

Fortune Brands Home & Security, Inc.

Form 11-K

June 27, 2012

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

Commission file number 1-35166

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

FORTUNE BRANDS HOME & SECURITY HOURLY

EMPLOYEE RETIREMENT SAVINGS PLAN

B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:

FORTUNE BRANDS HOME & SECURITY, INC.

520 Lake Cook Road

Table of Contents

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan December 31, 2011 and 2010

	Page
<u>Report of Independent Registered Public Accounting Firm Grant Thornton LLP</u>	1
Financial Statements	
<u>Statements of Net Assets Available For Benefits</u>	2
<u>Statements of Changes in Net Assets Available For Benefits</u>	3
<u>Notes to Financial Statements</u>	4
<u>Schedule H, Line 4i Schedule of Assets (Held at End of Year)</u>	16
<u>Signature</u>	17
<u>Exhibit Index</u>	18
Exhibit 23.1 Consent of Independent Registered Public Accounting Firm Grant Thornton LLP	

Note: Other supplemental schedules required by the Employee Retirement Income Security Act have been omitted because such supplemental schedules are not applicable to the Fortune Brands Home & Security Hourly Employee Retirement Savings Plan.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Employee Benefits Administrative

Committee of Fortune Brands Home & Security, Inc.:

We have audited the accompanying statements of net assets available for benefits of the Fortune Brands Home & Security Hourly Employee Retirement Savings Plan (f/k/a Fortune Brands Hourly Employee Retirement Savings Plan) (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2011, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Grant Thornton LLP

Chicago, Illinois

June 27, 2012

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2011 and 2010

(Dollars in thousands)

	2011	2010
Assets		
Plan's interest in Fortune Brands, Inc.		
Master Trust net assets	\$	\$ 110,079
Plan's interest in Fortune Brands Home & Security, Inc.		
Defined Contribution Master Trust net assets	109,928	
Receivables		
Company contributions	112	181
Participant contributions	74	204
Notes receivable from participants	9,212	8,636
Total receivables	9,398	9,021
Liabilities		
Accrued administrative expenses	32	124
NET ASSETS AVAILABLE FOR BENEFITS	\$ 119,294	\$ 118,976

The accompanying notes are an integral part of these statements.

Table of Contents**Fortune Brands Home & Security Hourly Employee Retirement Savings Plan****STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****Years ended December 31, 2011 and 2010****(Dollars in thousands)**

	2011	2010
Additions		
Allocated share of Fortune Brands, Inc.		
Master Trust net investment (loss) income	\$ (10,039)	\$ 12,066
Allocated share of Fortune Brands Home & Security, Inc.		
Defined Contribution Master Trust net investment income	8,832	
Interest income on notes receivable from participants	321	359
Company contributions	4,820	4,434
Participant contributions	9,412	9,243
Rollover contributions	74	135
 Total additions	 13,420	 26,237
Deductions		
Benefits paid to participants	12,607	11,721
Administrative expenses	32	695
 Total deductions	 12,639	 12,416
 Net increase prior to transfers	 781	 13,821
Net transfers from the Plan (Note C)	(463)	(112)
 NET INCREASE	 318	 13,709
 Net assets available for benefits		
Beginning of year	118,976	105,267
 End of year	 \$ 119,294	 \$ 118,976

The accompanying notes are an integral part of these statements.

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

(Dollars in thousands)

NOTE A DESCRIPTION OF PLAN

General

On September 27, 2011, the Board of Directors of Fortune Brands, Inc. (Fortune or Former Parent) approved the spin-off of Fortune Brands Home & Security, Inc. (Home & Security or FBHS) into an independent, publicly-traded company (the Spin-off) and the continuation of the Former Parent as Beam Inc. On October 3, 2011, the Spin-off was completed, with the stockholders of our Former Parent receiving one share of Home & Security common stock and one share of Beam Inc. common stock for each share of Former Parent common stock held on September 20, 2011. Following the Spin-off, Beam Inc. retained no ownership interest in Home & Security. Home & Security and Beam Inc. now have separate public ownership, boards of directors and management.

The Fortune Brands Home & Security Hourly Employee Retirement Savings Plan (f/k/a Fortune Brands Hourly Employee Retirement Savings Plan) (the Plan) is a tax-qualified defined contribution retirement plan covering certain hourly, non-union employees. The Plan was maintained by Fortune until October 3, 2011. Effective October 4, 2011 Home & Security assumed sponsorship of the Plan and the Plan was renamed the Fortune Brands Home & Security Hourly Employee Retirement Savings Plan. The Plan is intended to comply with Section 401(k) of the Internal Revenue Code of 1986, as amended (the Code). The Plan is subject to various provisions of the Code and the Employee Retirement Income Security Act of 1974, as amended (ERISA).

FBHS and each of its operating subsidiaries participating in the Plan are referred to collectively as the Companies and individually as a Company. Operating company subsidiaries that participated in the Plan in 2011 and 2010 were: MasterBrand Cabinets, Inc. (MasterBrand); Moen Incorporated (Moen); Therma-Tru Corp. (Therma-Tru), which includes Fypon LLC; Fortune Brands Windows, Inc., which includes Simonton Building Products, Inc., Simonton Industries, Inc., Simonton Windows, Inc., SimEx, Inc., and Hy-Lite Products, Inc.; and Waterloo Industries, Inc.

The financial statements present the net assets available for benefits as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the years then ended. Through October 3, 2011 the assets of the Plan were included in a pool of investments known as the Fortune Brands, Inc. Savings Plans Master Trust (the Former Parent Master Trust), along with the assets of a retirement savings plan maintained by Fortune, known as the Fortune Brands Retirement Savings Plan. The Former Parent Master Trust investments were administered and held by Fidelity Management Trust Company (the Trustee or Fidelity). The Plan s assets were transferred, in kind, from the Former Parent Master Trust to the Fortune Brands Home & Security, Inc. Defined Contribution Master Trust (the FBHS Master Trust) when Home & Security assumed sponsorship of the Plan on October 4, 2011. Fidelity serves as the Trustee of the FBHS Master Trust.

The following provides a brief description of the Plan. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

Contributions

Plan contributions are held by the Trustee and accumulated in separate participant accounts. Pursuant to the terms of the Plan, participants may make tax-deferred contributions under Section 401(k) of the Code of up to 50% of their eligible compensation (as defined under the Plan). Participants annual tax-deferred contributions are limited by the Code to \$16.5 in 2011 and 2010. In addition, during the year in which a participant attains age 50 and in subsequent years, the participant may elect to make additional unmatched, pretax catch up contributions of up to \$5.5 in 2011 and 2010.

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

(Dollars in thousands)

The Plan also permits each participant to make after-tax contributions to the Plan. However, total pre-tax and after-tax contributions may not exceed 50% of the participant's total eligible compensation. If a participant has reached the limitations on tax-deferred contributions as described above, the participant may elect to have the tax-deferred contributions automatically switch to after-tax contributions.

Participants that are eligible to make tax-deferred contributions may roll over balances from another eligible tax qualified retirement plan or individual retirement account into the Plan.

Eligible employees who have neither enrolled in the Plan nor affirmatively declined enrollment in the Plan become automatically enrolled in the Plan and are deemed to have elected to make tax-deferred contributions equal to 3% of their eligible compensation. In addition, participants making tax-deferred contributions automatically have their contribution rate increased by 1% on the first payroll period for which it is administratively feasible following May 1 of each year unless they affirmatively declined participation in the automatic increase program. This automatic deferral increase program does not apply to participants who are deferring 6% or more of their eligible compensation. Participants may elect to change or discontinue their participation in the automatic enrollment and automatic deferral rate increase programs at any time.

Most of the Companies provide a matching contribution (in varying amounts stated in the Plan) on a participant's pre-tax elective contributions. MasterBrand's Kinston location also made profit-sharing contributions for their eligible employees in 2011 and 2010. For more information on the amount of profit-sharing and matching contributions provided by each Company, refer to the Plan document, which is available from the Plan administrator.

On behalf of each of its employees who is an eligible participant, Therma-Tru will make a Qualified Nonelective Contribution (QNEC) each payroll period in the amount of 3% of compensation. Any QNEC made by Therma-Tru will be allocated to the qualified nonelective employer contribution accounts of eligible participants based on such eligible participants' respective compensation for such Plan year.

Participants may direct the investment of their accounts in the available investment funds under the Plan. The Plan makes various investment funds available to participants, including assets invested in an FBHS common stock fund, which gives participants the option to own shares of FBHS common stock. The Plan designates the FBHS common stock fund of the Plan as an employee stock ownership plan (ESOP).

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

(Dollars in thousands)

Prior to the Spin-off, the Plan included a Fortune common stock fund (Fortune Stock Fund). Effective June 15, 2011, the Fortune Stock Fund was converted from unit accounting to share accounting; as a result of this change, participants who invested in the Fortune Stock Fund directly held shares of Fortune common stock through the fund. At the time of the Spin-off, FBHS established the Fortune Brands Home & Security common stock fund (FBHS Stock Fund) and the Fortune Stock Fund was renamed the Beam Inc. common stock fund (Beam Stock Fund). Participants who held shares in the Fortune Stock Fund at the time of the Spin-off received one share of Home & Security common stock and one share of Beam Inc. common stock for every share of Fortune common stock held as of September 20, 2011. Participants had the ability to transfer out of the Beam, Inc. common stock fund at any time but were not permitted to make additional investments into the fund.

Participant account balances are maintained to reflect each participant's beneficial interest in each of the investment funds available under the Plan. Participant account balances are increased by Company and participant contributions (including rollovers from other plans) and decreased by the amount of withdrawals and distributions. Income and losses on Plan assets are allocated to participants' accounts based on the ratio of each participant's account balance invested in an investment fund to the total of all participants' account balances invested in that fund as of the preceding valuation date.

Vesting

Participants are immediately vested in their own contributions, plus earnings on their contributions. Vesting in the Company matching, plus earnings on those contributions, occurs after one year of service.

Therma-Tru participants are 100% vested in their Therma-Tru QNEC account at all times. MasterBrand's Kinston location participants are 100% vested in their Kinston profit-sharing account at all times.

Forfeitures

At December 31, 2011 and 2010, forfeited nonvested accounts totaled \$215 and \$297, respectively. These accounts will be used to reduce future Company contributions or will be used to pay Plan expenses. Also, Company contributions were reduced by \$49 and \$44 during the years ended December 31, 2011 and 2010, respectively, from forfeited nonvested accounts and Plan expenses were reduced by \$78 and \$92 during the years ended December 31, 2011 and 2010, respectively, from forfeited nonvested accounts.

Notes Receivable from Participants

A participant may apply for a loan of at least \$1 from the vested portion of the participant's account balance (excluding the portion in certain subaccounts) in an amount which does not exceed one-half of the participant's vested balance, provided that the loan also does not exceed \$50. Any loans applied for are also reduced by any other loan outstanding under the Plan within the previous twelve months. The term of any loan shall not exceed five years, unless the loan is related to the purchase of the participant's principal residence.

Each loan bears a rate of interest commensurate with prevailing market rates at the time of issuance. Repayment is made by payroll deduction so that the loan is repaid over the term of the loan.

Distributions and Withdrawals

Benefits are payable from a participant's account under the Plan's provisions, upon a participant's death, retirement or other termination of employment. Benefits are generally payable in a lump sum or in installment payments, with the exception of money purchase amounts from prior plans which are payable in annuity form. The Plan also permits withdrawals to be made by participants who remain employed by FBHS and who have incurred a hardship as defined in the Plan, who have attained age 59-1/2, or who are performing qualified military service as

Edgar Filing: Fortune Brands Home & Security, Inc. - Form 11-K

described in the Plan. Distributions that qualify as eligible rollover distributions under the Plan may be rolled over from the Plan into a traditional or Roth IRA.

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

(Dollars in thousands)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Adoption of New Accounting Guidance

In January 2010, the Financial Accounting Standards Board (FASB) amended the fair value measurements and disclosures by adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. This amendment is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which was effective for fiscal years beginning after December 15, 2010. As of December 31, 2011, all aspects of the amendment have been adopted. See Note B Investment Valuation for a description of the three-tiered investment fair value hierarchy.

In May 2011, the FASB issued guidance clarifying how to measure and disclose fair value. This guidance amends the application of existing fair value measurement requirements, while other amendments change a particular principle in existing fair value measurement guidance. In addition, this guidance requires additional fair value disclosures, although certain of these new disclosures will not be required for nonpublic entities. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of the amended guidance will have on the Plan s financial statements.

Use of Estimates

The preparation of the Plan s financial statements in conformity with GAAP requires the Plan administrator to make estimates and assumptions that affect the reported amounts of net assets available for Plan benefits at the date of the financial statements and the changes in net assets available for Plan benefits during the reporting period and, when applicable, the disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation

The Plan s investments are reflected at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Plan s management established a three-tiered hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

(Dollars in thousands)

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including:

1. Quoted prices for similar assets or liabilities in active markets.
2. Quoted prices for identical or similar assets or liabilities in inactive markets.
3. Inputs other than quoted prices that are observable for the assets or liabilities (including volatilities).
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs are unobservable for the asset or liability (including the entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability) and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Plan management uses the following methods and significant assumptions to estimate fair value of investments. There have been no changes in the methodologies used at December 31, 2011 and 2010.

The Plan's investment in the FBHS Master Trust at December 31, 2011 and in the Former Parent Master Trust at December 31, 2010 is presented at fair value, which has been determined based on the fair value of the underlying investments of the Former Parent Master Trust and the FBHS Master Trust.

The investments held by the FBHS Master Trust and the Former Parent Master Trust are valued as follows:

Interest bearing cash: Valued at cost plus earnings from investments for the period, which approximates fair market value due to the short-term duration.

Edgar Filing: Fortune Brands Home & Security, Inc. - Form 11-K

Mutual funds: Valued at the NAV of shares held by the plan at year end, which is obtained from an active market.

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

(Dollars in thousands)

Collective trust funds: Valued at the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV 's unit price is quoted on a private market and the underlying assets owned by the fund are traded on active markets.

Common stock: Valued at the closing price reported on the active market on which the security is traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

See *Note D Investment in FBHS Master Trust and Former Parent Master Trust* for the investments held in the FBHS Master Trust as of December 31, 2011 and the investments held in the Former Parent Master Trust as of December 31, 2010, by level within the fair value hierarchy.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid balance plus any accrued but unpaid interest. Delinquent loans are reclassified as distributions based upon the terms of the Plan document.

Income Recognition

Security transactions are accounted for on the trade-date basis. Dividend income is accrued on the ex-dividend date. Interest income is recorded on the accrual basis. Net realized and unrealized appreciation (depreciation), along with dividend income and interest income not from notes receivables from participants are recorded in the accompanying statements of changes in net assets available for benefits as allocated share of Former Parent Master Trust investment income through October 3, 2011 and as allocated share of FBHS Master Trust investment income thereafter.

Benefits Paid to Participants

Distributions and withdrawals are recorded when paid.

Operating Expenses

Certain investment expenses incurred by the Plan are netted against earnings prior to allocation to participant accounts and are recorded in the accompanying statements of changes in net assets available for benefits as allocated share of Former Parent Master Trust investment income through October 3, 2011 and as allocated share of FBHS Master Trust investment income thereafter. Participants ' accounts are directly charged for certain administrative expenses and any remaining expenses incurred prior to October 3, 2011 were paid directly by the Former Parent ' s plan ' s suspense accounts and those incurred thereafter were paid directly by the Plan ' s suspense accounts.

Table of Contents**Fortune Brands Home & Security Hourly Employee Retirement Savings Plan****NOTES TO FINANCIAL STATEMENTS - CONTINUED****December 31, 2011 and 2010****(Dollars in thousands)****NOTE C TRANSFERS TO AND FROM THE PLAN**

Transfers between the Plan and the Fortune Brands Retirement Savings Plan through October 3, 2011 and the Fortune Brands Home & Security Retirement Savings Plan thereafter occurred due to participant changes in status from hourly to salaried, or vice versa, or transfers between operating companies. Transfers from the Plan were \$712 and \$663 at December 31, 2011 and 2010, respectively. Transfers into the Plan were \$249 and \$551 at December 31, 2011 and 2010, respectively.

NOTE D INVESTMENT IN FBHS MASTER TRUST AND FORMER PARENT MASTER TRUST

The Plan was invested in the Former Parent Master Trust through October 3, 2011 and transferred its assets to the FBHS Master Trust effective October 4, 2011.

FBHS Master Trust

The investments of the FBHS Master Trust are maintained under a trust agreement with the Trustee. The Plan had a total beneficial interest of approximately 25.33% in the FBHS Master Trust's net assets at December 31, 2011.

The FBHS Master Trust's net assets at December 31, 2011 are as follows (in thousands):

	2011
Assets	
Investments, at fair value	
Interest bearing cash	\$ 31,241
Mutual funds	215,880
Collective trust funds	138,829
Common stock	48,232
Total investments	434,182
Due from brokers	310
Total assets	434,492
Liabilities	
Other payables	62
Due to brokers	503
Total liabilities	565
Net assets of the FBHS Master Trust available for benefits	\$ 433,927

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

(Dollars in thousands)

The net appreciation in fair value of investments, interest income, dividend income and administrative expenses related to the FBHS Master Trust for the period October 4, 2011 through December 31, 2011, are as follows (in thousands):

	2011
Net appreciation in fair value	
Mutual funds	\$ 16,790
Collective trust funds	10,405
Common stock	8,794
Net appreciation in fair value of investments of the FBHS Master Trust	35,989
Interest income	4
Dividend income	3,196
Administrative expenses	(26)
FBHS Master Trust net investment income	\$ 39,163

The following table presents the FBHS Master Trust's investments by level within the fair value hierarchy as of December 31, 2011 (in thousands):

	2011			
	Level 1	Level 2	Level 3	Total
Interest bearing cash	\$ 31,241	\$	\$	\$ 31,241
Mutual funds				
U.S. large cap equity	114,930			114,930
U.S. small cap equity	16,096			16,096
International equity	28,250			28,250
Core fixed income	56,604			56,604
Total mutual funds	215,880			215,880
Collective trust funds				
Lifepath (a)		138,829		138,829
Common stock				
U.S. small cap equity	22,518			22,518
Beam Inc.	18,048			18,048
Fortune Brands Home & Security, Inc.	7,666			7,666
Total common stock	48,232			48,232
Total investments at fair value	\$ 295,353	\$ 138,829	\$	\$ 434,182

- (a) The collective trust funds are valued at their December 31, 2011 net asset value per share as provided by the funds' administrator. The investment strategy of these funds is to maximize total return with a risk level that may be appropriate for each fund's particular timeframe by holding a mix of stocks and fixed income instruments and gradually shifting to a conservative risk level at the end of the timeframe. Redemption from these funds is permitted with 30-days notice.

Table of Contents**Fortune Brands Home & Security Hourly Employee Retirement Savings Plan****NOTES TO FINANCIAL STATEMENTS - CONTINUED****December 31, 2011 and 2010****(Dollars in thousands)***Former Parent Master Trust*

The investments of the Former Parent Master Trust were maintained under a trust agreement with the Trustee. The Plan had a total beneficial interest of approximately 12.78% in the Former Parent Master Trust's net assets at December 31, 2010.

The Former Parent Master Trust's net assets at December 31, 2010 are as follows (in thousands):

	2010
Assets	
Investments, at fair value	
Interest bearing cash	\$ 70,285
Mutual funds	443,871
Collective trust funds	231,070
Common stock	117,594
Total investments	862,820
Due from brokers	618
Total assets	863,438
Liabilities	
Accrued administrative expenses	148
Other payables	380
Due to brokers	1,599
Total liabilities	2,127
Net assets of the Former Parent Master Trust available for benefits	\$ 861,311

Table of Contents**Fortune Brands Home & Security Hourly Employee Retirement Savings Plan****NOTES TO FINANCIAL STATEMENTS - CONTINUED****December 31, 2011 and 2010****(Dollars in thousands)**

The net (depreciation) appreciation in fair value of investments, interest income, dividend income and administrative expenses related to the Former Parent Master Trust for the period January 1, 2011 through October 3, 2011 and the year ended December 31, 2010, are as follows (in thousands):

	For the Period January 1/1/11 10/3/11	For the Year Ended 12/31/10
Net (depreciation) appreciation in fair value		
Mutual funds	\$ (43,094)	\$ 34,295
Collective trust funds	(16,499)	27,427
Common stock	(21,080)	25,869
Net (depreciation) appreciation in fair value of investments of the Former Parent Master Trust	(80,673)	87,591
Interest income	30	38
Dividend income	4,784	15,334
Administrative expenses	(1,020)	(949)
Former Parent Master Trust net investment (loss) income	\$ (76,879)	\$ 102,014

The following table presents the Former Parent Master Trust's investments by level within the fair value hierarchy as of December 31, 2010 (in thousands):

	Level 1	2010		Total
	Level 1	Level 2	Level 3	Total
Interest bearing cash	\$ 70,285	\$	\$	\$ 70,285
Mutual funds				
U.S. large cap equity	224,903			224,903
U.S. small cap equity	34,700			34,700
International equity	70,378			70,378
Core fixed income	113,890			113,890
Total mutual funds	443,871			443,871
Collective trust funds				
Lifepath (a)		231,070		231,070
Common stock				
U.S. small cap equity	60,282			60,282

Edgar Filing: Fortune Brands Home & Security, Inc. - Form 11-K

Fortune Brands, Inc.	57,312			57,312
Total common stock	117,594			117,594
Total investments at fair value	\$ 631,750	\$ 231,070	\$	\$ 862,820

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

(Dollars in thousands)

- (a) The collective trust funds are valued at their December 31, 2010 net asset value per share as provided by the funds' administrator. The investment strategy of these funds is to maximize total return with a risk level that may be appropriate for each fund's particular timeframe by holding a mix of stocks and fixed income instruments and gradually shifting to a conservative risk level at the end of the timeframe. Redemption from these funds is permitted with 30-days notice.

NOTE E RISKS AND UNCERTAINTIES

The Plan provides for various investments in any combination of stocks, mutual funds and collective trust funds. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in market value could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits and the statements of changes in net assets available for plan benefits.

NOTE F TAX STATUS

On April 4, 2008, the Internal Revenue Service (IRS) determined and informed Fortune by letter, that the plan and related trust are designed in accordance with applicable sections of the Code. This determination letter is applicable to IRS review of the working copy of the Plan and the associated amendments submitted with the application dated January 30, 2007. Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is currently designed and is currently being operated in compliance, in all material respects, with the applicable requirements of the Code. FBHS has filed an application with the IRS to obtain an updated determination letter and is awaiting response from the IRS.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, the Plan is not currently under audit with respect to any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

NOTE G RELATED-PARTY TRANSACTIONS

Certain Former Parent Master Trust and FBHS Master Trust investments are managed by Fidelity Investments. Fidelity Investments is an affiliated company of the Trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Prior to the Spin-off, the Former Parent Master Trust also held shares of Fortune Common Stock. Following the Spin-off, the FBHS Master Trust held shares of FBHS common stock and Beam Inc. common stock.

Fees have been paid to Fidelity by the Plan for record-keeping and investment management services for the years ended December 31, 2011 and 2010.

Table of Contents

Fortune Brands Home & Security Hourly Employee Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

(Dollars in thousands)

NOTE H PLAN TERMINATION

Although they have not expressed any intent to do so, the Companies have the right under the Plan to discontinue contributions at any time and FBHS, as Plan sponsor, has the right to terminate the Plan at any time subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in the Company contribution portion of their accounts.

NOTE I SUBSEQUENT EVENTS

Management of the Plan has evaluated subsequent events and there were no material subsequent events that required recognition or additional disclosures in these statements other than those noted below.

At the time of the Spin-off, participants holding shares of Beam Inc. common stock under the Plan were not permitted to make additional investments into the fund. Effective June 29, 2012, the Beam Inc. stock fund is scheduled to be eliminated under the Plan. Participants invested in the Beam Inc. stock fund will have until June 29, 2012 to sell their shares and invest their proceeds in any of the investment options under the Plan. The Plan intends to sell any shares of Beam Inc. common stock remaining in the Plan on June 29, 2012. If Participants do not otherwise make a new investment election to apply to the funds previously invested in the Beam Inc. stock fund, the Plan will invest the proceeds of the sale of the Beam Inc. stock fund in a default investment.

Table of Contents

Fortune Brands Home & Security Hourly Retirement Savings Plan

SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2011

(Dollars in thousands)

(a)	(b) (c) Description and identity of issue, borrower, lessor or similar party	(d) Cost**	(e) Current value
	Loans to participants -		
*	Interest rates ranging from 3.25% to 9.25%		\$ 9,212
			\$ 9,212

*Indicates a party-in-interest to the Plan.

**Cost information omitted for investments that are fully participant directed.

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

FORTUNE BRANDS HOME & SECURITY HOURLY
EMPLOYEE RETIREMENT SAVINGS PLAN

June 27, 2012

By: /s/ Elizabeth R. Lane
Elizabeth R. Lane, Chair
Employee Benefits Administrative Committee of
Fortune Brands Home & Security, Inc.

17

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description
23.1	Consent of Independent Registered Public Accounting Firm, Grant Thornton LLP.