

**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 **001-38617**



Frontdoor, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

82-3871179

(IRS Employer Identification No.)

150 Peabody Place, Memphis, Tennessee 38103

(Address of principal executive offices) (Zip Code)

901-701-5000

(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on which Registered</u>
Common stock, par value \$0.01 per share	FTDR	The Nasdaq Stock Market LLC

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 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, a smaller reporting company, or an emerging growth company. See 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 ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

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 of the registrant's common stock outstanding as of July 29, 2022: 81,489,619 shares of common stock, par value \$0.01 per share.

Frontdoor, Inc.
Quarterly Report on Form 10-Q
GLOSSARY OF TERMS AND SELECTED ABBREVIATIONS

In order to aid the reader, we have included certain terms and abbreviations used throughout this Quarterly Report on Form 10-Q below:

Term/Abbreviation	Definition
2021 Form 10-K	Frontdoor, Inc. Annual Report on Form 10-K for the year ended December 31, 2021
2026 Notes	6.750% senior notes in the aggregate principal amount of \$350 million
AOCI	Accumulated other comprehensive income or loss
ASC	FASB Accounting Standards Codification
ASC 740	ASC Topic 740, <i>Income Taxes</i>
Credit Agreement	The agreements governing the Credit Facilities
Credit Facilities	The Term Loan Facilities together with the Revolving Credit Facility
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	U.S. Financial Accounting Standards Board
HVAC	Heating, ventilation and air conditioning
IRS	Internal Revenue Service
Omnibus Plan	Frontdoor, Inc. 2018 Omnibus Incentive Plan
Prior Term Loan Facility	\$650 million senior secured term loan facility in place prior to the effectiveness of the Term Loan Facilities
ProConnect	Our membership-based home services business, which includes on-demand home services offerings, marketed under the American Home Shield ProConnect brand name and other names
Revolving Credit Facility	\$250 million revolving credit facility effective June 17, 2021
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Spin-off	Terminix's separation and distribution of the ownership and operations of the businesses operated under the American Home Shield, HSA, OneGuard and Landmark brand names into Frontdoor, Inc., which was completed on October 1, 2018
Stroom	Stroom, LLC, our technology business that uses augmented reality, computer vision and machine learning to provide services
Term Loan A	\$260 million term loan A facility effective June 17, 2021
Term Loan B	\$380 million term loan B facility effective June 17, 2021
Term Loan Facilities	The Term Loan A together with the Term Loan B
Terminix	Terminix Global Holdings, Inc. (formerly known as ServiceMaster Global Holdings, Inc.), a Delaware corporation, and its consolidated subsidiaries
U.S. or United States	United States of America
U.S. GAAP	Accounting principles generally accepted in the United States of America

In this Quarterly Report on Form 10-Q, unless the context indicates otherwise, references to “Frontdoor,” “we,” “our,” or “us,” and the “company” refer to Frontdoor, Inc. and all of its subsidiaries. Frontdoor is a Delaware corporation with its principal executive offices in Memphis, Tennessee. Effective June 25, 2021, we changed our name from frontdoor, inc. to Frontdoor, Inc.

We hold various service marks, trademarks and trade names, such as Frontdoor®, American Home Shield®, HSA™, OneGuard®, Landmark Home Warranty®, ProConnect®, Stroom® and the Frontdoor logo. Solely for convenience, the service marks, trademarks and trade names referred to in this Quarterly Report on Form 10-Q are presented without the SM, ®, and TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these service marks, trademarks and trade names. All service marks, trademarks and trade names appearing in this Quarterly Report on Form 10-Q are the property of their respective owners.

Certain amounts presented in the tables in this report are subject to rounding adjustments and, as a result, the totals in such tables may not sum.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited) (In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 487	\$ 462	\$ 838	\$ 791
Cost of services rendered	276	221	483	402
Gross Profit	211	242	355	390
Selling and administrative expenses	140	136	266	254
Depreciation and amortization expense	8	9	17	19
Restructuring charges	12	1	12	2
Interest expense	7	12	14	25
Interest and net investment income	—	—	—	(1)
Loss on extinguishment of debt	—	30	—	31
Income before Income Taxes	43	54	46	60
Provision for income taxes	10	14	12	15
Net Income	\$ 33	\$ 40	\$ 35	\$ 45
Other Comprehensive Income, Net of Income Taxes:				
Net unrealized gain on derivative instruments	4	—	17	7
Total Comprehensive Income	\$ 37	\$ 41	\$ 52	\$ 53
Earnings per Share:				
Basic	\$ 0.40	\$ 0.47	\$ 0.42	\$ 0.53
Diluted	\$ 0.40	\$ 0.47	\$ 0.42	\$ 0.53
Weighted-average Common Shares Outstanding:				
Basic	82.1	85.5	82.2	85.5
Diluted	82.2	86.0	82.4	86.0

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Financial Position (Unaudited)
(In millions, except share data)

	As of	
	June 30, 2022	December 31, 2021
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 269	\$ 262
Receivables, less allowance of \$3 and \$2, respectively	6	7
Contract asset	12	—
Prepaid expenses and other assets	24	25
Total Current Assets	310	295
Other Assets:		
Property and equipment, net	66	66
Goodwill	512	512
Intangible assets, net	155	159
Operating lease right-of-use assets	10	17
Deferred customer acquisition costs	18	16
Other assets	4	5
Total Assets	\$ 1,076	\$ 1,069
Liabilities and Shareholders' Equity:		
Current Liabilities:		
Accounts payable	\$ 96	\$ 66
Accrued liabilities:		
Payroll and related expenses	18	24
Home service plan claims	124	88
Other	23	28
Deferred revenue	126	155
Current portion of long-term debt	17	17
Total Current Liabilities	404	378
Long-Term Debt	600	608
Other Long-Term Liabilities:		
Deferred taxes	40	41
Operating lease liabilities	17	19
Other long-term obligations	9	21
Total Other Long-Term Liabilities	66	81
Commitments and Contingencies (Note 7)		
Shareholders' Equity:		
Common stock, \$0.01 par value; 2,000,000,000 shares authorized; 86,048,827 shares issued and 81,487,995 shares outstanding at June 30, 2022 and 85,798,765 shares issued and 83,232,481 shares outstanding as of December 31, 2021	1	1
Additional paid-in capital	80	70
Retained earnings	88	53
Accumulated other comprehensive loss	(1)	(18)
Less common stock held in treasury, at cost; 4,560,832 shares at June 30, 2022 and 2,566,284 shares as of December 31, 2021	(162)	(103)
Total Equity	6	2
Total Liabilities and Shareholders' Equity	\$ 1,076	\$ 1,069

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Statement of Changes in Equity (Unaudited)
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Common Stock				
Balance at beginning of period	\$ 1	\$ 1	\$ 1	\$ 1
Balance at end of period	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Additional Paid-in Capital				
Balance at beginning of period	73	49	70	46
Exercise of stock options	—	—	—	2
Issuance of common stock	1	1	1	1
Taxes paid related to net share settlement of equity awards	—	—	(3)	(4)
Stock-based employee compensation	6	8	12	13
Balance at end of period	<u>80</u>	<u>57</u>	<u>80</u>	<u>57</u>
Retained Earnings (Accumulated Deficit)				
Balance at beginning of period	55	(70)	53	(75)
Net income	33	40	35	45
Balance at end of period	<u>88</u>	<u>(30)</u>	<u>88</u>	<u>(30)</u>
Accumulated Other Comprehensive Loss				
Balance at beginning of period	(5)	(26)	(18)	(33)
Other comprehensive income (loss), net of tax	4	—	17	7
Balance at end of period	<u>(1)</u>	<u>(26)</u>	<u>(1)</u>	<u>(26)</u>
Common Stock Held in Treasury				
Balance at beginning of period	(143)	—	(103)	—
Repurchase of common stock	(19)	—	(59)	—
Balance at end of period	<u>(162)</u>	<u>—</u>	<u>(162)</u>	<u>—</u>
Total Equity	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ 6</u>	<u>\$ 3</u>

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	Six Months Ended June 30,	
	2022	2021
Cash and Cash Equivalents at Beginning of Period	\$ 262	\$ 597
Cash Flows from Operating Activities:		
Net Income	35	45
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization expense	17	19
Deferred income tax provision	(6)	—
Stock-based compensation expense	12	13
Restructuring charges	12	2
Payments for restructuring charges	(1)	(1)
Loss on extinguishment of debt	—	31
Other	(1)	3
Change in working capital, net of acquisitions:		
Receivables	1	—
Prepaid expenses and other current assets	(13)	(4)
Accounts payable	30	27
Deferred revenue	(30)	(25)
Accrued liabilities	29	14
Accrued interest payable	—	(9)
Current income taxes	9	5
Net Cash Provided from Operating Activities	<u>94</u>	<u>119</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(19)	(15)
Net Cash Used for Investing Activities	<u>(19)</u>	<u>(15)</u>
Cash Flows from Financing Activities:		
Borrowings of debt, net of discount	—	638
Payments of debt and finance lease obligations	(8)	(985)
Debt issuance cost paid	—	(8)
Call premium paid on retired debt	—	(21)
Repurchase of common stock	(59)	—
Other financing activities	(2)	(2)
Net Cash Used for Financing Activities	<u>(69)</u>	<u>(378)</u>
Cash Increase (Decrease) During the Period	<u>6</u>	<u>(274)</u>
Cash and Cash Equivalents at End of Period	<u>\$ 269</u>	<u>\$ 323</u>

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

Frontdoor, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Basis of Presentation

Frontdoor is the leading provider of home service plans in the United States, as measured by revenue, and operates under the American Home Shield, HSA, OneGuard and Landmark brands. Our customizable home service plans help customers protect and maintain their homes, typically their most valuable asset, from costly and unplanned breakdowns of essential home systems and appliances. Our home service plan customers usually subscribe to an annual service plan agreement that covers the repair or replacement of major components of more than 20 home systems and appliances, including electrical, plumbing, central HVAC systems, water heaters, refrigerators, dishwashers and ranges/ovens/cooktops, as well as optional coverages for electronics, pools, spas and pumps. Our operations also include our ProConnect on-demand home services business and Streem, a technology platform that uses augmented reality, computer vision and machine learning to, among other things, help home service professionals more quickly and accurately diagnose breakdowns and complete repairs. At June 30, 2022, we had 2.2 million active home service plans across all 50 states and the District of Columbia.

We recommend that the accompanying condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and the notes thereto included in our 2021 Form 10-K. The accompanying condensed consolidated financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for the fair presentation of the financial position, results of operations and cash flows for the interim periods presented. The results of operations for any interim period are not indicative of the results that might be achieved for a full year.

Macroeconomic Conditions

Changes in macroeconomic conditions, including inflation, global supply chain challenges and the persistence of the COVID-19 pandemic, especially as they may affect existing home sales, interest rates, consumer confidence or labor availability, may reduce demand for our services, increase our costs and adversely impact our business. While these macroeconomic conditions generally impact the United States as a whole, we believe our nationwide presence limits the risk of poor economic conditions in any particular region of the United States.

During the first six months of 2022, our financial condition and results of operations were adversely impacted by the following:

- The challenging home seller's market, driven, in part, by extremely low home inventory levels, continued to constrain demand for home service plans in the first-year real estate channel.
- Our contractors continued to be impacted by inflation, including higher labor, fuel and parts and equipment costs. We continue to take actions to mitigate these impacts, including increasing the share of parts and equipment our contractors source through us, increasing the percent of service requests completed by lower-cost preferred contractors and accelerating contractor recruitment efforts.
- Industry-wide parts availability challenges continued to drive elevated appliance replacement levels due to lack of parts availability, further contributing to increased costs and adversely impacting the customer experience, which was reflected in our customer retention rate.
- Due to labor availability challenges, we continued to experience workforce retention issues, including difficulties in hiring and retaining employees in customer service operations and throughout our business, and we believe our contractors are experiencing similar workforce challenges.

The COVID-19 Pandemic

The implications of the ongoing COVID-19 pandemic on our results of operations and overall financial performance remain uncertain. Given the emergence of COVID-19 variants and surges in COVID-19 cases, a significant number of people may continue to spend greater time at home, which may result in a continued increase in usage of home systems and appliances and demand for our services and a resulting increase in service-related costs. We also expect that industry-wide supply chain challenges may continue to contribute to increased costs and impact the customer experience, which may affect customer retention. Accordingly, the COVID-19 situation remains very fluid, and we continue to adjust our response in real time. It remains difficult to predict the overall continuing impact the COVID-19 pandemic will have on our business.

Note 2. Significant Accounting Policies

Our significant accounting policies are described in Note 2 to the audited consolidated financial statements included in our 2021 Form 10-K. There have been no material changes to the significant accounting policies for the six months ended June 30, 2022.

Note 3. Revenue

The majority of our revenue is generated from annual home service plan agreements entered into with our customers. Our home service plan agreements have one performance obligation, which is to provide for the repair or replacement of essential home systems and appliances, as applicable per the contract. We recognize revenue at the agreed upon contractual amount over time using the input method in proportion to the costs expected to be incurred in performing services under the contracts. Those costs bear a direct relationship to the fulfillment of our obligations under the contracts and are representative of the relative value provided to the customer. As the costs to fulfill the obligations of the home service plans are incurred on an other-than-straight-line basis, we utilize historical evidence to estimate the expected claims expense and related timing of such costs. This adjustment to the straight-line revenue creates a contract asset or contract liability, as described under the heading “Contract balances” below. We regularly review our estimates of claims costs and adjust our estimates when appropriate. We derive substantially all of our revenue from customers in the United States.

We disaggregate revenue from contracts with customers into major customer acquisition channels. We determined that disaggregating revenue into these categories depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Revenue by major customer acquisition channel is as follows:

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Renewals	\$ 347	\$ 316	\$ 593	\$ 539
Real estate ⁽¹⁾	57	77	102	134
Direct-to-consumer ⁽¹⁾	66	57	112	98
Other	18	13	31	20
Total	\$ 487	\$ 462	\$ 838	\$ 791

(1) First-year revenue only.

Renewals

Revenue from all customer renewals, whether initiated via the real estate or direct-to-consumer channel, are classified as renewals above. Customer payments for renewals are received either at the commencement of the renewal period or in installments over the contract period.

Real estate

Real estate home service plans are sold through annual contracts in connection with a real estate sale, and payments are typically paid in full at closing. First-year revenue from the real estate channel is classified as real estate above.

Direct-to-consumer

Direct-to-consumer home service plans are sold through annual contracts when customers request a service plan in response to marketing efforts or when third-party resellers make a sale. Customer payments are received either at the commencement of the contract or in installments over the contract period. First-year revenue from the direct-to-consumer channel is classified as direct-to-consumer above.

Other

Other revenue includes revenue generated by ProConnect and Stroom, as well as administrative fees and ancillary services attributable to our home service plan agreements.

Costs to obtain a contract with a customer

We capitalize the incremental costs of obtaining a contract with a customer, primarily sales commissions, and recognize the expense using the input method in proportion to the costs expected to be incurred in performing services under the contract, over the expected customer relationship period. Deferred customer acquisition costs were \$18 million and \$16 million as of June 30, 2022 and December 31, 2021, respectively. Amortization of these deferred acquisition costs was \$6 million for each of the three months ended June 30, 2022 and 2021 and \$10 million for each of the six months ended June 30, 2022 and 2021. There were no impairment losses in relation to these capitalized costs.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Contracts with customers, including contracts resulting from customer renewals, are generally for a period of one year. We record a receivable related to revenue recognized on services once we have an unconditional right to invoice and receive payment in the future related to the services provided. All accounts receivable are recorded within Receivables, less allowances, in the accompanying condensed consolidated statements of financial position. We invoice our monthly-pay customers on a straight-line basis over the contract term. As a result, a contract asset is created when revenue is recognized on monthly-pay customers before being billed. As of June 30, 2022, a contract asset of \$12 million was recorded related to the recognition of monthly-pay customer revenue on an other-than-straight-line basis to match the timing of cost recognition.

Deferred revenue represents a contract liability and is recognized when cash payments are received in advance of the performance of services, including when the amounts are refundable. Amounts are recognized as revenue in proportion to the costs expected to be incurred in performing services under our contracts. Deferred revenue was \$126 million and \$155 million as of June 30, 2022 and December 31, 2021, respectively.

Changes in deferred revenue for the six months ended June 30, 2022 were as follows:

(In millions)	Deferred Revenue
Balance as of December 31, 2021	\$ 155
Deferral of revenue	136
Recognition of deferred revenue	(166)
Balance as of June 30, 2022	<u>\$ 126</u>

There was approximately \$62 million and \$122 million of revenue recognized in the three and six months ended June 30, 2022, respectively, that was included in the deferred revenue balance as of December 31, 2021. Deferred revenue decreased during the six months ended June 30, 2022, reflecting a decline in the number of first-year real estate home service plans.

Note 4. Goodwill and Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized and are subject to assessment for impairment on an annual basis or more frequently if circumstances indicate a potential impairment. An assessment for impairment is performed on October 1 of every year. The balance of goodwill was \$512 million as of June 30, 2022 and December 31, 2021. There were no goodwill or trade name impairment charges recorded in the six months ended June 30, 2022 and 2021. There were no accumulated impairment losses recorded as of June 30, 2022 and December 31, 2021.

The table below summarizes the other intangible asset balances:

(In millions)	As of June 30, 2022			As of December 31, 2021		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Trade names ⁽¹⁾	\$ 141	\$ —	\$ 141	\$ 141	\$ —	\$ 141
Customer relationships	173	(172)	—	173	(172)	—
Developed technology	25	(15)	10	25	(12)	13
Other	37	(33)	4	37	(32)	5
Total	<u>\$ 375</u>	<u>\$ (220)</u>	<u>\$ 155</u>	<u>\$ 375</u>	<u>\$ (216)</u>	<u>\$ 159</u>

(1) Not subject to amortization.

Amortization expense was \$2 million and \$3 million for the three months ended June 30, 2022 and 2021, respectively, and \$4 million and \$6 million for the six months ended June 30, 2022 and 2021, respectively. The following table outlines expected amortization expense for existing intangible assets for the remainder of 2022 and the next five years:

(In millions)		
2022 (remainder)	\$	4
2023		6
2024		4
2025		—
2026		—
2027		—
Total	\$	15

Note 5. Leases

We have operating leases primarily for our corporate offices, customer service centers and engineering and technology campuses. Our leases have remaining lease terms of less than one year to 13 years, some of which include options to extend the leases for up to five years. Renewal options that are reasonably certain to be exercised are included in the lease term. An incremental borrowing rate is used in determining the present value of lease payments unless an implicit rate is readily determinable. Incremental borrowing rates are determined based on our secured borrowing rating and the lease term.

The weighted-average remaining lease term and weighted-average discount rate related to operating leases is as follows:

	As of	
	June 30, 2022	December 31, 2021
Weighted-average remaining lease term (years)	8	9
Weighted-average discount rate	5.6 %	5.6 %

We recognized operating lease expense of \$1 million for each of the three months ended June 30, 2022 and 2021 and \$2 million for each of the six months ended June 30, 2022 and 2021. These expenses are included in Selling and administrative expenses in the accompanying condensed consolidated statements of operations and comprehensive income.

Supplemental cash flow information related to operating leases is as follows:

(In millions)	Six Months Ended June 30,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities	\$ 3	\$ 2
Leased assets obtained in exchange for new lease liabilities	—	6

Supplemental balance sheet information related to operating leases is as follows:

(In millions)	As of	
	June 30, 2022	December 31, 2021
Operating lease right-of-use assets	\$ 15	\$ 22
Less lease incentives	(5)	(5)
Operating lease right-of-use assets, net	\$ 10	\$ 17
Other accrued liabilities	\$ 4	\$ 4
Operating lease liabilities	17	19
Total operating lease liabilities	\$ 21	\$ 23

The following table presents maturities of our operating lease liabilities as of June 30, 2022.

(In millions)		
2022 (remainder)	\$	3
2023		5
2024		3
2025		2
2026		2
2027		2
Thereafter		10
Total lease payments		27
Less imputed interest		(6)
Total	\$	21

Sublease of Company Headquarters

It is the intent of the company to sublease our corporate headquarters facility in Memphis, Tennessee. As a result of us exiting the facility on June 27, 2022, with intent to sublease, we incurred a non-cash impairment charge of \$11 million for the three and six months ended June 30, 2022.

Note 6. Income Taxes

As required by ASC 740, we compute interim period income taxes by applying an anticipated annual effective tax rate to our year-to-date income or loss from operations before income taxes, except for significant unusual or infrequently occurring items. Our estimated tax rate is adjusted each quarter in accordance with ASC 740. The effective tax rate on income was 23.2 percent and 26.0 percent for the three months ended June 30, 2022 and 2021, respectively, and 25.1 percent and 24.5 percent for six months ended June 30, 2022 and 2021, respectively. The decrease in the effective tax rate for the three months ended June 30, 2022 compared to 2021 is primarily due to share-based awards and income tax credits, offset, in part, by an increase in state income taxes. The increase in the effective tax rate for the six months ended June 30, 2022 compared to 2021 is primarily due to share-based awards and state income taxes, offset, in part, by an increase in income tax credits.

We are subject to taxation in the United States, various states and foreign jurisdictions. Substantially all of our income before income taxes for the six months ended June 30, 2022 and 2021 was generated in the United States.

Note 7. Restructuring Charges

We incurred restructuring charges of \$12 million (\$9 million, net of tax) and \$1 million (less than \$1 million, net of tax) for the three months ended June 30, 2022 and 2021, respectively, and \$12 million (\$9 million, net of tax) and \$2 million (\$1 million, net of tax) for the six months ended June 30, 2022 and 2021, respectively.

For the three and six months ended June 30, 2022, restructuring charges primarily comprised an \$11 million impairment charge related to our Memphis headquarters facility operating lease right-of-use asset and leasehold improvements and \$1 million of severance and other costs. The impairment was the result of vacating the facility with the intent to sublease.

For the three months ended June 30, 2021, restructuring charges primarily comprised accelerated depreciation of certain technology systems driven by efforts to enhance our technological capabilities.

For the six months ended June 30, 2021, restructuring charges comprised \$1 million of accelerated depreciation of certain technology systems driven by efforts to enhance our technological capabilities and \$1 million of severance and other costs.

The pre-tax charges discussed above are reported in "Restructuring charges" in the accompanying consolidated statements of operations and comprehensive income.

As of December 31, 2021, there were less than \$1 million of restructuring charges accrued, which were paid or otherwise settled during the six months ended June 30, 2022. As of June 30, 2022, there were \$1 million in accrued restructuring charges in the accompanying condensed consolidated statements of financial position.

Note 8. Commitments and Contingencies

Accruals for home service plan claims are made using internal actuarial projections, which are based on current claims and historical claims experience. Accruals are established based on estimates of the ultimate cost to settle claims. Home service plan claims take approximately three months to settle, on average, and substantially all claims are settled within six months of incurrence. The amount of time required to settle a claim can vary based on a number of factors, including whether a replacement is ultimately required. In addition to our estimates, we engage a third-party actuary to perform an accrual analysis utilizing generally accepted actuarial methods that incorporate cumulative historical claims experience and information provided by us. We regularly review our estimates of claims costs along with the third-party analysis and adjust our estimates when appropriate. We believe the use of actuarial methods to account for these liabilities provides a consistent and effective way to measure these judgmental accruals.

We have certain liabilities with respect to existing or potential claims, lawsuits and other proceedings. We accrue for these liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Any resulting adjustments, which could be material, are recorded in the period the adjustments are identified.

Due to the nature of our business activities, we are also at times subject to pending and threatened legal and regulatory actions that arise out of the ordinary course of business. In the opinion of management, based in part upon advice of legal counsel, the disposition of any such matters is not expected, individually or in the aggregate, to have a material adverse effect on our business, financial position, results of operations or cash flows. However, the results of legal actions cannot be predicted with certainty. Therefore, it is possible that our business, financial position, results of operations or cash flows could be materially adversely affected in any particular period by the unfavorable resolution of one or more legal actions.

Note 9. Stock-Based Compensation

We recognized stock-based compensation expense of \$6 million (\$4 million, net of tax) and \$8 million (\$6 million, net of tax) for the three months ended June 30, 2022 and 2021, respectively, and \$12 million (\$10 million, net of tax) and \$13 million (\$10 million, net of tax) for the six months ended June 30, 2022 and 2021, respectively. These charges are included in Selling and administrative expenses in the accompanying condensed consolidated statements of operations and comprehensive income.

A summary of awards granted under the Omnibus Plan during the six months ended June 30, 2022 is presented below:

	Number of Awards Granted	Weighted Avg. Exercise Price	Weighted Avg. Grant Date Fair Value	Weighted Avg. Vesting Period
Stock options	568,623	\$ 28.64	\$ 14.54	4.00
Performance options ⁽¹⁾	272,503	24.74	11.50	4.00
Restricted stock units	1,186,002		27.97	3.00
Performance shares ⁽²⁾	285,801		28.03	3.00

(1) The number of performance options granted during the six months ended June 30, 2022 represents the target value of the awards. The performance options contain a market condition that is based on our share price target, and the ultimate number of performance options to be earned depends on the achievement of this market condition.

(2) The number of performance shares granted during the six months ended June 30, 2022 represents the target value of the awards. The performance shares contain a performance condition that is based on our revenue target, and the ultimate number of performance shares to be earned depends on the achievement of this performance condition.

As of June 30, 2022, there was \$57 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested stock options, restricted stock units (“RSUs”), performance shares and restricted stock awards (“RSAs”). These remaining costs are expected to be recognized over a weighted-average period of 2.48 years.

Note 10. Long-Term Debt

Long-term debt is summarized in the following table:

(In millions)	As of	
	June 30, 2022	December 31, 2021
Term Loan A maturing in 2026 ⁽¹⁾	\$ 245	\$ 252
Term Loan B maturing in 2028 ⁽²⁾	371	373
Revolving Credit Facility maturing in 2026	—	—
Less current portion	(17)	(17)
Total long-term debt	<u>\$ 600</u>	<u>\$ 608</u>

(1) As of June 30, 2022, and December 31, 2021, each presented net of \$2 million in unamortized debt issuance costs.

(2) As of June 30, 2022, and December 31, 2021, each presented net of \$3 million in unamortized debt issuance costs and \$2 million in unamortized original issue discount.

Scheduled Long-term Debt Payments

As of June 30, 2022, future scheduled long-term debt payments are \$8 million for the remainder of 2022, \$17 million for each of the years ending December 31, 2023 through 2025, \$205 million for the year ending December 31, 2026 and \$4 million for the year ending December 31, 2027.

Note 11. Supplemental Cash Flow Information

Supplemental information relating to the accompanying condensed consolidated statements of cash flows is presented in the following table:

(In millions)	Six Months Ended June 30,	
	2022	2021
Cash paid for (received from):		
Interest expense	\$ 13	\$ 33
Income tax payments, net of refunds	9	10

Note 12. Comprehensive Income (Loss)

Comprehensive income (loss), which includes net income (loss) and unrealized gain (loss) on derivative instruments, is disclosed in the accompanying condensed consolidated statements of operations and comprehensive income and condensed consolidated statements of changes in equity.

The following tables summarize the activity in AOCI, net of the related tax effects.

(In millions)	Unrealized Loss on Derivatives	Total
Balance as of December 31, 2021	\$ (18)	\$ (18)
Other comprehensive income (loss) before reclassifications:		
Pre-tax amount	18	18
Tax provision (benefit)	4	4
After-tax amount	14	14
Amounts reclassified from accumulated		
other comprehensive income (loss) ⁽¹⁾	4	4
Net current period other comprehensive income (loss)	17	17
Balance as of June 30, 2022	\$ (1)	\$ (1)
Balance as of December 31, 2020	\$ (33)	\$ (33)
Other comprehensive income (loss) before reclassifications:		
Pre-tax amount	5	5
Tax provision (benefit)	1	1
After-tax amount	4	4
Amounts reclassified from accumulated		
other comprehensive income (loss) ⁽¹⁾	4	4
Net current period other comprehensive income (loss)	7	7
Balance as of June 30, 2021	\$ (26)	\$ (26)

(1) Amounts are net of tax. See reclassifications out of AOCI below for further details.

Reclassifications out of AOCI included the following components.

(In millions)	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) Six Months Ended June 30,		Condensed Consolidated Statements of Operations and Comprehensive Income Location
	2022	2021	
Loss on interest rate swap contract	\$ (5)	\$ (5)	Interest expense
Impact of income taxes	1	1	Provision for income taxes
Total reclassifications related to derivatives	\$ (4)	\$ (4)	
Total reclassifications for the period	\$ (4)	\$ (4)	

Note 13. Derivative Financial Instruments

We currently use a derivative financial instrument to manage risks associated with changes in interest rates. We do not hold or issue derivative financial instruments for trading or speculative purposes. In designating derivative financial instruments as hedging instruments under accounting standards for derivative instruments, we formally document the relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for the use of the hedging instrument. This documentation includes linking the derivatives to forecasted transactions. We assess at the time a derivative contract is entered into, and at least quarterly thereafter, whether the derivative item is effective in offsetting the projected cash flows of the associated forecasted transaction.

We hedge the interest payments on a portion of our variable rate debt through the use of an interest rate swap agreement. Our interest rate swap contract is classified as a cash flow hedge, and, as such, it is recorded in the accompanying condensed consolidated statements of financial position as either an asset or liability at fair value, with changes in fair value recorded in AOCI. Cash flows related to the interest rate swap contract are classified as operating activities in the accompanying condensed consolidated statements of cash flows.

The effective portion of the gain or loss on our interest rate swap contract is recorded in AOCI. These amounts are reclassified into earnings in the same period or periods during which the hedged forecasted debt interest settlement affects earnings. See Note 13 to the accompanying condensed consolidated financial statements for the effective portion of the gain or loss on derivative instruments recorded in AOCI and for the amounts reclassified out of AOCI and into earnings. As the underlying forecasted transactions occur during the next 12 months, the unrealized hedging loss in AOCI expected to be recognized in earnings is less than one million, net of tax, as of June 30, 2022. The amounts that are ultimately reclassified into earnings will be based on actual interest rates at the time the positions are settled and may differ materially from the amount noted above.

Note 14. Fair Value Measurements

We estimate fair value at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market for the asset or liability. The valuation techniques require inputs that the business categorizes using a three-level hierarchy, from highest to lowest level of observable inputs, as follows: unadjusted quoted prices for identical assets or liabilities in active markets ("Level 1"); direct or indirect observable inputs, including quoted prices or other market data, for similar assets or liabilities in active markets or identical assets or liabilities in less active markets ("Level 2"); and unobservable inputs that require significant judgment for which there is little or no market data ("Level 3"). When multiple input levels are required for a valuation, we categorize the entire fair value measurement according to the lowest level of input that is significant to the measurement, even though we may have also utilized significant inputs that are more readily observable.

The period-end carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying amount of total debt was \$617 million and \$625 million, and the estimated fair value was \$613 million and \$630 million as of June 30, 2022 and December 31, 2021, respectively. The fair value of our debt is estimated based on available market prices for the same or similar instruments that are considered significant other observable inputs (Level 2) within the fair value hierarchy. The fair values presented reflect the amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value estimates presented in this report are based on information available to us as of June 30, 2022 and December 31, 2021.

We value our interest rate swap contract using a forward interest rate curve obtained from a third-party market data provider. The fair value of the contract is the sum of the expected future settlements between the contract counterparties, discounted to present value. The expected future settlements are determined by comparing the contract interest rate to the expected forward interest rate as of each settlement date and applying the difference between the two rates to the notional amount of debt in the interest rate swap contract.

We did not change our valuation techniques for measuring the fair value of any financial assets and liabilities during the six months ended June 30, 2022. Transfers between levels, if any, are recognized at the end of the reporting period. There were no transfers between levels during the six months ended June 30, 2022 and 2021.

The carrying amount and estimated fair value of our financial instruments that are recorded at fair value on a recurring basis are as follows:

(In millions)	Statement of Financial Position Location	Carrying Value	Estimated Fair Value Measurements		
			Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2022:					
Financial Liabilities:					
Interest rate swap contract	Other accrued liabilities	\$ —	\$ —	\$ —	\$ —
	Other long-term obligations	1	—	1	—
Total financial liabilities		\$ 1	\$ —	\$ 1	\$ —
As of December 31, 2021:					
Financial Liabilities:					
Interest rate swap contract	Other accrued liabilities	\$ 9	\$ —	\$ 9	\$ —
	Other long-term obligations	15	—	15	—
Total financial liabilities		\$ 24	\$ —	\$ 24	\$ —

Note 15. Share Repurchase Program

On September 7, 2021, we announced a three-year repurchase authorization of up to \$400 million of outstanding shares of our common stock over the three-year period from September 3, 2021 through September 3, 2024.

Purchases of outstanding shares are as follows:

(In millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Number of shares purchased	0.8	—	1.9	\$ —
Average price paid per share ⁽¹⁾	\$ 22.16	\$ —	\$ 30.51	—
Cost of shares purchased	\$ 19	—	\$ 59	—

(1) The average price paid per share is calculated on a trade date basis and excludes commissions.

Note 16. Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period, increased to include the number of shares of common stock that would have been outstanding had potentially dilutive shares of common stock been issued. The dilutive effect of stock options, RSUs, performance shares and RSAs are reflected in diluted earnings per share by applying the treasury stock method.

Basic and diluted earnings per share are calculated as follows:

Basic and diluted earnings per share are calculated as follows:

(In millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net Income	\$ 33	\$ 40	\$ 35	\$ 45
Weighted-average common shares outstanding	82.1	85.5	82.2	85.5
Effect of dilutive securities:				
RSUs ⁽¹⁾	—	0.2	—	0.3
Stock options ⁽²⁾	0.1	0.2	0.2	0.2
Weighted-average common shares outstanding - assuming dilution	82.2	86.0	82.4	86.0
Basic earnings per share	\$ 0.40	\$ 0.47	\$ 0.42	\$ 0.53
Diluted earnings per share	\$ 0.40	\$ 0.47	\$ 0.42	\$ 0.53

(1) RSUs of 1.0 million and 0.2 million shares for the three months ended June 30, 2022 and 2021, respectively, and 0.9 million and 0.1 million shares for the six months ended June 30, 2022 and 2021, respectively, were not included in the diluted earnings per share calculation because their effect would have been anti-dilutive.

(2) Options to purchase 1.6 million and 0.2 million shares for the three months ended June 30, 2022 and 2021, respectively, and 1.4 million and 0.1 million shares for the six months ended June 30, 2022 and 2021, respectively, were not included in the diluted earnings per share calculation because their effect would have been anti-dilutive.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, regarding business strategies, market potential, future financial performance and other matters. The words “believe,” “expect,” “estimate,” “could,” “should,” “intend,” “may,” “plan,” “seek,” “anticipate,” “project,” “will,” “shall,” “would,” “aim,” and similar expressions, among others, generally identify “forward-looking statements,” which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of our management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Whether any such forward-looking statements are in fact achieved will depend on future events, some of which are beyond our control.

You should read this Quarterly Report on Form 10-Q completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements made in this report are qualified by these cautionary statements. These forward-looking statements are made only as of the date of this report, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, and changes in future operating results over time or otherwise. For a discussion of other important factors that could cause our results to differ materially from those expressed in, or implied by, the forward-looking statements included in this report, you should refer to the risks and uncertainties detailed from time to time in our periodic reports filed with the SEC, including the risk factors discussed in Part I, Item 1A. “Risk Factors” in our 2021 Form 10-K.

SUMMARY OF MATERIAL RISKS

Factors, risks, trends and uncertainties that make an investment in us speculative or risky and that could cause actual results or events to differ materially from those anticipated in our forward-looking statements include the matters described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this report as well as Item 1A. Risk Factors in our 2021 Annual Report on Form 10-K filed with the SEC, in addition to the following other factors, risks, trends and uncertainties:

- changes in macroeconomic conditions, including inflation, global supply chain challenges and the persistence of the COVID-19 pandemic, especially as they may affect existing home sales, interest rates, consumer confidence or labor availability;
- increases in parts, appliance and home system prices, and other operating costs;
- risks related to the COVID-19 pandemic;
- changes in the source and intensity of competition in our market;
- our ability to successfully implement our business strategies;
- our ability to attract, retain and maintain positive relations with third-party contractors and vendors;
- physical effects of climate change, adverse weather conditions and Acts of God, along with the increased focus on sustainability;
- failure of our marketing efforts to be successful or cost-effective;
- our dependence on our real estate customer acquisition channel;
- our ability to attract and retain qualified key employees and labor availability in our customer service operations;
- our dependence on third-party vendors, including business process outsourcers, and third-party component suppliers;
- compliance with, or violation of, laws and regulations, including consumer protection laws, increasing our legal and regulatory expenses;
- increases in tariffs or changes to import/export regulations;
- cybersecurity breaches, disruptions or failures in our technology systems and our failure to protect the security of personal information about our customers;
- our ability to protect our intellectual property and other material proprietary rights;
- negative reputational and financial impacts resulting from acquisitions or strategic transactions;
- requirement to recognize impairment charges;
- third-party use of our trademarks as search engine keywords to direct our potential customers to their own websites;

- inappropriate use of social media by us or other parties to harm our reputation;
- special risks applicable to operations outside the United States by us or our business process outsource providers;
- tax liabilities and potential indemnification of Terminix for material taxes if the distribution fails to qualify as tax-free;
- the effects of our significant indebtedness and the limitations contained in the agreements governing such indebtedness;
- increases in interest rates increasing the cost of servicing our indebtedness;
- increased borrowing costs due to lowering or withdrawal of the credit ratings, outlook or watch assigned to us, our debt securities or our Credit Facilities;
- our ability to generate the significant amount of cash needed to fund our operations and service our debt obligations; and
- other factors described in this report and from time to time in documents that we file with the SEC.

Available Information

Our website address is www.frontdoorhome.com. We use our website as a channel of distribution for company information. We will make available free of charge on the Investor section of our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act. We also make available through our website other reports filed with or furnished to the SEC under the Exchange Act, including our proxy statements and reports filed by officers and directors under Section 16(a) of the Exchange Act, as well as our Code of Conduct and Financial Code of Ethics. Financial and other material information regarding Frontdoor is routinely posted on our website and is readily accessible. We do not intend for information contained on our website to be part of this Quarterly Report on Form 10-Q.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q, the audited consolidated financial statements and related notes thereto included in our 2021 Form 10-K and with the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2021 Form 10-K. The cautionary statements discussed in "Cautionary Statement Concerning Forward-Looking Statements" and elsewhere in this report should be read as applying to all forward-looking statements wherever they appear in this report. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this report, particularly in "Cautionary Statement Concerning Forward-Looking Statements" as well as the risk factors discussed in Part I, Item 1A. "Risk Factors" in our 2021 Form 10-K.

Overview

Frontdoor is the leading provider of home service plans in the United States, as measured by revenue, and operates under the American Home Shield, HSA, OneGuard and Landmark brands. Our customizable home service plans help customers protect and maintain their homes, typically their most valuable asset, from costly and unplanned breakdowns of essential home systems and appliances. Our home service plan customers usually subscribe to an annual service plan agreement that covers the repair or replacement of major components of more than 20 home systems and appliances, including electrical, plumbing, central HVAC systems, water heaters, refrigerators, dishwashers and ranges/ovens/cooktops, as well as optional coverages for electronics, pools, spas and pumps. Our operations also include our ProConnect on-demand home services business and Stroom, a technology platform that uses augmented reality, computer vision and machine learning to, among other things, help home service professionals more quickly and accurately diagnose breakdowns and complete repairs. At June 30, 2022, we had 2.2 million active home service plans across all 50 states and the District of Columbia.

For the three months ended June 30, 2022 and 2021, we generated revenue, net income and Adjusted EBITDA of \$487 million, \$33 million and \$77 million, respectively, and \$462 million, \$40 million and \$114 million, respectively. For the six months ended June 30, 2022 and 2021, we generated revenue, net income and Adjusted EBITDA of \$838 million, \$35 million and \$102 million, respectively, and \$791 million, \$45 million and \$150 million, respectively.

For the six months ended June 30, 2022, our total operating revenue included 71 percent of revenue derived from existing customer renewals, while 12 percent and 13 percent were derived from new home service plan sales made in conjunction with existing home real estate transactions and direct-to-consumer sales, respectively, and three percent was derived from other revenue channels.

For the six months ended June 30, 2021, our total operating revenue included 68 percent of revenue derived from existing customer renewals, while 17 percent and 12 percent were derived from new home service plan sales made in conjunction with existing home real estate transactions and direct-to-consumer sales, respectively, and three percent was derived from other revenue channels.

New CEO Appointment

On May 20, 2022, we announced the appointment of William Cobb, Chairman of the Board of Directors of the Company, as Chief Executive Officer of the Company, effective June 1, 2022. Mr. Cobb has served as Chairman of the Board since October 2018 and continues to hold that office.

Key Factors and Trends Affecting Our Results of Operations

Macroeconomic Conditions

Changes in macroeconomic conditions, including inflation, global supply chain challenges and the persistence of the COVID-19 pandemic, especially as they may affect existing home sales, interest rates, consumer confidence or labor availability, may reduce demand for our services, increase our costs and adversely impact our business. While these macroeconomic conditions generally impact the United States as a whole, we believe our nationwide presence limits the risk of poor economic conditions in any particular region of the United States.

During the first six months of 2022, our financial condition and results of operations were adversely impacted by the following:

- The challenging home seller's market, driven, in part, by extremely low home inventory levels, continued to constrain demand for home service plans in the first-year real estate channel.
- Our contractors continued to be impacted by inflation, including higher labor, fuel and parts and equipment costs. We continue to take actions to mitigate these impacts, including increasing the share of parts and equipment our contractors source through us, increasing the percent of service requests completed by lower-cost preferred contractors and accelerating contractor recruitment efforts.
- Industry-wide parts availability challenges continued to drive elevated appliance replacement levels due to lack of parts availability, further contributing to increased costs and adversely impacting the customer experience, which was reflected in our customer retention rate.
- Due to labor availability challenges, we continued to experience workforce retention issues, including difficulties in hiring and retaining employees in customer service operations and throughout our business, and we believe our contractors are experiencing similar workforce challenges.

The COVID-19 Pandemic

The implications of the ongoing COVID-19 pandemic on our results of operations and overall financial performance remain uncertain. Given the emergence of COVID-19 variants and surges in COVID-19 cases, a significant number of people may continue to spend greater time at home, which may result in a continued increase in usage of home systems and appliances and demand for our services and a resulting increase in service-related costs. We also expect that industry-wide supply chain challenges may continue to contribute to increased costs and impact the customer experience, which may affect customer retention. Accordingly, the COVID-19 situation remains very fluid, and we continue to adjust our response in real time. It remains difficult to predict the overall continuing impact the COVID-19 pandemic will have on our business.

Seasonality

Our business is subject to seasonal fluctuations, which drives variations in our revenue, net income and Adjusted EBITDA for interim periods. Seasonal fluctuations are primarily driven by a higher number of central HVAC work orders in the summer months. In 2021, we continued to experience additional variations as the COVID-19 pandemic resulted in an elevated level of service requests in the appliance trade compared to pre-pandemic levels as our customers spent more time at home. In 2021, approximately 21 percent, 29 percent, 29 percent and 21 percent of our revenue, approximately 4 percent, 31 percent, 60 percent and 5 percent of our net income, and approximately 12 percent, 38 percent, 41 percent and 9 percent of our Adjusted EBITDA was recognized in the first, second, third and fourth quarters, respectively.

Effect of Weather Conditions

The demand for our services, and our results of operations, are affected by weather conditions. Extreme temperatures can lead to an increase in service requests related to home systems, particularly central HVAC systems, resulting in higher claim frequency and costs and lower profitability. For example, contract claims costs were unfavorably impacted by the extremely hot weather across the country during the second quarter of 2022 as compared to 2021. Weather conditions that have a potentially favorable impact to our business include mild winters or summers, which can lead to lower home systems claim frequency.

While weather variations as described above may affect our business, major weather events and other similar Acts of God, such as hurricanes, flooding and tornadoes, typically do not increase our obligations to provide service. Generally, repairs associated with such isolated events are addressed by homeowners' and other forms of insurance as opposed to the home service plans that we offer.

Tariff and Import/Export Regulations

Changes in U.S. tariff and import/export regulations may impact the costs of parts, appliances and home systems. Import duties or restrictions on components and raw materials that are imposed, or the perception that they could occur, may materially and adversely affect our business by increasing our costs. For example, rising costs due to blanket tariffs on imported steel and aluminum could increase the costs of our parts, appliances and home systems.

Competition

We compete in the U.S. home service plan category and the broader U.S. home services industry. The home service plan category is highly competitive. The principal methods of competition, and by which we differentiate ourselves from our competitors, are quality and speed of service, contract offerings, brand awareness and reputation, customer satisfaction, pricing and promotions, contractor network and referrals.

Acquisition Activity

We anticipate that the highly fragmented nature of the home service plan category will continue to create strategic opportunities for acquisitions. Historically, we have used acquisitions to cost-effectively grow our customer base in high-growth geographies, and we intend to continue to do so. We may also explore opportunities to make strategic acquisitions that will expand our service offering in the broader home services industry. We have also used acquisitions to enhance our technological capabilities and geographic presence. In 2019, we acquired Streem to support the service experience for our customers, reduce costs and create potentially new revenue opportunities across a variety of channels.

Non-GAAP Financial Measures

To supplement our results presented in accordance with U.S. GAAP, we have disclosed non-GAAP financial measures that exclude or adjust certain items. We present within this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section the non-GAAP financial measures of Adjusted EBITDA and Free Cash Flow. See “Results of Operations — Adjusted EBITDA” for a reconciliation of net income to Adjusted EBITDA and “Liquidity and Capital Resources — Free Cash Flow” for a reconciliation of net cash provided from operating activities to Free Cash Flow, as well as “Key Business Metrics” for further discussion of Adjusted EBITDA and Free Cash Flow. Management uses Adjusted EBITDA and Adjusted EBITDA margin to facilitate operating performance comparisons from period to period. We believe these non-GAAP financial measures provide investors, analysts and other interested parties useful information to evaluate our business performance as they facilitate company-to-company operating performance comparisons. Management believes Free Cash Flow is useful as a supplemental measure of our liquidity. Management uses Free Cash Flow to facilitate company-to-company cash flow comparisons, which may vary from company to company for reasons unrelated to operating performance. While we believe these non-GAAP financial measures are useful in evaluating our business, they should be considered as supplemental in nature and are not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with U.S. GAAP. In addition, these non-GAAP financial measures may not be the same as similarly entitled measures reported by other companies, limiting their usefulness as comparative measures.

Key Business Metrics

We focus on a variety of indicators and key operating and financial metrics to monitor the financial condition and performance of the continuing operations of our business. These metrics include:

- revenue,
- operating expenses,
- net income,
- earnings per share,
- Adjusted EBITDA,
- Adjusted EBITDA margin,
- net cash provided from operating activities,
- Free Cash Flow,
- growth in number of home service plans, and
- customer retention rate.

Revenue. The majority of our revenue is generated from annual home service plan agreements entered into with our customers. Home service plan contracts are typically one year in duration. We recognize revenue at the agreed upon contractual amount over time using the input method in proportion to the costs expected to be incurred in performing services under the contracts. Our revenue is primarily a function of the volume and pricing of the services provided to our customers, as well as the mix of services provided. Our revenue volume is impacted by new home service plan sales, customer retention and acquisitions. We derive substantially all of our revenue from customers in the United States.

Operating Expenses. In addition to changes in our revenue, our operating results are affected by, among other things, the level of our operating expenses. Our operating expenses primarily include contract claims costs and expenses associated with sales and marketing, customer service and general corporate overhead. A number of our operating expenses are subject to inflationary pressures, such as: salaries and wages, employee benefits and healthcare; contractor costs; parts, appliances and home systems costs; tariffs; insurance premiums; and various regulatory compliance costs.

Net Income and Earnings Per Share. The presentation of net income and basic and diluted earnings per share provides measures of performance which are useful for investors, analysts and other interested parties in company-to-company operating performance comparisons. Basic earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period, increased to include the number of shares of common stock that would have been outstanding had potentially dilutive shares of common stock been issued. The dilutive effect of stock options, RSUs, performance shares (which are contractual rights to receive a share of our common stock (or the cash equivalent thereof) upon the achievement, in whole or in part, of the applicable performance goals, pursuant to the terms of the Omnibus Plan and the award agreement) and RSAs are reflected in diluted earnings per share by applying the treasury stock method.

Adjusted EBITDA and Adjusted EBITDA margin. We evaluate performance based primarily on Adjusted EBITDA, which is a financial measure not calculated in accordance with U.S. GAAP. We define Adjusted EBITDA as net income before: depreciation and amortization expense; restructuring charges; provision for income taxes; non-cash stock-based compensation expense; interest expense; loss on extinguishment of debt; and other non-operating expenses. We define “Adjusted EBITDA margin” as Adjusted EBITDA divided by revenue. We believe Adjusted EBITDA and Adjusted EBITDA margin are useful for investors, analysts and other interested parties as they facilitate company-to-company operating performance comparisons by excluding potential differences caused by variations in capital structures, taxation, the age and book depreciation of facilities and equipment, restructuring initiatives and equity-based, long-term incentive plans.

Net Cash Provided from Operating Activities and Free Cash Flow. We focus on measures designed to monitor cash flow, including net cash provided from operating activities and Free Cash Flow, which is a financial measure not calculated in accordance with U.S. GAAP and represents net cash provided from operating activities less property additions.

Growth in Number of Home Service Plans and Customer Retention Rate. We report our growth in number of home service plans and customer retention rate in order to track the performance of our business. Home service plans represent our recurring customer base, which includes customers with active contracts for recurring services. Our customer retention rate is calculated as the ratio of ending home service plans to the sum of beginning home service plans, new home service plan sales and acquired accounts for the applicable period. These measures are presented on a rolling, 12-month basis in order to avoid seasonal anomalies.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2021 Form 10-K. There have been no material changes to our critical accounting policies for the six months ended June 30, 2022, certain of which are described below.

Goodwill and Intangible Assets

In accordance with applicable accounting standards, goodwill and indefinite-lived intangible assets are not amortized and are subject to assessment for impairment on an annual basis, or more frequently, if circumstances indicate a potential impairment. As of June 30, 2022, we do not believe there are any circumstances, including those related to COVID-19, that would indicate a potential impairment of our goodwill or indefinite-lived intangible assets. We will continue to monitor the macroeconomic impacts on our business in our ongoing evaluation of potential impairments.

During the third quarter of 2022, we will continue our evaluation of the long-term plan for the Stroom reporting unit. We will be more focused on integrating Stroom’s technology into the core business and will be less focused on selling this technology platform to third-party customers; therefore, an impairment of goodwill and intangible assets at Stroom is reasonably possible.

Results of Operations

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

(In millions)	Three Months Ended June 30,		Increase (Decrease) 2022 vs. 2021	% of Revenue	
	2022	2021		2022	2021
Revenue	\$ 487	\$ 462	5 %	100 %	100 %
Cost of services rendered	276	221	25	57	48
Gross Profit	211	242	(13)	43	52
Selling and administrative expenses	140	136	4	29	29
Depreciation and amortization expense	8	9	(9)	2	2
Restructuring charges	12	1	*	2	—
Interest expense	7	12	(40)	1	3
Loss on extinguishment of debt	—	30	*	—	7
Income before Income Taxes	43	54	(21)	9	12
Provision for income taxes	10	14	(29)	2	3
Net Income	\$ 33	\$ 40	(18)%	7 %	9 %

* not meaningful

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

(In millions)	Six Months Ended June 30,		Increase (Decrease) 2022 vs. 2021	% of Revenue	
	2022	2021		2022	2021
Revenue	\$ 838	\$ 791	6 %	100 %	100 %
Cost of services rendered	483	402	20	58	51
Gross Profit	355	390	(9)	42	49
Selling and administrative expenses	266	254	5	32	32
Depreciation and amortization expense	17	19	(10)	2	2
Restructuring charges	12	2	*	1	—
Interest expense	14	25	(45)	2	3
Interest and net investment (income) loss	—	(1)	*	—	—
Loss on extinguishment of debt	—	31	*	—	4
Income before Income Taxes	46	60	(23)	6	8
Provision for income taxes	12	15	(21)	1	2
Net Income	\$ 35	\$ 45	(23)%	4 %	6 %

* not meaningful

Revenue

We reported revenue of \$487 million and \$462 million for the three months ended June 30, 2022 and 2021, respectively, and \$838 million and \$791 million for the six months ended June 30, 2022 and 2021, respectively. Revenue by major customer acquisition channel is as follows:

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

(In millions)	Three Months Ended June 30,		Increase (Decrease)	
	2022	2021		
Renewals	\$ 347	\$ 316	\$ 31	10 %
Real estate ⁽¹⁾	57	77	(20)	(26)
Direct-to-consumer ⁽¹⁾	66	57	8	15
Other	18	13	5	43
Total revenue	\$ 487	\$ 462	\$ 25	5 %

(1) First-year revenue only.

Revenue increased five percent for the three months ended June 30, 2022 compared to the three months ended June 30, 2021, primarily driven by higher renewal revenue due to improved price realization and growth in the number of renewed home service plans. The decrease in real estate revenue primarily reflects a decline in the number of first-year real estate home service plans driven by a continuation of the challenging home seller's market. The increase in direct-to-consumer revenue primarily reflects improved price realization and a mix shift to higher priced products. The increase in other revenue was driven by growth in ProConnect.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

(In millions)	Six Months Ended June 30,		Increase (Decrease)	
	2022	2021		
Renewals	\$ 593	\$ 539	\$ 54	10 %
Real estate ⁽¹⁾	102	134	(32)	(24)
Direct-to-consumer ⁽¹⁾	112	98	14	14
Other	31	20	10	51
Total revenue	\$ 838	\$ 791	\$ 47	6 %

(1) First-year revenue only.

Revenue increased six percent for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily driven by higher renewal revenue due to improved price realization and growth in the number of renewed home service plans. The decrease in real estate revenue primarily reflects a decline in the number of first-year real estate home service plans driven by a continuation of the challenging home seller's market. The increase in direct-to-consumer revenue primarily reflects improved price realization and a mix shift to higher priced products. The increase in other revenue was driven by growth in ProConnect.

Number of home service plans, growth in number of home service plans and customer retention rate are presented below.

(In millions)	As of June 30,	
	2022	2021
Number of home service plans	2.17	2.24
(Reduction) growth in number of home service plans	(3) %	3 %
Customer retention rate	74.4 %	74.9 %

The number of home service plans and customer retention rate as of June 30, 2022 were negatively impacted by a decline in the number of first-year real estate home service plans, which was driven by a continuation of the challenging home seller's market, as well as the impact on customer experience of industry-wide supply chain challenges.

Cost of Services Rendered

We reported cost of services rendered of \$276 million and \$221 million for the three months ended June 30, 2022 and 2021, respectively, and \$483 million and \$402 million for the six months ended June 30, 2022 and 2021, respectively. The following tables provide a summary of changes in cost of services rendered:

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Contract claims cost	\$ 272	\$ 217	\$ 474	\$ 394
Bad debt expense	4	4	9	8
Total	<u>\$ 276</u>	<u>\$ 221</u>	<u>\$ 483</u>	<u>\$ 402</u>

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

(In millions)	
Three Months Ended June 30, 2021	\$ 221
Impact of change in revenue	2
Contract claims costs	53
Three Months Ended June 30, 2022	<u>\$ 276</u>

The increase in contract claims costs primarily reflects an acceleration of inflationary cost pressures, including rising contractor-related expenses and higher parts and equipment costs. Contract claims costs were also unfavorably impacted by the extremely hot weather across the country during the second quarter. In addition, contract claims costs for the second quarter of 2022 include a \$7 million unfavorable adjustment related to the adverse development of prior period claims.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

(In millions)	
Six Months Ended June 30, 2021	\$ 402
Impact of change in revenue	3
Contract claims costs	77
Bad debt expense	2
Six Months Ended June 30, 2022	<u>\$ 483</u>

The increase in contract claims costs primarily reflects an acceleration of inflationary cost pressures, including rising contractor-related expenses and higher parts and equipment costs. Contract claims costs were also unfavorably impacted by the extremely hot weather across the country during the second quarter. In addition, contract claims costs for the six months ended June 30, 2022 include a \$12 million unfavorable adjustment related to the adverse development of prior period claims.

Selling and Administrative Expenses

We reported selling and administrative expenses of \$140 million and \$136 million for the three months ended June 30, 2022 and 2021, respectively, and \$266 million and \$254 million for the six months ended June 30, 2022 and 2021, respectively. The following tables provide a summary of changes in selling and administrative expenses:

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Sales and marketing costs	\$ 72	\$ 67	\$ 128	\$ 121
Customer service costs	30	30	58	57
General and administrative costs	38	39	80	76
Total	<u>\$ 140</u>	<u>\$ 136</u>	<u>\$ 266</u>	<u>\$ 254</u>

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

(In millions)	
Three Months Ended June 30, 2021	\$ 136
Sales and marketing costs	6
Stock-based compensation expense	(2)
General and administrative costs	1
Three Months Ended June 30, 2022	\$ 140

The increase in sales and marketing costs was primarily driven by increased investments to drive sales growth in the home service plan direct-to-consumer channel and ProConnect. General and administrative costs increased primarily due to increased professional fees.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

(In millions)	
Six Months Ended June 30, 2021	\$ 254
Sales and marketing costs	10
Stock-based compensation expense	(1)
General and administrative costs	4
Six Months Ended June 30, 2022	\$ 266

The increase in sales and marketing costs was primarily driven by increased investments to drive sales growth in the home service plan direct-to-consumer channel and ProConnect. General and administrative costs increased primarily due to increased professional fees and higher personnel costs.

Depreciation and Amortization Expense

Depreciation expense was \$7 million and \$6 million for the three months ended June 30, 2022 and 2021, respectively, and \$13 million and \$12 million for the six months ended June 30, 2022 and 2021, respectively. Amortization expense was \$2 million and \$3 million for the three months ended June 30, 2022 and 2021, respectively, and \$4 million and \$6 million for the six months ended June 30, 2022 and 2021, respectively. The decrease in amortization expense was due to certain intangible assets becoming fully amortized during 2021.

Restructuring Charges

Restructuring charges were \$12 million and \$1 million for the three months ended June 30, 2022 and 2021, respectively, and \$12 million and \$2 million for the six months ended June 30, 2022 and 2021, respectively.

For the three and six months ended June 30, 2022, restructuring charges primarily comprised an \$11 million impairment charge related to our Memphis headquarters facility operating lease right-of-use asset and leasehold improvements and \$1 million of severance and other costs. The impairment was the result of vacating the facility with the intent to sublease.

For the three months ended June 30, 2021, restructuring charges primarily comprised accelerated depreciation of certain technology systems driven by efforts to enhance our technological capabilities.

For the six months ended June 30, 2021, restructuring charges comprised \$1 million of accelerated depreciation of certain technology systems driven by efforts to enhance our technological capabilities and \$1 million of severance and other costs.

Interest Expense

Interest expense was \$7 million and \$12 million for the three months ended June 30, 2022 and 2021, respectively, and \$14 million and \$25 million for the six months ended June 30, 2022 and 2021, respectively. The decrease was driven by our debt reduction and refinancing activities in 2021.

Loss on Extinguishment of Debt

Loss on extinguishment of debt was \$30 million and \$31 million for the three and six months ended June 30, 2021, respectively. Amounts relate to our debt reduction and refinancing activities in 2021. There were no such charges for the three and six months ended June 30, 2022.

Provision for Income Taxes

The effective tax rate on income was 23.2 percent and 26.0 percent for the three months ended June 30, 2022 and 2021, respectively, and 25.1 percent and 24.5 percent for the six months ended June 30, 2022 and 2021, respectively. The decrease in the effective tax rate for the three months ended June 30, 2022 compared to 2021 is primarily due to share-based awards and income tax credits, offset, in part, by an increase in state income taxes. The increase in the effective tax rate for the six months ended June 30, 2022 compared to 2021 is primarily due to share-based awards and state income taxes, offset, in part, by an increase in income tax credits.

Net Income

Net income was \$33 million and \$40 million for the three months ended June 30, 2022 and 2021, respectively, and \$35 million and \$45 million for the six months ended June 30, 2022 and 2021, respectively. For both the three and six months ended June 30, 2022 compared to 2021, the decrease in net income was primarily driven by the decrease in the aforementioned operating results and the increase in restructuring charges, offset, in part, by the decrease in interest expense and the impact of the prior year loss on extinguishment of debt.

Adjusted EBITDA

Adjusted EBITDA was \$77 million and \$114 million for the three months ended June 30, 2022 and 2021, respectively, and \$102 million and \$150 million for the six months ended June 30, 2022 and 2021, respectively. The following tables provide a summary of changes in our Adjusted EBITDA:

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

(In millions)	
Three Months Ended June 30, 2021	\$ 114
Impact of change in revenue	23
Contract claims costs	(53)
Sales and marketing costs	(6)
General and administrative costs	(1)
Three Months Ended June 30, 2022	<u>\$ 77</u>

The increase in contract claims costs primarily reflects an acceleration of inflationary cost pressures, including rising contractor-related expenses and higher parts and equipment costs. Contract claims costs were also unfavorably impacted by the extremely hot weather across the country during the second quarter. In addition, contract claims costs for the second quarter of 2022 include a \$7 million unfavorable adjustment related to the adverse development of prior period claims.

The increase in sales and marketing costs was primarily driven by increased investments to drive sales growth in the home service plan direct-to-consumer channel and ProConnect. General and administrative costs increased primarily due to increased professional fees.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

(In millions)	
Six Months Ended June 30, 2021	\$ 150
Impact of change in revenue	44
Contract claims costs	(77)
Sales and marketing costs	(10)
General and administrative costs	(4)
Bad debt expense	(2)
Six Months Ended June 30, 2022	<u>\$ 102</u>

The increase in contract claims costs primarily reflects an acceleration of inflationary cost pressures, including rising contractor-related expenses and higher parts and equipment costs. Contract claims costs were also unfavorably impacted by the extremely hot weather across the country during the second quarter. In addition, contract claims costs for the six months ended June 30, 2022 include a \$12 million unfavorable adjustment related to the adverse development of prior period claims.

The increase in sales and marketing costs was primarily driven by increased investments to drive sales growth in the home service plan direct-to-consumer channel and ProConnect. General and administrative costs increased primarily due to increased professional fees and higher personnel costs.

A reconciliation of Net Income to Adjusted EBITDA is presented below.

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net Income	\$ 33	\$ 40	\$ 35	\$ 45
Depreciation and amortization expense	8	9	17	19
Restructuring charges ⁽¹⁾	12	1	12	2
Provision for income taxes	10	14	12	15
Non-cash stock-based compensation expense ⁽²⁾	6	8	12	13
Interest expense	7	12	14	25
Loss on extinguishment of debt ⁽³⁾	—	30	—	31
Adjusted EBITDA	\$ 77	\$ 114	\$ 102	\$ 150

(1) We exclude restructuring charges from Adjusted EBITDA because we believe they do not reflect our ongoing operations and because we believe doing so is useful to investors in aiding period-to-period comparability.

(2) We exclude non-cash stock-based compensation expense from Adjusted EBITDA primarily because it is a non-cash expense and because it is not used by management to assess ongoing operational performance. We believe excluding this expense from Adjusted EBITDA is useful to investors in aiding period-to-period comparability.

(3) We exclude loss on extinguishment of debt from Adjusted EBITDA because we believe it does not reflect our ongoing operations and because we believe doing so is useful to investors in aiding period-to-period comparability.

Liquidity and Capital Resources

Liquidity

A substantial portion of our liquidity needs are due to debt service requirements on our indebtedness. The Credit Agreement contains covenants that limit or restrict our ability, including the ability of certain of our subsidiaries, to incur additional indebtedness, repurchase debt, incur liens, sell assets, make certain payments (including dividends) and enter into transactions with affiliates. As of June 30, 2022, we were in compliance with the covenants under the agreements that were in effect on such date. Based on current conditions, we do not believe the COVID-19 pandemic will affect our ongoing ability to meet the covenants in our debt instruments, including our Credit Agreement.

Cash and cash equivalents totaled \$269 million and \$262 million as of June 30, 2022 and December 31, 2021, respectively. Our cash and cash equivalents include balances associated with regulatory requirements in our business. See “—Limitations on Distributions and Dividends by Subsidiaries.” As of June 30, 2022, and December 31, 2021, the total net assets subject to these third-party restrictions was \$159 million and \$175 million, respectively. As of June 30, 2022, there were \$2 million of letters of credit outstanding and \$248 million of available borrowing capacity under the Revolving Credit Facility. The letters of credit are posted in lieu of cash to satisfy regulatory requirements in certain states in which we operate. Available liquidity was \$357 million at June 30, 2022, consisting of \$109 million of cash not subject to third-party restrictions and \$248 million of available borrowing capacity under the Revolving Credit Facility. We currently believe that cash generated from operations, our cash on hand and available borrowing capacity under the Revolving Credit Facility at June 30, 2022 will provide us with sufficient liquidity to meet our obligations in the short- and long-term.

We closely monitor the performance of our investment portfolio. From time to time, we review the statutory reserve requirements to which our regulated entities are subject and any changes to such requirements. These reviews may result in identifying current reserve levels above or below minimum statutory reserve requirements, in which case we may adjust our reserves. The reviews may also identify opportunities to satisfy certain regulatory reserve requirements through alternate financial vehicles.

We may, from time to time, repurchase or otherwise retire or extend our debt and/or take other steps to reduce our debt or otherwise improve our financial position, gross leverage, results of operations or cash flows. These actions may include open market debt repurchases, negotiated repurchases, other retirements of outstanding debt and/or opportunistic refinancing of debt. The amount of debt that may be repurchased or otherwise retired or refinanced, if any, and the price of such repurchases, retirements or refinancings will depend on market conditions, trading levels of our debt, our cash position, compliance with debt covenants and other considerations.

On September 7, 2021, we announced a three-year repurchase authorization of up to \$400 million of outstanding shares of our common stock. We expect to fund the share repurchases from net cash provided from operating activities. As of June 30, 2022, we have purchased a total of 4,478,194 outstanding shares at an aggregate cost of \$162 million under this program, which is included in treasury stock on the condensed consolidated statements of financial position. Purchases under the repurchase program may be made from time to time by the company in the open market at prevailing market prices (including through a Rule 10b5-1 Plan), in privately negotiated transactions, or through any combination of these methods, through September 3, 2024. The actual timing, number, manner and value of any shares repurchased will depend on several factors, including the market price of the company's stock, general market and economic conditions, the company's liquidity requirements, applicable legal requirements and other business considerations. The repurchase program does not obligate us to acquire any number of shares in any specific period or at all and may be suspended or discontinued at any time at our discretion.

Limitations on Distributions and Dividends by Subsidiaries

We depend on our subsidiaries to distribute funds to us so that we may pay obligations and expenses, including satisfying obligations with respect to indebtedness. The ability of our subsidiaries to make distributions and dividends to us depends on their operating results, cash requirements, financial condition and general business conditions, as well as restrictions under the laws of our subsidiaries' jurisdictions.

Our subsidiaries are permitted under the terms of the Credit Agreement and other indebtedness to incur additional indebtedness that may restrict or prohibit the making of distributions, the payment of dividends or the making of loans by such subsidiaries to us.

Furthermore, there are third-party restrictions on the ability of certain of our subsidiaries to transfer funds to us. These restrictions are related to regulatory requirements. The payments of ordinary and extraordinary dividends by certain of our subsidiaries (through which we conduct our business) are subject to significant regulatory restrictions under the laws and regulations of the states in which they operate. Among other things, such laws and regulations require certain subsidiaries to maintain minimum capital and net worth requirements and may limit the amount of ordinary and extraordinary dividends and other payments that these subsidiaries can pay to us. We expect that such limitations will be in effect for the foreseeable future. In Texas, we are relieved of the obligation to post 75 percent of our otherwise required reserves because we operate a captive insurer approved by Texas regulators in order to satisfy such obligations. None of our subsidiaries are obligated to make funds available to us through the payment of dividends.

Cash Flows

Cash flows from operating, investing and financing activities, as reflected in the condensed consolidated statements of cash flows included in Part I, Item 1 of this report, are summarized in the following table.

(In millions)	Six Months Ended June 30,	
	2022	2021
Net cash provided from (used for):		
Operating activities	\$ 94	\$ 119
Investing activities	(19)	(15)
Financing activities	(69)	(378)
Cash (decrease) increase during the period	<u>\$ 6</u>	<u>\$ (274)</u>

Operating Activities

Net cash provided from operating activities was \$94 million and \$119 million for the six months ended June 30, 2022 and 2021, respectively.

Net cash provided from operating activities in 2022 comprised \$68 million in earnings adjusted for non-cash charges and \$26 million in cash provided from working capital. Cash provided from working capital was primarily driven by seasonality.

Net cash provided from operating activities in 2021 comprised \$112 million in earnings adjusted for non-cash charges and an \$8 million decrease in cash required for working capital. The decrease in cash required for working capital was driven by seasonality and growth in our underlying business, offset, in part, by interest payments made in connection with the redemption of the 2026 Notes.

Investing Activities

Net cash used for investing activities was \$19 million and \$15 million for the six months ended June 30, 2022 and 2021, respectively.

Capital expenditures were \$19 million and \$15 million for the six months ended June 30, 2022 and 2021, respectively, and included recurring capital needs and technology projects. We expect capital expenditures for the full year 2022 relating to recurring capital needs and the continuation of investments in information systems and productivity enhancing technology to be approximately \$40 million to \$50 million. We have no additional material capital commitments at this time.

Financing Activities

Net cash used for financing activities was \$69 million and \$378 million for the six months ended June 30, 2022 and 2021, respectively.

For the six months ended June 30, 2022, we made scheduled principal payments of debt and finance lease obligations of \$8 million and purchased outstanding shares at an aggregate cost of \$59 million.

For the six months ended June 30, 2021, as part of our debt reduction and refinancing activities in 2021, we borrowed \$638 million, net of discount, under the Term Loan Facilities and redeemed the remaining outstanding principal amounts of \$634 million of the Prior Term Loan Facility and \$350 million of the 2026 Notes. In connection with the repayments, we paid a “make-whole” redemption premium of \$21 million on the 2026 Notes and debt issuance costs of \$8 million.

Free Cash Flow

The following table reconciles net cash provided from operating activities, which we consider to be the most directly comparable U.S. GAAP measure, to Free Cash Flow using data derived from our audited consolidated financial statements.

(In millions)	Six Months Ended June 30,	
	2022	2021
Net cash provided from operating activities	\$ 94	\$ 119
Property additions	(19)	(15)
Free Cash Flow	<u>\$ 75</u>	<u>\$ 104</u>

Contractual Obligations

Our 2021 Form 10-K includes disclosures of our contractual obligations and commitments as of December 31, 2021. We continue to make the contractually required payments, and, therefore, the 2022 obligations and commitments described in our 2021 Form 10-K have been reduced by the required payments.

Financial Position

The following discussion describes changes in our financial position from December 31, 2021 to June 30, 2022:

- Contract asset increased during the six months ended June 30, 2022, reflecting a net contract asset related to the recognition of monthly pay customer revenue on an other-than-straight-line basis to match the timing of cost recognition.
- Accounts payable increased during the six months ended June 30, 2022, reflecting the timing of trade payables due to the seasonality of our business.
- Home service plan claims increased during the six months ended June 30, 2022, reflecting the seasonality of contract claims and inflation, which increased amounts due to contractors and suppliers.
- Deferred revenue decreased during the six months ended June 30, 2022, reflecting a decline in the number of first-year real estate home service plans.

- Other long-term liabilities decreased during the six months ended June 30, 2022, primarily due to the change in the valuation of our interest rate swap.
- Total shareholders' equity was \$6 million as of June 30, 2022 compared to \$2 million as of December 31, 2021. The increase was primarily driven by net income and the change in valuation of our interest rate swap, offset, in part, by the repurchases of common stock. See the condensed consolidated statements of changes in equity (deficit) included in Part I, Item 1 of this report for further information.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Changes in macroeconomic conditions, including inflation, global supply chain challenges and the persistence of the COVID-19 pandemic, and its impact on existing home sales, interest rates, consumer confidence, labor availability, insurance costs and medical costs could have a material adverse impact on future results of operations.

We are exposed to the impact of interest rate changes and manage this exposure through the use of variable-rate and fixed-rate debt and by utilizing an interest rate swap. There have been no material changes to the market risk associated with debt obligations and other significant instruments from the risks described in Part II, Item 7A in our 2021 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. The design of any disclosure controls and procedures is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of the end of the period covered by this report, were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No changes in our internal control over financial reporting, as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act, occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required with respect to this Part II, Item 1 can be found under Note 8 to the condensed consolidated financial statements included in Part I, Item 1 of this report.

ITEM 1A. RISK FACTORS

For information regarding factors that could affect our business, financial condition or results of operations, see the risk factors discussed in Part I, Item 1A. “Risk Factors” in our 2021 Form 10-K. There have been no material changes to the risk factors disclosed in our 2021 Form 10-K. The risks described in our 2021 Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Period	Total number of shares purchased	Average price paid per share ⁽¹⁾	Total number of shares purchased as part of publicly announced plans or programs	Maximum dollar value of shares that may yet be purchased under the plans or programs (in millions) ⁽²⁾
Apr. 1, 2022 through Apr. 30, 2022	—	\$ —	—	\$ 257
May 1, 2022 through May 31, 2022	—	—	—	257
Jun. 1, 2022 through Jun. 30, 2022	834,726	22.16	834,726	239
Total	834,726	\$ 22.16	834,726	\$ 239

(1) The average price paid per share is calculated on a trade date basis and excludes commission.

(2) On September 7, 2021, we announced a three-year repurchase authorization of up to \$400 million of outstanding shares of our common stock over the three-year period from September 3, 2021 through September 3, 2024. As of June 30, 2022, we have purchased a total of 4,478,194 outstanding shares at an aggregate cost of \$162 million under this program. See Liquidity and Capital Resources – Liquidity in Part I, Item 2 of this report for more information.

ITEM 6. EXHIBITS

Exhibit Number	Description
2.1	Separation and Distribution Agreement, dated as of September 28, 2018, by and between Terminix Global Holdings, Inc. (formerly ServiceMaster Global Holdings, Inc.) and Frontdoor, Inc. (incorporated by reference to Exhibit 2.1 to Frontdoor's Current Report on Form 8-K filed on October 1, 2018).
3.1	Restated Certificate of Incorporation of Frontdoor, Inc. (incorporated by reference to Exhibit 3.1 to Frontdoor's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021).
3.2	Amended and Restated Bylaws of Frontdoor, Inc. (incorporated by reference to Exhibit 3.2 to Frontdoor's Current Report on Form 8-K filed on July 1, 2021).
10.1#*	Employment Agreement, dated May 19, 2022, between William C. Cobb and Frontdoor, Inc.
10.2#*	Form of Performance Non-Qualified Stock Option Award Agreement under the Frontdoor, Inc. Omnibus Plan, effective June 2022.
10.3#*	Form of Performance Shares Agreement under the Frontdoor, Inc. Omnibus Plan, effective March 2021.
10.4#*	Form of Restricted Stock Unit Agreement under the Frontdoor, Inc. Omnibus Plan, effective March 2021.
10.5#*	Form of Sign-On Restricted Stock Unit Agreement under the Frontdoor, Inc. Omnibus Plan, effective June 2022.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a - 14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a - 14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Extension Presentation Linkbase
104*	Cover page formatted as Inline XBRL and included in Exhibit 101.

Denotes management compensatory plans, contracts or arrangements.

* Filed herewith.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by Frontdoor in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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.

Date: August 4, 2022

Frontdoor, Inc.
(Registrant)

By: /s/ Brian K. Turcotte
Brian K. Turcotte
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made as of May 19, 2022, by and between William C. Cobb (“Executive”), and Frontdoor, Inc., a Delaware corporation (the “Company”).

WHEREAS, the Company desires to employ Executive as the Chief Executive Officer (“CEO”) of the Company and have Executive continue to serve as a member of the Company’s Board of Directors (the “Board”), and Executive desires to be employed by the Company in such capacities, in each case pursuant to the terms and conditions of this Agreement.

WHEREAS, the Company and Executive intend hereby to set forth the terms and conditions upon which Executive shall be employed in such capacities.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, and intending to be legally bound, the parties, subject to the terms and conditions set forth herein, agree as follows:

1. Defined Terms. Any capitalized terms which are not defined within this Agreement are defined in Exhibit A hereto attached.

2. Term. The Company shall employ Executive, and Executive agrees to be employed by the Company in each case, subject to the terms and conditions of this Agreement, for the period commencing on June 1, 2022 (the “Effective Date”) and continuing through and including the earliest of (a) the effective date of Executive’s termination of employment (the “Date of Termination”), (b) the date of Executive’s death, and (c) the fourth anniversary of the Effective Date (such period, the “Term”); *provided* that the Term shall automatically be extended by one year effective upon the fourth anniversary of the Effective Date and each anniversary thereafter, until such date as either the Company or Executive shall have terminated such automatic extension provision by giving written notice to the other at least ninety (90) days prior to the end of the initial Term or any extended Term.

3. Duties.

(a) Commencing on the Effective Date, continuing during the Term, Executive shall: (i) have the authorities and responsibilities consistent with his position as the CEO of the Company; (ii) report to the Board; and (iii) so long as Executive serves as CEO of the Company, serve as a member of the Board without additional compensation. At all times as applicable during the Term, the Company shall nominate Executive for election to the Board; *provided* that upon any termination of Executive’s employment under this Agreement, Executive shall, immediately offer to resign from the Board and any committees thereof effective as of the Date of Termination, and the Board will promptly respond to such offer. During the Term, all employees of the Company and its subsidiaries shall report to Executive or his designee.

(b) Notwithstanding any provision to the contrary herein, Executive will be permitted (in accordance with the Company’s Conflict of Interest Policy) to act or serve as a member of the board of directors of any other business, civic, or charitable company or organization approved by the Company (a “Permitted Company”). The Company also agrees that the Executive may also remain a member of the board of directors of Deluxe Corporation. Further, if at any time during the Term, a Permitted Company becomes a publicly-traded company, Executive shall resign all service relationships with such company, unless the Board otherwise agrees to Executive’s continued service on the board of directors with respect to such company.

4. Obligations of the Company During the Term. The Company shall provide the following to Executive during the Term:

(a) Salary. The Company shall pay Executive a base salary ("Base Salary") at an annual rate of at least \$825,000, payable in accordance with the payroll practices of the Company. Executive's rate of Base Salary shall be subject to annual review by the Board or the Compensation Committee (defined below) and any possible increase (but not decrease) shall be at the discretion of the Board or the Compensation Committee. Executive's Base Salary may not be decreased without the written consent of Executive.

(b) Annual Bonus. Executive shall be eligible to participate in the Annual Bonus Plan (or any successor plan) (the "Bonus Plan") in respect of each fiscal year of the Company on at least the same terms and conditions as other executive officers of the Company; *provided* that Executive's annual bonus opportunity payable at achievement of "target" levels shall not be less than 120% of Base Salary (the "Target Bonus"), it being understood that the actual amount payable and the performance metrics, weighting, and thresholds applicable to Executive shall be determined in accordance with the Bonus Plan as adopted and administered by the Compensation Committee of the Board (the "Compensation Committee"); *provided*, that Executive's annual bonus in respect of the 2022 performance year will be prorated based on the number of days from the Effective Date through December 31, 2022. Any amount payable pursuant to this Section 4(b), shall be paid when paid to other executive officers of the Company under the Bonus Plan, but in no event later than March 31 of the year following the year in respect of which it was earned.

(c) Benefits. Executive shall be entitled to those employee benefits and perquisites which the Company from time to time generally makes available to its executive officers ("Benefits") subject to the terms and conditions of such benefit plans or programs. The Benefits shall include, without limitation, medical insurance, dental insurance, life insurance, vision insurance, flexible spending or similar account, annual vacation or paid time off, and such other benefits, as the Board or Compensation Committee may determine from time to time.

(d) Reimbursement of Other Expenses. Executive shall be reimbursed for all proper and reasonable expenses incurred by Executive in the performance of his duties hereunder in accordance with the policies of the Company.

5. Equity-Based Compensation.

(a) Restricted Stock Units.

(1) RSU Grant. Effective as of the Effective Date, the Company shall grant Executive a number of restricted stock units ("RSUs") under the Stock Incentive Plan having a grant date value equal to \$500,000 (the "Sign-On RSUs"). The Sign-On RSUs shall vest, subject to Executive's continued service to the Company, in equal installments on each of the first two anniversaries of the Effective Date, and as otherwise provided in the Stock Incentive Plan and the applicable grant agreement.

(2) Terms and Conditions. The terms and conditions of the Sign-On RSUs (including, but not limited to, the vesting conditions) shall be set forth in a separate Employee Restricted Stock Unit Agreement to be entered into between the Company and Executive and will be subject to the terms and provisions of the Stock Incentive Plan.

(b) Annual Equity Grants.

(1) 2022 Annual Equity Grant. Effective as of the Effective Date, the Company shall grant Executive awards under the Stock Incentive Plan having a value equal to \$3,500,000 in the aggregate (the “2022 Equity Grant”), of which 25% will be in the form of RSUs, 25% will be in the form of performance shares (“PSUs”) and 50% will be in the form of performance-based non-qualified stock options to purchase Common Stock (“Performance Options”). Such RSUs shall vest, subject to Executive’s continued service to the Company, in equal installments on each of the first three anniversaries of the Effective Date, and as otherwise provided in the Stock Incentive Plan and the applicable grant agreement. The PSUs shall be subject to the same terms and conditions as the PSUs awarded to senior management of the Company in March 2022, and as otherwise provided by the Stock Incentive Plan and the applicable grant agreement. The Performance Options shall vest upon the achievement of both the “Service Condition” and “Performance Condition”. The “Service Condition” will be deemed satisfied on the first anniversary of the grant date subject to the Executive’s continuous service with the Company through such date. The “Performance Condition” will be deemed satisfied if, on or prior to the fourth anniversary of the Effective Date, the Company’s Common Stock achieves designated per share price targets based on the volume-weighted average price of the Common Stock over any 20 consecutive trading day period as reflected on the NASDAQ or such other primary stock exchange with which the Common Stock is listed and traded (the “VWAP”). The “Performance Condition” will be deemed satisfied with respect to one-third of the Performance Options upon each of a \$35.00 VWAP, \$40.00 VWAP and \$45.00 VWAP. The Performance Options shall expire on the tenth anniversary of the grant date, unless terminated earlier pursuant to their terms, and shall be subject to the terms and conditions of the Stock Incentive Plan and the applicable grant agreement.

(2) Terms and Conditions. The terms and conditions of the 2022 Equity Grant (including, but not limited to, the vesting conditions) shall be set forth in a separate Employee Performance Option Agreement and a separate Employee Performance Share Unit Agreement, both to be entered into between the Company and Executive.

(3) Future Annual Equity Grants. Beginning in calendar year 2023 and each subsequent calendar year occurring during the Term, Executive shall be eligible to be considered for annual long-term equity incentive grants, with any such grants to be made at the same time as similarly situated senior executives of the Company and commensurate with Executive’s position, with the amount and form(s) of such annual equity grants to be determined by the Compensation Committee of the Board.

(c) For purposes of all equity awards held by Executive at any time, Executive’s continued service as a member of the Board after Executive ceases to be an employee of the Company shall be deemed continuous service to the Company.

6. Severance Benefits.

(a) In the event that Executive’s employment hereunder is terminated, and provided that Executive’s service as a member of the Board concurrently terminates, during the period beginning on and including the Effective Date and ending on or prior to the expiration of the Term by the Company without Cause or by Executive for Good Reason, then the Company,

subject to Section 6(g), shall pay to Executive, as compensation for services rendered to the Company and its affiliated companies:

(1) Executive's Base Salary earned through the Date of Termination, to the extent not previously paid; *plus*

(2) (i) Executive's annual bonus earned with respect to the fiscal year immediately prior to the fiscal year in which the Date of Termination occurs, to the extent not previously paid, plus (ii) the bonus that Executive would have been paid in respect of the fiscal year in which the Date of Termination occurs had his employment not terminated, prorated for the portion of the fiscal year during which Executive was employed elapsed through the Date of Termination based on actual performance (the "Pro Rata Bonus"); *plus*

(3) a continued payment of his monthly Base Salary, at the rate in effect immediately prior to the Date of Termination, for twelve (12) months following the Date of Termination; provided that such payment period shall be for twenty-four (24) months following the Date of Termination if the Date of Termination is prior to January 1, 2024 (the "Severance Period"); *plus*

(4) a lump sum payment equal to Executive's Target Bonus; *plus*

(5) reimbursement of Executive's expenses pursuant to Section 4(d) and any accrued but unused vacation; *plus*

(6) if applicable, outstanding and unvested equity awards shall vest in accordance with their applicable terms.

(b) In the event that Executive's employment hereunder is terminated during the period beginning on and including the Effective Date and ending on or prior to the expiration of the Term (i) by the Company for Cause, (ii) by Executive for any reason other than Good Reason, including by reason of death or Disability, or (iii) by the Company with or without Cause or by Executive for any reason but Executive continues to serve as a member of the Board following the date that Executive ceases to serve as CEO, then the Company shall pay to Executive (or Executive's executors, legal representatives or administrators in the event of Executive's death), as compensation for services rendered to the Company and its affiliated companies:

(1) Executive's Base Salary earned through the Date of Termination or date of death, to the extent not previously paid; *plus*

(2) in the event Executive's employment is terminated by reason of death or Disability, (i) Executive's annual bonus earned with respect to the fiscal year immediately prior to the fiscal year in which the Date of Termination occurs, to the extent not previously paid, plus (ii) a Pro Rata Bonus; *plus*

(3) reimbursement of Executive's expenses pursuant to Section 4(d) and any unused but accrued vacation; *plus*

(4) if applicable, outstanding and unvested equity awards shall vest in accordance with their applicable terms.

(c) Payment. Subject to Section 14, (i) any amount payable pursuant to Section 6(a)(1) or 6(b)(1) above shall be paid in accordance with the payroll practices of the Company; (ii) any amount payable pursuant to Section 6(a)(2) or 6(b)(2) shall be paid when annual bonuses for the applicable fiscal years are paid to other executive officers of the Company, but in no event later than March 31 of the year following the year in respect of which such bonuses were earned; and (iii) any amount payable pursuant to Section 6(a)(3) shall be paid in equal monthly installments during the one-year period (two-year period if the Date of Termination is prior to January 1, 2024) following the Date of Termination, except that all installments that would have been paid during the first 60 days following the Date of Termination shall be paid on the 60th day following the Date of Termination; and (iv) any amount payable pursuant to Section 6(a)(4) shall be paid no later than 70 days following the Date of Termination. In addition, if on the Date of Termination Executive is a “specified employee,” as defined in Treasury Regulation Section 1.409A-1(i) and determined using the identification methodology selected by the Company from time to time, or if none, the default methodology, any or all amounts payable under this Agreement on account of such termination of employment that would (but for this provision) be payable within six months following the Date of Termination, shall instead be paid in a lump sum on the first day of the seventh month following the Date of Termination or, if earlier, upon Executive’s death, except (A) to the extent of amounts that do not constitute a “deferral of compensation” within the meaning of Treasury Regulation Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Treasury Regulation Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits which qualify as excepted welfare benefits pursuant to Treasury Regulation Section 1.409A-1(a)(5); and (C) other amounts or benefits that are not subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”).

(d) Continuation of Benefits. In the event Executive is entitled to the severance benefits under Section 6(a), then (i) for twelve (12) months (eighteen (18) months if the Date of Termination is prior to January 1, 2024) following the Date of Termination, subject to Executive’s enrollment for COBRA continuation coverage and payment of the applicable monthly COBRA premium amounts (the “Monthly COBRA Premium Amount”), the Company will cause a monthly reimbursement to be made to Executive such that, after payment of applicable taxes, Executive retains an amount of such reimbursement equal to the employer contribution for active employees for the COBRA coverage so elected as in effect immediately prior to the Date of Termination; and (ii) if by the end of such 18-month period, if the Date of Termination is prior to January 1, 2024, Executive and his covered dependents have not become covered by a plan of a subsequent employer offering the same type of benefits, then, for the shorter of (A) six (6) months and (B) the end of the month in which Executive obtains such coverage from a subsequent employer, the Company will cause Executive to be paid a monthly amount such that, after payment of applicable taxes, Executive retains an amount of such payment equal to 100% of the Monthly COBRA Premium Amount.

(e) Exclusive Severance. Any amount paid pursuant to Section 6(a), 6(b), or 6(d) shall be paid in lieu of any other amount of severance relating to salary continuation or bonus payments or health, welfare and life insurance coverage to be received by Executive upon termination of employment of Executive under any severance plan, policy or arrangement of the Company or its affiliated companies. Notwithstanding the foregoing, in the event that Executive’s employment hereunder is terminated hereunder for any reason, Executive shall be entitled to continuation of Benefits subject to the terms and conditions of such benefit plans or programs for terminated employees.

(f) Equity-Based Compensation. Except as otherwise expressly provided in Sections 5 and 6(a)(6) of this Agreement, each share of Common Stock and all Equity Awards held by Executive on the Date of Termination or date of death shall be subject to the terms and conditions of the applicable Equity Award Agreement and Stock Incentive Plan, including, without limitation, the restriction periods, vesting and forfeiture schedules, and termination provisions.

(g) Release; Compliance with Restrictive Covenants. Notwithstanding anything to the contrary in this Section 6, in the event the Company is obligated to make payments pursuant to Sections 6(a)(3), 6(a)(4), 6(a)(6), and 6(d), it shall be a condition to such payments that: (i), within forty-five (45) days following the Date of Termination, Executive enter into a general release of claims, containing the provisions attached hereto as Exhibit B and such other provisions, if any, as the parties may mutually agree, waiving any and all claims against the Company and its subsidiaries, its parent entities, its affiliates and their respective officers, directors, employees, agents, representatives, stockholders, members and partners relating to this Agreement and to his employment during the term hereof and (ii) Executive materially complies with the covenants set forth in Section 7(a), (b) and (d) during the Severance Period.

(h) Notice of Termination. Executive shall be required to provide the Company with thirty (30) days' advance written notice, and the Company may provide notice at any time, of the intention to terminate Executive's employment for any reason, other than a termination by the Company for Cause or termination by Executive with Good Reason, each of which shall be subject to the applicable notice and cure time periods set forth in Exhibit A.

(i) In the event the Company gives Executive notice of non-automatic extension of this Agreement at any time pursuant to Section 2, such termination shall be treated as a termination without Cause immediately prior to the expiration of the Term.

7. Covenants. For good and valuable consideration, including without limitation the grant of Equity Awards and the severance benefits provided for in Section 6 above, the sufficiency of which Executive hereby acknowledges, Executive agrees to the following:

(a) Non-Competition, Non-Solicitation. From and after the Effective Date and through and including the date that is one year after the Date of Termination, Executive shall not do any of the following, directly or indirectly, without the prior written consent of the Board:

(1) directly or indirectly (whether as owner, stockholder, director, officer, employee, principal, agent, consultant, independent contractor, partner or otherwise), in North America or any other geographic area in which the Company or any subsidiary of the Company is then conducting business, own, manage, operate, control, participate in, perform services for, or otherwise carry on, a business similar to or competitive with a business conducted by the Company or any subsidiary of the Company (a "Competitive Enterprise"), provided that the foregoing shall not prohibit (x) Executive's passive ownership of less than 1% of any class of voting securities of a publicly held company which would otherwise be prohibited under this Section 7(a)(1) or (y) Executive's providing services to either (A) a separate division or operating unit of a multi-divisional Competitive Enterprise if such division or operating unit is not competitive with the business conducted by the Company or any subsidiary of the Company or (B) a Competitive Enterprise where the revenues derived from the divisions or operating units that, if standing alone, would be a Competitive Enterprise (I) account in the aggregate for less than 20% of the aggregate consolidated revenue of the entire Competitive Enterprise (or, if applicable, the portion of the Competitive Enterprise for which Executive is

responsible (including, for the avoidance of doubt, subsidiary entities)) and (II) on a business unit by business unit basis are 35% or less than the revenue of the corresponding business unit of the Company (except that, for purpose of the clause (II), any Company business unit that accounts for 10% or less of the aggregate consolidated revenue of the Company shall be disregarded), in the case of each of (I) and (II) for the fiscal year prior to Executive's commencement of employment therewith; or

(2) other than in the good faith performance of Executive's duties to the Company, directly or indirectly attempt to induce any employee of the Company or any subsidiary or parent of the Company to terminate his or her employment with the Company or any subsidiary or parent of the Company for any purpose whatsoever, or attempt directly or indirectly, in connection with any business to which Section 7(a)(1) applies, to solicit the trade or business of any current or prospective customer, supplier or partner of the Company or any subsidiary or parent of the Company; *provided*, that this Section 7(a)(2) shall not be violated by (i) general advertising or solicitation not specifically targeted at the Company related persons or entities or (ii) Executive serving as a reference, upon request.

(b) Confidentiality; Work Product. Executive agrees that, during Executive's employment with the Company and its subsidiaries and thereafter, other than in the good faith performance of his duties to the Company and its subsidiaries, Executive will not disclose confidential or proprietary information, or trade secrets, related to any business of the Company or its subsidiaries, including without limitation, and whether or not such information is specifically designated as confidential or proprietary: all business plans and marketing strategies; information concerning existing and prospective markets, suppliers and customers; financial information; information concerning the development of new products and services; and technical and non-technical data related to software programs, design, specifications, compilations, inventions, improvements, patent applications, studies, research, methods, devices, prototypes, processes, procedures and techniques. Notwithstanding the foregoing, Executive may disclose confidential information to the extent required by law, regulation or order of a regulatory body, in each case so long as Executive gives the Company written notice of the disclosure as soon as practicable under the circumstances to enable the Company to seek a protective order, confidential treatment or other appropriate relief (except that notice to the Company need not be given during any period that such disclosure is prohibited by applicable law). Executive's obligations under this Section are indefinite in term. Executive hereby assigns, transfers and releases, without royalty or any other consideration except as expressly set forth herein, all worldwide right, title and interest Executive may have or acquire (including copyright and "moral rights") in and to all work product, inventions, discoveries, know-how, processes, data and other items ("Materials") resulting from Executive's services under this Agreement. To the extent any Materials are not assignable, Executive waives, disclaims and agrees that Executive will not enforce against the Company any rights Executive may have to such Materials.

(c) Non-Disparagement. At all times during the Term and for one (1) year thereafter, Executive agrees that Executive will refrain from making public statements, written or oral, which criticize, disparage or defame the business, goodwill or reputation of the Company (including its products and services), its directors, officers, executives, subsidiaries, parent entities, and/or employees or making statements which could adversely affect the morale of other employees. At all times during the Term and for one (1) year thereafter, the Company agrees that its active members of the Board and active named executive officers (each as in effect from time to time) will refrain from making public statements, written or oral, which criticize, disparage or defame Executive. Nothing in this Agreement, however, shall be construed to prevent Executive

or the Company (including any of its representatives) from providing truthful testimony or information in response to any valid subpoena, court order, the request of any government agency or as otherwise required by law (including in connection with any whistleblower laws), from rebutting false or misleading statements about the party by others or making normal competitive-type statements not in violation of Section 7(a) above. There shall be no third-party beneficiaries of this Section 7(c), other than applicable subsidiaries of the Company.

(d) Cooperation. During and after Executive's employment, Executive shall reasonably cooperate with the Company with respect to any matter (including without limitation any investigation, governmental proceeding and litigation, including the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company or its affiliates) that relates to events or occurrences that transpired while Executive was employed by the Company. Executive's reasonable cooperation in connection with such claims or actions shall include, but not be limited to, being reasonably available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Executive's employment, Executive also shall reasonably cooperate with the Company or its affiliates in connection with any investigation or review of any Federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company. The Company shall reimburse Executive for any reasonable out-of-pocket expenses incurred in connection with Executive's performance of obligations pursuant to this Section 7(d).

8. Reimbursement of Executive Expenses. The Company shall reimburse Executive for reasonable legal fees incurred related to this Agreement, not to exceed \$20,000 in the aggregate. Such reimbursement shall be made within thirty (30) days after Executive provides an invoice for such services to the Company (which invoice shall be provided within sixty (60) days following the Effective Date), but in any event no later than March 31 of the year following the year in which the fees are incurred.

9. Indemnification. Effective as of the Effective Date, the Company and Executive shall enter into an indemnification agreement in the form attached as Exhibit C. During the Term and thereafter, the Company shall indemnify Executive with respect to his services to the Company and its subsidiaries as an officer and director, including as a fiduciary of Company benefit plans, at levels not less than as provided in the Bylaws of the Company in effect on the Effective Date. In addition, (i) Executive shall both during the Term and thereafter be covered by directors and officers liability insurance to the same extent that such coverage is then maintained for officers or directors of the Company in active service, and (ii) any "tail" policy providing directors and officers liability coverage that covers a period of service in which Executive is or was in active service with the Company and/or any of its subsidiaries shall cover such service.

10. Successors and Assigns. This Agreement shall inure to the benefit of and be enforceable by the Company and its successors and assigns, and upon any such assignment, all references to the "Company" shall be deemed to refer to such successor or assignee, and by Executive and Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. Notwithstanding the foregoing, any assignment of this Agreement by the Company, shall be subject to Executive's consent. This Agreement shall not be terminated by any merger or consolidation of the Company whereby the Company is or is not the surviving or resulting corporation or as a result of any transfer of all or substantially all of the assets of the Company. In the event of any such merger, consolidation or transfer of assets, the provisions of this Agreement shall be binding upon the surviving or resulting corporation or the person or entity to which such assets are transferred.

11. Notice. All notices and other communications required or permitted under this Agreement (including the notice required by the definition of Good Reason as set forth in Exhibit A) shall be in writing, shall be given by personal delivery, overnight delivery by an established courier service, or by certified mail, return receipt required, and shall be deemed to have been duly given when delivered, addressed (a) if to Executive, at his address in the records of the Company, and if to the Company, to Frontdoor, Inc., 150 Peabody Place, Memphis, Tennessee 38103, attention General Counsel or (b) to such other address as either party may have furnished to the other in writing in accordance herewith.

12. Entire Agreement; Amendments. Except as otherwise specified herein, this Agreement and the Exhibits constitute the entire agreement and understanding between the parties with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or between the parties, written or oral, which may have related in any manner to the subject matter hereof.

13. Modification or Waiver. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by Executive and a member of the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by Executive or the Company to insist upon strict compliance with any provision of this Agreement or to assert any right which Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

14. Governing Law; Validity. The interpretation, construction and performance of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware without regard to the principle of conflicts of laws. The invalidity or enforceability of any provision of this Agreement shall not affect the validity or enforceability of any of the other provisions of this Agreement, which other provisions shall remain in full force and effect.

15. Withholding. Any payments provided for herein shall be reduced by any amounts required to be withheld by the Company from time to time under applicable Federal, state or local income or employment tax laws or similar statutes or other provisions of law then in effect.

16. Payments by Subsidiaries. Executive acknowledges that one or more payments hereunder may be paid by one or more of the Company's subsidiaries, and Executive agrees that any such payment made by such subsidiary shall satisfy the obligations of the Company hereunder with respect to (but only to the extent of) such payment.

17. Section 409A; Section 280G.

(a) To the extent that any reimbursement, fringe benefit, or other similar plan or arrangement in which Executive participates during the term of Executive's employment under this Agreement or thereafter provides for a "deferral of compensation" within the meaning of Section 409A of the Code, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount eligible for reimbursement or payment under such plan or arrangement in one calendar year may not affect the amount eligible for reimbursement or payment in any other calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid); (iii) subject to any shorter time periods provided in any expense reimbursement policy of the Company, any reimbursement or payment of an expense under such plan or arrangement must be made on or before the last day of the calendar year following the calendar year in which the

expense was incurred; and (iv) the reimbursements shall be made pursuant to objectively determinable and nondiscretionary Company policies and procedures regarding such reimbursement of expenses. In addition, with respect to any payments or benefits subject to Section 409A, reference to Executive's "Date of Termination" (and corollary terms) with the Company shall be construed to refer to Executive's "separation from service" (as determined under Treas. Reg. Section 1.409A-1(h), as uniformly applied by the Company) with the Company. Whenever a provision under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company. Executive's right to receive any installment payments hereunder shall, for purposes of Section 409A, be treated as a right to receive a series of separate and distinct payments. Any tax gross-up payment provided for under this Agreement shall in no event be paid to Executive later than the December 31 of the calendar year following the calendar year in which such taxes are remitted by Executive.

(b) To the extent that any of the payments and benefits provided for under this Agreement together with any payments or benefits under any other agreement or arrangement between the Company and Executive (collectively, the "Payments") would constitute a "parachute payment" within the meaning of Section 280G of the Code, the amount of such Payments shall be reduced to the amount that would result in no portion of the Payments being subject to the excise tax imposed pursuant to Section 4999 of the Code if and only if such reduction would provide Executive with an after-tax amount greater than if there was no reduction. Any reduction shall be done in a manner that maximizes the amount to be retained by Executive, provided that to the extent any order is required to be set forth herein, then such reduction shall be applied in the following order: (i) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (ii) payments due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced next (if necessary, to zero), with amounts that are payable or deliverable last reduced first; (iii) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); (iv) payments due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (v) all other non-cash benefits not otherwise described in clauses (ii) or (iv) of this Section 7(b) will be next reduced pro rata.

18. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first written above.

FRONTDOOR, INC.

By:

/s/ Jeffrey A. Fiarman

Name: Jeffrey A. Fiarman

Title: SVP, General Counsel and Secretary

EXECUTIVE

By: /s/ William C. Cobb

Name: William C. Cobb

Signature Page to Employment Agreement

Exhibit A

As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) “Cause” means:

(1) a material breach by Executive of his duties and responsibilities (other than as a result of incapacity due to physical or mental illness) which is (x) demonstrably willful and deliberate on Executive’s part, (y) committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and (z) not remedied within thirty (30) days after receipt of written notice from the Company specifying such breach; or

(2) Executive’s indictment for, conviction of or pleading guilty or nolo contendere to a felony or misdemeanor involving any act of fraud, embezzlement, or dishonesty, or any other intentional misconduct by Executive that adversely and significantly affects the business affairs or reputation of the Company or an affiliated company; or

(3) any failure by Executive to reasonably cooperate with any investigation or inquiry into Executive’s business practices, whether internal or external, including, but not limited to Executive’s refusal to be deposed or to provide testimony at any trial or inquiry.

Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless he has: (i) had ten (10) days’ written notice setting forth the reasons for the Company’s intention to terminate for Cause; (ii) had an opportunity to be heard before the Board; and (iii) received a notice of termination from the Board stating that in the opinion of a majority of the full Board (excluding Executive) that Executive is responsible for conduct of a type set forth above and specifying in reasonable detail the particulars thereof.

(b) “Change in Control” shall have the meaning set forth in the Stock Incentive Plan; *provided* that in the event such definition shall be modified or revised in the Stock Incentive Plan, then the definition of Change in Control for purposes of this Agreement shall be so modified or revised.

(c) “Disability” for purposes of this Agreement, shall be defined as the inability of Executive to have performed Executive’s material duties hereunder due to a physical or mental injury, infirmity or incapacity for one hundred eighty (180) days (including weekends and holidays) in any 365- day period.

(d) “Good Reason” means, without Executive’s written consent, the occurrence of any of the following events:

(1) any of (i) the reduction in any material respect in Executive’s position(s), authorities or responsibilities as a chief executive officer of a publicly traded company, or (ii) Executive no longer reporting directly to the board of directors of a publicly- traded company;

(2) a material reduction in Executive’s Base Salary or Target Bonus, each as in effect on the Effective Date or as the same may be increased from time to time thereafter; except for any reduction by not more than ten (10) percent from Executive’s highest Base Salary or Target Bonus, to the extent a ten (10) percent reduction is applied equally to all named executive officers of the Company;

(3) a material change in the location of Executive’s location of work that will be at least more than fifty (50) miles from the Company’s corporate offices as of the Effective Date; or

(4)
any action or inaction by the Company that constitutes a material breach of the terms of this Agreement.

If Executive determines that Good Reason exists, Executive must notify the Company in writing, within ninety (90) days following the initial existence of such grounds that Executive determines constitutes Good Reason, or such event shall not constitute Good Reason under the terms of Executive's employment. If the Company remedies such event within thirty (30) days following receipt of such notice, Executive may not terminate employment for Good Reason as a result of such event (the "Cure Period"). In the event the Company does not timely remedy such event, Executive must terminate his employment ninety (90) days following the end of the Cure Period.

(e) "Stock Incentive Plan" shall mean that certain Frontdoor, Inc. 2018 Omnibus Incentive Plan (and any successor plan).

Exhibit B

Release Provisions

Release and Waiver of Claims. In consideration of the payments and benefits to which you are entitled under the Employment Agreement, dated as of May 19, 2022, to which you and Frontdoor, Inc. (the “Company”) are parties (the “Employment Agreement”), you hereby waive and release and forever discharge the Company and its parent and former parent entities, subsidiaries, divisions, limited partnerships, affiliated corporations, successors and assigns and their respective past and present directors, managers, officers, stockholders, partners, agents, employees, insurers, attorneys, and servants each in his, her or its capacity as such, and each of them, separately and collectively (collectively, “Releasees”), from any and all existing claims, charges, complaints, liens, demands, causes of action, obligations, damages and liabilities, known or unknown, suspected or unsuspected, whether or not mature or ripe, that you ever had and now have against any Releasee including, but not limited to, claims and causes of action arising out of or in any way related to your employment with or separation from the Company, to any services performed for the Company, to any status, term or condition in such employment, or to any physical or mental harm or distress from such employment or non-employment or claim to any hire, rehire or future employment of any kind by the Company, all to the extent allowed by applicable law. This release of claims includes, but is not limited to, claims based on express or implied contract, compensation plans, covenants of good faith and fair dealing, wrongful discharge, claims for discrimination, harassment and retaliation, violation of public policy, tort or common law, whistleblower or retaliation claims; and claims for additional compensation or damages or attorneys’ fees or claims under federal, state, and local laws, regulations and ordinances, including but not limited to Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Age

Discrimination in Employment Act, the Worker Adjustment and Retraining Notification Act (“WARN”), or equivalent state WARN act, the Employee Retirement Income Security Act, and the Sarbanes-Oxley Act of 2002. You understand that this release of claims includes a release of all known and unknown claims through the date on which this release of claims becomes irrevocable (the “Effective Date”).

However, nothing in this Agreement prevents you from making any reports to or receiving any awards from the SEC or OSHA based upon the your reporting of violations of laws or regulations containing whistleblower provisions.

Limitation of Release: Notwithstanding the foregoing, this release of claims will not prohibit you from filing a charge of discrimination with the National Labor Relations Board, the Equal Employment Opportunity Commission or an equivalent state civil rights agency, but you agree and understand that you are waiving your right to monetary compensation thereby if any such agency elects to pursue a claim on your behalf. Further, nothing in this release of claims shall be construed to waive any right that is not subject to waiver by private agreement under federal, state or local employment or other laws, such as claims for workers’ compensation or unemployment benefits or any claims that may arise after the Effective Date. In addition, nothing in this release of claims will be construed to affect any of the following claims, all rights in respect of which are reserved:

- (a) Any payment or benefit set forth in this Employment Agreement;
- (b) Reimbursement of unreimbursed business expenses properly incurred prior to the termination date in accordance with Company policy;
- (c) Claims under the Equity Awards Agreements (as defined in the Employment Agreement) in respect of vested Equity Awards (as defined in the Employment Agreement) then held by you and claims in respect of Common Stock solely in your capacity as a holder of Common Stock;
- (d) Vested benefits under the general Company employee benefit plans (other than severance pay or termination benefits, all rights to which are hereby waived and released);

(e) Any claim for unemployment compensation or workers' compensation administered by a state government to which you are presently or may become entitled;

(f) Any claim that the Company has breached this release of claims; and

(g) Indemnification as a current or former director or officer of the Company or any of its subsidiaries (including as a fiduciary of any employee benefit plan), or inclusion as a beneficiary of any insurance policy related to your service in such capacity.

Without limiting the foregoing, nothing in the release herein shall prohibit or impede you from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity") with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; *provided*, that in each case such communications and disclosures are consistent with applicable law. You understand and acknowledge that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (1) in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. You understand and acknowledge further that 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 attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order. Except as otherwise provided in this paragraph or under applicable law, under no circumstance are you authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product, or the Company's trade secrets, without the prior written consent of the Company's General Counsel or other officer designated by the Company. You do not need the prior authorization of (or to give notice to) the Company or any of its affiliates regarding any communication, disclosure, or activity permitted by this paragraph.

Covenants Not to Sue. To the extent that any claims covered by the scope of the release herein is not subject to waiver by applicable law (including, without limitation, any claims arising under or related to FMLA, FLSA, and any other local, state or federal statute governing employment and/or the payment of wages and benefits), you hereby covenant and agree not to sue or otherwise seek any remedy or other form of relief against any of the Releasees relating to such claims.

Representations. You represent that you have been provided all benefits due under the Family and Medical Leave Act and that you have received all wages due, including overtime pay, premium pay, vacation pay, bonus pay, commissions, or other compensation, and that you have received all appropriate meals and rest breaks to which you were entitled, in compliance with the Fair Labor Standards Act and applicable state and local law, that you have no known workplace injuries or occupational diseases, and that you have not made any report of or opposed any fraud or other wrong doing at the Company and that you have not been retaliated against for reporting or opposing any alleged fraud or other wrongdoing at the Company.

Return of Company Property. Not later than the Effective Date, you agree to return, or hereby represent that you have returned as of such date (if you have not signed this Agreement by such date), to the Company all Company property, equipment and materials, including, but not limited to, any company vehicle, any laptop computer and peripherals; any cell phone or other portable computing device; any telephone calling cards; keys; Company identification card; any credit or fuel cards; and all tangible written or graphic materials (and all copies) relating in any way to the Company or its business, including, without limitations, documents, manuals, customer lists and reports, as well as all data contained on computer files, "thumb" drives, "cloud" services, or other data storage device, or home or

personal computers and/or e-mail or internet accounts. Provided, however, Executive may retain his address book to the extent it only contains contact information and the Company shall cooperate with Executive on the transfer of his cell phone number to Executive.

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Exhibit C

Indemnification Agreement

Indemnification Agreement, dated as of May 19, 2022, between Frontdoor, Inc., a Delaware corporation (the “Company”), and William C. Cobb (“Indemnatee”).

WHEREAS, qualified persons are reluctant to serve corporations as directors unless they are provided with appropriate indemnification and insurance against claims arising out of their service to and activities on behalf of the corporations; and

WHEREAS, the Company has determined that attracting and retaining such persons is in the best interests of the Company’s stockholders and that it is reasonable, prudent and necessary for the Company to indemnify such persons to the fullest extent permitted by applicable law and to provide reasonable assurance regarding insurance;

NOW, THEREFORE, the Company and Indemnatee hereby agree as follows:

1. Defined Terms: Construction.

(a) Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

“Affiliate” means, with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with such first person. For these purposes, “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person by reason of ownership of voting securities, by contract or otherwise.

“Change in Control” means, and shall be deemed to have occurred if, on or after the date of this Agreement, (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries acting in such capacity, or (B) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the “beneficial owner” (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing more than 50% of the total voting power represented by the Company’s then outstanding Voting Securities, (ii) during any period of two consecutive years commencing from and after the date hereof, individuals who at the beginning of such period constitute the board of directors of the Company and any new director whose election by the board of directors of the Company or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 50% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related

transactions) all or substantially all of its assets, or (v) the Company shall file or have filed against it, and such filing shall not be dismissed, any bankruptcy, insolvency or dissolution proceedings, or a trustee, administrator or creditors committee shall be appointed to manage or supervise the affairs of the Company.

“Corporate Status” means the status of a person who is or was a director (or a member of any committee of a board of directors), officer, employee or agent (including without limitation a manager of a limited liability company) of the Company or any of its Subsidiaries, or of any predecessor thereof, or is or was serving at the request of the Company as a director (or a member of any committee of a board of directors), officer, employee or agent (including without limitation a manager of a limited liability company) of another entity, or of any predecessor thereof, including service with respect to an employee benefit plan.

“Determination” means a determination that either (x) there is a reasonable basis for the conclusion that indemnification of Indemnitee is proper in the circumstances because Indemnitee met a particular standard of conduct (a “Favorable Determination”) or (y) there is no reasonable basis for the conclusion that indemnification of Indemnitee is proper in the circumstances because Indemnitee met a particular standard of conduct (an “Adverse Determination”). An Adverse Determination shall include the decision that a Determination was required in connection with indemnification and the decision as to the applicable standard of conduct.

“DGCL” means the General Corporation Law of the State of Delaware, as amended from time to time.

“Expenses” means all attorneys’ fees and expenses, retainers, court, arbitration and mediation costs, transcript costs, fees and expenses of experts, witnesses and public relations consultants, bonds, costs of collecting and producing documents, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, appealing or otherwise participating in a Proceeding.

“Independent Legal Counsel” means an attorney or firm of attorneys competent to render an opinion under the applicable law, selected in accordance with the provisions of Section 6(e), who has not performed any services (other than services similar to those contemplated to be performed by Independent Legal Counsel under this Agreement) for the Company or any of its Subsidiaries or for Indemnitee within the last three years.

“Proceeding” means a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including without limitation a claim, demand, discovery request, formal or informal investigation, inquiry, administrative hearing, arbitration or other form of alternative dispute resolution, including an appeal from any of the foregoing.

“Subsidiary” means any corporation, limited liability company, partnership or other entity, a majority of whose outstanding voting securities is owned, directly or indirectly, by the Company.

“Voting Securities” means any securities of the Company that vote generally in the election of directors.

(b) Construction. For purposes of this Agreement,

(1) References to the Company and any of its Subsidiaries shall include any corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise that before or after the date of this Agreement is party to a merger or consolidation with the Company or any such Subsidiary or that is a successor to the Company as contemplated by Section 9(e) (whether or not such successor has executed and delivered the written agreement contemplated by Section 9(e)).

(2) References to “fines” shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan.

(3) References to a “witness” in connection with a Proceeding shall include any interviewee or person called upon to produce documents in connection with such Proceeding.

2. Agreement to Serve.

Indemnitee agrees to serve as a director of the Company or one or more of its Subsidiaries and in such other capacities as Indemnitee may serve at the request of the Company from time to time, and by its execution of this Agreement the Company confirms its request that Indemnitee serve as a director and in such other capacities. Indemnitee shall be entitled to resign or otherwise terminate such service with immediate effect at any time, and neither such resignation or termination nor the length of such service shall affect Indemnitee’s rights under this Agreement. This Agreement shall not constitute an employment agreement, supersede any employment agreement to which Indemnitee is a party or create any right of Indemnitee to continued employment or appointment.

3. Indemnification.

(a) General Indemnification. The Company shall indemnify Indemnitee, to the fullest extent permitted by applicable law in effect on the date hereof or as amended to increase the scope of permitted indemnification, against Expenses, losses, liabilities, judgments, fines, penalties and amounts paid in settlement (including all interest, taxes, assessments and other charges in connection therewith) incurred by Indemnitee or on Indemnitee’s behalf in connection with any Proceeding in any way connected with, resulting from or relating to Indemnitee’s Corporate Status.

(b) Additional Indemnification Regarding Expenses. Without limiting the foregoing, in the event any Proceeding is initiated by Indemnitee, the Company, any of its Subsidiaries or any other person to enforce or interpret this Agreement or any rights of Indemnitee to indemnification or advancement of Expenses (or related obligations of Indemnitee) under the Company’s or any such Subsidiary’s certificate of incorporation, bylaws or other organizational agreement or instrument, any other agreement to which Indemnitee and the Company or any of its Subsidiaries are party, any vote of stockholders or directors of the Company or any of its Subsidiaries, the DGCL, any other applicable law or any liability insurance policy, the Company shall indemnify Indemnitee against Expenses incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding in proportion to the success achieved by Indemnitee in such Proceeding, as determined by the court presiding over such Proceeding.

(c) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any Expenses, losses, liabilities,

judgments, fines, penalties and amounts paid in settlement incurred by Indemnitee, but not for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for such portion.

(d) Nonexclusivity. The indemnification and advancement rights provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may now or in the future be entitled under the certificate of incorporation, bylaws or other organizational agreement or instrument of the Company or any of its Subsidiaries, any other agreement, any vote of stockholders or directors, the DGCL, any other applicable law or any liability insurance policy; provided that to the extent that Indemnitee is entitled to be indemnified by the Company under this Agreement and by any stockholder of the Company or any Affiliate of any such stockholder (other than the Company) under any other agreement or instrument, or by any insurer under a policy maintained by any such stockholder or affiliate, (i) the obligations of the Company hereunder shall be primary, and the obligations of such stockholder, affiliate or insurer secondary, and (ii) Indemnitee shall proceed first against the Company and any insurer under any policy maintained by the Company, second, if indemnification is not provided by the Company or any such insurer on a timely basis, against any insurer under a policy maintained by any such stockholder or affiliate, and third, if indemnification is not provided by the Company or any such insurer on a timely basis, against any such stockholder or affiliate. Any such stockholder or Affiliate shall be entitled to enforce the Company's obligation to provide indemnification in accordance with the priorities set forth in this Section 3(d) directly against the Company, and each such stockholder or Affiliate shall constitute an express intended third party beneficiary under this Agreement for such purpose. In the event that any such stockholder or Affiliate makes indemnification payments or advances to Indemnitee in respect of any Expenses, losses, liabilities, judgments, fines, penalties or amounts paid in settlement for which the Company would also be obligated pursuant to this Agreement, the Company shall reimburse such stockholder or Affiliate in full on demand.

(e) Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated under the Agreement to indemnify Indemnitee:

(1) For Expenses incurred in connection with Proceedings initiated or brought voluntarily by the Indemnitee and not by way of defense, counterclaim or crossclaim, except (x) as contemplated by Section 3(b), (y) in specific cases if the board of directors of the Company has approved the initiation or bringing of such Proceeding, and (z) as may be required by law.

(2) For an accounting of profits arising from the purchase and sale by the Indemnitee of securities within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

(f) Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute such documents and do such acts as the Company may reasonably request to secure such rights and to enable the Company effectively to bring suit to enforce such rights; provided that the Company shall not be entitled to contribution or indemnification from or subrogation against any stockholder of the Company, any affiliate of any such stockholder or any insurer under a policy maintained by any such stockholder or affiliate.

4. Contribution.

(a) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(b) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement), in connection with any Proceeding, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

5. Advancement of Expenses.

The Company shall pay all Expenses incurred by Indemnitee in connection with any Proceeding in any way connected with, resulting from or relating to Indemnitee's Corporate Status, other than a Proceeding initiated by Indemnitee for which the Company would not be obligated to indemnify Indemnitee pursuant to Section 3(e)(i), in advance of the final disposition of such Proceeding and without regard to whether Indemnitee will ultimately be entitled to be indemnified for such Expenses and without regard to whether an Adverse Determination has been made, except as contemplated by the last sentence of Section 6(f). Indemnitee shall repay such amounts advanced only if and to the extent that it shall ultimately be determined by a court of competent jurisdiction in a final and non-appealable decision that Indemnitee is not entitled to be indemnified by the Company for such Expenses. Such repayment obligation shall be unsecured and shall not bear interest. The Company shall not impose on Indemnitee additional conditions to advancement or require from Indemnitee additional undertakings regarding repayment. The Company agrees that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable shall be presumed conclusively to be reasonable.

6. Indemnification Procedure.

(a) Notice of Proceeding; Cooperation. Indemnitee shall give the Company notice in writing as soon as practicable of any Proceeding for which indemnification will or could be sought under this Agreement, provided that any failure or delay in giving such notice shall not relieve the Company of its obligations under this Agreement unless and to the extent that the Company is materially prejudiced by such failure.

(b) Settlement. The Company will not, without the prior written consent of Indemnitee, which may be provided or withheld in Indemnitee's sole discretion, effect any settlement of any Proceeding against Indemnitee or which could have been brought against Indemnitee unless such settlement solely involves the payment of money by persons other than Indemnitee and includes an unconditional release of Indemnitee from all liability on any matters that are the subject of such Proceeding and an acknowledgment that Indemnitee denies all wrongdoing in connection with such matters. The Company shall not be obligated to indemnify Indemnitee against amounts paid in settlement of a Proceeding against Indemnitee if such

settlement is effected by Indemnatee without the Company's prior written consent, which shall not be unreasonably withheld.

(c) Request for Payment; Timing of Payment. To obtain indemnification payments or advances under this Agreement, Indemnatee shall submit to the Company a written request therefor, together with such invoices or other supporting information as may be reasonably requested by the Company and reasonably available to Indemnatee. The Company shall make indemnification payments to Indemnatee no later than 30 days, and advances to Indemnatee no later than 10 days, after receipt of the written request (and such invoices or other supporting information) of Indemnatee.

(d) Determination. The Company intends that Indemnatee shall be indemnified to the fullest extent permitted by law as provided in Section 3 and that no Determination shall be required in connection with such indemnification. In no event shall a Determination be required in connection with advancement of Expenses pursuant to Section 5 or in connection with indemnification for Expenses incurred as a witness or incurred in connection with any Proceeding or portion thereof with respect to which Indemnatee has been successful on the merits or otherwise (including, without limitation, settlement of Proceeding with or without payment of money or other consideration or the termination of any issue or matter in such Proceeding by dismissal, with or without prejudice). Any decision that a Determination is required by law in connection with any other indemnification of Indemnatee, and any such Determination, shall be made within 30 days after receipt of Indemnatee's written request for indemnification, as follows:

(1) If no Change in Control has occurred, (w) by a majority vote of the directors of the Company who are not parties to such Proceeding, even though less than a quorum, with the advice of Independent Legal Counsel, or (x) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, with the advice of Independent Legal Counsel, or (y) if there are no such directors, or if such directors so direct, by Independent Legal Counsel in a written opinion to the Company and Indemnatee, or (z) by the stockholders of the Company.

(2) If a Change in Control has occurred, by Independent Legal Counsel in a written opinion to the Company and Indemnatee.

(3)
The Company shall pay all Expenses incurred by Indemnatee in connection with a Determination.

(e) Independent Legal Counsel. If there has not been a Change in Control, Independent Legal Counsel shall be selected by the board of directors of the Company and approved by Indemnatee (which approval shall not be unreasonably withheld or delayed). If there has been a Change in Control, Independent Legal Counsel shall be selected by Indemnatee and approved by the Company (which approval shall not be unreasonably withheld or delayed). The Company shall pay the fees and expenses of Independent Legal Counsel and indemnify Independent Legal Counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to its engagement.

(f) Consequences of Determination; Remedies of Indemnatee. The Company shall be bound by and shall have no right to challenge a Favorable Determination. If an Adverse Determination is made, or if for any other reason the Company does not make timely indemnification payments or advances of Expenses, Indemnatee shall have the right to commence a Proceeding before a court of competent jurisdiction to challenge such Adverse Determination

and/or to require the Company to make such payments or advances. Indemnatee shall be entitled to be indemnified for all Expenses incurred in connection with such a Proceeding in accordance with Section 3(b) and to have such Expenses advanced by the Company in accordance with Section 5. If Indemnatee fails to timely challenge an Adverse Determination, or if Indemnatee challenges an Adverse Determination and such Adverse Determination has been upheld by a court of competent jurisdiction in a final and non-appealable decision, then, to the extent and only to the extent required by such Adverse Determination or final decision, the Company shall not be obligated to indemnify or advance Expenses to Indemnatee under this Agreement.

(g) Presumptions; Burden of Proof. In connection with any Determination, or any review of any Determination, by any person, including a court:

(1) It shall be a presumption that a Determination is not required.

(2) It shall be a presumption that Indemnatee has met the applicable standard of conduct and that indemnification of Indemnatee is proper in the circumstances.

(3) The burden of proof shall be on the Company to overcome the presumptions set forth in the preceding clauses (i) and (ii), and each such presumption shall only be overcome if the Company establishes that there is no reasonable basis to support it.

(4) The termination of any Proceeding by judgment, order, finding, settlement (whether with or without court approval) or conviction, or upon a plea of *nolo contendere*, or its equivalent, shall not create a presumption that indemnification is not proper or that Indemnatee did not meet the applicable standard of conduct or that a court has determined that indemnification is not permitted by this Agreement or otherwise.

(5) Neither the failure of any person or persons to have made a Determination nor an Adverse Determination by any person or persons shall be a defense to Indemnatee's claim or create a presumption that Indemnatee did not meet the applicable standard of conduct, and any Proceeding commenced by Indemnatee pursuant to Section 6(f) shall be *de novo* with respect to all determinations of fact and law.

7. Directors and Officers Liability Insurance.

(a) Maintenance of Insurance. So long as the Company or any of its Subsidiaries maintains liability insurance for any directors, officers, employees or agents of any such person, the Company shall ensure that Indemnatee is covered by such insurance in such a manner as to provide Indemnatee the same rights and benefits as are accorded to the most favorably insured of the Company's and its Subsidiaries' then current directors and officers. If at any date (i) such insurance ceases to cover acts and omissions occurring during all or any part of the period of Indemnatee's Corporate Status or (ii) neither the Company nor any of its Subsidiaries maintains any such insurance, the Company shall ensure that Indemnatee is covered, with respect to acts and omissions prior to such date, for at least six years (or such shorter period as is available on commercially reasonable terms) from such date, by other directors and officers liability insurance, in amounts and on terms (including the portion of the period of Indemnatee's Corporate Status covered) no less favorable to Indemnatee than the amounts and terms of the liability insurance maintained by the Company on the date hereof.

(b) Notice to Insurers. Upon receipt of notice of a Proceeding pursuant to Section 6(a), the Company shall give or cause to be given prompt notice of such Proceeding to all insurers providing liability insurance in accordance with the procedures set forth in all applicable or potentially applicable policies. The Company shall thereafter take all necessary action to cause such insurers to pay all amounts payable in accordance with the terms of such policies.

8. Exculpation, etc.

(a) Limitation of Liability. Indemnatee shall not be personally liable to the Company or any of its Subsidiaries or to the stockholders of the Company or any such Subsidiary for monetary damages for breach of fiduciary duty as a director of the Company or any such Subsidiary; provided, however, that the foregoing shall not eliminate or limit the liability of the Indemnatee (i) for any breach of the Indemnatee's duty of loyalty to the Company or such Subsidiary or the stockholders thereof; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (iii) under Section 174 of the DGCL or any similar provision of other applicable corporations law; or (iv) for any transaction from which the Indemnatee derived an improper personal benefit. If the DGCL or such other applicable law shall be amended to permit further elimination or limitation of the personal liability of directors, then the liability of the Indemnatee shall, automatically, without any further action, be eliminated or limited to the fullest extent permitted by the DGCL or such other applicable law as so amended.

(b) Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company or any of its Subsidiaries against Indemnatee or Indemnatee's estate, spouses, heirs, executors, personal or legal representatives, administrators or assigns after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period, provided that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

9. Miscellaneous.

(a) Non-Circumvention. The Company shall not seek or agree to any order of any court or other governmental authority that would prohibit or otherwise interfere, and shall not take or fail to take any other action if such action or failure would reasonably be expected to have the effect of prohibiting or otherwise interfering, with the performance of the Company's indemnification, advancement or other obligations under this Agreement.

(b) Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

(c) Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, (ii) on the first business day following the date of dispatch if delivered by a recognized next-day courier service or (iii) on the third business day following the date of mailing if delivered by domestic registered or certified mail, properly addressed, or on the fifth business day following the date of mailing if sent by airmail from a country outside of North America, to Indemnitee at the address shown on the signature page of this Agreement, to the Company at the address shown on the signature page of this Agreement, or in either case as subsequently modified by written notice.

(d) Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by all the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

(e) Successors and Assigns. This Agreement shall be binding upon the Company and its respective successors and assigns, including without limitation any acquiror of all or substantially all of the Company's assets or business and any survivor of any merger or consolidation to which the Company is party, and shall inure to the benefit of and be enforceable by Indemnitee and Indemnitee's estate, spouses, heirs, executors, personal or legal representatives, administrators and assigns. The Company shall require and cause any such successor, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement as if it were named as the Company herein. No such assumption and agreement shall relieve the Company of any of its obligations hereunder, and this Agreement shall not otherwise be assignable by the Company.

(f) Choice of Law; Consent to Jurisdiction. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware, without regard to the conflict of law principles thereof. The Company and Indemnitee each hereby irrevocably consents to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any

(g) Proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the state courts of the State of Delaware.

(h) Integration and Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto, provided that the provisions hereof shall not supersede the provisions of the Company's certificate of incorporation, bylaws or other organizational agreement or instrument, any other agreement, any vote of stockholders or directors, the DGCL or other applicable law, to the extent any such provisions shall be more favorable to Indemnitee than the provisions hereof.

(i) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first
above written.

FRONTDOOR, INC.

By:	Name:	Jeffrey
A. Fiarman		
Title:	SVP, General Counsel and	
	Secretary	

AGREED TO AND ACCEPTED:

INDEMNITEE:

By:

Name: William C. Cobb

C-1

**PERFORMANCE NON-QUALIFIED STOCK OPTION GRANT NOTICE
UNDER THE
FRONTDOOR, INC.
2018 OMNIBUS INCENTIVE PLAN**

Frontdoor, Inc., a Delaware corporation (the “Company”), pursuant to its 2018 Omnibus Incentive Plan (the “Plan”), hereby grants to the Associate set forth below the number of Performance Non-Qualified Stock Options (“Options”), set forth below. The Options are subject to all of the terms and conditions as set forth in this grant notice, in the Option Terms and Conditions (attached hereto) (the “Option T&Cs”), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein or in the Option T&Cs shall have the meaning set forth in the Plan.

Associate: #####PARTICIPANT_NAME###

Grant Date: #####GRANT_DATE###

Number of Options: #####TOTAL_AWARDS###

Option Price: #####OPTION_PRICE###

**Option Period
Expiration Date:** Ten (10) years from the Grant Date

Vesting: Provided that the Associate has not undergone a Termination of service at the time of each applicable vesting date (or event), except as otherwise provided in this Grant Notice, each “Performance Tranche” will vest upon the first date upon which both the “Performance Condition” applicable to such Performance Tranche and the “Service Condition” are achieved.

- Performance Condition. The “Performance Condition” shall be deemed satisfied with respect to a “Performance Tranche” if the Company’s Common Stock achieves the designated per share price target set forth below for such tranche based on the volume-weighted average price of the Company’s Common Stock over any 20 consecutive trading-day period beginning on the Grant Date and ending prior to June 1, 2026 (the “End Date”) as reflected on the NASDAQ or other such primary stock exchange with which the Common Stock is listed and traded (the “VWAP”). The three relevant “Performance Tranches” and their respective “Performance Conditions” are:

<u>Performance Tranche</u>	<u>Performance Condition</u>	<u>Number of Options</u>
\$35 Tranche	\$35.00 VWAP	# of Options per 1/3 grant value

\$40 Tranche	\$40.00 VWAP	# of Options per 1/3 grant value
\$45 Tranche	\$45.00 VWAP	# of Options per 1/3 grant value

- Service Condition: The “Service Condition” with respect to each Performance Tranche (i.e., 100% of the Options) will be deemed satisfied on the first anniversary of the Grant Date.

Any Options that have not vested on or prior to the End Date shall be forfeited as of the End Date without consideration.

Termination of service:

For purposes of these Options, “Termination of service” or any corollary or similar term or terms shall have the meaning set forth in the Plan [except (i) the Associate ceasing to be employed by the Company but continuing to serve as a Director shall not be a Termination of service unless and until the date upon which such Associate also ceases to be a member of the Board; and (ii) the Associate ceasing to be a member of the Board but continuing to be employed by the Company shall not be a Termination of service unless and until the date upon which such Associate also ceases to be employed by the Company].

* * *

FRONTDOOR, INC.

By: _____
Name:
Title:

THE UNDERSIGNED ASSOCIATE ACKNOWLEDGES RECEIPT OF THIS PERFORMANCE NON-QUALIFIED STOCK OPTION GRANT NOTICE, THE TERMS AND CONDITIONS AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF OPTIONS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS PERFORMANCE NON-QUALIFIED STOCK OPTION GRANT NOTICE, THE TERMS AND CONDITIONS AND THE PLAN.

ASSOCIATE

###PARTICIPANT_NAME###

**TERMS AND CONDITIONS
OF
PERFORMANCE NON-QUALIFIED STOCK OPTIONS
UNDER THE
FRONTDOOR, INC.
2018 OMNIBUS INCENTIVE PLAN**

Pursuant to the Performance Non-Qualified Stock Option Grant Notice (the “Grant Notice”) delivered to the Associate (as defined in the Grant Notice), and subject to the terms of these Performance Non-Qualified Stock Option Terms and Conditions (these “Option T&Cs”) and the Frontdoor, Inc. 2018 Omnibus Incentive Plan (the “Plan”), Frontdoor, Inc., a Delaware corporation (the “Company”), and the Associate agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan or the Grant Notice.

1. **Grant of Options.** Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Associate the number of Performance Non-Qualified Stock Options (the “Options”) provided in the Grant Notice (with each Option representing the right to purchase one Share), at an Option Price as provided in the Grant Notice. The Company may make one or more additional grants of Options to the Associate under these Option T&Cs by providing the Associate with a new Grant Notice, which may also include any terms and conditions differing from these Option T&Cs to the extent provided therein. The Company reserves all rights with respect to the granting of additional Options and makes no implied promise to grant additional Options.

2. **Vesting.** Subject to the conditions contained herein and in the Plan, the Options shall vest as provided in the Grant Notice.

3. **Treatment of Options Upon Termination.**

(a) Unless otherwise (x) determined by the Administrator or (y) set forth in the Grant Notice, upon Termination of service of the Associate:

(i) all vesting with respect to the Options shall cease (after taking into account any vesting of Options as set forth in the Grant Notice); and

(ii) the unvested Options shall be forfeited to the Company by the Associate as of the date of such Termination for no consideration; *provided, however*, that in the event that the Associate undergoes a Termination of service as a result of such Associate’s death or Disability, any Performance Tranche that has satisfied the Service Condition shall remain outstanding and eligible to vest if the applicable Performance Condition is achieved prior to the End Date (and the post-Termination exercise periods described in subsection (b) below shall apply as if Termination had occurred on the applicable vesting date instead).

(b) All vested Options held by the Associate following a Termination (other than for Cause) shall remain exercisable as follows:

(i) In the event of a Termination as a result of the Associate’s death or Disability or a retirement from active service on or after the Associate reaching normal retirement age, the vested Options shall remain exercisable until the earlier of (x) the first

anniversary of the Associate's Termination, (y) the tenth anniversary of the Grant Date and (z) the date on which the Options are cancelled pursuant to Section 5(a); and

(ii) In the event of a Termination for any other reason (other than for Cause), the vested Options shall remain exercisable until the earlier of (x) the three-month anniversary of the Associate's Termination, (y) the tenth anniversary of the Grant Date and (z) the date on which the Options are cancelled pursuant to Section 5(a).

(c) Notwithstanding the foregoing, in the event of an Associate's Termination for Cause, all Options (whether or not then vested or exercisable) shall be forfeited to the Company by the Associate as of the date of such Termination for no consideration.

4. **Manner of Exercise.** Subject to such reasonable administrative regulations as the Administrator may adopt from time to time, the exercise of vested Options by the Associate shall be pursuant to procedures set forth in Section 7.3 of the Plan or established by the Administrator from time to time and shall include the Associate specifying the proposed date on which the Associate desires to exercise a vested Option (the "Exercise Date"), the number of Shares with respect to which the Options are being exercised (the "Exercise Shares") and the aggregate Option Price for such Exercise Shares (the "Exercise Price") or such other or different requirements as may be imposed by the Company. Unless otherwise determined by the Administrator, (a) on or before the Exercise Date, the Associate shall deliver to the Company full payment for the Exercise Shares (i) in cash (through wire transfer only), (ii) by personal, certified, or bank cashier check, (iii) if available, through the use of the method set forth in Section 7.3(c)(iii) of the Plan, or (iv) with the consent of the Administrator, through the use of any of the methods described in Sections 7.3(c)(ii) or (iv) of the Plan, in an amount equal to (x) the Exercise Price plus (y) the minimum amount necessary to satisfy any and all Withholding Taxes arising in connection with the exercise of the Option, unless the Company or any Subsidiary employing the Associate has exercised its right under Section 15.11 of the Plan to withhold Shares issuable upon the exercise of the Option to satisfy such Withholding Taxes (notice of the amount which shall be provided by the Administrator as soon as practicable following receipt by the Administrator of the notice of exercise) and (b) upon receipt of such payment of the Exercise Price and the necessary amounts to satisfy Withholding Taxes, the Company shall register the issuance of the Exercise Shares on its records (or direct such issuance to be registered by the Company's transfer agent). The Company may require the Associate to furnish or execute such other documents as the Company shall reasonably deem necessary (i) to evidence such exercise or (ii) to comply with or satisfy the requirements of the Securities Act, applicable state or non-U.S. securities laws or any other law.

5. **Effect of a Change in Control.**

(a) Unless otherwise (x) determined by the Administrator or (y) set forth in the Grant Notice, no cancellation, acceleration of vesting or other payment shall occur with respect to any Option in connection with a Change in Control occurring prior to the fourth anniversary of the Grant Date, if the Administrator reasonably determines prior to the Change in Control that the Associate shall receive an "Alternative Award" meeting the requirements of the Plan; provided, however, that if within two years following a Change in Control, the Associate's employment is involuntarily (other than for Cause) terminated or the Associate resigns with Good Reason (as defined below), at a time when any portion of the Alternative Award is unvested, the unvested portion of such Alternative Award shall immediately vest in full and such Associate shall be provided with either cash or marketable stock equal to the fair market value of the stock subject to the Alternative Award on the

date of termination (and, in the case of Alternative Awards that are stock options or stock appreciation rights, in excess of the exercise price or base price that the Associate would be required to pay in respect of such Alternative Award).

(b) For purposes hereof, “Good Reason” means, without the Associate’s written consent, the occurrence of any of the following events:

(i) The reduction in any material respect in the Associate’s position(s), authorities or responsibilities that the Associate had with the Company immediately prior to the time of the Change in Control;

(ii) A material reduction in the Associate’s annual rate of base salary, annual target cash bonus opportunity or annual target long-term incentive opportunity, each in effect as of immediately prior to the date of the Change in Control; or

(iii) A material change in the location of the Associate’s location of work which will be at least more than 50 miles from the Associate’s place at work at the Company immediately prior to the date of the Change in Control.

If the Associate determines that Good Reason exists, the Associate must notify the Company in writing, within ninety (90) days following the initial existence of such grounds that the Associate determines constitutes Good Reason, or else such event shall not constitute Good Reason under the terms of the Associate’s employment. If the Company remedies such event within thirty (30) days following receipt of such notice, the Associate may not terminate employment for Good Reason as a result of such event (the “Cure Period”). In the event the Company does not timely remedy such event, the Associate must terminate his employment ninety (90) days following the end of the Cure Period.

6. **Restriction on Transfer; Non-Transferability of Options.** The Options are not assignable or transferable, in whole or in part, and they may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including, but not limited to, by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution to the estate of the Associate upon the Associate’s death or with the Company’s consent. Except as otherwise provided herein, no assignment or transfer of the Options, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such attempted assignment or transfer the Options shall terminate and become of no further effect.

7. **Tax Withholding.** Any applicable tax withholding requirements in connection with the Options shall be satisfied in accordance with Section 15.11 of the Plan.

8. **Restrictive Covenant Agreement.** The Associate acknowledges and agrees that as a condition of receipt of the grant of the Options the Associate shall execute and deliver to the Company a Noncompetition, Assignment of Work Product and Confidentiality Agreement (the “Restrictive Covenant Agreement”), in the form attached hereto as Exhibit A, the provisions of which are hereby incorporated by reference. The Associate acknowledges that the Associate has read and understands such covenants, including, specifically, the scope and duration thereof, and acknowledges and agrees that the terms of such Restrictive Covenant Agreement are in consideration for the Associate’s receipt of the grant of the Options under the Grant Notice, the Associate’s receipt of other

benefits provided in Grant Notice, these Option T&Cs, the Plan and elsewhere, and the Associate's access to Confidential Information (as defined in the Restrictive Covenant Agreement). The Restrictive Covenant Agreement is in addition to and does not supersede any other agreements between the Associate and the Company and its Subsidiaries prohibiting competition with the Company and its Subsidiaries. No provisions in the Plan shall narrow the restrictions of, or terminate, the Restrictive Covenant Agreement and in the event of any inconsistency between the Restrictive Covenant Agreement and the Plan, the Restrictive Covenant Agreement shall govern. Nothing in the Restrictive Covenant Agreement shall be construed to restrict the right of an attorney to practice law to the extent protected by statute, common law or applicable rules of professional conduct.

9. **Miscellaneous.**

(a) **Incorporation of Forfeiture Provisions.** The Associate acknowledges and agrees that, pursuant to the Plan, he or she shall be subject to the Company's Clawback Policy and any generally applicable disgorgement or forfeiture provisions set forth in Article XIII of the Plan as of the Grant Date or as required by applicable law after the Grant Date.

(b) **Dispute Resolution.** Any dispute or controversy between the Associate and the Company, whether arising out of or relating to these Option T&Cs, the breach of these Option T&Cs, or otherwise, shall be resolved in accordance with the Frontdoor *We Listen* Dispute Resolution Plan then in effect. Notwithstanding the foregoing, the Associate agrees that the Company may seek a temporary restraining order and/or preliminary injunction in any court of competent jurisdiction, without the posting of a bond, in order to preserve the status quo or to enforce the restrictive covenants contained on the Restrictive Covenant Agreement.

(c) **Authorization to Share Personal Data.** The Associate authorizes any Affiliate of the Company that employs the Associate or that otherwise has or lawfully obtains personal data relating to the Associate to divulge or transfer such personal data to the Company or to a third party, in each case in any jurisdiction, if and to the extent appropriate in connection with these Option T&Cs or the administration of the Plan.

(d) **No Rights as Stockholder; No Voting Rights.** The Associate shall have no rights as a stockholder of the Company with respect to any Options or Shares covered by the Options until the delivery of the Shares and no adjustment shall be made for dividends or distributions or other rights in respect of such Shares for which the record date is prior to the date upon which the Shares are delivered.

(e) **No Right to Continued Employment.** Nothing in these Option T&Cs shall be deemed to confer on the Associate any right to continue in the employ of the Company or any Subsidiary, or to interfere with or limit in any way the right of the Company or any Subsidiary to terminate such employment at any time.

(f) **Binding Effect; Benefits.** These Option T&Cs shall be binding upon and inure to the benefit of the parties to these Option T&Cs and their respective successors and assigns. Nothing in these Option T&Cs, express or implied, is intended or shall be construed to give any person other

than the parties to these Option T&Cs or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

(g) Waiver; Amendment.

(i) Waiver. Any party hereto or beneficiary hereof may by written notice to the other party (A) waive compliance with any of the conditions or covenants of the other party contained in these Option T&Cs and (B) waive or modify performance of any of the obligations of the other party under these Terms and Condition. Except as provided in the preceding sentence, no action taken pursuant to these Option T&Cs, including, without limitation, any investigation by or on behalf of any party or beneficiary, shall be deemed to constitute a waiver by the party or beneficiary taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any party hereto or beneficiary hereof of a breach of any provision of these Option T&Cs shall not operate or be construed as a waiver of any preceding or succeeding breach and no failure by a party or beneficiary to exercise any right or privilege hereunder shall be deemed a waiver of such party's or beneficiary's rights or privileges hereunder or shall be deemed a waiver of such party's or beneficiary's rights to exercise the same at any subsequent time or times hereunder.

(ii) Amendment. These Option T&Cs may not be amended, modified or supplemented orally, but only by a written instrument executed by the Associate and the Company.

(h) Assignability. Neither these Option T&Cs nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Associate without the prior written consent of the other party.

(i) Applicable Law and Forum. These Option T&Cs shall be governed by and construed in accordance with the law of the State of Delaware regardless of the application of rules of conflict of law that would apply the laws of any other jurisdiction. Subject to the dispute resolution provision contained herein, any judicial action to enforce, interpret or challenge these Option T&Cs shall be brought in the federal or state courts located in the State of Delaware, which shall be the exclusive forum for resolving such disputes. Both parties irrevocably consent to the personal jurisdiction of such courts for purposes of any such action.

(j) Waiver of Jury Trial. Each party hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding arising out of these Option T&Cs or any transaction contemplated hereby. Each party (i) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into the Agreement by, among other things, the mutual waivers and certifications in this section.

(k) Section and Other Headings, etc. The section and other headings contained in these Option T&Cs are for reference purposes only and shall not affect the meaning or interpretation of these Option T&Cs.

(l) Counterparts. These Option T&Cs may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute

one and the same instrument. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept these Option T&Cs electronically, such acceptance shall constitute the Associate's signature hereto.

(m) Plan. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan or the Grant Notice and the provisions of these Option T&Cs, the Plan or the Grant Notice, as applicable, shall govern and control.

* * *

FORM AGREEMENT
PERFORMANCE SHARE GRANT NOTICE
UNDER THE
FRONTDOOR, INC. 2018 OMNIBUS INCENTIVE PLAN

Frontdoor, Inc., a Delaware corporation (the “Company”), pursuant to its 2018 Omnibus Incentive Plan, as may be amended from time to time (the “Plan”), hereby grants to the Associate set forth below the number of Performance Shares set forth below. The Performance Shares are subject to all of the terms and conditions as set forth in this Performance Share Grant Notice (this “Grant Notice”), in the Performance Share T&Cs (attached hereto), and in the Plan, all of which are incorporated herein in their entirety.

Associate: #####PARTICIPANT_NAME###

Grant Date: #####GRANT_DATE###

Target Performance Shares: #####TOTAL_AWARDS###

Performance Cycle: January 1, ____ to December 31, ____

Performance Goal: Revenue

**Performance Goal Levels and
Earned Percentage:**

Provided that the Associate has not undergone a Termination of employment [service] (except as provided in Section 4(c)(ii) of the Performance Share T&Cs), the number of Performance Shares that will be eligible to vest hereunder (the “Earned Performance Shares”) will be an amount equal to the product of (i) the number of Target Performance Shares as set forth above and granted hereunder *multiplied by* (ii) the earned vesting percentage that corresponds to the performance level of the Performance Goal achieved during the Performance Cycle, as set forth in the table below (the “Earned Percentage”); provided, that, to the extent that the performance achieved is in between two Performance Goal levels, the Earned Percentage shall be determined based on linear interpolation; provided, further, that (x) if the performance achieved is less than the Threshold Goal, the Earned Percentage shall be 0%, and (y) if the performance achieved is more than the Maximum Goal, the Earned Percentage shall be capped at 200%.

Performance Goal Level	Revenue	Earned Percentage of Target Performance Shares upon Achievement of Performance Goal
Threshold Goal	\$	50%
Target Goal	\$	100%
Above Target Goal	\$	150%
Maximum Goal	\$	200%

Vesting:

The Earned Performance Shares, as determined in accordance with this Grant Notice, shall vest on the third anniversary of the Grant Date (the “Vesting Date”).

After the completion of the Performance Cycle but before the Vesting Date, the Administrator shall determine and certify the level of achievement, including the Revenue achieved and the Earned Percentage, of the Performance Goal during the Performance Cycle (the date of such certification referred to herein as the “Certification Date”).

Definitions:

Capitalized terms not otherwise defined herein or in the Performance Share T&Cs shall have the meanings set forth in the Plan. For purposes of this Notice and the Performance Share T&Cs, the following definitions shall apply:

“Revenue” shall be equal to the Company’s consolidated revenue for the last twelve months of the Performance Cycle, as reported on its consolidated statements of operation and comprehensive income, calculated in conformity with U.S. generally accepted accounting principles (“GAAP”), and as publicly disclosed in the Company’s earnings release or in its filings with the U.S. Securities and Exchange Commission. Revenue may be adjusted positively or negatively, at the discretion of the Administrator, for Unanticipated Items.

“Target Vesting Percentage” shall mean an Earned Percentage with respect to the Performance Goal equal to the Target Goal, as set forth in the above table.

“Unanticipated Items” are items determined by the Administrator in its sole discretion to have been unanticipated items occurring during the Performance Cycle, the impact of which could not have been reasonably anticipated in the ordinary course of business as of the

anticipated in the ordinary course of business as of the Grant Date, including, without limitation, mergers and investments, divestitures, natural disasters, storms, pandemics, foreign exchange variations, material litigation, material regulatory developments, and changes in GAAP accounting rules or their application; provided, however, that revenue associated with mergers and acquisitions with less than \$25 million for a trailing twelve (12)-month period at the time of the applicable transaction date shall not be an Unanticipated Item excluded from Revenue.

[“Termination of service” or any corollary or similar term or terms shall have the meaning set forth in the Plan except (i) the Associate ceasing to be employed by the Company but continuing to serve as a Director shall not be a Termination of service unless and until the date upon which such Associate also ceases to be a member of the Board; and (ii) the Associate ceasing to be a member of the Board but continuing to be employed by the Company shall not be a Termination of service unless and until the date upon which such Associate also ceases to be employed by the Company.]

FRONTDOOR, INC.

By:
Name:
Title:

THE UNDERSIGNED ASSOCIATE ACKNOWLEDGES RECEIPT OF THIS PERFORMANCE SHARE GRANT NOTICE, THE TERMS AND CONDITIONS AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF PERFORMANCE SHARES HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS PERFORMANCE SHARE GRANT NOTICE, THE TERMS AND CONDITIONS AND THE PLAN.

ASSOCIATE

###PARTICIPANT_NAME###

**TERMS AND CONDITIONS
OF
PERFORMANCE SHARES
UNDER THE
FRONTDOOR, INC. 2018 OMNIBUS INCENTIVE PLAN**

Pursuant to the Grant Notice delivered to the Associate (as defined in the Grant Notice), and subject to these Terms and Conditions of Performance Share (these "Performance Share T&Cs") and the Frontdoor, Inc. 2018 Omnibus Incentive Plan (the "Plan"), Frontdoor, Inc., a Delaware corporation (the "Company"), and the Associate agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan or the Grant Notice.

1. **Grant of Performance Shares.** Subject to the terms and conditions set forth herein as well as in the Plan and the Grant Notice, the Company hereby grants to the Associate the number of Target Performance Shares provided in the Grant Notice. The Company may make one or more additional grants of Performance Shares to the Associate under these Performance Share T&Cs by providing the Associate with a new Grant Notice, which may also include any terms and conditions differing from these Performance Share T&Cs to the extent provided therein. The Company reserves all rights with respect to the granting of additional Performance Shares and makes no implied promise to grant additional Performance Shares.

1. **Vesting.** Subject to the conditions contained herein and in the Plan, the Performance Shares shall vest as provided in the Grant Notice.

2. **Settlement of Performance Shares.** Subject to Section 8 hereof, promptly following the date on which any Performance Shares become vested, and in any event no later than March 15th of the calendar year following the calendar year in which such vesting occurs (the "Settlement Date"), the Company shall issue to the Associate or the Associate's beneficiary, without charge, one (1) share of Company Common Stock for each such vested Performance Share; provided, however, that the Administrator may, in its sole discretion, elect to (a) pay cash or part cash and part Shares in lieu of issuing only Shares; or (b) defer the issuance of Shares (or cash or part cash and Shares, as the case may be) beyond the Settlement Date if such extension would not cause adverse tax consequences under Section 409A of the Code or any successor provision. If a cash payment is made in lieu of issuing Shares in respect of such Performance Shares, the amount of such payment shall be equal to the Fair Market Value per share of the Company Common Stock as of the applicable vesting date.

3. **Treatment of Performance Shares upon Termination.** Upon any Termination of employment [service] of the Associate:

(a) If such Termination is for Cause or by the Associate without Good Reason (as defined below), in each case, prior to the Vesting Date, all unvested Performance Shares will be forfeited to the Company by the Associate as of the date of such Termination for no consideration.

(b) If such Termination is (i) by the Company and its Subsidiaries other than for Cause (and other than due to death or Disability) or (ii) by the Associate for Good Reason, in each case, prior to the Vesting Date, a pro rata portion of the Performance Shares granted hereunder (calculated based on a fraction, (x) the numerator of which is the number of days elapsed between the Grant Date and the date of Termination and (y) the denominator of which is the total number of days between the Grant Date and the end of the Performance Cycle) shall continue to be eligible to be earned pursuant to the Grant Notice and settled pursuant to Section 3 hereof (or at such earlier time as the Administrator in its discretion deems necessary to avoid adverse tax consequences under Section 409A or other provisions of the Code), subject to the Associate's not having violated any restrictive covenant to which the Associate is subject with respect to the Company and its Subsidiaries (including the Restrictive Covenant Agreement). For purposes hereof, "Good Reason" means, without the Associate's written consent, the occurrence of any of the following events:

(i) The reduction in any material respect in the Associate's position(s), authorities or responsibilities that the Associate had with the Company immediately prior to the time of the Associate's notice of Good Reason resignation or the Change of Control, as applicable;

(ii) A material reduction in the Associate's annual rate of base salary, annual target cash bonus opportunity or annual target long-term incentive opportunity immediately prior to the time of the Associate's notice of Good Reason resignation or the Change of Control, as applicable; or

(iii) A material change in the location of the Associate's location of work which will be at least more than fifty (50) miles from the Associate's place at work at the Company immediately prior to the time of the Associate's notice of Good Reason resignation or the Change of Control, as applicable.

If the Associate determines that Good Reason exists, the Associate must notify the Company in writing, within ninety (90) days following the initial existence of such grounds that the Associate determines constitutes Good Reason, or else such event shall not constitute Good Reason under the terms of the Associate's employment. If the Company remedies such event within thirty (30) days following receipt of such notice (the "Cure Period"), the Associate may not terminate employment for Good Reason as a result of such event. In the event the Company does not timely remedy such event, the Associate must terminate his employment ninety (90) days following the end of the Cure Period for such termination to constitute a termination for Good Reason.

(c) If such Termination is due to the Associate's death or Disability, in each case,

(i) more than thirty (30) days prior to the Certification Date, the Performance Shares granted hereunder shall vest based on a Target Vesting Percentage as

of such Termination date and be settled pursuant to Section 3 hereof (but in all events within thirty (30) days following the Termination); or

(ii) within thirty (30) days prior to or at any time after the Certification Date but prior to the Vesting Date, the Performance Shares granted hereunder shall vest based on the greater of (i) the Target Vesting Percentage and the (ii) Earned Percentage, and be settled pursuant to Section 3 hereof (but in all events within thirty (30) days following the Termination).

4. Effect of a Change in Control.

(a) If the Administrator reasonably determines prior to a Change in Control that the Associate shall receive an "Alternative Award" meeting the requirements of the Plan, no cancellation, acceleration of vesting or other payment shall occur with respect to any Performance Share in connection with the Change in Control; provided, however, that if following a Change in Control, the Associate's employment is terminated (other than for Cause and other than due to death or Disability) or the Associate resigns for Good Reason, in each case, at a time when any portion of the Alternative Award is unvested, the unvested portion of such Alternative Award shall immediately vest based on the Target Vesting Percentage and the Associate shall be provided with either cash or marketable stock equal to the fair market value of the stock subject to the Alternative Award on the date of Termination; provided, that if such Termination occurs during the last twelve (12) months of the Performance Cycle, the Earned Percentage shall be the greater of (i) Target Vesting Percentage and (ii) the projected Earned Percentage determined based on the projected performance achievement for the Performance Cycle, as certified by the Administrator in good faith.

(b) If the Administrator reasonably determines prior to a Change in Control that the Associate shall not receive an "Alternative Award" meeting the requirements of the Plan, the Performance Shares granted hereunder shall vest immediately prior to the Change in Control based on the Target Vesting Percentage and shall be settled in Shares, which Shares shall be treated in the same manner as other Shares in such Change in Control; provided, that if such Change in Control occurs during the last twelve (12) months of the Performance Cycle, the Earned Percentage shall be the greater of (i) Target Vesting Percentage and (ii) the projected Earned Percentage determined based on the projected performance achievement for the Performance Cycle, as certified by the Administrator in good faith.

5. Dividend Equivalents. If the Company pays any cash dividend or similar cash distribution on the Company Common Stock, the Company shall credit the Associate's account with additional Performance Shares in an amount equal to (a) the product of (i) the number of the Associate's Performance Shares as of the record date for such distribution times (ii) the per share amount of such dividend or similar cash distribution on Company Common Stock, divided by (b) the Fair Market Value on the date such additional Performance Shares are so credited, rounded down to the nearest whole number of shares. If the Company makes any dividend or other distribution on the Company Common Stock in the form of Company Common Stock or other securities, the Company will credit the Associate's account with that number of additional shares of Company Common Stock or other securities that would have been distributed with respect to that number of shares of Company Common Stock underlying the Associate's

Performance Shares as of the record date thereof. Any cash amounts or shares of Company Common Stock or other securities credited to the Associate's account shall be paid to the Associate on the applicable settlement date.

6. **Restriction on Transfer; Non-Transferability of Performance Shares.** The Performance Shares are not assignable or transferable, in whole or in part, and they may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including, but not limited to, by gift, operation of law or otherwise). Except as otherwise provided herein, no assignment or transfer of the Performance Shares, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such attempted assignment or transfer the Performance Shares shall terminate and become of no further effect.

7. **Tax Withholding.** Any applicable tax withholding requirements in connection with the Performance Shares shall be satisfied in accordance with Section 15.11 of the Plan.

8. **Restrictive Covenant Agreement.** The Associate acknowledges and agrees that as a condition of receipt of the grant of the Performance Shares the Associate shall execute and deliver to the Company a Noncompetition, Assignment of Work Product and Confidentiality Agreement (the "**Restrictive Covenant Agreement**"), in the form attached hereto as **Exhibit A**, the provisions of which are hereby incorporated by reference. The Associate acknowledges that the Associate has read and understands such covenants, including, specifically, the scope and duration thereof, and acknowledges and agrees that the terms of such Restrictive Covenant Agreement are in consideration for the Associate's receipt of the grant of the Performance Shares under the Grant Notice, the Associate's receipt of other benefits provided in the Grant Notice, these Performance Share T&Cs, in the Plan and elsewhere, and the Associate's access to Confidential Information (as defined in the Restrictive Covenant Agreement). The Restrictive Covenant Agreement is in addition to and does not supersede any other agreements between the Associate and the Company and its Subsidiaries prohibiting competition with the Company and its Subsidiaries. No provisions in the Plan shall narrow the restrictions of, or terminate, the Restrictive Covenant Agreement and in the event of any inconsistency between the Restrictive Covenant Agreement and the Plan, the Restrictive Covenant Agreement shall govern. Nothing in the Restrictive Covenant Agreement shall be construed to restrict the right of an attorney to practice law to the extent protected by statute, common law or applicable rules of professional conduct.

9. **Miscellaneous.**

(a) **Incorporation of Forfeiture Provisions.** The Associate acknowledges and agrees that, pursuant to the Plan, he or she shall be subject to the Company's Clawback Policy and any generally applicable disgorgement or forfeiture provisions set forth in Article XIII of the Plan as of the Grant Date or as required by applicable law after the Grant Date.

(b) **Dispute Resolution.** Any dispute or controversy between the Associate and the Company, whether arising out of or relating to these Performance Share T&Cs, the breach of

these Performance Share T&Cs, or otherwise, shall be resolved in accordance with the Frontdoor *We Listen* Dispute Resolution Plan then in effect. Notwithstanding the foregoing, the Associate agrees that the Company may seek a temporary restraining order and/or preliminary injunction in any court of competent jurisdiction, without the posting of a bond, in order to preserve the status quo or to enforce the restrictive covenants contained in the Restrictive Covenant Agreement.

(c) Authorization to Share Personal Data. The Associate authorizes any Affiliate of the Company that employs the Associate or that otherwise has or lawfully obtains personal data relating to the Associate to divulge or transfer such personal data to the Company or to a third party, in each case in any jurisdiction, if and to the extent appropriate in connection with these Performance Share T&Cs or the administration of the Plan.

(d) No Rights as Stockholder. The Associate shall have no rights as a stockholder of the Company with respect to any Performance Shares or Shares covered by the Performance Shares until the delivery of the Shares.

(e) No Right to Continued Employment. Nothing in these Performance Share T&Cs shall be deemed to confer on the Associate any right to continue in the employ of the Company or any Subsidiary, or to interfere with or limit in any way the right of the Company or any Subsidiary to terminate such employment at any time.

(f) Binding Effect; Benefits. These Performance Share T&Cs shall be binding upon and inure to the benefit of the parties to these Performance Share T&Cs and their respective successors and assigns. Nothing in these Performance Share T&Cs, express or implied, is intended or shall be construed to give any person other than the parties to these Performance Share T&Cs or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

(g) Waiver; Amendment.

(i) Waiver. Any party hereto or beneficiary hereof may by written notice to the other party (A) waive compliance with any of the conditions or covenants of the other party contained in these Performance Share T&Cs and (B) waive or modify performance of any of the obligations of the other party under these Performance Share T&Cs. Except as provided in the preceding sentence, no action taken pursuant to these Performance Share T&Cs, including, without limitation, any investigation by or on behalf of any party or beneficiary, shall be deemed to constitute a waiver by the party or beneficiary taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any party hereto or beneficiary hereof of a breach of any provision of these Performance Share T&Cs shall not operate or be construed as a waiver of any preceding or succeeding breach and no failure by a party or beneficiary to exercise any right or privilege hereunder shall be deemed a waiver of such party's or beneficiary's rights or privileges hereunder or shall be deemed a waiver of such party's or beneficiary's rights to exercise the same at any subsequent time or times hereunder.

(ii) Amendment. These Performance Share T&Cs may not be amended, modified or supplemented orally, but only by a written instrument executed by the Associate and the Company.

(h) Assignability. Neither these Performance Share T&Cs nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Associate without the prior written consent of the other party.

(i) Applicable Law and Forum. These Performance Share T&Cs shall be governed by and construed in accordance with the law of the State of Delaware regardless of the application of rules of conflict of law that would apply the laws of any other jurisdiction. Subject to the dispute resolution provision contained herein, any judicial action to enforce, interpret or challenge these Performance Share T&Cs shall be brought in the federal or state courts located in the State of Delaware, which shall be the exclusive forum for resolving such disputes. Both parties irrevocably consent to the personal jurisdiction of such courts for purposes of any such action.

(j) Waiver of Jury Trial. Each party hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding arising out of these Performance Share T&Cs or any transaction contemplated hereby. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into these Performance Share T&Cs by, among other things, the mutual waivers and certifications in this section.

(k) Section and Other Headings, etc. The section and other headings contained in these Performance Share T&Cs are for reference purposes only and shall not affect the meaning or interpretation hereof.

(l) Counterparts. These Performance Share T&Cs may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept these Performance Share T&Cs electronically, such acceptance shall constitute the Associate's signature hereto.

(m) Plan. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan or the Grant Notice and these Performance Share T&Cs, the Plan or the Grant Notice, as applicable, shall govern and control.

* * *

**RESTRICTED STOCK UNIT GRANT NOTICE
UNDER THE
FRONTDOOR, INC.
2018 OMNIBUS INCENTIVE PLAN**

Frontdoor, Inc., a Delaware corporation (the “Company”), pursuant to its 2018 Omnibus Incentive Plan (the “Plan”), hereby grants to the Associate set forth below the number of Restricted Stock Units (“RSUs”), set forth below. The RSUs are subject to all of the terms and conditions as set forth in this grant notice, in the Restricted Stock Unit Terms and Conditions (attached hereto) (the “RSU T&Cs”), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein or in the RSU T&Cs shall have the meaning set forth in the Plan.

Associate: #####PARTICIPANT_NAME###

Grant Date: #####GRANT_DATEe###

**Number of
RSUs:** #####TOTAL_AWARDS###

Vesting: Provided that the Associate has not undergone a Termination of employment [service] at the time of each applicable vesting date (or event), the RSUs will vest as follows:

- One third (1/3) of the RSUs will vest on the first anniversary of the Grant Date; and
- One third (1/3) of the RSUs will vest on the second anniversary of the Grant Date; and
- One third (1/3) of the RSUs will vest on the third anniversary of the Grant Date;

provided, however, that in the event that the Associate undergoes a Termination of employment [service] as a result of such Associate’s death or Disability, such Associate shall vest with respect to the RSUs that would have vested on the next scheduled vesting date *multiplied* by a fraction, the numerator of which is the number of days elapsed since (x) the Grant Date, if such Termination of employment [service] occurs on or prior to the first anniversary of the Grant Date, or (y) the most recent prior anniversary of the Grant Date, if such Termination of employment [service] occurs after the

first anniversary of the Grant Date, and the denominator of which is 365 (or 366, as applicable).

Termination of service:

[For purposes of these RSUs, “Termination of service” or any corollary or similar term or terms shall have the meaning set forth in the Plan except (i) the Associate ceasing to be employed by the Company but continuing to serve as a Director shall not be a Termination of service unless and until the date upon which such Associate also ceases to be a member of the Board; and (ii) the Associate ceasing to be a member of the Board but continuing to be employed by the Company shall not be a Termination of service unless and until the date upon which such Associate also ceases to be employed by the Company.]

* * *

FRONTDOOR, INC.

By:

Name:

Title:

THE UNDERSIGNED ASSOCIATE ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE TERMS AND CONDITIONS AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE TERMS AND CONDITIONS AND THE PLAN.

ASSOCIATE

###PARTICIPANT_NAME###

**TERMS AND CONDITIONS
OF
RESTRICTED STOCK UNITS
UNDER THE
FRONTDOOR, INC.
2018 OMNIBUS INCENTIVE PLAN**

Pursuant to the Restricted Stock Unit Grant Notice (the “Grant Notice”) delivered to the Associate (as defined in the Grant Notice), and subject to the terms of these Restricted Stock Unit Terms and Conditions (these “RSU T&Cs”) and the Frontdoor, Inc. 2018 Omnibus Incentive Plan (the “Plan”), Frontdoor, Inc., a Delaware corporation (the “Company”), and the Associate agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan and the Grant Notice.

1. **Grant of Restricted Stock Units.** Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Associate the number of Restricted Stock Units (the “RSUs”) provided in the Grant Notice. The Company may make one or more additional grants of Restricted Stock Units to the Associate under these RSU T&Cs by providing the Associate with a new Grant Notice, which may also include any terms and conditions differing from these RSU T&Cs to the extent provided therein. The Company reserves all rights with respect to the granting of additional Restricted Stock Units and makes no implied promise to grant additional Restricted Stock Units.

2. **Vesting.** Subject to the conditions contained herein and in the Plan, the RSUs shall vest as provided in the Grant Notice.

3. **Settlement of RSUs.** Subject to Section 8 hereof, promptly following the date on which any RSUs becomes vested, and in any event no later than March 15th of the calendar year following the calendar year in which such vesting occurs (the “Settlement Date”), the Company shall issue to the Associate or the Associate’s beneficiary, without charge, one (1) share of Company Common Stock for each such vested RSU; *provided, however*, that the Administrator may, in its sole discretion, elect to (A) pay cash or part cash and part Shares in lieu of issuing only Shares; or (B) defer the issuance of Shares (or cash or part cash and Shares, as the case may be) beyond the Settlement Date if such extension would not cause adverse tax consequences under Section 409A of the Code or any successor provision. If a cash payment is made in lieu of issuing Shares in respect of such RSUs, the amount of such payment shall be equal to the Fair Market Value per share of the Company Common Stock as of the applicable vesting date (or applicable date of settlement if clause (B) above is applicable).

4. **Treatment of RSUs Upon Termination.** Unless otherwise (x) determined by the Administrator or (y) set forth in the Grant Notice, upon Termination of employment [service] of the Associate:

(a) all vesting with respect to the RSUs shall cease (after taking into account any vesting of Restricted Stock Units as set forth in the Grant Notice); and

(b) the unvested RSUs shall be forfeited to the Company by the Associate as of the date of such Termination for no consideration.

5. **Effect of a Change in Control.**

(a) Unless otherwise (x) determined by the Administrator or (y) set forth in the Grant Notice, no cancellation, acceleration of vesting or other payment shall occur with respect to any RSU in connection with a Change in Control occurring prior to the third anniversary of the Grant Date, if the Administrator reasonably determines prior to the Change in Control that the Associate shall receive an “Alternative Award” meeting the requirements of the Plan; provided, however, that if within two years following a Change in Control, the Associate’s employment is involuntarily (other than for Cause) terminated or the Associate resigns with Good Reason (as defined below), at a time when any portion of the Alternative Award is unvested, the unvested portion of such Alternative Award shall immediately vest in full and such Associate shall be provided with either cash or marketable stock equal to the fair market value of the stock subject to the Alternative Award on the date of termination.

(b) For purposes hereof, “Good Reason” means, without the Associate’s written consent, the occurrence of any of the following events:

(i) The reduction in any material respect in the Associate’s position(s), authorities or responsibilities that the Associate had with the Company immediately prior to the time of the Change in Control;

(ii) A material reduction in the Associate’s annual rate of base salary, annual target cash bonus opportunity or annual target long-term incentive opportunity, each in effect as of immediately prior to the date of the Change in Control; or

(iii) A material change in the location of the Associate’s location of work which will be at least more than 50 miles from the Associate’s place at work at the Company immediately prior to the date of the Change in Control.

If the Associate determines that Good Reason exists, the Associate must notify the Company in writing, within ninety (90) days following the initial existence of such grounds that the Associate determines constitutes Good Reason, or else such event shall not constitute Good Reason under the terms of the Associate’s employment. If the Company remedies such event within thirty (30) days following receipt of such notice, the Associate may not terminate employment for Good Reason as a result of such event (the “Cure Period”). In the event the Company does not timely remedy such event, the Associate must terminate his employment ninety (90) days following the end of the Cure Period.

6. **Dividend Equivalents.** If the Company pays any cash dividend or similar cash distribution on the Company Common Stock, the Company shall credit to the Associate’s account with additional RSUs in an amount equal to (a) the product of (i) the number of the Associate’s RSUs as of the record date for such distribution times (ii) the per share amount of such

dividend or similar cash distribution on Company Common Stock, divided by (b) the Fair Market Value on the date such additional RSUs are so credited, rounded down to the nearest whole number of shares. If the Company makes any dividend or other distribution on the Company Common Stock in the form of Company Common Stock or other securities, the Company will credit the Associate's account with that number of additional shares of Company Common Stock or other securities that would have been distributed with respect to that number of shares of Company Common Stock underlying the Associate's RSUs as of the record date thereof. Any cash amounts or shares of Company Common Stock or other securities credited to the Associate's account shall be paid to the Associate on the applicable settlement date.

7. **Restriction on Transfer; Non-Transferability of RSUs.** The RSUs are not assignable or transferable, in whole or in part, and they may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including, but not limited to, by gift, operation of law or otherwise). Except as otherwise provided herein, no assignment or transfer of the RSUs, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such attempted assignment or transfer the RSUs shall terminate and become of no further effect.

8. **Tax Withholding.** Any applicable tax withholding requirements in connection with the RSUs shall be satisfied in accordance with Section 15.11 of the Plan.

9. **Restrictive Covenant Agreement.** The Associate acknowledges and agrees that as a condition of receipt of the grant of the RSUs the Associate shall execute and deliver to the Company a Noncompetition, Assignment of Work Product and Confidentiality Agreement (the "**Restrictive Covenant Agreement**"), in the form attached hereto as **Exhibit A**, the provisions of which are hereby incorporated by reference. The Associate acknowledges that the Associate has read and understands such covenants, including, specifically, the scope and duration thereof, and acknowledges and agrees that the terms of such Restrictive Covenant Agreement are in consideration for the Associate's receipt of the grant of the RSUs under the Grant Notice, the Associate's receipt of other benefits provided in the Grant Notice, these RSU T&Cs, the Plan and elsewhere, and the Associate's access to Confidential Information (as defined in the Restrictive Covenant Agreement). The Restrictive Covenant Agreement is in addition to and does not supersede any other agreements between the Associate and the Company and its Subsidiaries prohibiting competition with the Company and its Subsidiaries. No provisions in the Plan shall narrow the restrictions of, or terminate, the Restrictive Covenant Agreement and in the event of any inconsistency between the Restrictive Covenant Agreement and the Plan, the Restrictive Covenant Agreement shall govern. Nothing in the Restrictive Covenant Agreement shall be construed to restrict the right of an attorney to practice law to the extent protected by statute, common law or applicable rules of professional conduct.

10. **Miscellaneous.**

(a) **Incorporation of Forfeiture Provisions.** The Associate acknowledges and agrees that, pursuant to the Plan, he or she shall be subject to the Company's Clawback Policy and

any generally applicable disgorgement or forfeiture provisions set forth in Article XIII of the Plan as of the Grant Date or as required by applicable law after the Grant Date.

(b) Dispute Resolution. Any dispute or controversy between the Associate and the Company, whether arising out of or relating to these RSU T&Cs, the breach of these RSU T&Cs, or otherwise, shall be resolved in accordance with the Frontdoor *We Listen* Dispute Resolution Plan then in effect. Notwithstanding the foregoing, the Associate agrees that the Company may seek a temporary restraining order and/or preliminary injunction in any court of competent jurisdiction, without the posting of a bond, in order to preserve the status quo or to enforce the restrictive covenants contained on the Restrictive Covenant Agreement.

(c) Authorization to Share Personal Data. The Associate authorizes any Affiliate of the Company that employs the Associate or that otherwise has or lawfully obtains personal data relating to the Associate to divulge or transfer such personal data to the Company or to a third party, in each case in any jurisdiction, if and to the extent appropriate in connection with these RSU T&Cs or the administration of the Plan.

(d) No Rights as Stockholder; No Voting Rights. The Associate shall have no rights as a stockholder of the Company with respect to any RSUs or Shares covered by the RSUs until the delivery of the Shares.

(e) No Right to Continued Employment. Nothing in these RSU T&Cs shall be deemed to confer on the Associate any right to continue in the employ of the Company or any Subsidiary, or to interfere with or limit in any way the right of the Company or any Subsidiary to terminate such employment at any time.

(f) Binding Effect; Benefits. These RSU T&Cs shall be binding upon and inure to the benefit of the parties to these RSU T&Cs and their respective successors and assigns. Nothing in these RSU T&Cs, express or implied, is intended or shall be construed to give any person other than the parties to these RSU T&Cs or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

(g) Waiver; Amendment.

(i) Waiver. Any party hereto or beneficiary hereof may by written notice to the other party (A) waive compliance with any of the conditions or covenants of the other party contained in these RSU T&Cs and (B) waive or modify performance of any of the obligations of the other party under these Terms and Condition. Except as provided in the preceding sentence, no action taken pursuant to these RSU T&Cs, including, without limitation, any investigation by or on behalf of any party or beneficiary, shall be deemed to constitute a waiver by the party or beneficiary taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any party hereto or beneficiary hereof of a breach of any provision of these RSU T&Cs shall not operate or be construed as a waiver of any preceding or succeeding breach and no failure by a party or beneficiary to exercise any right or privilege hereunder shall be deemed a waiver of such party's or beneficiary's rights or privileges hereunder or shall be deemed

a waiver of such party's or beneficiary's rights to exercise the same at any subsequent time or times hereunder.

(ii) Amendment. These RSU T&Cs may not be amended, modified or supplemented orally, but only by a written instrument executed by the Associate and the Company.

(h) Assignability. Neither these RSU T&Cs nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Associate without the prior written consent of the other party.

(i) Applicable Law and Forum. These RSU T&Cs shall be governed by and construed in accordance with the law of the State of Delaware regardless of the application of rules of conflict of law that would apply the laws of any other jurisdiction. Subject to the dispute resolution provision contained herein, any judicial action to enforce, interpret or challenge these RSU T&Cs shall be brought in the federal or state courts located in the State of Delaware, which shall be the exclusive forum for resolving such disputes. Both parties irrevocably consent to the personal jurisdiction of such courts for purposes of any such action.

(j) Waiver of Jury Trial. Each party hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding arising out of these RSU T&Cs or any transaction contemplated hereby. Each party (i) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into the Agreement by, among other things, the mutual waivers and certifications in this section.

(k) Section and Other Headings, etc. The section and other headings contained in these RSU T&Cs are for reference purposes only and shall not affect the meaning or interpretation of these RSU T&Cs.

(l) Counterparts. These RSU T&Cs may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept these RSU T&Cs electronically, such acceptance shall constitute the Associate's signature hereto.

(m) Plan. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan or the Grant Notice and the provisions of these RSU T&Cs, the Plan or the Grant Notice, as applicable, shall govern and control.

* * *

**RESTRICTED STOCK UNIT GRANT NOTICE
UNDER THE
FRONTDOOR, INC.
2018 OMNIBUS INCENTIVE PLAN**

Frontdoor, Inc., a Delaware corporation (the “Company”), pursuant to its 2018 Omnibus Incentive Plan (the “Plan”), hereby grants to the Associate set forth below the number of Restricted Stock Units (“RSUs”), set forth below. The RSUs are subject to all of the terms and conditions as set forth in this grant notice, in the Restricted Stock Unit Terms and Conditions (attached hereto) (the “RSU T&Cs”), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein or in the RSU T&Cs shall have the meaning set forth in the Plan.

Associate: #####PARTICIPANT_NAME###

Grant Date: #####GRANT_DATE###

**Number of
RSUs:** #####TOTAL_AWARDS###

Vesting: Provided that the Associate has not undergone a Termination of service at the time of each applicable vesting date (or event), the RSUs will vest as follows:

- One half (1/2) of the RSUs will vest on the first anniversary of the Grant Date; and
- One half (1/2) of the RSUs will vest on the second anniversary of the Grant Date;

provided, however, that in the event that the Associate undergoes a Termination of service as a result of such Associate’s death or Disability, such Associate shall vest with respect to the RSUs that would have vested on the next scheduled vesting date *multiplied* by a fraction, the numerator of which is the number of days elapsed since (x) the Grant Date, if such Termination of service occurs on or prior to the first anniversary of the Grant Date, or (y) the most recent prior anniversary of the Grant Date, if such Termination of service occurs after the first anniversary of the Grant Date, and the denominator of which is 365 (or 366, as applicable).

Termination of service: For purposes of these RSUs, “Termination of service” or any corollary or similar term or terms shall have the meaning set forth in the Plan except (i) the Associate ceasing to be employed by the Company but continuing to serve as a Director shall not be a Termination of service unless and until the date upon which such

Associate also ceases to be a member of the Board; and (ii) the Associate ceasing to be a member of the Board but continuing to be employed by the Company shall not be a Termination of service unless and until the date upon which such Associate also ceases to be employed by the Company.

* * *

FRONTDOOR, INC.

By: _

Name:

Title:

THE UNDERSIGNED ASSOCIATE ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE TERMS AND CONDITIONS AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE TERMS AND CONDITIONS AND THE PLAN.

ASSOCIATE

###PARTICIPANT_NAME###

**TERMS AND CONDITIONS
OF
RESTRICTED STOCK UNITS
UNDER THE
FRONTDOOR, INC.
2018 OMNIBUS INCENTIVE PLAN**

Pursuant to the Restricted Stock Unit Grant Notice (the “Grant Notice”) delivered to the Associate (as defined in the Grant Notice), and subject to the terms of these Restricted Stock Unit Terms and Conditions (these “RSU T&Cs”) and the Frontdoor, Inc. 2018 Omnibus Incentive Plan (the “Plan”), Frontdoor, Inc., a Delaware corporation (the “Company”), and the Associate agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan and the Grant Notice.

1. **Grant of Restricted Stock Units.** Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Associate the number of Restricted Stock Units (the “RSUs”) provided in the Grant Notice. The Company may make one or more additional grants of Restricted Stock Units to the Associate under these RSU T&Cs by providing the Associate with a new Grant Notice, which may also include any terms and conditions differing from these RSU T&Cs to the extent provided therein. The Company reserves all rights with respect to the granting of additional Restricted Stock Units and makes no implied promise to grant additional Restricted Stock Units.

2. **Vesting.** Subject to the conditions contained herein and in the Plan, the RSUs shall vest as provided in the Grant Notice.

3. **Settlement of RSUs.** Subject to Section 8 hereof, promptly following the date on which any RSUs becomes vested, and in any event no later than March 15th of the calendar year following the calendar year in which such vesting occurs (the “Settlement Date”), the Company shall issue to the Associate or the Associate’s beneficiary, without charge, one (1) share of Company Common Stock for each such vested RSU; *provided, however*, that the Administrator may, in its sole discretion, elect to (A) pay cash or part cash and part Shares in lieu of issuing only Shares; or (B) defer the issuance of Shares (or cash or part cash and Shares, as the case may be) beyond the Settlement Date if such extension would not cause adverse tax consequences under Section 409A of the Code or any successor provision. If a cash payment is made in lieu of issuing Shares in respect of such RSUs, the amount of such payment shall be equal to the Fair Market Value per share of the Company Common Stock as of the applicable vesting date (or applicable date of settlement if clause (B) above is applicable).

4. **Treatment of RSUs Upon Termination.** Unless otherwise (x) determined by the Administrator or (y) set forth in the Grant Notice, upon Termination of service of the Associate:

(a) all vesting with respect to the RSUs shall cease (after taking into account any vesting of Restricted Stock Units as set forth in the Grant Notice); and

(b) the unvested RSUs shall be forfeited to the Company by the Associate as of the date of such Termination for no consideration.

5. **Effect of a Change in Control.**

(a) Unless otherwise (x) determined by the Administrator or (y) set forth in the Grant Notice, no cancellation, acceleration of vesting or other payment shall occur with respect to any RSU in connection with a Change in Control occurring prior to the third anniversary of the Grant Date, if the Administrator reasonably determines prior to the Change in Control that the Associate shall receive an “Alternative Award” meeting the requirements of the Plan; provided, however, that if within two years following a Change in Control, the Associate’s employment is involuntarily (other than for Cause) terminated or the Associate resigns with Good Reason (as defined below), at a time when any portion of the Alternative Award is unvested, the unvested portion of such Alternative Award shall immediately vest in full and such Associate shall be provided with either cash or marketable stock equal to the fair market value of the stock subject to the Alternative Award on the date of termination.

(b) For purposes hereof, “Good Reason” means, without the Associate’s written consent, the occurrence of any of the following events:

(i) The reduction in any material respect in the Associate’s position(s), authorities or responsibilities that the Associate had with the Company immediately prior to the time of the Change in Control;

(ii) A material reduction in the Associate’s annual rate of base salary, annual target cash bonus opportunity or annual target long-term incentive opportunity, each in effect as of immediately prior to the date of the Change in Control; or

(iii) A material change in the location of the Associate’s location of work which will be at least more than 50 miles from the Associate’s place at work at the Company immediately prior to the date of the Change in Control.

If the Associate determines that Good Reason exists, the Associate must notify the Company in writing, within ninety (90) days following the initial existence of such grounds that the Associate determines constitutes Good Reason, or else such event shall not constitute Good Reason under the terms of the Associate’s employment. If the Company remedies such event within thirty (30) days following receipt of such notice, the Associate may not terminate employment for Good Reason as a result of such event (the “Cure Period”). In the event the Company does not timely remedy such event, the Associate must terminate his employment ninety (90) days following the end of the Cure Period.

6. **Dividend Equivalents.** If the Company pays any cash dividend or similar cash distribution on the Company Common Stock, the Company shall credit to the Associate’s account with additional RSUs in an amount equal to (a) the product of (i) the number of the Associate’s RSUs as of the record date for such distribution times (ii) the per share amount of such

dividend or similar cash distribution on Company Common Stock, divided by (b) the Fair Market Value on the date such additional RSUs are so credited, rounded down to the nearest whole number of shares. If the Company makes any dividend or other distribution on the Company Common Stock in the form of Company Common Stock or other securities, the Company will credit the Associate's account with that number of additional shares of Company Common Stock or other securities that would have been distributed with respect to that number of shares of Company Common Stock underlying the Associate's RSUs as of the record date thereof. Any cash amounts or shares of Company Common Stock or other securities credited to the Associate's account shall be paid to the Associate on the applicable settlement date.

7. **Restriction on Transfer; Non-Transferability of RSUs.** The RSUs are not assignable or transferable, in whole or in part, and they may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including, but not limited to, by gift, operation of law or otherwise). Except as otherwise provided herein, no assignment or transfer of the RSUs, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such attempted assignment or transfer the RSUs shall terminate and become of no further effect.

8. **Tax Withholding.** Any applicable tax withholding requirements in connection with the RSUs shall be satisfied in accordance with Section 15.11 of the Plan.

9. **Restrictive Covenant Agreement.** The Associate acknowledges and agrees that as a condition of receipt of the grant of the RSUs the Associate shall execute and deliver to the Company a Noncompetition, Assignment of Work Product and Confidentiality Agreement (the "**Restrictive Covenant Agreement**"), in the form attached hereto as **Exhibit A**, the provisions of which are hereby incorporated by reference. The Associate acknowledges that the Associate has read and understands such covenants, including, specifically, the scope and duration thereof, and acknowledges and agrees that the terms of such Restrictive Covenant Agreement are in consideration for the Associate's receipt of the grant of the RSUs under the Grant Notice, the Associate's receipt of other benefits provided in the Grant Notice, these RSU T&Cs, the Plan and elsewhere, and the Associate's access to Confidential Information (as defined in the Restrictive Covenant Agreement). The Restrictive Covenant Agreement is in addition to and does not supersede any other agreements between the Associate and the Company and its Subsidiaries prohibiting competition with the Company and its Subsidiaries. No provisions in the Plan shall narrow the restrictions of, or terminate, the Restrictive Covenant Agreement and in the event of any inconsistency between the Restrictive Covenant Agreement and the Plan, the Restrictive Covenant Agreement shall govern. Nothing in the Restrictive Covenant Agreement shall be construed to restrict the right of an attorney to practice law to the extent protected by statute, common law or applicable rules of professional conduct.

10. **Miscellaneous.**

(a) **Incorporation of Forfeiture Provisions.** The Associate acknowledges and agrees that, pursuant to the Plan, he or she shall be subject to the Company's Clawback Policy and

any generally applicable disgorgement or forfeiture provisions set forth in Article XIII of the Plan as of the Grant Date or as required by applicable law after the Grant Date.

(b) Dispute Resolution. Any dispute or controversy between the Associate and the Company, whether arising out of or relating to these RSU T&Cs, the breach of these RSU T&Cs, or otherwise, shall be resolved in accordance with the Frontdoor *We Listen* Dispute Resolution Plan then in effect. Notwithstanding the foregoing, the Associate agrees that the Company may seek a temporary restraining order and/or preliminary injunction in any court of competent jurisdiction, without the posting of a bond, in order to preserve the status quo or to enforce the restrictive covenants contained on the Restrictive Covenant Agreement.

(c) Authorization to Share Personal Data. The Associate authorizes any Affiliate of the Company that employs the Associate or that otherwise has or lawfully obtains personal data relating to the Associate to divulge or transfer such personal data to the Company or to a third party, in each case in any jurisdiction, if and to the extent appropriate in connection with these RSU T&Cs or the administration of the Plan.

(d) No Rights as Stockholder; No Voting Rights. The Associate shall have no rights as a stockholder of the Company with respect to any RSUs or Shares covered by the RSUs until the delivery of the Shares.

(e) No Right to Continued Employment. Nothing in these RSU T&Cs shall be deemed to confer on the Associate any right to continue in the employ of the Company or any Subsidiary, or to interfere with or limit in any way the right of the Company or any Subsidiary to terminate such employment at any time.

(f) Binding Effect; Benefits. These RSU T&Cs shall be binding upon and inure to the benefit of the parties to these RSU T&Cs and their respective successors and assigns. Nothing in these RSU T&Cs, express or implied, is intended or shall be construed to give any person other than the parties to these RSU T&Cs or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

(g) Waiver; Amendment.

(i) Waiver. Any party hereto or beneficiary hereof may by written notice to the other party (A) waive compliance with any of the conditions or covenants of the other party contained in these RSU T&Cs and (B) waive or modify performance of any of the obligations of the other party under these Terms and Condition. Except as provided in the preceding sentence, no action taken pursuant to these RSU T&Cs, including, without limitation, any investigation by or on behalf of any party or beneficiary, shall be deemed to constitute a waiver by the party or beneficiary taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any party hereto or beneficiary hereof of a breach of any provision of these RSU T&Cs shall not operate or be construed as a waiver of any preceding or succeeding breach and no failure by a party or beneficiary to exercise any right or privilege hereunder shall be deemed a waiver of such party's or beneficiary's rights or privileges hereunder or shall be deemed

a waiver of such party's or beneficiary's rights to exercise the same at any subsequent time or times hereunder.

(ii) Amendment. These RSU T&Cs may not be amended, modified or supplemented orally, but only by a written instrument executed by the Associate and the Company.

(h) Assignability. Neither these RSU T&Cs nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Associate without the prior written consent of the other party.

(i) Applicable Law and Forum. These RSU T&Cs shall be governed by and construed in accordance with the law of the State of Delaware regardless of the application of rules of conflict of law that would apply the laws of any other jurisdiction. Subject to the dispute resolution provision contained herein, any judicial action to enforce, interpret or challenge these RSU T&Cs shall be brought in the federal or state courts located in the State of Delaware, which shall be the exclusive forum for resolving such disputes. Both parties irrevocably consent to the personal jurisdiction of such courts for purposes of any such action.

(j) Waiver of Jury Trial. Each party hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding arising out of these RSU T&Cs or any transaction contemplated hereby. Each party (i) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into the Agreement by, among other things, the mutual waivers and certifications in this section.

(k) Section and Other Headings, etc. The section and other headings contained in these RSU T&Cs are for reference purposes only and shall not affect the meaning or interpretation of these RSU T&Cs.

(l) Counterparts. These RSU T&Cs may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept these RSU T&Cs electronically, such acceptance shall constitute the Associate's signature hereto.

(m) Plan. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan or the Grant Notice and the provisions of these RSU T&Cs, the Plan or the Grant Notice, as applicable, shall govern and control.

* * *

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, William C. Cobb, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Frontdoor, Inc. for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof;
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: August 4, 2022

/s/ William C. Cobb

Name: William C. Cobb

Title: Chief Executive Officer

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Brian K. Turcotte, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Frontdoor, Inc. for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof;
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: August 4, 2022

/s/ Brian K. Turcotte

Name: Brian K. Turcotte

Title: Senior Vice President and Chief Financial Officer

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, William C. Cobb, President and Chief Executive Officer of Frontdoor, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, (the “Periodic Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Frontdoor, Inc.

Date: August 4, 2022

/s/ William C. Cobb

Name: William C. Cobb

Title: Chief Executive Officer

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Brian K. Turcotte, Senior Vice President and Chief Financial Officer of Frontdoor, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, (the “Periodic Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Frontdoor, Inc.

Date: August 4, 2022

/s/ Brian K. Turcotte

Name: Brian K. Turcotte

Title: Senior Vice President and Chief Financial Officer
