\$10,000 aggregate tax basis), 12.3028% of the aggregate tax basis would be allocated to the 1,000 shares of MasterBrand common stock received in the Distribution and 87.6972% of the aggregate tax basis would be allocated to the 1,000 shares of Fortune Brands common stock retained after the Distribution. Consequently, after the Distribution, \$1,230.28 of the aggregate tax basis would be allocated to the 1,000 shares of MasterBrand common stock (\$1.23 per share) and \$8,769.72 of the aggregate tax basis would be allocated to the 1,000 shares of Fortune Brands common stock (\$8.77 per share).

Fortune Brands shareholders who acquired blocks of Fortune Brands common stock at different times or at different prices should perform the forgoing allocation separately with respect to each block of Fortune Brands

common stock in consultation with their own tax advisors. Other valuation methodologies may exist, and shareholders are urged to consult their tax advisors regarding these basis allocation calculations. Fortune Brands shareholders are not bound by the approach illustrated above and may, in consultation with their own tax advisors, use another approach in determining the fair market values of the Fortune Brands common stock and MasterBrand common stock.

17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based

Section 355 and Section 358(c).

18. Can any resulting loss be recognized?

No loss will be recognized by, or be includible in the income of, a holder of Fortune Brands common stock, solely as a result of the receipt of MasterBrand common stock in the Distribution, except potentially with respect to any cash received in lieu of fractional shares. In such a case, the shareholder may recognize loss to the extent the basis in the fractional share deemed received is in excess of the amount of cash actually received. Fortune Brands shareholders should consult with their tax advisor.

19. Provide any other information necessary to implement the adjustment, such as the reportable tax year

For holders of Fortune Brands common stock using the calendar year as the annual accounting period for U.S. federal income tax purposes, the taxable year of the organizational action is the year ending December 31, 2022. The above-described change in basis is effective as of December 14, 2022 (the date of the organizational action).

The CUSIP number of Fortune Brands is: 34964C106. Following the Distribution, the CUSIP number for MasterBrand, Inc. (as provided above in Part 1, box 10) is: 57638P104.