

MASCO CORP /DE/

FORM 8-K (Current report filing)

Filed 10/25/10 for the Period Ending 10/25/10

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

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported) **October 25, 2010**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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SIGNATURE

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Item 2.02. Results of Operations and Financial Condition.

Attached and incorporated herein by reference as Exhibit 99 is a copy of a press release dated October 25, 2010 reporting Masco Corporation's financial results for the third quarter of 2010 and certain other information and supplemental information prepared for use in connection with the financial results for the third quarter 2010. On October 26, 2010, Masco Corporation will hold an investor conference call and web cast to discuss financial results for the third quarter 2010.

This information, including the Exhibits attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99 Press Release of Masco Corporation dated October 25, 2010 reporting Masco Corporation's financial results for the third quarter 2010 and certain other information and supplemental information prepared for use in connection with the financial results for the third quarter 2010.

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

By: /s/ John G. Sznewajs

Name: John G. Sznewajs

Title: Vice President, Treasurer and
Chief Financial Officer

October 25, 2010

EXHIBIT INDEX

99 Press Release of Masco Corporation dated October 25, 2010 reporting Masco Corporation's financial results for the third quarter 2010 and certain other information and supplemental information prepared for use in connection with the financial results for the third quarter 2010.

Investor / Media Contact

Maria Duey
Vice President — Investor Relations and Communications
313.792.5500
maria_duey@mascohq.com

MASCO CORPORATION REPORTS THIRD QUARTER RESULTS**2010 Third Quarter Commentary**

- Sales decreased six percent to \$2.0 billion.
- Excluding charges for business rationalizations and litigation, and with a normalized tax rate of 36 percent, our key financial measures were as follows, compared to the third quarter of 2009:
 - Gross profit margins were 26.9 percent compared to 27.7 percent
 - Operating profit margins were 7.2 percent compared to 8.0 percent
 - Income, as adjusted, would have been \$.11 per common share, compared to \$.18 per common share.
- (Loss) income from continuing operations, as reported, was \$(.02) per common share compared to \$.14 per common share in the third quarter of 2009.
- Working capital, as a percent of sales, improved to 16.2 percent at September 30, 2010 compared to 17.3 percent at September 30, 2009.
- Cash was \$1.5 billion at September 30, 2010.

Taylor, Mich., (October 25, 2010) — Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended September 30, 2010 decreased six percent to \$2.0 billion. North American sales and International sales each decreased six percent. In local currencies, International sales increased four percent compared with the third quarter of 2009.

“The slowing economic activity related to our markets, particularly consumer spending and new home construction in North America that we experienced late in the second quarter, continued into the third quarter of 2010. Four of our five product segments had sales declines compared to the third quarter of 2009. Our plumbing products segment was up modestly in sales, principally due to continued strong international results, as Hansgrohe continues to expand globally. Given the decline in sales, we were pleased with our performance from a profitability standpoint, as cost reductions partially offset the impact of volume declines and a less favorable relationship between selling prices and commodity costs compared to third quarter 2009,” said Masco’s CEO Tim Wadhams.

(Loss) income from continuing operations, as reported, was \$(.02) per common share in the third quarter of 2010 compared to \$.14 per common share in the third quarter of 2009.

We continue to focus on the rationalization of our businesses, including business consolidations, plant closures, headcount reductions, system implementations and other initiatives. During the third quarters of 2010 and 2009, we incurred costs and charges of \$39 million pre-tax (\$.07 per common share, after tax) and \$21 million pre-tax (\$.04 per common share, after tax), respectively, related to these initiatives.

Outlook 2010

Although we continue to be concerned about foreclosure activity and access to financing, we believe that housing starts will improve in 2010 from 554,000 units in 2009 and continue to believe that total starts will be in a range of 575,000 to 625,000 units. In addition, we anticipate that expenditures on repair and remodel activity will be challenged in the near-term, and that big-ticket items will continue to be deferred until general economic conditions, unemployment, consumer confidence, credit availability and home prices improve.

“We are confident that the long-term fundamentals for the new home construction and home improvement markets continue to be positive. However, it appears that the recovery in certain of our markets will be slower than previously anticipated. Given that, we will continue our intense focus on the things that we can control including driving the Masco Business System and aggressively managing our cost structure. We thank and appreciate our employees, world-wide, for their continued focus and dedication as we continue to address the challenging economic environment,” said Tim Wadhams.

We believe that our strong financial position, together with our current strategy of investing in leadership brands (including: KraftMaid and Merillat cabinets, Delta and Hansgrohe faucets, Behr paint and Milgard windows), our continued focus on innovation and our commitment to lean principles will allow us to drive long-term growth and create value for our shareholders.

Headquartered in Taylor, Michigan, Masco Corporation is one of the world’s leading manufacturers of home improvement and building products, as well as a leading provider of services that include the installation of insulation and other building products.

The 2010 third quarter supplemental material, including a presentation in PDF format, will be distributed after the market closes on October 25, 2010 and will be available on the Company’s Web site at www.masco.com.

A conference call regarding items contained in this release is scheduled for Tuesday, October 26, 2010 at 8:00 a.m. ET. Participants in the call are asked to register five to ten minutes prior to the scheduled start time by dialing (913) 312-0395 (confirmation #6154441). The conference call will be webcast simultaneously on the Company’s Web site at www.masco.com and supplemental material, including the financial data referred to on

the call and a reconciliation of non-GAAP information provided on the call, will also be available on the Web site. A replay of the call will be available on Masco's Web site or by phone by dialing (719) 457-0820 (replay access code #6154441) approximately two hours after the end of the call and will continue through November 2, 2010.

Masco Corporation's press releases and other information are available through the Company's toll free number, 1-888-MAS-NEWS, or under the Investor Relations section of Masco's Web site at www.masco.com.

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Statements contained herein, or otherwise made available, that reflect the Company's views about its future performance may 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 the Company's results may differ materially from the results discussed in such forward-looking statements. For further information, refer to our most recent Annual Report on Form 10-K (particularly the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections) and to any subsequent Quarterly Reports on Form 10-Q, all of which are on file with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Certain of the financial and statistical data made available are non-GAAP financial measures as defined by the SEC's Regulation G. The Company believes that such non-GAAP performance measures and ratios used in managing the business may provide users with meaningful comparisons between current results and results in prior periods. Non-GAAP performance measures and ratios should be viewed in addition to, and not as an alternative for, the Company's reported results under accounting principles generally accepted in the United States. See the exhibit that is included as part of this earnings release for a reconciliation of the non-GAAP performance measures contained herein. Additional information about the Company is contained in the Company's filings with the SEC and is available on Masco's Web site.

MASCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS — UNAUDITED
For the Three Months and Nine Months Ended September 30, 2010 and 2009
(In Millions, Except Per Common Share Data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net sales	\$ 1,957	\$ 2,084	\$ 5,857	\$ 5,894
Cost of sales	1,463	1,517	4,325	4,371
Gross profit	494	567	1,532	1,523
Selling, general and administrative expenses	392	429	1,233	1,263
Charge for defined-benefit plan curtailment	—	—	—	8
Operating profit	102	138	299	252
Other income (expense), net	(64)	(49)	(223)	(157)
Income from continuing operations before income taxes	38	89	76	95
Income tax expense	31	26	53	35
Income from continuing operations	7	63	23	60
Loss from discontinued operations, net	—	(23)	—	(31)
Net income	7	40	23	29
Less: Net income attributable to non-controlling interest	12	12	32	27
Net (loss) income attributable to Masco Corporation	<u>\$ (5)</u>	<u>\$ 28</u>	<u>\$ (9)</u>	<u>\$ 2</u>
(Loss) earnings per common share attributable to Masco Corporation				
(diluted):				
(Loss) income from continuing operations	\$ (0.02)	\$ 0.14	\$ (0.03)	\$ 0.09
Loss from discontinued operations, net	—	(0.06)	—	(0.09)
Net (loss) income attributable to Masco Corporation	<u>\$ (0.02)</u>	<u>\$ 0.08</u>	<u>\$ (0.03)</u>	<u>\$ 0.00</u>
Average diluted common shares outstanding	<u>349</u>	<u>351</u>	<u>349</u>	<u>351</u>
Amounts attributable to Masco Corporation:				
(Loss) income from continuing operations	\$ (5)	\$ 51	\$ (9)	\$ 33
Loss from discontinued operations, net	—	(23)	—	(31)
Net (loss) income attributable to Masco Corporation	<u>\$ (5)</u>	<u>\$ 28</u>	<u>\$ (9)</u>	<u>\$ 2</u>

MASCO CORPORATION
Gross Profit Margin and Operating Profit Margin Reconciliation
For the Three Months Ended September 30, 2010 and 2009
(In Millions, Except Per Common Share Data)

	Three Months Ended September 30,	
	2010	2009
Sales	\$ 1,957	\$ 2,084
Gross profit, as reported	\$ 494	\$ 567
Rationalization charges	32	10
Gross profit, as adjusted	\$ 526	\$ 577
Gross margin, as reported	25.2%	27.2%
Gross margin, as adjusted	26.9%	27.7%
Operating profit, as reported	\$ 102	\$ 138
Rationalization charges	39	21
Litigation charge	—	7
Operating profit, as adjusted	\$ 141	\$ 166
Operating margin, as reported	5.2%	6.6%
Operating margin, as adjusted	7.2%	8.0%

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 performance measures and ratios should be viewed in addition to, and not as an alternative for, the Company's reported results under accounting principles generally accepted in the United States.

MASCO CORPORATION
EPS Reconciliation
For the Three Months Ended September 30, 2010 and 2009
(In Millions, Except Per Common Share Data)

	Three Months Ended September 30,	
	2010	2009
Income from continuing operations before income taxes — as reported	\$ 38	\$ 89
Rationalization charges	39	21
One-time corporate charges	—	—
Litigation charge	—	7
Income from continuing operations before income taxes — as adjusted	77	117
Tax at 36% rate	(28)	(42)
Less: Net income attributable to non-controlling interest	(12)	(12)
Net Income — as adjusted	\$ 37	\$ 63
Earnings per common share — as adjusted	\$ 0.11	\$ 0.18
Shares outstanding	349	351

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 performance measures and ratios should be viewed in addition to, and not as an alternative for, the Company's reported results under accounting principles generally accepted in the United States.

Masco Corporation
Key Financial Data As Reported — Unaudited
Q3 — 2010 and 2009
(In Millions, Except Earnings Per Share)

Sales & Earnings	9/30/2010	9/30/2009	Change
Net Sales	\$ 1,957	\$ 2,084	-6 %
Operating Profit	\$ 102	\$ 138	N/A
<i>Operating Profit % of Net Sales</i>	5.2 %	6.6 %	(140) bps
Other Income (Expense), Net	\$ (64)	\$ (49)	\$ (15)
Income Tax Expense	\$ 31	\$ 26	N/A
(Loss) Income From Continuing Operations Attributable to Masco Corporation	\$ (5)	\$ 28	N/A
Diluted EPS from Continuing Operations	\$ (0.02)	\$ 0.14	N/A
Operating Expenses	9/30/2010	9/30/2009	Change
Cost of Sales	\$ 1,463	\$ 1,517	\$ (54)
<i>Gross Margin</i>	25.2 %	27.2 %	(200) bps
SG&A Expenses (Including GCE)	\$ 392	\$ 429	\$ (37)
<i>SG&A as a % of net sales</i>	20.0 %	20.6 %	60 bps
General Corporate Expense (GCE)	\$ 27	\$ 36	\$ (9)
<i>General Corp Expense as a % of net sales</i>	1.4 %	1.7 %	30 bps
Business Segments	9/30/2010	9/30/2009	Change
Cabinets and Related Products:			
Net Sales	\$ 357	\$ 434	-18 %
Operating (Loss)	\$ (61)	\$ (16)	N/A
<i>Operating (Loss) % of Net Sales</i>	-17.1 %	-3.7 %	(1,340) bps
Plumbing Products:			
Net Sales	\$ 686	\$ 678	1 %
Operating Profit	\$ 97	\$ 93	N/A
<i>Operating Profit % of Net Sales</i>	14.1 %	13.7 %	40 bps
Installation and Other Services:			
Net Sales	\$ 292	\$ 332	-12 %
Operating (Loss)	\$ (22)	\$ (34)	N/A
<i>Operating (Loss) % of Net Sales</i>	-7.5 %	-10.2 %	270 bps
Decorative Architectural Products:			
Net Sales	\$ 463	\$ 474	-2 %
Operating Profit	\$ 104	\$ 122	N/A
<i>Operating Profit % of Net Sales</i>	22.5 %	25.7 %	(320) bps
Other Specialty Products:			
Net Sales	\$ 159	\$ 166	-4 %
Operating Profit	\$ 11	\$ 16	N/A
<i>Operating Profit % of Net Sales</i>	6.9 %	9.6 %	(270) bps
Total Segment Reported:			
Net Sales	\$ 1,957	\$ 2,084	-6 %
Operating Profit	\$ 129	\$ 181	N/A
<i>Operating Profit % of Net Sales</i>	6.6 %	8.7 %	(210) bps
Change in Key Retailer Sales	-4%	-4%	

Masco Corporation
Key Financial Data As Reported — Unaudited
Q3 — 2010 and 2009
(In Millions, Except Earnings Per Share)

Business Regions	9/30/2010	9/30/2009	Change
North America			
Net Sales	\$ 1,528	\$ 1,630	-6 %
Operating Profit	\$ 79	\$ 123	N/A
<i>Operating Profit % of Net Sales</i>	5.2 %	7.5 %	(230) bps
International, principally Europe			
Net Sales	\$ 429	\$ 454	-6 %
Operating Profit	\$ 50	\$ 58	N/A
<i>Operating Profit % of Net Sales</i>	11.7 %	12.8 %	(110) bps
Other		9/30/2010	9/30/2009
Dividend Payments		\$ 27	\$ 27
Cash Paid for Share Repurchases		\$ —	\$ —
Common Shares Repurchased		—	—
CAPEX		\$ 26	\$ 20
Depreciation and Amortization		\$ 72	\$ 62
Average diluted common shares outstanding		349	351

Masco Corporation
Key Financial Data As Reported — Unaudited
Year-to-Date September 30, 2010 and 2009
(In Millions, Except Earnings Per Share and Working Capital Days)

	<u>9/30/2010</u>	<u>9/30/2009</u>	<u>Change</u>
Sales & Earnings			
Net Sales	\$ 5,857	\$ 5,894	-1 %
Operating Profit	\$ 299	\$ 252	N/A
<i>Operating Profit % of Net Sales</i>	5.1 %	4.3 %	80 bps
Other Income (Expense), Net	\$ (223)	\$ (157)	\$ (66)
Income Tax Expense	\$ 53	\$ 35	N/A
(Loss) Income From Continuing Operations			
Attributable to Masco Corporation	\$ (9)	\$ 2	N/A
Diluted EPS from Continuing Operations	\$ (0.03)	\$ 0.09	N/A
Operating Expenses			
Cost of Sales	\$ 4,325	\$ 4,371	\$ (46)
<i>Gross Margin</i>	26.2 %	25.8 %	40 bps
SG&A Expenses (Including GCE)	\$ 1,233	\$ 1,263	\$ (30)
<i>SG&A as a % of net sales</i>	21.1 %	21.4 %	30 bps
General Corporate Expense (GCE)	\$ 84	\$ 96	\$ (12)
<i>General Corp Expense as a % of net sales</i>	1.4 %	1.6 %	20 bps
Business Segments			
Cabinets and Related Products:			
Net Sales	\$ 1,160	\$ 1,248	-7 %
Operating (Loss)	\$ (113)	\$ (56)	N/A
<i>Operating (Loss) % of Net Sales</i>	-9.7 %	-4.5 %	(520) bps
Plumbing Products:			
Net Sales	\$ 2,031	\$ 1,893	7 %
Operating Profit	\$ 267	\$ 202	N/A
<i>Operating Profit % of Net Sales</i>	13.1 %	10.7 %	240 bps
Installation and Other Services:			
Net Sales	\$ 874	\$ 961	-9 %
Operating (Loss)	\$ (87)	\$ (104)	N/A
<i>Operating (Loss) % of Net Sales</i>	-10.0 %	-10.8 %	80 bps
Decorative Architectural Products:			
Net Sales	\$ 1,357	\$ 1,365	-1 %
Operating Profit	\$ 300	\$ 313	N/A
<i>Operating Profit % of Net Sales</i>	22.1 %	22.9 %	(80) bps
Other Specialty Products:			
Net Sales	\$ 435	\$ 427	2 %
Operating Profit	\$ 16	\$ 16	N/A
<i>Operating Profit % of Net Sales</i>	3.7 %	3.7 %	- bps
Total Segment Reported:			
Net Sales	\$ 5,857	\$ 5,894	-1 %
Operating Profit	\$ 383	\$ 371	N/A
<i>Operating Profit % of Net Sales</i>	6.5 %	6.3 %	20 bps
Change in Key Retailer Sales	-1%	-7%	

Masco Corporation
Key Financial Data As Reported — Unaudited
Year-to-Date September 30, 2010 and 2009
(In Millions, Except Earnings Per Share and Working Capital Days)

Business Regions	9/30/2010	9/30/2009	Change
North America			
Net Sales	\$ 4,617	\$ 4,694	-2 %
Operating Profit	\$ 257	\$ 261	N/A
Operating Profit % of Net Sales	5.6 %	5.6 %	- bps
International, principally Europe			
Net Sales	\$ 1,240	\$ 1,200	3 %
Operating Profit	\$ 126	\$ 110	N/A
Operating Profit % of Net Sales	10.2 %	9.2 %	100 bps
Working Capital	9/30/2010	9/30/2009	Change
Receivable Days	49	50	(1)
Inventory Days	53	50	3
Payable Days	51	49	2
Working Capital (Receivables+Inventory-Payables)	\$ 1,258	\$ 1,368	\$ (110)
Working Capital as a % of Sales (As Reported TTM ¹)	16.2 %	17.3 %	110 bps
Other	9/30/2010	9/30/2009	
Dividend Payments	\$ 81	\$ 139	
Cash Paid for Share Repurchases ²	\$ 45	\$ 11	
Common Shares Repurchased ²	3	2	
CAPEX	\$ 88	\$ 70	
Depreciation and Amortization	\$ 209	\$ 190	
Return on Invested Capital (As Reported TTM ¹)		1.2%	-2.5%
Return on Invested Capital (As Reconciled TTM ¹)		4.1%	2.4%
Average diluted common shares outstanding		349	351
Balance Sheet Information	9/30/2010	12/31/2009	
Long-Term Debt	\$ 4,036	\$ 3,604	
Notes Payable	\$ 66	\$ 364	
Total Debt	\$ 4,102	\$ 3,968	
Shareholders' Equity	\$ 2,700	\$ 2,817	
Debt to Capital	60%	58%	
Cash	\$ 1,537	\$ 1,413	

¹ - Trailing twelve months.

² - Common shares were repurchased to offset the effect of stock award grants in the first quarters of 2010 and 2009.

Masco Corporation — 3rd Quarter 2010

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MASCO CORPORATION
Condensed Consolidated Statements of Operations
2010 & 2009 — by Quarter — Unaudited
(dollars in millions, except per share data)

	2010					2009				
	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
Net Sales			\$1,957	\$2,048	\$1,852	\$7,792	\$1,898	\$2,084	\$2,013	\$1,797
Cost of Sales			<u>1,463</u>	<u>1,502</u>	<u>1,360</u>	<u>5,774</u>	<u>1,403</u>	<u>1,517</u>	<u>1,470</u>	<u>1,384</u>
Gross Profit			494	546	492	2,018	495	567	543	413
(Gross Margin as a % of Sales)			25.2%	26.7%	26.6%	25.9%	26.1%	27.2%	27.0%	23.0%
SG&A Expense (before lines 1, 2, 3, 4)			365	400	384	1,546	386	386	400	374
(S,G&A Expense as a % of Sales)			18.7%	19.5%	20.7%	19.8%	20.3%	18.5%	19.9%	20.8%
Operating Profit (before lines 1, 2, 3, 4)			129	146	108	472	109	181	143	39
(Operating Margin as a % of Sales)			6.6%	7.1%	5.8%	6.1%	5.7%	8.7%	7.1%	2.2%
1 General Corporate Expense (GCE), Net			27	27	30	140	44	36	27	33
S,G&A Expense as a % of Sales (including lines 1,2,3,4)			20.0%	20.8%	22.4%	25.2%	36.5%	20.6%	21.2%	23.1%
2 Charge for Defined-Benefit Plan Curtailment			—	—	—	8	—	—	—	8
3 Charge for Litigation Settlement			—	—	—	7	—	7	—	—
4 Impairment Charges for Goodwill and Other Intangible Assets			—	—	—	262	262	—	—	—
Operating Profit (Loss) per F/S			<u>\$ 102</u>	<u>\$ 119</u>	<u>\$ 78</u>	<u>\$ 55</u>	<u>\$ (197)</u>	<u>\$ 138</u>	<u>\$ 116</u>	<u>\$ (2)</u>
(Loss) Income Per Common Share Attributable to Masco Corporation (Diluted):										
(Loss) Income from Continuing Operations			\$ (0.02)	\$ 0.01	\$ (0.02)	\$ (0.41)	\$ (0.49)	\$ 0.14	\$ 0.19	\$ (0.24)
(Loss) Income from Discontinued Operations, Net			—	—	—	(0.12)	(0.03)	(0.06)	(0.03)	0.01
Net (Loss) Income			<u>\$ (0.02)</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>	<u>\$ (0.53)</u>	<u>\$ (0.53)</u>	<u>\$ 0.08</u>	<u>\$ 0.15</u>	<u>\$ (0.23)</u>

Please see page 2 for Notes.

MASCO CORPORATION
Notes To Condensed Consolidated Statements of Operations
2010 & 2009 — by Quarter — Unaudited

Notes:

- Data exclude discontinued operations.
- Operating results for the third quarter of 2010 include costs and charges related to business rationalizations and other initiatives of \$39 million pre-tax (\$.07 per common share, after tax).
- Operating results for the second quarter of 2010 include costs and charges related to business rationalizations and other initiatives of \$51 million pre-tax (\$.09 per common share, after tax).
- Operating results for the second quarter of 2010 include non-cash impairment charges for financial investments of \$33 million pre-tax (\$.06 per common share, after tax).
- Operating results for the first quarter of 2010 include costs and charges related to business rationalizations and other initiatives of \$14 million pre-tax (\$.03 per common share, after tax).
- Operating results for the fourth quarter of 2009 include non-cash impairment charges for goodwill and other intangible assets of \$262 million pre-tax (\$.51 per common share, after tax).
- Operating results for the first, second, third and fourth quarters of 2009 include costs and charges related to business rationalizations and other initiatives of \$24 million pre-tax (\$.04 per common share, after tax), \$22 million pre-tax (\$.04 per common share, after tax), \$21 million pre-tax (\$.04 per common share, after tax), and \$27 million pre-tax (\$.05 per common share, after tax), respectively.
- Operating results for the third quarter of 2009 include litigation settlement expense of \$7 million pre-tax (\$.01 per common share, after tax).
- Operating results for the second quarter of 2009 include accelerated stock compensation expense of \$6 million pre-tax (\$.01 per common share, after tax).
- Operating results for the first quarter of 2009 include a non-cash charge of \$8 million pre-tax (\$.01 per common share, after tax) related to the curtailment and remeasurement of certain of the Company's defined-benefit pension plans.
- Income from continuing operations for the first and second quarters of 2009 includes non-cash impairment charges for financial investments of \$3 million pre-tax (\$.01 per common share, after tax) and \$7 million pre-tax (\$.01 per common share, after tax), respectively.
- (Loss) income from discontinued operations for the fourth quarter of 2009 include loss of \$19 million pre-tax (\$.04 per common share, after tax) on the disposition of a European business unit in the Plumbing Products segment.
- (Loss) income from discontinued operations for the third quarter of 2009 include loss of \$22 million pre-tax (\$.06 per common share, after tax) on the disposition of a European business unit in the Plumbing Products segment.

MASCO CORPORATION
Quarterly Segment Data — 2010
Excluding Costs and Charges for Business Rationalizations and Other Initiatives — Unaudited
(dollars in millions)

	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
Net Sales:					
- Cabinets and Related Products			\$ 357	\$ 400	\$ 403
- Plumbing Products			686	682	663
- Installation and Other Services			292	309	273
- Decorative Architectural Products			463	505	389
- Other Specialty Products			159	152	124
- Total			\$ 1,957	\$ 2,048	\$ 1,852
<hr/>					
- North America			\$ 1,528	\$ 1,659	\$ 1,430
- International, principally Europe			429	389	422
- Total, as above			\$ 1,957	\$ 2,048	\$ 1,852
<hr/>					
Operating (Loss) Profit:					
- Cabinets and Related Products			\$ (27)	\$ 6	\$ (4)
- Plumbing Products			100	92	85
- Installation and Other Services			(20)	(21)	(40)
- Decorative Architectural Products			104	109	87
- Other Specialty Products			11	11	(6)
- Total			\$ 168	\$ 197	\$ 122
<hr/>					
- North America			\$ 116	\$ 160	\$ 76
- International, principally Europe			52	37	46
- Total, as above			\$ 168	\$ 197	\$ 122
<hr/>					
General Corporate Expense (GCE), Net			27	27	30
Loss on Corporate Fixed Assets, Net			—	—	—
Charge for Litigation Settlement			—	—	—
Operating Profit (after GCE and Adjustments)			141	170	92
Other Income (Expense), Net			(64)	(103)	(56)
Income from Continuing Operations before Income Taxes			\$ 77	\$ 67	\$ 36
<hr/>					
Margins:					
- Cabinets and Related Products			-7.6%	1.5%	-1.0%
- Plumbing Products			14.6%	13.5%	12.8%
- Installation and Other Services			-6.8%	-6.8%	-14.7%
- Decorative Architectural Products			22.5%	21.6%	22.4%
- Other Specialty Products			6.9%	7.2%	-4.8%
- Total			8.6%	9.6%	6.6%
<hr/>					
- North America			7.6%	9.6%	5.3%
- International, principally Europe			12.1%	9.5%	10.9%
- Total, as above			8.6%	9.6%	6.6%

Notes:

- Data exclude discontinued operations.
- Operating (loss) profit and margins by segment and geographic area are before general corporate expense.
- See 2010 Costs and Charges for Business Rationalizations and Other Initiatives — page 5.



MASCO CORPORATION
Quarterly Segment Data — 2010
Including Costs and Charges for Business Rationalizations and Other Initiatives — Unaudited
(dollars in millions)

	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
Net Sales:					
- Cabinets and Related Products			\$ 357	\$ 400	\$ 403
- Plumbing Products			686	682	663
- Installation and Other Services			292	309	273
- Decorative Architectural Products			463	505	389
- Other Specialty Products			159	152	124
- Total			\$ 1,957	\$ 2,048	\$ 1,852
<hr/>					
- North America			\$ 1,528	\$ 1,659	\$ 1,430
- International, principally Europe			429	389	422
- Total, as above			\$ 1,957	\$ 2,048	\$ 1,852
<hr/>					
Operating (Loss) Profit:					
- Cabinets and Related Products			\$ (61)	\$ (37)	\$ (15)
- Plumbing Products			97	86	84
- Installation and Other Services			(22)	(23)	(42)
- Decorative Architectural Products			104	109	87
- Other Specialty Products			11	11	(6)
- Total			\$ 129	\$ 146	\$ 108
<hr/>					
- North America			\$ 79	\$ 114	\$ 64
- International, principally Europe			50	32	44
- Total, as above			\$ 129	\$ 146	\$ 108
<hr/>					
General Corporate Expense (GCE), Net			27	27	30
Loss on Corporate Fixed Assets, Net			—	—	—
Charge for Litigation Settlement			—	—	—
Operating Profit (after GCE and Adjustments)			102	119	78
Other Income (Expense), Net			(64)	(103)	(56)
Income from Continuing Operations before Income Taxes			\$ 38	\$ 16	\$ 22
<hr/>					
Margins:					
- Cabinets and Related Products			-17.1%	-9.3%	-3.7%
- Plumbing Products			14.1%	12.6%	12.7%
- Installation and Other Services			-7.5%	-7.4%	-15.4%
- Decorative Architectural Products			22.5%	21.6%	22.4%
- Other Specialty Products			6.9%	7.2%	-4.8%
- Total			6.6%	7.1%	5.8%
<hr/>					
- North America			5.2%	6.9%	4.5%
- International, principally Europe			11.7%	8.2%	10.4%
- Total, as above			6.6%	7.1%	5.8%

Notes:

- Data exclude discontinued operations.
- Operating (loss) profit and margins by segment and geographic area are before general corporate expense.
- See 2010 Costs and Charges for Business Rationalizations and Other Initiatives — page 5.

MASCO CORPORATION
Quarterly Segment Data — 2010
Costs and Charges for Business Rationalizations and Other Initiatives
(in millions)

	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
<i>Business Rationalizations & Other Initiatives</i>					
-Cabinets and Related Products			\$ 34	\$ 43	\$ 11
-Plumbing Products			3	6	1
-Installation and Other Services			2	2	2
-Decorative Architectural Products			—	—	—
-Other Specialty Products			—	—	—
- Total			\$ 39	\$ 51	\$ 14
<hr/>					
-North America			\$ 37	\$ 46	\$ 12
-International, principally Europe			2	5	2
- Total, as above			\$ 39	\$ 51	\$ 14
<hr/>					
General Corporate Expense (GCE), Net			—	—	—
- Total			\$ 39	\$ 51	\$ 14

Notes:

- Data exclude discontinued operations.
- Business rationalizations and other initiatives include costs and charges for business consolidations, plant closures, headcount reductions, system implementations and other initiatives.

MASCO CORPORATION
Quarterly Segment Data — 2009
Excluding Costs and Charges for Business Rationalizations and Other Initiatives — Unaudited
and Impairment Charges for Goodwill and Other Intangible Assets — Unaudited
(dollars in millions)

	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
Net Sales:					
- Cabinets and Related Products	\$ 1,674	\$ 426	\$ 434	\$ 419	\$ 395
- Plumbing Products	2,564	671	678	631	584
- Installation and Other Services	1,256	295	332	312	317
- Decorative Architectural Products	1,714	349	474	505	386
- Other Specialty Products	584	157	166	146	115
- Total	<u>\$ 7,792</u>	<u>\$ 1,898</u>	<u>\$ 2,084</u>	<u>\$ 2,013</u>	<u>\$ 1,797</u>
- North America	\$ 6,135	\$ 1,441	\$ 1,630	\$ 1,630	\$ 1,434
- International, principally Europe	1,657	457	454	383	363
- Total, as above	<u>\$ 7,792</u>	<u>\$ 1,898</u>	<u>\$ 2,084</u>	<u>\$ 2,013</u>	<u>\$ 1,797</u>
Operating (Loss) Profit:					
- Cabinets and Related Products	\$ (21)	\$ 9	\$ (9)	\$ (2)	\$ (19)
- Plumbing Products	295	80	99	78	38
- Installation and Other Services	(107)	(25)	(27)	(27)	(28)
- Decorative Architectural Products	376	62	123	116	75
- Other Specialty Products	27	8	16	8	(5)
- Total	<u>\$ 570</u>	<u>\$ 134</u>	<u>\$ 202</u>	<u>\$ 173</u>	<u>\$ 61</u>
- North America	\$ 394	\$ 75	\$ 139	\$ 141	\$ 39
- International, principally Europe	176	59	63	32	22
- Total, as above	<u>\$ 570</u>	<u>\$ 134</u>	<u>\$ 202</u>	<u>\$ 173</u>	<u>\$ 61</u>
General Corporate Expense (GCE), Net	136	42	36	27	31
Accelerated Stock Compensation Expense	6	—	—	6	—
Loss on Corporate Fixed Assets, Net	2	—	—	2	—
Charge for Litigation Settlement	7	—	7	—	—
Charge for Defined-Benefit Plan Curtailment	8	—	—	—	8
Operating Profit (after GCE and Adjustments)	411	92	159	138	22
Other Income (Expense), Net	(206)	(49)	(49)	(49)	(59)
Income (Loss) from Continuing Operations before Income Taxes	<u>\$ 205</u>	<u>\$ 43</u>	<u>\$ 110</u>	<u>\$ 89</u>	<u>\$ (37)</u>
Margins:					
- Cabinets and Related Products	-1.3%	2.1%	-2.1%	-0.5%	-4.8%
- Plumbing Products	11.5%	11.9%	14.6%	12.4%	6.5%
- Installation and Other Services	-8.5%	-8.5%	-8.1%	-8.7%	-8.8%
- Decorative Architectural Products	21.9%	17.8%	25.9%	23.0%	19.4%
- Other Specialty Products	4.6%	5.1%	9.6%	5.5%	-4.3%
- Total	7.3%	7.1%	9.7%	8.6%	3.4%
- North America	6.4%	5.2%	8.5%	8.7%	2.7%
- International, principally Europe	10.6%	12.9%	13.9%	8.4%	6.1%
- Total, as above	7.3%	7.1%	9.7%	8.6%	3.4%

Notes:

- Data exclude discontinued operations.

- Operating (loss) profit and margins by segment and geographic area are before general corporate expense, charge for defined-benefit plan curtailment, accelerated stock compensation expense, loss on corporate fixed assets, net and charge for litigation settlement.

- See 2009 Costs and Charges for Business Rationalizations and Other Initiatives — page 8.

MASCO CORPORATION
Quarterly Segment Data — 2009
Including Costs and Charges for Business Rationalizations and Other Initiatives — Unaudited
and Impairment Charges for Goodwill and Other Intangible Assets — Unaudited
(dollars in millions)

	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
Net Sales:					
- Cabinets and Related Products	\$ 1,674	\$ 426	\$ 434	\$ 419	\$ 395
- Plumbing Products	2,564	671	678	631	584
- Installation and Other Services	1,256	295	332	312	317
- Decorative Architectural Products	1,714	349	474	505	386
- Other Specialty Products	584	157	166	146	115
- Total	<u>\$ 7,792</u>	<u>\$ 1,898</u>	<u>\$ 2,084</u>	<u>\$ 2,013</u>	<u>\$ 1,797</u>
- North America	\$ 6,135	\$ 1,441	\$ 1,630	\$ 1,630	\$ 1,434
- International, principally Europe	1,657	457	454	383	363
- Total, as above	<u>\$ 7,792</u>	<u>\$ 1,898</u>	<u>\$ 2,084</u>	<u>\$ 2,013</u>	<u>\$ 1,797</u>
Operating (Loss) Profit:					
- Cabinets and Related Products	\$ (64)	\$ (8)	\$ (16)	\$ (12)	\$ (28)
- Plumbing Products	237	35	93	74	35
- Installation and Other Services	(131)	(27)	(34)	(34)	(36)
- Decorative Architectural Products	375	62	122	116	75
- Other Specialty Products	(199)	(215)	16	7	(7)
- Total	<u>\$ 218</u>	<u>\$ (153)</u>	<u>\$ 181</u>	<u>\$ 151</u>	<u>\$ 39</u>
- North America	\$ 93	\$ (168)	\$ 123	\$ 119	\$ 19
- International, principally Europe	125	15	58	32	20
- Total, as above	<u>\$ 218</u>	<u>\$ (153)</u>	<u>\$ 181</u>	<u>\$ 151</u>	<u>\$ 39</u>
General Corporate Expense (GCE), Net	140	44	36	27	33
Accelerated Stock Compensation Expense	6	—	—	6	—
Loss on Corporate Fixed Assets, Net	2	—	—	2	—
Charge for Litigation Settlement	7	—	7	—	—
Charge for Defined-Benefit Plan Curtailment	8	—	—	—	8
Operating (Loss) Profit (after GCE and Adjustments)	55	(197)	138	116	(2)
Other Income (Expense), Net	(206)	(49)	(49)	(49)	(59)
Income (Loss) from Continuing Operations before Income Taxes	<u>\$ (151)</u>	<u>\$ (246)</u>	<u>\$ 89</u>	<u>\$ 67</u>	<u>\$ (61)</u>
Margins:					
- Cabinets and Related Products	-3.8%	-1.9%	-3.7%	-2.9%	-7.1%
- Plumbing Products	9.2%	5.2%	13.7%	11.7%	6.0%
- Installation and Other Services	-10.4%	-9.2%	-10.2%	-10.9%	-11.4%
- Decorative Architectural Products	21.9%	17.8%	25.7%	23.0%	19.4%
- Other Specialty Products	-34.1%	-136.9%	9.6%	4.8%	-6.1%
- Total	2.8%	-8.1%	8.7%	7.5%	2.2%
- North America	1.5%	-11.7%	7.5%	7.3%	1.3%
- International, principally Europe	7.5%	3.3%	12.8%	8.4%	5.5%
- Total, as above	2.8%	-8.1%	8.7%	7.5%	2.2%

Notes:

- Data exclude discontinued operations.

- Operating (loss) profit and margins by segment and geographic area are before general corporate expense, charge for defined benefit plan curtailment, accelerated stock compensation expense, loss on corporate fixed assets, net and charge for litigation settlement.

- See 2009 Costs and Charges for Business Rationalizations and Other Initiatives — page 8.

MASCO CORPORATION
Quarterly Segment Data — 2009
Costs and Charges for Business Rationalizations and Other Initiatives
and Impairment Charges for Goodwill and Other Intangible Assets — Unaudited
(in millions)

	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
<i>Business Rationalizations & Other Initiatives</i>					
- Cabinets and Related Products	\$ 43	\$ 17	\$ 7	\$ 10	\$ 9
- Plumbing Products	19	6	6	4	3
- Installation and Other Services	24	2	7	7	8
- Decorative Architectural Products	1	—	1	—	—
- Other Specialty Products	3	—	—	1	2
- Total	<u>\$ 90</u>	<u>\$ 25</u>	<u>\$ 21</u>	<u>\$ 22</u>	<u>\$ 22</u>
- North America	\$ 78	\$ 20	\$ 16	\$ 22	\$ 20
- International, principally Europe	12	5	5	—	2
- Total, as above	<u>\$ 90</u>	<u>\$ 25</u>	<u>\$ 21</u>	<u>\$ 22</u>	<u>\$ 22</u>
General Corporate Expense (GCE), Net	4	2	—	—	2
- Total	<u>\$ 94</u>	<u>\$ 27</u>	<u>\$ 21</u>	<u>\$ 22</u>	<u>\$ 24</u>
<i>Goodwill and Other Intangible Assets Impairment</i>					
- Cabinets and Related Products	\$ —	\$ —	\$ —	\$ —	\$ —
- Plumbing Products	39	39	—	—	—
- Installation and Other Services	—	—	—	—	—
- Decorative Architectural Products	—	—	—	—	—
- Other Specialty Products	223	223	—	—	—
- Total	<u>\$ 262</u>	<u>\$ 262</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
- North America	\$ 223	\$ 223	\$ —	\$ —	\$ —
- International, principally Europe	39	39	—	—	—
- Total, as above	<u>\$ 262</u>	<u>\$ 262</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Notes:

- Data exclude discontinued operations.
- Business rationalizations and other initiatives include costs and charges for business consolidations, plant closures, headcount reductions, system implementations and other initiatives.

MASCO CORPORATION
Other Income (Expense), Net
2010 & 2009 — by Quarter — Unaudited
(in millions)

	2010					2009				
	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
Interest Expense			\$ (63)	\$ (67)	\$ (58)	\$(225)	\$ (56)	\$ (56)	\$ (57)	\$ (56)
Income from Cash and Cash Investments			2	1	1	7	1	2	1	3
Other Interest Income			—	—	1	2	1	1	—	—
Realized Gains (Losses) from Financial Investments, Net			(3)	1	—	3	3	—	—	—
Impairment Charges for Financial Investments			—	(33)	—	(10)	—	—	(7)	(3)
Other, Net			—	(5)	—	17	2	4	14	(3)
Total Other Income (Expense), Net	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (64)</u>	<u>\$ (103)</u>	<u>\$ (56)</u>	<u>\$(206)</u>	<u>\$ (49)</u>	<u>\$ (49)</u>	<u>\$ (49)</u>	<u>\$ (59)</u>

Notes:

- Data exclude discontinued operations.
- Other, Net, in 2010 includes currency (losses) gains of (\$1) million, (\$5) million and \$4 million for the first, second and third quarters, respectively.
- Other, Net, in 2009 includes currency (losses) gains of (\$2) million, \$11 million, \$5 million, and \$3 million for the first, second, third and fourth quarters, respectively.

MASCO CORPORATION
Condensed Consolidated Balance Sheets — Unaudited
(in millions)

	<u>September 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Assets		
Current Assets:		
Cash and Cash Investments	\$ 1,537	\$ 1,413
Receivables	1,106	983
Prepaid Expenses and Other	288	312
Inventories	<u>802</u>	<u>743</u>
Total Current Assets	3,733	3,451
Property and Equipment, Net	1,838	1,981
Goodwill	3,098	3,108
Other Intangible Assets, Net	282	290
Other Assets	<u>302</u>	<u>345</u>
Total Assets	<u>\$ 9,253</u>	<u>\$ 9,175</u>
Liabilities		
Current Liabilities:		
Notes Payable	\$ 66	\$ 364
Accounts Payable	650	578
Accrued Liabilities	<u>842</u>	<u>839</u>
Total Current Liabilities	1,558	1,781
Long-Term Debt	4,036	3,604
Deferred Income Taxes and Other	<u>959</u>	<u>973</u>
Total Liabilities	6,553	6,358
Shareholders' Equity	<u>2,700</u>	<u>2,817</u>
Total Liabilities and Shareholders' Equity	<u>\$ 9,253</u>	<u>\$ 9,175</u>

MASCO CORPORATION
GAAP Reconciliation of Sales Growth
Excluding the Effect of Acquisitions and Currency Translation — Unaudited
(dollars in millions)

	Three Months Ended		% Δ
	September 30,		
	2010	2009	
Net Sales, As Reported	\$ 1,957	\$ 2,084	-6%
- Acquisitions	—	—	
- Currency Translation	39	—	
Net Sales, Excluding Acquisitions and Currency Translation	<u>\$ 1,996</u>	<u>\$ 2,084</u>	-4%
North America Net Sales, As Reported	\$ 1,528	\$ 1,630	-6%
- Acquisitions	—	—	
- Currency Translation	(3)	—	
North America Net Sales, Excluding Acquisitions and Currency Translation	<u>\$ 1,525</u>	<u>\$ 1,630</u>	-6%
International Net Sales, As Reported	\$ 429	\$ 454	-6%
- Acquisitions	—	—	
- Currency Translation	42	—	
International Net Sales, Excluding Acquisitions and Currency Translation	<u>\$ 471</u>	<u>\$ 454</u>	4%
	Nine Months Ended		% Δ
	September 30,		
	2010	2009	
As Reported	\$ 5,857	\$ 5,894	-1%
- Acquisitions	—	—	
- Currency Translation	18	—	
Net Sales, Excluding Acquisitions and Currency Translation	<u>\$ 5,875</u>	<u>\$ 5,894</u>	0%
North America Net Sales, As Reported	\$ 4,617	\$ 4,694	-2%
- Acquisitions	—	—	
- Currency Translation	(20)	—	
North America Net Sales, Excluding Acquisitions and Currency Translation	<u>\$ 4,597</u>	<u>\$ 4,694</u>	-2%
International Net Sales, As Reported	\$ 1,240	\$ 1,200	3%
- Acquisitions	—	—	
- Currency Translation	38	—	
International Net Sales, Excluding Acquisitions and Currency Translation	<u>\$ 1,278</u>	<u>\$ 1,200</u>	6%

Notes:

- Data exclude discontinued operations.
- The Company presents information comparing results from one period to another excluding the results of businesses acquired in order to assess the performance of the underlying businesses and to assess to what extent acquisitions are driving growth.
- The Company also presents information comparing results of International operations from one period to another using constant exchange rates. To present this information, current period results for foreign entities are converted into U.S. dollars using the prior period's exchange rates, rather than exchange rates for the current period. The Company presents this information in order to assess how the underlying businesses performed local currencies before taking into account currency fluctuations.
- The currency translation effect on North American net sales includes currency translation related to Canadian business units.

MASCO CORPORATION
GAAP Reconciliation of Operating Profit and Margins — Unaudited
(dollars in millions)

	Three Months Ended September 30,			
	2010		2009	
	<u>\$</u>	<u>Margin</u>	<u>\$</u>	<u>Margin</u>
Operating Profit, As Reported	\$ 102	5.2%	\$ 138	6.6%
Impairment Charges for Goodwill and Other Intangible Assets	—		—	
Business Rationalizations and Other Initiatives	39		21	
Charge for Litigation Settlement	—		—	
Charge for Defined-Benefit Plan Curtailment	—		—	
Operating Profit, As Reconciled	<u>\$ 141</u>	7.2%	<u>\$ 159</u>	7.6%

	Nine Months Ended September 30,			
	2010		2009	
	<u>\$</u>	<u>Margin</u>	<u>\$</u>	<u>Margin</u>
Operating Profit, As Reported	\$ 299	5.1%	\$ 252	4.3%
Impairment Charges for Goodwill and Other Intangible Assets	—		—	
Business Rationalizations and Other Initiatives	104		67	
Charge for Litigation Settlement	—		7	
Charge for Defined-Benefit Plan Curtailment	—		8	
Operating Profit, As Reconciled	<u>\$ 403</u>	6.9%	<u>\$ 334</u>	5.7%

Notes:

- Data exclude discontinued operations.
- 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 performance measures and ratios should be viewed in addition to, and not as an alternative for, the Company's reported results under accounting principles generally accepted in the United States.

MASCO CORPORATION
GAAP Reconciliation of Operating Profit and Shareholders' Equity — Unaudited
(in millions)

	Twelve Months Ended September 30, 2010
Operating Profit, As Reported	\$ 102
Impairment Charges for Goodwill and Other Intangible Assets, Continuing Operations	262
Charge for Defined-Benefit Plan Curtailment	—
Charge for Litigation Settlement	—
Operating Profit, As Reconciled	\$ 364

	Twelve Months Ended September 30,	
	2010	2009
Shareholders' Equity, As Reported	\$ 2,700	\$ 3,069
Impairment Charges for Goodwill and Other Intangible Assets (after tax)	180	445
Charge for Defined-Benefit Plan Curtailment (after tax)	—	5
Charge for Litigation Settlement (after tax)	—	4
Shareholders' Equity, As Reconciled	\$ 2,880	\$ 3,523

Notes:

- Data exclude discontinued operations.
- 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 performance measures and ratios should be viewed in addition to, and not as an alternative for, the Company's reported results under accounting principles generally accepted in the United States.
- This information is provided as detail for the calculation of return on invested capital ("ROIC") which is calculated as after-tax operating profit (last twelve months, as reconciled) divided by the total of average debt (net of average cash) and average shareholders' equity.