

MASCO CORP /DE/

FORM 10-Q (Quarterly Report)

Filed 08/04/05 for the Period Ending 06/30/05

Address	21001 VAN BORN RD TAYLOR, MI 48180
Telephone	3132747400
CIK	0000062996
Symbol	MAS
SIC Code	2430 - Millwork, Veneer, Plywood, And Structural Wood
Industry	Constr. - Supplies & Fixtures
Sector	Capital Goods
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2005

COMMISSION FILE NUMBER 1-5794

MASCO CORPORATION

(Exact name of Registrant as Specified in Charter)

DELAWARE ----- (State or Other Jurisdiction of Incorporation)	1-5794 ----- (Commission File Number)	38-1794485 ----- (IRS Employer Identification No.)
21001 VAN BORN ROAD, TAYLOR, MICHIGAN ----- (Address of Principal Executive Offices)		48180 ----- (Zip Code)
	(313) 274-7400 ----- Registrant's telephone number, including area code	

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 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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

☒ Yes ☐ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class -----	Shares Outstanding at August 1, 2005 -----
Common stock, par value \$1.00 per share	430,400,000

MASCO CORPORATION

INDEX

	PAGE NO.

Part I. Financial Information	
Item 1. Financial Statements:	
Condensed Consolidated Balance Sheets - June 30, 2005 and December 31, 2004	1
Condensed Consolidated Statements of Income for the Three Months and Six Months Ended June 30, 2005 and 2004	2
Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2005 and 2004	3
Notes to Condensed Consolidated Financial Statements	4-13
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	14-19
Item 4. Controls and Procedures	20
Part II. Other Information	21-22
Item 1. Legal Proceedings	
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	
Item 4. Submission of Matters to a Vote of Security Holders	
Item 6. Exhibits	

MASCO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

JUNE 30, 2005 AND DECEMBER 31, 2004
(DOLLARS IN MILLIONS EXCEPT SHARE DATA)

	JUNE 30, 2005	DECEMBER 31, 2004
	-----	-----
ASSETS		
Current assets:		
Cash and cash investments	\$ 1,538	\$ 1,256
Accounts and notes receivable, net	1,956	1,732
Prepaid expenses and other	269	282
Inventories:		
Raw material	434	406
Finished goods	618	577
Work in process	172	149
	-----	-----
	1,224	1,132
	-----	-----
Total current assets	4,987	4,402
Property and equipment, net	2,205	2,272
Goodwill	4,307	4,408
Other intangible assets, net	317	326
Other assets	835	1,133
	-----	-----
Total assets	\$12,651	\$12,541
	=====	=====
LIABILITIES		
Current liabilities:		
Notes payable	\$ 875	\$ 80
Accounts payable	951	837
Accrued liabilities	1,206	1,230
	-----	-----
Total current liabilities	3,032	2,147
Long-term debt	3,876	4,187
Deferred income taxes and other	764	784
	-----	-----
Total liabilities	7,672	7,118
	-----	-----
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Preferred shares, par value \$1 per share		
Authorized shares: 1,000,000; issued:		
2005 - None; 2004 - None	--	--
Common shares, par value \$1 per share		
Authorized shares: 1,400,000,000; issued:		
2005 - 431,230,000; 2004 - 446,720,000	431	447
Paid-in capital	133	642
Retained earnings	4,217	3,880
Accumulated other comprehensive income	406	627
Less: Restricted stock awards	(208)	(173)
	-----	-----
Total shareholders' equity	4,979	5,423
	-----	-----
Total liabilities and shareholders' equity	\$12,651	\$12,541
	=====	=====

See notes to condensed consolidated financial statements.

MASCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2005 AND 2004
(DOLLARS IN MILLIONS EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
Net sales	\$ 3,348	\$ 3,061	\$ 6,317	\$ 5,867
Cost of sales	2,363	2,087	4,491	4,042
Gross profit	985	974	1,826	1,825
Selling, general and administrative expenses	515	504	1,015	989
(Income) regarding litigation settlement	(3)	(7)	(5)	(28)
Operating profit	473	477	816	864
Other income (expense), net:				
Interest expense	(57)	(52)	(116)	(105)
Other, net	16	41	53	93
	(41)	(11)	(63)	(12)
Income from continuing operations before income taxes and minority interest	432	466	753	852
Income taxes	153	167	257	307
Income from continuing operations before minority interest	279	299	496	545
Minority interest	5	5	10	10
Income from continuing operations	274	294	486	535
Income (loss) from discontinued operations, net of income taxes	--	(33)	19	(106)
Net income	\$ 274	\$ 261	\$ 505	\$ 429
	=====	=====	=====	=====
Earnings per common share:				
Basic:				
Income from continuing operations	\$.65	\$.66	\$ 1.14	\$ 1.19
Income (loss) from discontinued operations, net of income taxes	--	(.08)	.04	(.24)
Net income	\$.65	\$.59	\$ 1.18	\$.95
	=====	=====	=====	=====
Diluted:				
Income from continuing operations	\$.64	\$.65	\$ 1.11	\$ 1.16
Income (loss) from discontinued operations, net of income taxes	--	(.07)	.04	(.23)
Net income	\$.64	\$.58	\$ 1.16	\$.93
	=====	=====	=====	=====
Cash dividends per common share:				
Declared	\$.20	\$.16	\$.40	\$.32
	=====	=====	=====	=====
Paid	\$.20	\$.16	\$.38	\$.32
	=====	=====	=====	=====

See notes to condensed consolidated financial statements.

MASCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004
(DOLLARS IN MILLIONS)

	SIX MONTHS ENDED JUNE 30,	
	2005	2004
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES:		
Cash provided by operations	\$ 659	\$ 715
(Increase) in receivables	(288)	(348)
(Increase) in inventories	(126)	(174)
Increase in accounts payable and accrued liabilities, net	174	291
	-----	-----
Total cash from operating activities	419	484
	-----	-----
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES:		
Increase in debt	1	120
Payment of debt	(36)	(20)
Issuance of notes, net of issuance costs	494	299
Issuance of Company common stock	24	22
Retirement of notes	--	(266)
Proceeds from settlement of swaps	--	55
Purchase of Company common stock	(607)	(719)
Cash dividends paid	(167)	(149)
	-----	-----
Total cash (for) financing activities	(291)	(658)
	-----	-----
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES:		
Capital expenditures	(126)	(124)
Purchases of marketable securities	(90)	(242)
Proceeds from marketable securities	192	300
Proceeds from disposition of:		
Other investments, net	15	22
Businesses, net of cash disposed	103	--
Acquisition of companies, net of cash acquired	(5)	(13)
Other, net	19	18
	-----	-----
Total cash from (for) investing activities	108	(39)
	-----	-----
Effect of exchange rates on cash and cash investments	8	(10)
	-----	-----
CASH AND CASH INVESTMENTS:		
Increase (decrease) for the period	244	(223)
Cash at businesses held for sale	--	(45)
At January 1 (including discontinued operations)	1,294	795
	-----	-----
At June 30	\$1,538	\$ 527
	=====	=====

See notes to condensed consolidated financial statements.

MASCO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

A. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, of a normal recurring nature, necessary to present fairly its financial position as at June 30, 2005 and the results of operations for the three months and six months ended June 30, 2005 and 2004 and changes in cash flows for the six months ended June 30, 2005 and 2004. The condensed consolidated balance sheet at December 31, 2004 was derived from audited financial statements.

Certain prior-year amounts have been reclassified to conform to the 2005 presentation in the condensed consolidated financial statements. The results of operations related to discontinued operations have been separately stated in the accompanying condensed consolidated statements of income for 2005 and 2004. In the Company's condensed consolidated statements of cash flows for the six months ended June 30, 2005 and 2004, the cash flows of discontinued operations are not separately classified.

MASCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

Note A - concluded:

STOCK OPTIONS AND AWARDS. In December 2004, the Financial Accounting Standards Board ("FASB") issued a revision to Statement of Financial Accounting Standards No. 123 ("SFAS No. 123R"), "Accounting for Stock-Based Compensation," which supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123R requires companies to measure and recognize the cost (fair value) of employee services received in exchange for stock options. SFAS No. 123R also clarifies and expands guidance in several areas including measuring fair value and classification of employee stock-based compensation, including stock options, restricted stock awards and stock appreciation rights. In April 2005, the Securities and Exchange Commission amended the compliance dates for SFAS No. 123R and extended the implementation date to the beginning of a company's next fiscal year beginning after June 15, 2005. Based on the amended compliance dates, the Company will adopt SFAS No. 123R effective January 1, 2006. The Company is currently evaluating which implementation method it will use and the impact the provisions of SFAS No. 123R will have on its consolidated financial statements. The Company has been using the fair value method for options granted, modified or settled subsequent to January 1, 2003. In the first half of 2005, 4,113,040 option shares, including restoration option shares, were awarded. The following table illustrates the pro forma effect on net income and earnings per common share for the three months and six months ended June 30, 2005 and 2004, as if the fair value method were applied to all previously issued, outstanding and unvested stock options, in millions except per common share data:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
Net income, as reported	\$274	\$261	\$ 505	\$429
Add:				
Stock-based employee compensation expense included in reported net income, net of tax	11	10	24	20
Deduct:				
Stock-based employee compensation expense, net of tax	(11)	(10)	(24)	(20)
Stock-based employee compensation expense determined under the fair value method for stock options granted prior to 2003, net of tax	(1)	(3)	(3)	(6)
Pro forma net income	\$273	\$258	\$ 502	\$423
Earnings per common share:				
Basic as reported	\$.65	\$.59	\$1.18	\$.95
Basic pro forma	\$.64	\$.58	\$1.17	\$.94
Diluted as reported	\$.64	\$.58	\$1.16	\$.93
Diluted pro forma	\$.63	\$.57	\$1.15	\$.92

MASCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

B. In early 2005, in separate transactions, the Company disposed of its Gebhardt Consolidated and GMU Group businesses in Europe. Gebhardt Consolidated supplies ventilation products and GMU Group manufactures cabinets. Total gross proceeds from the sale of Gebhardt Consolidated and the GMU Group were \$130 million; \$89 million in cash proceeds was received during the first quarter of 2005 and the remaining \$41 million was collected in early April 2005. The Company recognized a pre-tax net gain (included in discontinued operations) on the disposition of these businesses of \$11 million, principally related to Gebhardt Consolidated. The assets and liabilities held for sale at December 31, 2004 of \$163 million and \$44 million, respectively, have been included in the other assets and deferred income taxes and other captions on the condensed consolidated balance sheet. Net proceeds from the dispositions completed in 2005 and 2004 aggregated \$281 million. In the second quarter of 2005, the Company recognized an additional \$1 million of expenses, primarily related to professional fees incurred for the disposition of businesses, which was offset by income related to the adjustment of prior accruals for severance and termination benefits.

Selected financial information for discontinued operations, during the period owned by the Company, is as follows for the three months and six months ended June 30, 2005 and 2004, in millions:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
Net sales	\$ --	\$ 108	\$ 17	\$ 203
Income from discontinued operations	\$ 1	\$ 12	\$ 4	\$ 18
(Loss) gain on disposal of discontinued operations, net	(1)	--	10	--
Impairment of assets held for sale	--	(44)	--	(108)
Income (loss) before income taxes	--	(32)	14	(90)
Income tax benefit (expense)	--	(1)	5	(16)
Income (loss) from discontinued operations, net of income taxes	\$ --	\$ (33)	\$ 19	\$ (106)

The unusual relationship between income tax benefit and income before income taxes (including the net gain on disposal of discontinued operations) in 2005 results from the gain requiring no current tax expense and the reversal of deferred tax liabilities of the discontinued operations which are no longer expected to be incurred. The after-tax charge for the impairment of assets held for sale of \$120 million included \$12 million for the expensing of deferred tax assets of the discontinued operations for the six months ended June 30, 2004.

MASCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

C. The changes in the carrying amount of goodwill for the six-month period ended June 30, 2005, by segment, are as follows, in millions:

	BALANCE DEC. 31, 2004	ADDITIONS(A)	OTHER(B)	BALANCE JUNE 30, 2005
	-----	-----	-----	-----
Cabinets and Related Products	\$ 644	\$ --	\$ (50)	\$ 594
Plumbing Products	514	--	(33)	481
Installation and Other Services	1,710	4	--	1,714
Decorative Architectural Products	344	--	(5)	339
Other Specialty Products	1,196	12	(29)	1,179
	-----	-----	-----	-----
Total	\$4,408	\$ 16	\$ (117)	\$4,307
	=====	=====	=====	=====

(A) Additions include several relatively small acquisitions in the Installation and Other Services segment and contingent consideration for prior acquisitions.

(B) Other principally includes foreign currency translation adjustments.

Other indefinite-lived intangible assets include registered trademarks of \$254 million at June 30, 2005. The carrying value of the Company's definite-lived intangible assets is \$63 million at June 30, 2005 (net of accumulated amortization of \$73 million) and principally includes customer relationships and non-compete agreements. Amortization expense for definite-lived intangible assets was \$4 million and \$9 million for the three months and six months ended June 30, 2005, respectively, and \$5 million and \$10 million for the three months and six months ended June 30, 2004, respectively.

D. Depreciation and amortization expense is \$123 million and \$118 million for the six months ended June 30, 2005 and 2004, respectively.

E. The Company has maintained investments in marketable securities and a number of private equity funds, principally as part of its tax planning strategies, as any gains enhance the utilization of tax capital loss carryforwards. Included in other assets are the following financial investments, in millions:

	JUNE 30, 2005	DECEMBER 31, 2004
	-----	-----
Marketable securities:		
Furniture Brands International	\$ 86	\$100
Other	68	163
Private equity funds	297	308
Metaldyne Corporation	89	84
TriMas Corporation	46	46
Other investments	10	9
	-----	-----
Total	\$596	\$710
	=====	=====

The Company's investments in marketable securities at June 30, 2005 and December 31, 2004 are as follows, in millions:

		PRE-TAX		
	COST BASIS	UNREALIZED GAINS	UNREALIZED LOSSES	RECORDED BASIS
	-----	-----	-----	-----
June 30, 2005	\$158	\$ 10	\$ (14)	\$154
December 31, 2004	\$227	\$ 36	\$ --	\$263

MASCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

Note E - concluded:

The fair value of the Company's investments in temporarily-impaired marketable securities was \$86 million; such investments have been in an unrealized loss position for less than twelve months at June 30, 2005.

The Company had investments in over 30 different marketable securities at June 30, 2005. The Company reviews industry analyst reports, key ratios and statistics, market analyses and other factors for each investment to determine if an unrealized loss is other-than-temporary. The unrealized loss at June 30, 2005 is primarily related to one marketable security, Furniture Brands International (NYSE: FBN) common stock (four million shares). In the fourth quarter of 2004, the Company recognized an impairment charge of \$21 million related to its investment in FBN and reduced the cost basis from \$30.25 per share to \$25.05 per share, the market value at December 31, 2004. Based on its review, the Company considers the unrealized loss at June 30, 2005, related to this investment, to be temporary.

Income from financial investments, included in other, net, within other income (expense), net, is as follows, in millions:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
Realized gains from marketable securities	\$ 1	\$ 16	\$ 28	\$ 35
Realized losses from marketable securities	(3)	(7)	(4)	(10)
Dividend income from marketable securities	1	4	2	9
Income from other investments, net	30	5	45	18
Dividend income from other investments	3	3	6	5
	----	----	----	----
Income from financial investments, net	\$ 32	\$ 21	\$ 77	\$ 57
	=====	=====	=====	=====
Impairment charge for marketable securities	\$ (2)	\$ --	\$ (2)	\$ --
	=====	=====	=====	=====

F. The Company's total comprehensive income is as follows, in millions:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
Net income	\$ 274	\$261	\$ 505	\$429
Other comprehensive income (loss):				
Cumulative translation adjustments	(108)	3	(195)	(25)
Unrealized gain (loss) on marketable securities, net	2	(24)	(26)	(15)
	-----	-----	-----	-----
Total comprehensive income	\$ 168	\$240	\$ 284	\$389
	=====	=====	=====	=====

The unrealized gain (loss) on marketable securities is net of income tax (credits) of \$2 million and \$(14) million for the three months and six months ended June 30, 2005, respectively, and \$(15) million and \$(9) million for the three months and six months ended June 30, 2004, respectively.

MASCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

Note F - concluded:

The components of accumulated other comprehensive income are as follows, in millions:

	JUNE 30, 2005	DECEMBER 31, 2004
	-----	-----
Cumulative translation adjustments	\$475	\$670
Unrealized (loss) gain on marketable securities, net	(3)	23
Minimum pension liability	(66)	(66)
	----	----
Accumulated other comprehensive income	\$406	\$627
	====	====

Unrealized (loss) gain on marketable securities, net is reported net of income tax (credit) of \$(1) million and \$13 million at June 30, 2005 and December 31, 2004, respectively.

The minimum pension liability is reported net of income tax credit of \$38 million at both June 30, 2005 and December 31, 2004.

G. The Company owns 64 percent of Hansgrohe AG. The minority interest of \$85 million and \$80 million at June 30, 2005 and December 31, 2004, respectively, is recorded in the caption deferred income taxes and other liabilities on the Company's condensed consolidated balance sheets.

H. On June 10, 2005, the Company issued \$500 million of fixed-rate 4.80% notes due 2015, resulting in net proceeds of \$494 million.

I. The net periodic pension cost for the Company's qualified defined-benefit pension plans is as follows, in millions:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	-----	-----	-----	-----
	2005	2004	2005	2004
	----	----	----	----
Service cost	\$ 4	\$ 3	\$ 8	\$ 6
Interest cost	10	9	20	16
Expected return on plan assets	(9)	(7)	(19)	(13)
Amortization of net loss	1	1	3	3
	----	----	----	----
Net periodic pension cost	\$ 6	\$ 6	\$ 12	\$ 12
	====	====	====	====

Net periodic pension cost for the Company's non-qualified unfunded supplemental pension plans was \$4 million and \$9 million for the three months and six months ended June 30, 2005, respectively, and \$5 million and \$9 million for the three months and six months ended June 30, 2004, respectively.

MASCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

J. The following table presents information about the Company by segment and geographic area, in millions:

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,			
	2005	2004	2005	2004	2005	2004	2005	2004
	NET SALES (A)		OPERATING PROFIT		NET SALES (A)		OPERATING PROFIT	
The Company's operations by segment were:								
Cabinets and Related Products	\$ 900	\$ 797	\$ 144	\$ 137	\$1,738	\$1,576	\$ 268	\$ 246
Plumbing Products	823	785	108	117	1,583	1,524	187	213
Installation and Other Services	764	686	102	88	1,457	1,316	182	169
Decorative Architectural Products	506	451	96	101	877	821	155	165
Other Specialty Products	355	342	68	71	662	630	113	116
	-----	-----	-----	-----	-----	-----	-----	-----
Total	\$3,348	\$3,061	\$ 518	\$ 514	\$6,317	\$5,867	\$ 905	\$ 909
	=====	=====	=====	=====	=====	=====	=====	=====
The Company's operations by geographic area were:								
North America	\$2,784	\$2,531	\$ 447	\$ 442	\$5,189	\$4,802	\$ 773	\$ 771
International, principally Europe	564	530	71	72	1,128	1,065	132	138
	-----	-----	-----	-----	-----	-----	-----	-----
Total	\$3,348	\$3,061	518	514	\$6,317	\$5,867	905	909
	=====	=====			=====	=====		
General corporate expense, net			(48)	(45)			(94)	(81)
Income regarding litigation settlement(B)			3	7			5	28
Gain on sale of corporate fixed assets			--	1			--	8
			-----	-----			-----	-----
Operating profit			473	477			816	864
Other income (expense), net			(41)	(11)			(63)	(12)
			-----	-----			-----	-----
Income from continuing operations before income taxes and minority interest			\$ 432	\$ 466			\$ 753	\$ 852
			=====	=====			=====	=====

(A) Intra-segment sales were not material.

(B) The Company recorded income regarding the litigation discussed in Note M related to the Company's subsidiary, Behr Process Corporation. Behr is included in the Decorative Architectural Products segment.

MASCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

K. Other, net, which is included in other income (expense), net, includes the following, in millions:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
Income from cash and cash investments	\$ 5	\$ 1	\$ 11	\$ 3
Other interest income	1	1	2	3
Income from financial investments, net (Note E)	32	21	77	57
Impairment charge for marketable securities	(2)	--	(2)	--
Other items, net	(20)	18	(35)	30
	====	====	====	====
	\$ 16	\$ 41	\$ 53	\$ 93

Other items, net for the three months and six months ended June 30, 2005 include \$14 million and \$27 million, respectively, of currency transaction losses. Other items, net for the three months and six months ended June 30, 2004 include \$6 million and \$12 million, respectively, of currency transaction gains. Other items, net for the three months and six months ended June 30, 2004 also include a \$5 million gain from the sale of non-operating assets.

L. The following are reconciliations of the numerators and denominators used in the computations of basic and diluted earnings per common share, in millions:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
Numerator (basic and diluted):				
Income from continuing operations	\$ 274	\$ 294	\$ 486	\$ 535
Income (loss) from discontinued operations, net of income taxes	--	(33)	19	(106)
Net income, as reported	====	====	====	====
	\$ 274	\$ 261	\$ 505	\$ 429
Denominator:				
Basic common shares (based on weighted average)	423	443	428	450
Add:				
Contingent common shares	3	6	4	6
Stock option dilution	4	4	5	4
Diluted common shares	====	====	====	====
	430	453	437	460

Income per common share amounts for the first two quarters of 2005 and 2004 do not total to the per common share amounts for the six months ended June 30, 2005 and 2004 due to the timing of stock repurchases and the effect of contingently issuable shares.

For both the three months and six months ended June 30, 2005, the Company did not include any common shares related to the Zero Coupon Convertible Senior Notes ("Notes") in the calculation of diluted earnings per common share, as the price of the Company's common stock at June 30, 2005 did not exceed the equivalent accreted value of the Notes.

MASCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

Note L - concluded:

In the first half of 2005, the Company repurchased and retired approximately 18 million shares of Company common stock, for cash aggregating approximately \$607 million. At June 30, 2005, the Company had approximately 42 million common shares remaining under the March 2005 Board of Directors repurchase authorization.

Additionally, 0.9 million and 0.7 million common shares for the three months and six months ended June 30, 2005, respectively, and 1.9 million and 2.9 million common shares for the three months and six months ended June 30, 2004, respectively, related to stock options were excluded from the computation of diluted earnings per common share due to their antidilutive effect, since the option exercise price was greater than the Company's average common stock price for these periods.

M. LITIGATION. The Company is subject to lawsuits and pending or asserted claims with respect to matters generally arising in the ordinary course of business.

As the Company reported in previous filings, late in the second half of 2002, the Company and its subsidiary, Behr Process Corporation, agreed to two Settlements (the National Settlement and the Washington State Settlement) to resolve all class action lawsuits pending in the United States involving certain exterior wood coating products formerly manufactured by Behr Process Corporation.

The following is a reconciliation of the Company's Behr Process Settlement liability, in millions:

Balance at January 1, 2005	\$ 19
Payments on claims	(9)
Reduction for liabilities paid by insurance carriers	(5)

Balance at June 30, 2005	\$ 5
	====

The Company expects that the evaluation, processing and payment of claims for both the National Settlement and the Washington State Settlement should be completed by December 31, 2005.

As previously disclosed, several lawsuits have been brought against the Company and a number of its insulation installation companies in the federal court in Atlanta, Georgia, alleging that certain practices violate provisions of federal and state antitrust laws. The Company believes that the conduct of the Company and its insulation installation companies, which have been the subject of these lawsuits, has not violated any antitrust laws.

As previously disclosed, European governmental authorities are investigating possible anticompetitive business practices relating to the plumbing and heating industries in Europe. The investigations involve a number of European companies, including certain of the Company's European manufacturing divisions and a number of other large businesses. In addition, several private antitrust lawsuits have been filed in the United States against, among others, the Company and several other companies that are being investigated, which appear to be an outgrowth of the European investigations. The Company believes that it will not incur material liability as a result of the matters that are subject to these investigations or as a result of any such lawsuits.

MASCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONCLUDED)

Note M - concluded:

WARRANTY. The following is a reconciliation of the Company's warranty liability, in millions:

Balance at January 1, 2005	\$100
Accruals for warranties issued during the period	30
Accruals related to pre-existing warranties	1
Settlements made (in cash or kind) during the period	(26)
Other, net (including foreign exchange impact)	(3)

Balance at June 30, 2005	\$102
	=====

STOCK PRICE GUARANTEES. In May 2005, the Company settled the guarantee related to the value of 1.6 million shares of Company common stock for a stock price of \$40 per share related to a 2001 divestiture. The guarantee was settled for cash and stock aggregating approximately \$12 million. At June 30, 2005, there were no outstanding stock price guarantees.

N. In June 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections - a Replacement to APB Opinion No. 20 and SFAS No. 3." SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle, unless it is impracticable. Previously, most voluntary changes in accounting principle were recognized by including the cumulative effect of changing to the new accounting principle in net income of the period of the change. The adoption of SFAS No. 154 is effective for accounting changes and error corrections subsequent to December 31, 2005, and is not expected to have a material effect on the Company's consolidated financial statements.

O. In July 2005, the Company's key employees who participated in the Executive Stock Purchase Program settled their outstanding five-year full recourse personal loans with a bank syndicate. The Company had guaranteed the repayment of the loans; however, all such loans were settled with no requirement for the Company to fulfill such guarantees.

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

SALES AND OPERATING PROFIT MARGINS

	THREE MONTHS ENDED JUNE 30,		PERCENT INCREASE	
	2005	2004	2005 VS. 2004	
NET SALES:				
Cabinets and Related Products	\$ 900	\$ 797	13%	
Plumbing Products	823	785	5%	
Installation and Other Services	764	686	11%	
Decorative Architectural Products	506	451	12%	
Other Specialty Products	355	342	4%	
	-----	-----		
Total	\$3,348	\$3,061	9%	
	=====	=====		
North America	\$2,784	\$2,531	10%	
International, principally Europe	564	530	6%	
	-----	-----		
Total	\$3,348	\$3,061	9%	
	=====	=====		
	SIX MONTHS ENDED JUNE 30,			
	2005	2004		
	-----	-----		
NET SALES:				
Cabinets and Related Products	\$1,738	\$1,576	10%	
Plumbing Products	1,583	1,524	4%	
Installation and Other Services	1,457	1,316	11%	
Decorative Architectural Products	877	821	7%	
Other Specialty Products	662	630	5%	
	-----	-----		
Total	\$6,317	\$5,867	8%	
	=====	=====		
North America	\$5,189	\$4,802	8%	
International, principally Europe	1,128	1,065	6%	
	-----	-----		
Total	\$6,317	\$5,867	8%	
	=====	=====		
	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
	-----	-----	-----	-----
OPERATING PROFIT MARGIN: (A)				
Cabinets and Related Products	16.0%	17.2%	15.4%	15.6%
Plumbing Products	13.1%	14.9%	11.8%	14.0%
Installation and Other Services	13.4%	12.8%	12.5%	12.8%
Decorative Architectural Products	19.0%	22.4%	17.7%	20.1%
Other Specialty Products	19.2%	20.8%	17.1%	18.4%
North America	16.1%	17.5%	14.9%	16.1%
International, principally Europe	12.6%	13.6%	11.7%	13.0%
Total	15.5%	16.8%	14.3%	15.5%
TOTAL OPERATING PROFIT MARGIN, AS REPORTED	14.1%	15.6%	12.9%	14.7%

(A) Before general corporate expense of \$48 million and \$94 million for the three-month and six-month periods ended June 30, 2005, respectively, and before income regarding the litigation settlement related to the Decorative Architectural Products segment of \$3 million and

\$5 million for the three-month and six-month periods ended June 30, 2005, respectively. Before general corporate expense of \$45 million and \$81 million for the three-month and six-month periods ended June 30, 2004, respectively, gain on sale of Corporate fixed assets of \$1 million and \$8 million for the three-month and six-month periods ended June 30, 2004, respectively, and before income regarding the litigation settlement related to the Decorative Architectural Products segment of \$7 million and \$28 million for the three-month and six-month periods ended June 30, 2004, respectively.

MASCO CORPORATION

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

The Company reports its financial results in accordance with generally accepted accounting principles ("GAAP") in the United States. However, the Company believes that certain non-GAAP performance measures and ratios, used in managing the business, may provide users of this financial information with additional meaningful comparisons between current results and results in prior periods. Non-GAAP financial measures and ratios should be viewed in addition to, and not as an alternative for, the Company's reported results.

NET SALES

Net sales increased nine percent and eight percent, respectively, for the three-month and six-month periods ended June 30, 2005 from the comparable periods in 2004. Excluding results from acquisitions, net sales increased nine percent and seven percent, respectively, (including a one percent increase in both periods relating to the effect of currency translation) for the three-month and six-month periods ended June 30, 2005. The following table reconciles reported net sales to net sales, excluding acquisitions and the effect of currency translation, in millions:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
Net sales, as reported	\$3,348	\$3,061	\$6,317	\$5,867
Acquisitions	(5)	--	(10)	--
Net sales, excluding acquisitions	3,343	3,061	6,307	5,867
Currency translation	(21)	--	(44)	--
Net sales, excluding acquisitions and the effect of currency translation	\$3,322	\$3,061	\$6,263	\$5,867

Net sales of Cabinets and Related Products increased 13 percent and 10 percent, respectively, in the three-month and six-month periods ended June 30, 2005 compared with the same periods of 2004, primarily due to increased sales volume in the new construction market.

Net sales of Plumbing Products increased five percent and four percent, respectively, in the three-month and six-month periods ended June 30, 2005 compared with the same periods of 2004, principally due to the favorable impact of a weaker U.S. dollar as well as increased sales through the Company's wholesale distribution channel. Such sales increases were offset by a less favorable product mix and by continuing weakness impacting certain products sold through retail markets.

Net sales of Installation and Other Services increased 11 percent in both the three-month and six-month periods ended June 30, 2005 compared with the same periods of 2004, primarily due to increased selling prices as well as increased sales volume of non-insulation products and continued increases in new construction markets.

Net sales of Decorative Architectural Products increased 12 percent and seven percent, respectively, in the three-month and six-month periods ended June 30, 2005 compared with the same periods of 2004, primarily due to increased selling prices and increased sales volume in the second quarter for paints and stains.

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

Net sales of Other Specialty Products increased four percent and five percent, respectively, in the three-month and six-month periods ended June 30, 2005 compared with the same periods of 2004, primarily due to an increase in sales volume of vinyl and fiberglass windows and doors to North American new construction markets. Such sales increases were offset, in part, by reduced sales of European operations included in this segment.

Net sales from North American operations for the three-month and six-month periods ended June 30, 2005 increased 10 percent and eight percent, respectively, compared with the same periods of 2004, primarily due to the reasons discussed above. Net sales from International operations for both the three-month and six-month periods ended June 30, 2005 increased six percent compared with the same periods of 2004, primarily due to increased sales of cabinets and plumbing products, as well as a weaker U.S. dollar, principally against the Euro, which increased International sales by approximately four percent for both the three-month and six-month periods ended June 30, 2005.

OPERATING MARGINS

The Company's gross profit margins were 29.4 percent and 28.9 percent, respectively, for the three-month and six-month periods ended June 30, 2005 compared with 31.8 percent and 31.1 percent, respectively, for the comparable periods in 2004. The decrease in gross profit margins reflects increased commodity, energy and freight costs, as well as a less favorable product mix, offset, in part, by increased sales volume. Operating profit for the three-month and six-month periods ended June 30, 2005 includes \$3 million and \$5 million, respectively, of income regarding the Behr litigation settlement. Operating profit for the three-month and six-month periods ended June 30, 2004 includes \$7 million and \$28 million of income regarding the Behr litigation settlement.

Operating profit margins for the Cabinets and Related Products segment for the three-month and six-month periods ended June 30, 2005 were 16.0 percent and 15.4 percent, respectively, compared with 17.2 percent and 15.6 percent, respectively, for the same periods of 2004, and reflect the impact of increased commodity and freight costs, as well as a shift to a less favorable product mix, which offset the positive impact of higher sales volume.

Operating profit margins for the Plumbing Products segment were 13.1 percent and 11.8 percent, respectively, for the three-month and six-month periods ended June 30, 2005 compared with 14.9 percent and 14.0 percent, respectively, for the same periods of 2004, primarily due to a less favorable product mix, as well as increased commodity costs and lower results of European operations included in this segment.

Operating profit margins for the Installation and Other Services segment were 13.4 percent and 12.5 percent, respectively, for the three-month and six-month periods ended June 30, 2005 compared with 12.8 percent for both of the comparable periods of 2004. The operating profit margin increase in this segment is primarily attributable to increased selling prices that were realized in the first half of 2005, as well as the favorable impact of higher sales volume.

Within the Installation and Other Services segment, the availability of fiberglass insulation to support the Company's installation and distribution activities continues to be constrained. The high level of demand for fiberglass insulation as a result of the strong new construction market has outpaced the industry's capacity to produce additional product. While improving, the Company believes that these conditions will persist over the remainder of 2005 and is working with its diverse supplier base to secure as much material as possible. At the current time, the Company does not believe that this material shortage will have a significant impact on its operations.

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

Operating profit margins for the Decorative Architectural Products segment were 19.0 percent and 17.7 percent, respectively, for the three-month and six-month periods ended June 30, 2005 compared with 22.4 percent and 20.1 percent, respectively, for the same periods of 2004. The operating profit margin decline is primarily due to increased material costs offset, in part, by increased selling prices and sales volume of paints and stains.

Operating profit margins for the Other Specialty Products segment were 19.2 percent and 17.1 percent, respectively, for the three-month and six-month periods ended June 30, 2005 compared with 20.8 percent and 18.4 percent, respectively, for the same periods of 2004. The operating profit margin decline is primarily attributable to increased commodity costs and lower results of European operations included in this segment.

The Company's operating profit margins, as reported, were 14.1 percent and 12.9 percent, respectively, for the three-month and six-month periods ended June 30, 2005 compared with 15.6 percent and 14.7 percent, respectively, for the same periods of 2004. The Company's operating profit margins, excluding the Behr litigation income of \$3 million and \$5 million for the three-month and six-month periods ended June 30, 2005, respectively, and \$7 million and \$28 million for the three-month and six-month periods ended June 30, 2004, respectively, were 14.0 percent and 12.8 percent for the three-month and six-month periods ended June 30, 2005, respectively, and 15.4 percent and 14.2 percent for the three-month and six-month periods ended June 30, 2004, respectively. The Company's operating profit margins decreased for the three-month and six-month periods ended June 30, 2005 compared with the same periods of 2004, principally due to the reasons discussed above.

OTHER INCOME (EXPENSE), NET

Other, net, for the three-month and six-month periods ended June 30, 2005 includes \$(2) million and \$24 million, respectively, of realized (losses) gains, net, from the sale of marketable securities, dividend income of \$4 million and \$8 million, respectively, and \$30 million and \$45 million, respectively, of income from other investments, net. Other items, net for the three-month and six-month periods ended June 30, 2005 include \$14 million and \$27 million, respectively, of currency transaction losses.

Other, net, for the three-month and six-month periods ended June 30, 2004 includes \$9 million and \$25 million, respectively, of realized gains, net, from the sale of marketable securities, dividend income of \$7 million and \$14 million, respectively, and \$5 million and \$18 million, respectively, of income from other investments, net. Other items, net for the three-month and six-month periods ended June 30, 2004 include \$6 million and \$12 million, respectively, of currency transaction gains. Other items, net for the three-month and six-month periods ended June 30, 2004 also include a \$5 million gain from the sale of non-operating assets.

Interest expense for the three-month and six-month periods ended June 30, 2005 increased \$5 million and \$11 million, respectively, to \$57 million and \$116 million, compared with interest expense of \$52 million and \$105 million, respectively, for the same periods of 2004, primarily due to the impact of increasing interest rates.

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

INCOME AND EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS

Income from continuing operations for the three-month and six-month periods ended June 30, 2005 was \$274 million and \$486 million, respectively, compared with \$294 million and \$535 million, respectively, for the comparable periods of 2004. Diluted earnings per common share from continuing operations for the three-month and six-month periods ended June 30, 2005 were \$.64 and \$1.11 per common share, respectively, compared with \$.65 and \$1.16 per common share, respectively, for the comparable periods of 2004. The Company's effective tax rate was 35.4 percent and 34.1 percent, respectively, for the three-month and six-month periods ended June 30, 2005, compared with 35.8 percent and 36.0 percent, respectively, for the same periods in 2004. The Company estimates that its effective tax rate should approximate 35 percent for the full year 2005.

OTHER FINANCIAL INFORMATION

The Company's current ratio was 1.6 to 1 and 2.1 to 1 at June 30, 2005 and December 31, 2004, respectively. The decline in the current ratio is primarily due to the reclassification to current liabilities of \$800 million of 6.75% notes that will become due and payable on March 15, 2006. On June 10, 2005, the Company issued \$500 million of fixed-rate 4.80% notes due 2015, resulting in net proceeds of \$494 million.

For the six months ended June 30, 2005, cash of \$419 million was provided by operating activities. Cash used for financing activities was \$291 million, including \$167 million for cash dividends paid and \$607 million for the acquisition and retirement of Company common stock in open-market transactions. Cash provided by financing activities included \$494 million from the issuance of notes (net of issuance costs) and \$24 million from the issuance of Company common stock for the exercise of stock options. Cash provided by investing activities was \$108 million and primarily included \$117 million from the net sales of marketable securities and other investments and \$103 million of net proceeds from the disposition of businesses. Cash used for investing activities primarily included \$126 million for capital expenditures.

Note M to the Condensed Consolidated Financial Statements discusses specific claims pending against the Company. The Company is also subject to lawsuits and claims pending or asserted with respect to matters generally arising in the ordinary course of business.

The Company believes that its present cash balance, its cash flows from operations and, to the extent necessary, bank borrowings and future financial market activities, are sufficient to fund its working capital and other investment needs.

OUTLOOK FOR THE COMPANY

The Company's 2005 first half results were adversely affected by increases in commodity, energy and freight costs, which have not been offset due, in part, to the lag in implementing selling price increases to customers, as well as a less favorable product mix. Second quarter 2005 sales and earnings, however, were better-than-expected, due to the strong new construction market as well as an improvement in key retailer sales.

The Company is committed to its strategy of value creation and continues to be focused on the simplification of its business model, cash flow generation, improvement in return on invested capital and the return of cash to shareholders through share repurchases and dividends.

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

Consistent with this strategy, the Company is pursuing a variety of initiatives to offset cost increases and increase operating profit including sourcing programs, the restructuring of certain of its businesses (including consolidations), manufacturing rationalization, headcount reductions and other profit improvement programs. As previously disclosed, the Company believes these initiatives will reduce annual costs by \$200 million by the end of 2007. Costs and charges related to the acceleration of these profit improvement programs, when combined with recent additional energy-related and commodity cost increases and the adverse effect of changes in currency values, are expected to negatively affect the Company's full-year 2005 earnings from continuing operations. Implementing these initiatives should improve the Company's earnings outlook for 2006 and beyond.

FORWARD-LOOKING STATEMENTS

Certain sections of this Quarterly Report contain statements reflecting the Company's views about its future performance and constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. These views involve risks and uncertainties that are difficult to predict and, accordingly, the Company's actual results may differ materially from the results discussed in such forward-looking statements. Readers should consider that various factors, including changes in general economic conditions, competitive market conditions and pricing pressures, relationships with key customers, industry consolidation of retailers, wholesalers and builders, shifts in distribution, the influence of e-commerce and other factors discussed in the Company's Annual Report on Form 10-K and its other filings with the Securities and Exchange Commission, may affect the Company's performance. The Company undertakes no obligation to update publicly any forward-looking statements as a result of new information, future events or otherwise.

ITEM 4. CONTROLS AND PROCEDURES

a. Evaluation of Disclosure Controls and Procedures.

The Company's principal executive officer and principal financial officer have concluded, based on the evaluation required by paragraph (b) of Rule 13a-15 under the Securities Exchange Act of 1934, of the Company's "disclosure controls and procedures" (as defined in paragraph (e) of Rule 13a-15), that, as of June 30, 2005, the Company's disclosure controls and procedures were effective.

b. Changes in Internal Control Over Financial Reporting.

In connection with the evaluation, required by paragraph (d) of Rule 13a-15 under the Securities Exchange Act of 1934, of the Company's "internal control over financial reporting" (as defined in paragraph (f) of Rule 13a-15), there was no change in the Company's internal control over financial reporting during the quarter ended June 30, 2005, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

MASCO CORPORATION

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding this item is set forth in Note M to the Company's Condensed Consolidated Financial Statements included in Part I, Item 1 of this Report.

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

The following table provides information regarding the repurchase of Company common stock for the three months ended June 30, 2005, in millions except average price paid per common share data:

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER COMMON SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
4/1/05- 4/30/05	3	\$33.18	3	44
5/1/05- 5/31/05	2	\$30.71	2	42
6/1/05- 6/30/05	-- ---	\$32.28	-- ---	42
Total for the quarter	5	\$32.25	5	

In March 2005, the Company's Board of Directors authorized the repurchase of up to an additional 50 million shares of the Company's common stock in open market transactions or otherwise, which replaced the December 2003 authorization. At the date of the new repurchase authorization, the Company had seven million shares remaining under the 2003 authorization.

ITEMS 3 AND 5 ARE NOT APPLICABLE.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of stockholders was held on May 10, 2005 at which the stockholders voted upon (1) the election of three nominees for Class II Directors and one nominee for Class I Director, (2) the approval of the 2005 Long Term Stock Incentive Plan and (3) ratification of the selection of PricewaterhouseCoopers LLP as independent auditors for the Company for 2005. The following is a tabulation of the votes.

ELECTION OF CLASS II DIRECTORS:

	For ---	Withheld -----
Verne G. Istock	378,549,954	5,718,740
David L. Johnston	378,556,622	5,712,072
J. Michael Losh	346,264,232	38,004,462

MASCO CORPORATION

PART II. OTHER INFORMATION - CONTINUED

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS (CONCLUDED)

ELECTION OF CLASS I DIRECTOR:

	For ---	Withheld -----
Dennis W. Archer	380,717,234	3,551,460

The other directors whose terms of office continued after the Annual Meeting are Peter A. Dow, Anthony F. Earley, Jr., Thomas G. Denomme, Richard A. Manoogian and Mary Ann Van Lokeren.

APPROVAL OF THE 2005 LONG TERM STOCK INCENTIVE PLAN:

For -----	Against -----	Abstentions and Broker Non-Votes -----
308,026,098	38,899,094	708,818

APPROVAL OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS INDEPENDENT AUDITORS FOR THE COMPANY FOR 2005:

For -----	Against -----	Abstentions and Broker Non-Votes -----
379,461,917	2,543,451	2,263,326

ITEM 6. EXHIBITS

- 4bi - Directors' resolutions establishing Masco Corporation 4.80% Notes due 2015, together with form of note (filed herewith) under the Indenture dated as of February 12, 2001 between Masco Corporation and J. P. Morgan Trust Company, National Association (successor in interest to Bank One Trust Company, National Association), as Trustee (which Indenture has been filed as an Exhibit to the Company's Form 10-K for the year ended December 31, 2000)
- 12 - Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
- 31a - Certification by Chief Executive Officer required by Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
- 31b - Certification by Chief Financial Officer required by Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
- 32 - Certification required by Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code
- 99 - Directors' resolution regarding the filling of vacancies on the Board of Directors

MASCO CORPORATION

PART II. OTHER INFORMATION - CONCLUDED

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.

MASCO CORPORATION

(Registrant)

DATE: AUGUST 4, 2005

BY: /s/ Timothy Wadhams

Timothy Wadhams
Senior Vice President and
Chief Financial Officer

MASCO CORPORATION

EXHIBIT INDEX

EXHIBIT

Exhibit 4bi	Directors' resolutions establishing Masco Corporation 4.80% Notes due 2015, together with form of note (filed herewith) under the Indenture dated as of February 12, 2001 between Masco Corporation and J. P. Morgan Trust Company, National Association (successor in interest to Bank One Trust Company, National Association), as Trustee (which Indenture has been filed as an Exhibit to the Company's Form 10-K for the year ended December 31, 2000)
Exhibit 12	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
Exhibit 31a	Certification by Chief Executive Officer required by Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
Exhibit 31b	Certification by Chief Financial Officer required by Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
Exhibit 32	Certification required by Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code
Exhibit 99	Directors' resolution regarding the filling of vacancies on the Board of Directors

EXHIBIT 4.b.i

**RESOLUTIONS OF THE PRICING COMMITTEE OF
THE BOARD OF DIRECTORS
OF MASCO CORPORATION
JUNE 7, 2005**

In lieu of a meeting, the undersigned, being all of the members of the Pricing Committee of the Board of Directors of Masco Corporation, a Delaware corporation, (the "Company") adopt the resolutions attached on Exhibit A hereto.

Dated: June 7, 2005

/s/ Richard A. Manoogian

Richard A. Manoogian

/s/ J. Michael Losh

J. Michael Losh

Exhibit A

**RESOLUTIONS OF THE PRICING COMMITTEE
OF THE BOARD OF DIRECTORS OF
MASCO CORPORATION
JUNE 7, 2005**

WHEREAS, Masco Corporation, a Delaware corporation (the "Company") the Company has filed a Registration Statement (No. 100641) on Form S-3 with the Securities and Exchange Commission, which is in effect;

WHEREAS, the Company desires to create a series of securities under the indenture dated as of February 12, 2001 (the "Indenture"), with J. P. Morgan Trust Company, National Association, (as successor to Bank One Trust Company, National Association) (the "Trustee"), providing for the issuance from time to time of unsecured debentures, notes or other evidences of indebtedness of this Company ("Securities") in one or more series under such Indenture; and

WHEREAS, capitalized terms used in these resolutions and not otherwise defined are used with the same meaning ascribed to such terms in the Indenture;

THEREFORE, BE IT RESOLVED, that there is established two series of Securities under the Indenture, the terms of which shall be as follows:

1. The Securities of one series shall be designated as the "4.80% Notes Due 2015."
2. The aggregate principal amount of Securities of such series which may be authenticated and delivered under the Indenture is limited to Five Hundred Million Dollars (\$500,000,000), except for Securities of such series authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Sections 3.04, 3.05, 3.06, 9.06 or 11.07 of the Indenture.
3. The date on which the principal of the Securities of such series shall be payable is December 15, 2015.
4. The Securities of such series shall bear interest from June 10, 2005 at the rate of 4.80% per annum, payable semi-annually on June 15 and December 15 of each year commencing on December 15, 2005 until the principal thereof is paid or made available for payment. The June 1 or December 1 (whether or not a business day), as the case may be, next preceding each such interest payment date shall be the "record date" for the determination of holders to whom interest is payable.

5. The Securities of such series shall be issued initially in the form of global securities registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), and will be held by the Trustee as custodian for DTC. The Securities shall be subject to the procedures of DTC and will not be issued in definitive registered form.

6. The principal of and interest on the Securities of such series shall be payable at the office or agency of this Company maintained for such purpose in Chicago, Illinois or at any other office or agency designated by the Company for such purpose pursuant to the Indenture.

7. The Securities of such series shall be subject to redemption in whole or in part prior to maturity, at the Company's option, at a redemption price established in accordance with current market practice, substantially as follows: the redemption price shall be equal to the greater of (i) 100% of the principal amount of the Securities plus accrued interest to the redemption date, or (ii) the sum of the present values of the remaining principal amount and scheduled payments of interest on the Securities of such series to be redeemed (other than accrued interest to the redemption date), discounted to the redemption date on a semi-annual basis at the appropriate treasury rate plus 15 basis points plus accrued interest to the redemption date.

8. The Securities of such series shall be issuable in denominations of One Thousand Dollars (\$1,000) and any integral multiples thereof.

9. The Securities shall be issuable at a price such that this Company shall receive Four Hundred Ninety Four Million One Hundred Fifty-Five Thousand Dollars (\$494,155,000) after an underwriting discount of Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000).

10. The Securities shall be subject to Defeasance and discharge pursuant to Section 4.02 of the Indenture and to Covenant Defeasance pursuant to Section 10.06 of the Indenture with respect to any term, provision or condition set forth in any negative or restrictive covenant of the Company applicable to the Securities.

FURTHER RESOLVED, that the Securities of each such series are declared to be issued under the Indenture and subject to the provisions hereof;

FURTHER RESOLVED, that the Chairman of the Board, the President or any Vice President of the Company is authorized to execute, on the Company's behalf and in its name, and the Secretary or any Assistant Secretary of the Company is authorized to attest to such execution and under the Company's seal (which may be in the form of a facsimile of the Company's seal), \$500,000,000 aggregate principal amount of the Securities of such series (and in addition, Securities to replace lost, stolen, mutilated or destroyed Securities and Securities required for exchange, substitution or transfer, all as

provided in the Indenture) and to deliver such Securities to the Trustee for authentication, and the Trustee is authorized and directed thereupon to authenticate and deliver the same to or upon the written order of this Company as provided in the Indenture;

FURTHER RESOLVED, that the signatures of the Company officers so authorized to execute the Securities of such series may be the manual or facsimile signatures of the present or any future authorized officers and may be imprinted or otherwise reproduced thereon, and the Company for such purpose adopts each facsimile signature as binding upon it notwithstanding the fact that at the time the respective Securities shall be authenticated and delivered or disposed of, the individual so signing shall have ceased to hold such office;

FURTHER RESOLVED, that Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J. P. Morgan Securities Inc., appointed underwriters for the issuance and sale of the Securities of such series, and the Chairman of the Board, the President or any Vice President of the Company is authorized, in the Company's name and on its behalf, to execute and deliver an Underwriting Agreement, substantially in the form heretofore approved by the Company's Board of Directors, with such underwriters, with such changes and insertions therein as are appropriate to conform such Underwriting Agreement to the terms set forth herein or otherwise as the officer executing such Underwriting Agreement shall approve and as are not inconsistent with these resolutions, such approval to be conclusively evidenced by such officer's execution and delivery of the Underwriting Agreement;

FURTHER RESOLVED, that J. P. Morgan Trust Company, National Association, the Trustee under the Indenture, is appointed trustee for Securities of such series, and as Agent of this Company for the purpose of effecting the registration, transfer and exchange of the Securities of such series as provided in the Indenture, and the corporate trust office of J. P. Morgan Trust Company, National Association, in Chicago, Illinois is designated pursuant to the Indenture as the office or agency of the Company where such Securities may be presented for registration, transfer and exchange and where notices and demands to or upon this Company in respect of the Securities and the Indenture may be served;

FURTHER RESOLVED, that J. P. Morgan Trust Company, National Association, is appointed Paying Agent of this Company for the payment of interest on and principal of the Securities of such series, and the corporate trust office of J. P. Morgan Trust Company, National Association, is designated, pursuant to the Indenture, as the office or agency of the Company where Securities may be presented for payment; and

FURTHER RESOLVED, that each of the Company's officers is authorized and directed, on behalf of the Company and in its name, to do or cause to be done everything such officer deems advisable to effect the sale and delivery of the Securities of such series pursuant to the Underwriting Agreement and otherwise to carry out the Company's obligations under the Underwriting Agreement, and to do or cause to be done everything

and to execute and deliver all documents as such officer deems advisable in connection with the execution and delivery of the Underwriting Agreement and the execution, authentication and delivery of such Securities (including, without limiting the generality of the foregoing, delivery to the Trustee of the Securities for authentication and of requests or orders for the authentication and delivery of Securities).

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, 55 WATER STREET, NEW YORK, NEW YORK (THE "DEPOSITARY"), TO MASCO CORPORATION OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

MASCO CORPORATION

4.80% Notes Due 2015

\$500,000,000

CUSIP No. 574599BC9

Masco Corporation, a corporation duly organized and existing under the laws of Delaware (herein called the "COMPANY," which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO. or registered assigns, the principal sum of Five Hundred Million Dollars on June 15, 2015, and to pay interest thereon from June 10, 2005 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on June 15 and December 15 in each year, commencing December 15, 2005, at the rate of 4.80% per annum, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the June 1 or December 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Interest on the Securities shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made at the office or agency of the Company maintained for that purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: June 10, 2005

MASCO CORPORATION

By:

John R. Leekley Senior Vice President and General Counsel

Attest:

Eugene A. Gargaro, Jr.
Secretary

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Date of Authentication: June 10, 2005

J.P. Morgan Trust Company, National Association, as Trustee

By: _____ Authorized Officer

REVERSE OF SECURITY

This Security is one of a duly authorized issue of securities of the Company (herein called the "SECURITIES"), issued and to be issued in one or more series under an Indenture, dated as of February 12, 2001 (herein called the "INDENTURE"), between the Company and J.P. Morgan Trust Company, National Association (as successor in interest to Bank One Trust Company, National Association), as Trustee (herein called the "TRUSTEE," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, initially limited in aggregate principal amount to \$500,000,000.

The Notes will be redeemable at the option of the Company, in whole at any time or in part from time to time (each, a "REDEMPTION DATE") at a redemption price equal to the greater of (i) 100% of their principal amount plus accrued interest to the Redemption Date and (ii) the sum, as determined by the Independent Investment Banker, of the present values of the principal amount and the remaining scheduled payments of interest on the Notes to be redeemed (exclusive of interest accrued to such Redemption Date), discounted from the scheduled payment dates to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points plus accrued but unpaid interest thereon to the Redemption Date. Notwithstanding the foregoing, installments of interest on Notes that are due and payable on an interest payment date falling on or prior to the relevant Redemption Date will be payable to the holders of such Notes registered as such at the close of business on the relevant record date according to their terms and the provisions of the Indenture.

"COMPARABLE TREASURY ISSUE" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes to be redeemed.

"COMPARABLE TREASURY PRICE" means, with respect to any Redemption Date, the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"INDEPENDENT INVESTMENT BANKER" means one of the Reference Treasury Dealers appointed by the Trustee after consultation with the Company.

"REFERENCE TREASURY DEALER" means (a) each of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc. and their respective successors, unless either of them ceases to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), in which case the Company shall substitute another Primary Treasury Dealer; and (b) any other Primary Treasury Dealer selected by the Company.

"REFERENCE TREASURY DEALER QUOTATIONS" means, with respect to each Reference Treasury Dealer and any Redemption Date for the Notes, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. New York City time, on the third Business Day preceding such Redemption Date.

"TREASURY RATE" means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated on the third Business Day preceding such Redemption Date using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury price for such Redemption Date.

This Security will be subject to defeasance and discharge and to defeasance of certain obligations as set forth in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default

as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security herein provided, and at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of (and premium, if any) and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

EXHIBIT 12

**MASCO CORPORATION AND CONSOLIDATED SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED
STOCK DIVIDENDS**

	(DOLLARS IN MILLIONS)					
	SIX MONTHS ENDED JUNE 30, 2005	YEAR ENDED DECEMBER 31,				
	2004	2003	2002	2001	2000	
EARNINGS BEFORE INCOME TAXES, PREFERRED STOCK DIVIDENDS AND FIXED CHARGES:						
Income from continuing operations before income taxes, minority interest and cumulative effect of accounting change, net	\$ 753	\$1,518	\$1,280	\$ 966	\$ 278	\$ 824
Deduct equity in undistributed (earnings) of fifty-percent-or- less-owned companies	(1)	(1)	--	(10)	(1)	(10)
Add interest on indebtedness, net	115	216	253	228	230	190
Add amortization of debt expense	4	6	12	13	10	2
Add estimated interest factor for rentals	20	35	32	24	21	17
Earnings before income taxes, minority interest, cumulative effect of accounting change, net, fixed charges and preferred stock dividends	\$ 891 =====	\$1,774 =====	\$1,577 =====	\$ 1,221 =====	\$ 538 =====	\$1,023 =====
FIXED CHARGES:						
Interest on indebtedness	\$ 113	\$ 214	\$ 253	\$ 226	\$ 236	\$ 198
Amortization of debt expense	4	6	12	13	10	2
Estimated interest factor for rentals	20	35	32	24	21	17
Total fixed charges	\$ 137 =====	\$ 255 =====	\$ 297 =====	\$ 263 =====	\$ 267 =====	\$ 217 =====
PREFERRED STOCK DIVIDENDS(a)	\$ -- -----	\$ 8 -----	\$ 16 -----	\$ 14 -----	\$ 7 -----	\$ -- -----
Combined fixed charges and preferred stock dividends	\$ 137 =====	\$ 263 =====	\$ 313 =====	\$ 277 =====	\$ 274 =====	\$ 217 =====
Ratio of earnings to fixed charges	6.5 =====	7.0 =====	5.3 =====	4.6 =====	2.0 =====	4.7 =====
Ratio of earnings to combined fixed charges and preferred stock dividends(b)(c)	6.5 =====	6.7 =====	5.0 =====	4.4 =====	2.0 =====	4.7 =====

(a) Represents amount of income before provision for income taxes required to meet the preferred stock dividend requirements of the Company.

(b) Excluding the 2005 pre-tax income of \$5 million related to the Behr litigation accrual, the 2004 pre-tax income of \$30 million related to the Behr litigation accrual, the non-cash, pre-tax goodwill impairment charge of \$168 million, and the non-cash, pre-tax impairment charge of \$21 million related to a marketable security, the 2003 pre-tax income for litigation settlement of \$72 million and the non-cash, pre-tax goodwill impairment charge of \$53 million, the 2002 pre-tax charge for litigation settlement, net, of \$147 million, the 2001 non-cash, pre-tax charge of \$530 million and the 2000 non-cash, pre-tax charge of \$145 million, the Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends would be 6.5, 7.3, 5.0, 4.9, 3.9 and 5.4 for the second quarter of 2005, and the years 2004, 2003, 2002, 2001 and 2000, respectively.

(c) Years prior to 2002 have not been adjusted to exclude goodwill amortization expense.

MASCO CORPORATION

**CERTIFICATION REQUIRED BY RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Richard A. Manoogian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Masco Corporation (the Registrant);
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 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 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, 2005

By: /s/ Richard A. Manoogian

Richard A. Manoogian
Chief Executive Officer

MASCO CORPORATION

**CERTIFICATION REQUIRED BY RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Timothy Wadhams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Masco Corporation (the Registrant);
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 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 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, 2005

By: /s/ Timothy Wadhams

*Timothy Wadhams
Senior Vice President and
Chief Financial Officer*

EXHIBIT 32

MASCO CORPORATION

**CERTIFICATION REQUIRED BY RULE 13a-14(b) OR 15d-14(b)
OF THE SECURITIES EXCHANGE ACT OF 1934 AND**

SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

The certification set forth below is being submitted in connection with the Masco Corporation Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Richard A. Manoogian, the Chief Executive Officer, and Timothy Wadhams, the Senior Vice President and Chief Financial Officer, of Masco Corporation, each certifies that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of Masco Corporation.

Date: August 4, 2005

/s/ Richard A. Manoogian

Name: Richard A. Manoogian

Title: Chief Executive Officer

Date: August 4, 2005

/s/ Timothy Wadhams

Name: Timothy Wadhams

*Title: Senior Vice President and
Chief Financial Officer*

EXHIBIT 99

Resolution of the Board of Directors adopted July 28, 2005 regarding the filling of vacancies on the Board of Directors.

RESOLVED, that whenever a director is appointed by the Board to fill a vacancy in accordance with the provisions of Article Seventh of the Company's Restated Certificate of Incorporation, including vacancies resulting from an expansion in the size of the Board, such Director shall serve subject to approval by the stockholders at the next Annual Meeting of Stockholders following such appointment.