

MASCO CORP /DE/

FORM 8-K (Current report filing)

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Address	21001 VAN BORN RD TAYLOR, MI 48180
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Industry	Constr. - Supplies & Fixtures
Sector	Capital Goods
Fiscal Year	12/31

**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 27, 2005

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))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On October 27, 2005, the Board of Directors approved the amendment of the Masco Corporation 1997 Non-Employee Directors Stock Incentive Plan (the "1997 Plan") and existing options to non-employee directors under the 1997 Plan and the Masco Corporation 1991 Long Term Stock Incentive Plan (the "1991 Plan") to provide that upon termination of service as a director (other than as a result of death, disability or retirement due to age), all then exercisable options will remain exercisable beyond the three-month period currently provided until the later of (i) the 15th day of the third month following the date at which the option would otherwise have terminated in connection with the termination of service, or (ii) December 31 of the calendar year in which the option would otherwise have terminated in connection with the termination of service. Future options granted to non-employee directors will provide that upon termination of service as a director (other than as a result of death, disability or retirement due to age), all then exercisable options will remain exercisable until the earlier of the expiration of the original option term or one year after death. Upon termination of service as a director by reason of disability, all options will become and remain exercisable until the earlier of the expiration of the original option term or one year after death. Provisions in the 1997 Plan currently provide that upon termination of a director's service

(i) as a result of death, options become and remain exercisable for a one-year period after death, and (ii) as a result of retirement due to age, options continue to become exercisable and remain exercisable until the earlier of the expiration of the original option term or one year after death. These provisions remain unchanged by the amendments. The 1997 Plan and options to non-employee directors under the 1997 Plan and the 1991 Plan will also be amended to remove the Company's right to require the repayment of the after-tax value of any installment of an option that became exercisable and was exercised within the two-year period preceding a director's termination of service.

Outstanding awards to all participants under the 1991 Plan will be amended to conform certain provisions to those in the Masco Corporation 2005 Long Term Stock Incentive Plan (the "2005 Plan"). Specifically, conforming amendments will be made to provisions in outstanding options relating to voluntary termination of employment and termination of employment by reason of disability. The definition of "Change in Control" in the 1991 Plan, the 1997 Plan and all outstanding awards of options and restricted stock under such plans will also be amended to conform to the 2005 Plan.

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 November 1, 2005 reporting Masco Corporation's financial results for the third quarter of 2005 and certain other information and a supplemental information package prepared for use in connection with the financial results for the third quarter. On November 1, 2005, Masco Corporation will hold an investor conference and web cast to discuss financial results for the third quarter of 2005.

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 5.03. AMENDMENT TO ARTICLES OF INCORPORATION OR BYLAWS; CHANGE IN FISCAL YEAR.

On October 28, 2005, the Company filed a Certificate of Elimination of Series B Participation Preferred Stock with the Secretary of State of Delaware pursuant to which all references to such Series B Participating Preferred Stock were removed from the Restated Certificate of Incorporation of the Company. A copy of the Certificate of Elimination of Series B Participating Preferred Stock is attached to this report as Exhibit 3.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

3 Certificate of Elimination of Series B Participating Preferred Stock.

99 Press Release of Masco Corporation dated November 1, 2005, reporting Masco Corporation's financial results for the third quarter of 2005 and certain other information and supplemental information prepared for use in connection with the financial results for the third quarter.

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/ Timothy Wadhams

Name: Timothy Wadhams

*Title: Senior Vice President and
Chief Financial Officer*

November 1, 2005

EXHIBIT INDEX

- 3 Certificate of Elimination of Series B Participating Preferred Stock.
- 99 Press Release of Masco Corporation dated November 1, 2005, reporting Masco Corporation's financial results for the third quarter of 2005 and certain other information and supplemental information prepared for use in connection with the financial results for the third quarter.

Exhibit 3

**CERTIFICATE OF ELIMINATION OF THE
SERIES B PARTICIPATING PREFERRED STOCK OF
MASCO CORPORATION**

MASCO CORPORATION, a corporation organized and existing under the laws of the State of Delaware (the "Company"), does hereby certify as follows:

FIRST: That, pursuant to the authority conferred upon the Board of Directors by the Restated Certificate of Incorporation of the Company, the Board of Directors on June 6, 2001, created a series of Preferred Stock, the Series B Participating Preferred Stock, with the voting powers, designations, preferences and relative, participating and other rights and the qualifications, limitations and restrictions set forth in the Certificate of Designation attached as Appendix B to the Restated Certificate of Incorporation of the Company, which Certificate of Designation remains in full force and effect as of the date hereof.

SECOND: That since none of the shares of the Series B Participating Preferred Stock authorized by such Certificate of Designation were outstanding on October 27, 2005 and none were to be issued in the future, the Board of Directors of the Company adopted the following resolutions at its meeting held on October 27, 2005:

RESOLVED: That pursuant to the authority conferred upon the Board of Directors of the Company by the provisions of the Restated Certificate of Incorporation of the Company and by Section 151 (g) of the Delaware General Corporation Law, the Board of Directors hereby eliminates the Series B Participating Preferred Stock, par value \$1.00, none of which is currently outstanding and none of which will be issued in the future, and that all matters set forth in the Certificate of Designation with respect to such Series B Participating Preferred Stock be eliminated from the Restated Certificate of Incorporation of the Company;

FURTHER RESOLVED: That the appropriate officers of the Company be and they hereby are authorized and directed to prepare, execute and file a Certificate of Elimination of Series B Participating Preferred Stock and to take such other actions as they in their sole discretion may deem necessary or appropriate to carry out the purposes of the foregoing resolution.

THIRD; That in accordance with the provisions of Section 151(g) of the Delaware General Corporation Law, the Restated Certificate of Incorporation of the Company is hereby amended to remove all references to the Series B Participating Preferred Stock.

IN WITNESS WHEREOF, MASCO CORPORATION has caused this Certificate of Elimination to be signed by Richard A. Manoogian, its Chairman of the Board, this 27th day of October, 2005.

MASCO CORPORATION

*By: /s/ Richard A. Manoogian
Chairman of the Board*

EXHIBIT 99

FOR IMMEDIATE RELEASE Contact:

Maria Duey
313-792-5500

MASCO CORPORATION REPORTS THIRD QUARTER RESULTS

MASCO CORPORATION HIGHLIGHTS:

THIRD QUARTER 2005

- Net sales from continuing operations increased six percent to a record \$3.4 billion.
- Income from continuing operations was \$262 million or \$.61 per common share.
- The Company returned \$250 million to shareholders through share repurchases and dividends.
- The Company had over \$1.5 billion in cash at September 30, 2005.

Taylor, Michigan (November 1, 2005) - Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended September 30, 2005 increased six percent to a record \$3.4 billion compared with \$3.2 billion for the third quarter of 2004.

Income from continuing operations for the third quarter of 2005 was \$262 million or \$.61 per common share compared with \$289 million or \$.64 per common share for the comparable period of 2004. Results for the third quarter of 2005 were reduced by \$.08 per common share, net, reflecting: impairment charges for certain financial investments, charges for a discontinued product line and headcount reductions related to the Company's Plumbing Products segment, and currency transaction gains. Results for the third quarters of 2005 and 2004 benefited from other income of \$.04 and \$.01 per common share, respectively, principally net gains from financial investments.

While third quarter 2005 sales and earnings benefited from the strong new construction market and certain selling price increases, the Company's third quarter results were adversely affected by recent additional increases in commodity, energy and freight costs, as well as product mix.

The third quarter of 2004 results include income from discontinued operations of \$.02 per common share, a net gain of \$.21 per common share for those businesses sold in the third quarter of 2004 and an impairment charge of \$.07 per common share for those businesses that were expected to be divested at a loss, all of which were included in discontinued operations.

Including the operating results of these discontinued operations and the charge for certain of these businesses, net income for the 2004 third quarter was \$359 million or \$.80 per common share. The third quarter of 2005 did not include any net income (loss) related to discontinued operations, since the Company completed the disposition process in the first quarter of 2005.

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.

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, which began in early 2005, will reduce annual costs by \$200 million by the end of 2007. While the Company may incur expenses and charges related to these programs, implementing these initiatives should improve the Company's earnings outlook for 2006 and beyond.

The Company believes that higher energy costs and recent trends indicating lower consumer confidence and the related slowing in sales of certain retail products will continue. Given these factors, together with recent additional commodity cost increases, most of which are not expected to be offset by selling price increases until the first half of 2006, the Company believes, based on current business trends, that fourth quarter 2005 earnings from continuing operations will be in the range of \$.48 to \$.52 per common share and that full-year 2005 earnings from continuing operations are expected to be in a range of \$2.20 to \$2.24 per common share compared with the Company's previous guidance of approximately \$2.30 per common share. The Company's guidance excludes any additional costs associated with its profit improvement programs and any other items.

Fourth quarter 2004 earnings from continuing operations were \$.55 per common share excluding the impact of the non-cash goodwill impairment charge of \$.31 per common share. Including the charge, reported earnings were \$.23 per common share. Results for the fourth quarter of 2004 benefited from gains from the sale of financial investments of \$.06 per common share, partially offset by an impairment charge of \$.03 per common share, related to certain financial investments. Results also benefited by \$.02 per common share from a reduction in the Company's tax rate related to the utilization of foreign tax credits generated in the fourth quarter on distributions of foreign earnings.

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.

A conference call regarding items contained in this release is scheduled for Tuesday, November 1, 2005 at 11:00 a.m. ET. Participants in the call are asked to register five to ten minutes prior to the scheduled start time by dialing (913) 981-4912 (confirmation #4842826). The conference call will be webcast simultaneously on the Company's website at www.masco.com and supplemental material, including the financial data referred to on the call and a reconciliation of all non-GAAP information provided on the call, will also be available on the website. A replay of the call will be available on Masco's website or by phone by dialing (719) 457-0820 (replay access code #4842826) approximately two hours after the end of the call and will continue through November 8, 2005.

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 website at www.masco.com.

Statements contained herein may include certain forward-looking statements regarding Masco's future sales, earnings growth potential and other developments. Actual results may vary materially because of external factors such as interest rate fluctuations, changes in consumer spending and other factors over which management has no control. 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. Additional information about the Company's products, markets and conditions, which could affect the Company's future performance, is contained in the Company's filings with the Securities and Exchange Commission and is available on Masco's website at www.masco.com. Masco undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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MASCO CORPORATION
CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE MONTHS AND NINE MONTHS ENDED
SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2004

(in millions except per common share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Net Sales	\$ 3,360	\$ 3,173	\$ 9,677	\$ 9,040
Cost of Sales	2,396	2,182	6,887	6,224
Gross Profit	964	991	2,790	2,816
Selling, General and Administrative Expenses	496	502	1,511	1,491
(Income) Regarding Litigation Settlement	(1)	(2)	(6)	(30)
Operating Profit	469	491	1,285	1,355
Other Income (Expense), Net	(60)	(31)	(123)	(43)
Income from Continuing Operations before Income Taxes and Minority Interest	409	460	1,162	1,312
Income Taxes	141	167	398	474
Income from Continuing Operations before Minority Interest	268	293	764	838
Minority Interest	6	4	16	14
Income from Continuing Operations	262	289	748	824
Income (Loss) from Discontinued Operations, Net of Income Taxes	-	70	19	(36)
Net Income	\$ 262	\$ 359	\$ 767	\$ 788
Earnings per Common Share (Diluted):				
Income from Continuing Operations	\$ 0.61	\$ 0.64	\$ 1.72	\$ 1.81
Income (Loss) from Discontinued Operations, Net of Income Taxes	-	0.16	0.04	(0.08)
Net Income	\$ 0.61	\$ 0.80	\$ 1.77	\$ 1.73
Average Diluted Common Shares Outstanding	427	449	434	455

MASCO CORPORATION
BUSINESS AND FINANCIAL HIGHLIGHTS

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company has accounted for the 2004 dispositions of Jung Pumpen, The Alvic Group, Alma Kuchen, E. Missel and SKS Group, and the 2005 dispositions of Gebhardt Consolidated and the GMU Group as discontinued operations.

THIRD QUARTER 2005

- Net sales from continuing operations increased six percent, with North American sales increasing seven percent and International sales increasing one percent. Net sales in North America benefited from strong housing starts and certain selling price increases. In local currencies, International sales increased one percent compared with the third quarter of 2004.
- Sales of assembled cabinets, installation services and windows in North America were particularly strong in the quarter.
- Key retailer sales from continuing operations increased two percent in the 2005 third quarter compared with a 10 percent increase in the second quarter of 2005, a decrease of two percent in the first quarter of 2005 and a six percent increase in the third quarter of 2004.
- Sales by segment in the 2005 third quarter versus the 2004 third quarter were:
 - Cabinets and Related Products sales increased eight percent;
 - Plumbing Products sales increased four percent;
 - Installation and Other Services sales increased nine percent;
 - Decorative Architectural Products sales increased five percent; and
 - Other Specialty Products sales decreased one percent.
- Income from continuing operations was \$262 million compared with \$289 million for the third quarter of 2004.

MASCO CORPORATION
BUSINESS AND FINANCIAL HIGHLIGHTS

THIRD QUARTER 2005 (CONTINUED)

- Earnings from continuing operations were \$.61 per common share compared with the Company's guidance of \$.60 to \$.64 per common share and compared with \$.64 per common share for the 2004 third quarter.
- Results for the third quarter of 2005 were reduced by \$43 million pre-tax (\$.07 per common share) reflecting impairment charges for financial investments, Furniture Brands International common stock of \$28 million and certain private equity funds of \$15 million.
- Results for the third quarter of 2005 were also negatively impacted by charges aggregating \$12 million pre-tax (\$.02 per common share) related to a discontinued product line and headcount reductions in the Plumbing Products segment.
- Results for the third quarter of 2005 also include realized currency transaction gains of \$4 million pre-tax (\$.01 per common share).
- Results for the third quarters of 2005 and 2004 benefited from other income aggregating \$23 million pre-tax (\$.04 per common share) and \$9 million pre-tax (\$.01 per common share), respectively, principally net gains from financial investments.
- The third quarter of 2004 results include income from discontinued operations of \$.02 per common share, a net gain of \$.21 per common share for those businesses sold in the third quarter of 2004 and an impairment charge of \$.07 per common share for those businesses that were expected to be divested at a loss, all of which were included in discontinued operations. Including the operating results of these discontinued operations and the charge for certain of these businesses, net income for the 2004 third quarter was \$359 million or \$.80 per common share. Total net proceeds from the dispositions completed in 2005 and 2004 aggregated \$281 million. The third quarter of 2005 did not include any net income (loss) related to discontinued operations, since the Company completed the disposition process in the first quarter of 2005.

MASCO CORPORATION
BUSINESS AND FINANCIAL HIGHLIGHTS

THIRD QUARTER 2005 (CONTINUED)

- The Company's 2005 third quarter results benefited from the strong new construction market and certain selling price increases, partially offset by continued increases in commodity, energy and freight costs, as well as product mix.
- Gross margins were 28.7 percent in the 2005 third quarter compared with 29.4 percent in the second quarter of 2005 and 31.2 percent in the third quarter of 2004. Operating profit margins, as reported, were 14.0 percent in the third quarter of 2005 compared with 14.1 percent in the second quarter of 2005 and 15.5 percent in the third quarter of 2004. Excluding the pre-tax income regarding the litigation settlement of \$1 million and \$2 million in 2005 and 2004, respectively, operating profit margins were 13.9 percent in the third quarter of 2005 compared with 15.4 percent in the third quarter of 2004. Margins in the third quarter of 2005 were adversely impacted by increases in certain operating expenses, including increased commodity, energy and freight costs and product mix.
- SG&A expenses as a percent of sales, including general corporate expense, were 14.8 percent in the third quarter of 2005 compared with 15.8 percent in the 2004 third quarter.
- General corporate expense was 1.5 percent of sales in the third quarter of 2005 compared with 1.7 percent in the comparable period of 2004.
- Inventory days were 47 days at September 30, 2005 compared with 49 days at September 30, 2004.
- Accounts receivable days at the end of September 30, 2005 were 49 days compared with 51 days at September 30, 2004.
- Accounts payable days were 36 days at September 30, 2005 compared with 38 days at September 30, 2004.
- Working capital at September 30, 2005 (defined as accounts receivable and inventories less accounts payable) improved to 17.7 percent of the last twelve months' sales from 18.5 percent a year earlier.

MASCO CORPORATION
BUSINESS AND FINANCIAL HIGHLIGHTS

THIRD QUARTER 2005 (CONCLUDED)

- The Company's tax rate was 34.5 percent for the third quarter of 2005 compared with 36.3 percent for the comparable period of the prior year. The Company's tax rate for the second quarter of 2005 was 35.4 percent. The Company estimates that its effective tax rate for the full-year 2005 should approximate 35 percent.
- On June 10, 2005, the Company issued \$500 million of fixed-rate 4.80% notes due 2015, resulting in net proceeds of \$494 million. The Company issued this debt to take advantage of favorable interest rates and in anticipation of debt maturing in early 2006.
- At the end of the quarter, the Company had a strong balance sheet with over \$1.5 billion in cash and \$2 billion in unused bank lines. The Company intends to use a portion of its cash to retire \$800 million of 6.75% notes due in March 2006.
- In the third quarter of 2005, the Company generated approximately \$56 million of cash from the net sale of financial investments.
- Debt as a percent of total capitalization was 49 percent at September 30, 2005 compared with 45 percent at September 30, 2004.
- For the twelve months ended September 30, 2005 and September 30, 2004, return on invested capital (as reported) was 11.9 percent and 12.9 percent, respectively. For the twelve months ended September 30, 2005 and September 30, 2004, return on invested capital (as reconciled) was 13.0 percent for both periods. The Company continues to believe that it will achieve its 15 percent return on invested capital goal by the end of 2006 and 18 percent by 2010.
- During the quarter, the Company repurchased approximately five million common shares. The Company had approximately 37 million common shares remaining under its repurchase authorization at September 30, 2005.
- The Company's diluted common shares for purposes of calculating earnings per common share were 427 million for the third quarter of 2005 compared with 449 million for the third quarter of 2004.

MASCO CORPORATION
BUSINESS AND FINANCIAL HIGHLIGHTS

FULL-YEAR OUTLOOK

- The Company remains committed to its strategy of value creation and is 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.

- 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, which began in early 2005, will reduce annual costs by \$200 million by the end of 2007. While the Company may incur expenses and charges related to these programs, implementing these initiatives should improve the Company's earnings outlook for 2006 and beyond.

- The Company believes that higher energy costs and recent trends indicating lower consumer confidence and the related slowing in sales of certain retail products will continue. Given these factors, together with recent additional commodity cost increases, most of which are not expected to be offset by selling price increases until the first half of 2006, the Company believes, based on current business trends, that fourth quarter 2005 earnings from continuing operations will be in the range of \$.48 to \$.52 per common share and that full-year 2005 earnings from continuing operations are expected to be in a range of \$2.20 to \$2.24 per common share compared with the Company's previous guidance of approximately \$2.30 per common share. The Company's guidance reflects anticipated income from financial investments and excludes any additional costs associated with its profit improvement programs and any other items.

MASCO CORPORATION
BUSINESS AND FINANCIAL HIGHLIGHTS

FULL-YEAR OUTLOOK (CONCLUDED)

- Fourth quarter 2004 earnings from continuing operations were \$.55 per common share excluding the impact of the non-cash goodwill impairment charge of \$.31 per common share. Including the charge, reported earnings were \$.23 per common share. Results for the fourth quarter of 2004 benefited from gains from the sale of financial investments of \$.06 per common share, partially offset by an impairment charge of \$.03 per common share, related to the Company's investment in Furniture Brands International common stock. Results also benefited by \$.02 per common share from a reduction in the Company's tax rate related to the utilization of foreign tax credits generated in the fourth quarter on distributions of foreign earnings.

- The Company's guidance is based on no additional share repurchases beyond the 23 million common shares repurchased in the first nine months of 2005.

- The Company expects to return a minimum of \$1 billion annually to shareholders, on average, over the next several years through share repurchases and dividends as part of its ongoing commitment to value creation. In the first nine months of 2005, the Company has already returned over \$1 billion to shareholders through share repurchases and dividends. In 2004 and 2003, the Company returned \$2.3 billion, in aggregate, to shareholders through share repurchases and dividends.

- Based on the current market price for the Company's common stock, diluted common shares for the computation of earnings per common share at October 1, 2005 are 424 million. This excludes the impact of any fourth quarter repurchases of common stock.

**MASCO CORPORATION
BUSINESS AND FINANCIAL HIGHLIGHTS**

**SALES GROWTH AND MARGINS BY SEGMENT
AND GEOGRAPHIC AREA
QUARTERLY DATA**

	Sales Growth		Margins		Margins
	3rd Qtr '05	vs.	3rd Qtr '05	2nd Qtr '05	3rd Qtr '04
	3rd Qtr '04		-----		-----
Cabinets & Related Products	+ 8%		16.0%	16.0%	17.5%
Plumbing Products	+ 4%		12.8%	13.1%	13.0%
Installation & Other Services	+ 9%		13.6%	13.4%	14.0%
Decorative Architectural Products	+ 5%		17.2%	19.0%	23.6%
Other Specialty Products	- 1%		21.7%	19.2%	23.1%
TOTAL	+ 6%		15.4%	15.5%	17.1%
North America	+ 7%		16.0%	16.1%	18.2%
International, principally Europe	+ 1%		12.8%	12.6%	11.7%
TOTAL, AS ABOVE	+ 6%		15.4%	15.5%	17.1%

NOTES:

- Data exclude discontinued operations.

- Operating profit margins by segment and geographic area are before general corporate expense and exclude (income) regarding the litigation settlement.

MASCO CORPORATION
BUSINESS AND FINANCIAL HIGHLIGHTS

Statements contained herein may include certain forward-looking statements regarding Masco's future sales, earnings growth potential and other developments. Actual results may vary materially because of external factors such as interest rate fluctuations, changes in consumer spending and other factors over which management has no control. 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. Additional information about our products, markets and conditions, which could affect the Company's future performance, is contained in the Company's filings with the Securities and Exchange Commission and is available on Masco's website at www.masco.com. Masco undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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MASCO CORPORATION - 3RD QUARTER 2005

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MASCO CORPORATION
CONDENSED STATEMENTS OF INCOME
2005 & 2004 - BY QUARTER
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	2005				2004					
	YEAR	QTR. 4	QTR. 3	QTR. 2	QTR. 1	YEAR	QTR. 4	QTR. 3	QTR. 2	QTR. 1
Net Sales:										
- North America			\$2,811	\$2,784	\$2,405	\$ 9,879	\$2,450	\$2,627	\$2,531	\$2,271
- International			549	564	564	2,195	584	546	530	535
- Consolidated			3,360	3,348	2,969	12,074	3,034	3,173	3,061	2,806
Cost of Sales			2,396	2,363	2,128	8,356	2,132	2,182	2,087	1,955
Gross Profit			964	985	841	3,718	902	991	974	851
(Gross Margin)			28.7%	29.4%	28.3%	30.8%	29.7%	31.2%	31.8%	30.3%
S,G&A Expense (before GCE & (Gain) Loss on Sale of Corporate Fixed Assets)			445	467	454	1,824	459	449	460	456
(S,G&A Expense as a % of Sales)			13.2%	13.9%	15.3%	15.1%	15.1%	14.2%	15.0%	16.3%
Operating Profit (before GCE, (Gain) Loss on Sale of Corporate Fixed Assets, Litigation (Income) & Goodwill Impairment Charge)			519	518	387	1,894	443	542	514	395
(Operating Margin)			15.4%	15.5%	13.0%	15.7%	14.6%	17.1%	16.8%	14.1%
- North America (Margin)			449	447	326	1,639	390	478	442	329
- International (Margin)			70	71	61	255	53	64	72	66
General Corporate Expense (GCE)			51	48	46	194	60	53	45	36
S,G&A Expense as a % of Sales (including GCE & (Gain) Loss on Sale of Corporate Fixed Assets)			14.8%	15.4%	16.8%	16.7%	17.1%	15.8%	16.5%	17.3%
(Gain) Loss on Sale of Corporate Fixed Assets, Net (Income) Regarding Litigation Settlement			(1)	(3)	(2)	(30)	--	(2)	(7)	(21)
Goodwill Impairment Charge			--	--	--	168	168	--	--	--
Operating Profit per F/S			\$ 469	\$ 473	\$ 343	\$ 1,569	\$ 214	\$ 491	\$ 477	\$ 387
Earnings per Common Share (Diluted):										
Income from Continuing Operations			\$ 0.61	\$ 0.64	\$ 0.48	\$ 2.04	\$ 0.23	\$ 0.64	\$ 0.65	\$ 0.52
Income (Loss) from Discontinued Operations			--	--	0.04	(0.08)	--	0.16	(0.07)	(0.16)
Net Income			\$ 0.61	\$ 0.64	\$ 0.52	\$ 1.96	\$ 0.23	\$ 0.80	\$ 0.58	\$ 0.36

PLEASE SEE PAGE 2 FOR NOTES.

MASCO CORPORATION
NOTES TO CONDENSED STATEMENTS OF INCOME
2005 & 2004 - BY QUARTER

NOTES:

- Operating results exclude 2004 planned dispositions as well as operations which were sold in 2005 and 2004, all of which were treated as discontinued operations in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."
- Income from continuing operations in the third quarter of 2005 includes \$43 million of pre-tax impairment charges (\$.07 per common share, after tax) related to the Company's investments in Furniture Brands International common stock and certain private equity funds.
- Income from discontinued operations in the first quarter of 2005 (\$.04 per common share, after tax) includes a net \$10 million pre-tax gain from the sale of two businesses.
- Operating results for the fourth quarter of 2004 reflect a non-cash, pre-tax charge for goodwill impairment of \$168 million (\$141 million or \$.31 per common share, after tax).
- Income from discontinued operations in the third quarter of 2004 includes a \$108 million pre-tax gain, net (\$93 million or \$.21 per common share, after tax) from the sale of two businesses.
- Income (loss) from discontinued operations in the first, second and third quarters of 2004 includes pre-tax impairment charges of \$64 million (\$76 million or \$.16 per common share, after tax), \$44 million (\$44 million or \$.10 per common share, after tax) and \$31 million (\$31 million or \$.07 per common share, after tax), respectively.
- Per common share amounts for the three quarters of 2005 and the four quarters of 2004 do not total to the per common share amount for the year-to-date and year due to the timing of capital stock transactions and the effect of contingently issuable shares.

MASCO CORPORATION
SALES BY SEGMENT AND GEOGRAPHIC AREA
THREE MONTHS ENDED SEPTEMBER 30, 2005 & 2004
(DOLLARS IN MILLIONS)

	Three Months Ended September 30,		3rd Qtr '05 vs. 3rd Qtr '04	
	2005	2004		
Cabinets & Related Products	\$ 925	\$ 856	+	8%
Plumbing Products	807	775	+	4%
Installation & Other Services	807	737	+	9%
Decorative Architectural Products	453	433	+	5%
Other Specialty Products	368	372	-	1%
	-----	-----		
Total	\$3,360	\$3,173	+	6%
	=====	=====		
North America	\$2,811	\$2,627	+	7%
International, principally Europe	549	546	+	1%
	-----	-----		
Total, as above	\$3,360	\$3,173	+	6%
	=====	=====		

NOTES:

- Data exclude discontinued operations.

- Excluding acquisitions, consolidated net sales also increased six percent, North American net sales increased seven percent and International net sales increased one percent (please see page 12 for the GAAP reconciliation).

- International sales in local currencies increased one percent compared with the third quarter of 2004 (please see page 12 for the GAAP reconciliation).

MASCO CORPORATION
SALES BY SEGMENT AND GEOGRAPHIC AREA
NINE MONTHS ENDED SEPTEMBER 30, 2005 & 2004
(DOLLARS IN MILLIONS)

	Nine Months Ended September 30,		9 Months '05 vs. 9 Months '04	
	2005	2004		
Cabinets & Related Products	\$2,663	\$2,432	+	9%
Plumbing Products	2,390	2,299	+	4%
Installation & Other Services	2,264	2,053	+	10%
Decorative Architectural Products	1,330	1,254	+	6%
Other Specialty Products	1,030	1,002	+	3%
	-----	-----		
Total	\$9,677	\$9,040	+	7%
	=====	=====		
North America	\$8,000	\$7,429	+	8%
International, principally Europe	1,677	1,611	+	4%
	-----	-----		
Total, as above	\$9,677	\$9,040	+	7%
	=====	=====		

NOTES:

- Data exclude discontinued operations.

- Excluding acquisitions, consolidated net sales increased seven percent, North American net sales increased seven percent and International net sales increased four percent (please see page 12 for the GAAP reconciliation).

- International sales in local currencies increased two percent compared with the first nine months of 2004 (please see page 12 for the GAAP reconciliation).

MASCO CORPORATION
QUARTERLY SEGMENT DATA - 2005
(DOLLARS IN MILLIONS)

	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
	----	-----	-----	-----	-----
Net Sales:					
- Cabinets and Related Products			\$ 925	\$ 900	\$ 838
- Plumbing Products			807	823	760
- Installation and Other Services			807	764	693
- Decorative Architectural Products			453	506	371
- Other Specialty Products			368	355	307
- TOTAL	----	-----	3,360	3,348	2,969
- North America	====	=====	2,811	2,784	2,405
- International, principally Europe			549	564	564
- TOTAL, AS ABOVE	----	-----	3,360	3,348	2,969
	====	=====	3,360	3,348	2,969
Operating Profit:					
- Cabinets and Related Products			148	144	124
- Plumbing Products			103	108	79
- Installation and Other Services			110	102	80
- Decorative Architectural Products			78	96	59
- Other Specialty Products			80	68	45
- TOTAL	----	-----	519	518	387
- North America	====	=====	449	447	326
- International, principally Europe			70	71	61
- TOTAL, AS ABOVE	----	-----	519	518	387
	====	=====	519	518	387
General Corporate Expense (GCE)			51	48	46
(Gain) Loss on Sale of Corporate Fixed Assets, Net			--	--	--
(Income) Regarding Litigation Settlement			(1)	(3)	(2)
Operating Profit (after GCE and Adjustments)	----	-----	469	473	343
Other Income (Expense), Net			(60)	(41)	(22)
Income from Continuing Operations Before Income Taxes and Minority Interest	----	-----	\$ 409	\$ 432	\$ 321
	====	=====	\$ 409	\$ 432	\$ 321
Margins:					
- Cabinets and Related Products			16.0%	16.0%	14.8%
- Plumbing Products			12.8%	13.1%	10.4%
- Installation and Other Services			13.6%	13.4%	11.5%
- Decorative Architectural Products			17.2%	19.0%	15.9%
- Other Specialty Products			21.7%	19.2%	14.7%
- TOTAL			15.4%	15.5%	13.0%
- North America			16.0%	16.1%	13.6%
- International, principally Europe			12.8%	12.6%	10.8%
- TOTAL, AS ABOVE			15.4%	15.5%	13.0%

NOTES:

- Data exclude discontinued operations.

- Operating profit and margins by segment and geographic area are before general corporate expense and exclude (income) regarding the litigation settlement.

MASCO CORPORATION
QUARTERLY SEGMENT DATA - 2004
EXCLUDING GOODWILL IMPAIRMENT CHARGE
(DOLLARS IN MILLIONS)

	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
	-----	-----	-----	-----	-----
Net Sales:					
- Cabinets and Related Products	\$ 3,289	\$ 857	\$ 856	\$ 797	\$ 779
- Plumbing Products	3,057	758	775	785	739
- Installation and Other Services	2,771	718	737	686	630
- Decorative Architectural Products	1,610	356	433	451	370
- Other Specialty Products	1,347	345	372	342	288
	-----	-----	-----	-----	-----
- TOTAL	12,074	3,034	3,173	3,061	2,806
	=====	=====	=====	=====	=====
- North America	9,879	2,450	2,627	2,531	2,271
- International, principally Europe	2,195	584	546	530	535
	-----	-----	-----	-----	-----
- TOTAL, AS ABOVE	12,074	3,034	3,173	3,061	2,806
	=====	=====	=====	=====	=====
Operating Profit:					
- Cabinets and Related Products	552	156	150	137	109
- Plumbing Products	395	81	101	117	96
- Installation and Other Services	358	86	103	88	81
- Decorative Architectural Products	331	64	102	101	64
- Other Specialty Products	258	56	86	71	45
	-----	-----	-----	-----	-----
- TOTAL	1,894	443	542	514	395
	=====	=====	=====	=====	=====
- North America	1,639	390	478	442	329
- International, principally Europe	255	53	64	72	66
	-----	-----	-----	-----	-----
- TOTAL, AS ABOVE	1,894	443	542	514	395
	=====	=====	=====	=====	=====
General Corporate Expense (GCE)	194	60	53	45	36
(Gain) Loss on Sale of Corporate Fixed Assets, Net	(7)	1	--	(1)	(7)
(Income) Regarding Litigation Settlement	(30)	--	(2)	(7)	(21)
	-----	-----	-----	-----	-----
Operating Profit (after GCE and Adjustments)	1,737	382	491	477	387
Other Income (Expense), Net	(51)	(8)	(31)	(11)	(1)
	-----	-----	-----	-----	-----
Income from Continuing Operations Before Income Taxes and Minority Interest	\$ 1,686	\$ 374	\$ 460	\$ 466	\$ 386
	=====	=====	=====	=====	=====
Margins:					
- Cabinets and Related Products	16.8%	18.2%	17.5%	17.2%	14.0%
- Plumbing Products	12.9%	10.7%	13.0%	14.9%	13.0%
- Installation and Other Services	12.9%	12.0%	14.0%	12.8%	12.9%
- Decorative Architectural Products	20.6%	18.0%	23.6%	22.4%	17.3%
- Other Specialty Products	19.2%	16.2%	23.1%	20.8%	15.6%
- TOTAL	15.7%	14.6%	17.1%	16.8%	14.1%
	-----	-----	-----	-----	-----
- North America	16.6%	15.9%	18.2%	17.5%	14.5%
- International, principally Europe	11.6%	9.1%	11.7%	13.6%	12.3%
- TOTAL, AS ABOVE	15.7%	14.6%	17.1%	16.8%	14.1%

NOTES:

- Data exclude discontinued operations.

- Operating results for the fourth quarter of 2004 exclude a non-cash, pre-tax charge for goodwill impairment of \$168 million. The charge related to certain of the Company's European business units and was allocated among the Cabinets and Related Products segment (\$56 million); Plumbing Products segment (\$25 million); Decorative Architectural Products segment (\$62 million); and Other Specialty Products segment (\$25 million).

- Operating profit and margins by segment and geographic area are before general corporate expense and exclude (income) regarding the litigation settlement and (gain) loss on sale of Corporate fixed assets, net.

MASCO CORPORATION
QUARTERLY SEGMENT DATA - 2004
INCLUDING GOODWILL IMPAIRMENT CHARGE
(DOLLARS IN MILLIONS)

	Year	Qtr. 4	Qtr. 3	Qtr. 2	Qtr. 1
	-----	-----	-----	-----	-----
Net Sales:					
- Cabinets and Related Products	\$ 3,289	\$ 857	\$ 856	\$ 797	\$ 779
- Plumbing Products	3,057	758	775	785	739
- Installation and Other Services	2,771	718	737	686	630
- Decorative Architectural Products	1,610	356	433	451	370
- Other Specialty Products	1,347	345	372	342	288
	-----	-----	-----	-----	-----
- TOTAL	12,074	3,034	3,173	3,061	2,806
	=====	=====	=====	=====	=====
- North America	9,879	2,450	2,627	2,531	2,271
- International, principally Europe	2,195	584	546	530	535
	-----	-----	-----	-----	-----
- TOTAL, AS ABOVE	12,074	3,034	3,173	3,061	2,806
	=====	=====	=====	=====	=====
Operating Profit:					
- Cabinets and Related Products	496	100	150	137	109
- Plumbing Products	370	56	101	117	96
- Installation and Other Services	358	86	103	88	81
- Decorative Architectural Products	269	2	102	101	64
- Other Specialty Products	233	31	86	71	45
	-----	-----	-----	-----	-----
- TOTAL	1,726	275	542	514	395
	=====	=====	=====	=====	=====
- North America	1,639	390	478	442	329
- International, principally Europe	87	(115)	64	72	66
	-----	-----	-----	-----	-----
- TOTAL, AS ABOVE	1,726	275	542	514	395
	=====	=====	=====	=====	=====
General Corporate Expense (GCE)	194	60	53	45	36
(Gain) Loss on Sale of Corporate Fixed Assets, Net	(7)	1	--	(1)	(7)
(Income) Regarding Litigation Settlement	(30)	--	(2)	(7)	(21)
	-----	-----	-----	-----	-----
Operating Profit (after GCE and Adjustments)	1,569	214	491	477	387
Other Income (Expense), Net	(51)	(8)	(31)	(11)	(1)
	-----	-----	-----	-----	-----
Income from Continuing Operations Before Income Taxes and Minority Interest	\$ 1,518	\$ 206	\$ 460	\$ 466	\$ 386
	=====	=====	=====	=====	=====
Margins:					
- Cabinets and Related Products	15.1%	11.7%	17.5%	17.2%	14.0%
- Plumbing Products	12.1%	7.4%	13.0%	14.9%	13.0%
- Installation and Other Services	12.9%	12.0%	14.0%	12.8%	12.9%
- Decorative Architectural Products	16.7%	0.6%	23.6%	22.4%	17.3%
- Other Specialty Products	17.3%	9.0%	23.1%	20.8%	15.6%
- TOTAL	14.3%	9.1%	17.1%	16.8%	14.1%
	-----	-----	-----	-----	-----
- North America	16.6%	15.9%	18.2%	17.5%	14.5%
- International, principally Europe	4.0%	-19.7%	11.7%	13.6%	12.3%
- TOTAL, AS ABOVE	14.3%	9.1%	17.1%	16.8%	14.1%

NOTES:

- Data exclude discontinued operations.

- Operating results for the fourth quarter of 2004 include a non-cash, pre-tax charge for goodwill impairment of \$168 million. The charge related to certain of the Company's European business units and was allocated among the Cabinets and Related Products segment (\$56 million); Plumbing Products segment (\$25 million); Decorative Architectural Products segment (\$62 million); and Other Specialty Products segment (\$25 million).

- Operating profit and margins by segment and geographic area are before general corporate expense and exclude (income) regarding the litigation settlement and (gain) loss on sale of Corporate fixed assets, net.

MASCO CORPORATION
OTHER INCOME (EXPENSE), NET
2005 & 2004 - BY QUARTER
(IN MILLIONS)

	2005					2004				
	YEAR	QTR. 4	QTR. 3	QTR. 2	QTR. 1	YEAR	QTR. 4	QTR. 3	QTR. 2	QTR. 1
Interest Expense			\$ (65)	\$ (57)	\$ (59)	\$ (217)	\$ (57)	\$ (55)	\$ (52)	\$ (53)
Income from Cash and Cash Investments			11	5	6	11	5	3	1	2
Other Interest Income			3	1	1	6	1	2	1	2
Realized Gains from Financial Investments, Net			23	28	41	92	40	9	14	29
Dividend Income			4	4	4	27	5	8	7	7
Impairment Charge for Marketable Securities			(28)	(2)	--	(21)	(21)	--	--	--
Impairment Charge for Private Equity Funds			(15)	--	--	--	--	--	--	--
Other, Net			7	(20)	(15)	51	19	2	18	12
Total Other Income (Expense), Net	----	-----	====	====	====	====	====	====	====	====
			\$ (60)	\$ (41)	\$ (22)	\$ (51)	\$ (8)	\$ (31)	\$ (11)	\$ (1)

NOTES:

- Data exclude discontinued operations.

- Other, net for the third quarter of 2005 principally includes \$4 million of realized currency transaction gains; the third quarter of 2004 includes \$1 million of realized currency transaction losses.

- The third quarter of 2005 and the fourth quarter of 2004 impairment charges for marketable securities relate to the Company's investment in Furniture Brands International common stock.

MASCO CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005 & 2004
(DOLLARS AND SHARES IN MILLIONS, EXCEPT PER SHARE DATA)

Line		% Change	Three Months Ended September 30,		As a Percent of Sales 3 Months Ended September 30,	
			2005	2004	2005	2004
1	Net Sales	6%	\$3,360	\$3,173	100.0%	100.0%
2	Cost of Sales	10%	2,396	2,182	71.3%	68.8%
3	Gross Profit	-3%	964	991	28.7%	31.2%
	Operating Profit:					
4	- Before GCE, Litigation (Income) + (Gain) on Sale of Corporate Fixed Assets (3-8)	-4%	519	542	15.4%	17.1%
5	- After GCE, Litigation (Income) + (Gain) on Sale of Corporate Fixed Assets (3-9-10)	-4%	469	491	14.0%	15.5%
	S,G&A Expense:					
6	- General Corporate Expense (GCE)	-4%	51	53	1.5%	1.7%
7	- (Gain) on Sale of Corporate Fixed Assets, Net		--	--	--	--
8	- All Other	-1%	445	449	13.2%	14.2%
9	- Total S,G&A Expense	-1%	496	502	14.8%	15.8%
10	(Income) Regarding Litigation Settlement		(1)	(2)	0.0%	-0.1%
11	Other Income (Expense), Net		(60)	(31)	-1.8%	-1.0%
12	Income from Continuing Operations Before Income Taxes and Minority Interest (5+11)	-11%	409	460	12.2%	14.5%
13	Income Taxes (Tax Rate)	-16%	141 34.5%	167 36.3%	4.2%	5.3%
14	Income from Continuing Operations Before Minority Interest	-9%	268	293	8.0%	9.2%
15	Minority Interest		(6)	(4)	-0.2%	-0.1%
16	Income from Continuing Operations	-9%	262	289	7.8%	9.1%
17	Income from Discontinued Operations, Net of Income Taxes		--	70	--	2.2%
18	Net Income	-27%	\$ 262	\$ 359	7.8%	11.3%
	Earnings Per Common Share (Diluted):					
	Income from Continuing Operations	-4%	\$ 0.61	\$ 0.64		
	Income from Discontinued Operations, Net of Income Taxes		--	0.16		
	Net Income	-23%	\$ 0.61	\$ 0.80		
	Average (Diluted) Common Shares	-5%	427	449		

MASCO CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 & 2004
(DOLLARS AND SHARES IN MILLIONS, EXCEPT PER SHARE DATA)

Line		% Change	Nine Months Ended September 30,		As a Percent of Sales 9 Months Ended September 30,	
			2005	2004	2005	2004
1	Net Sales	7%	\$9,677	\$ 9,040	100.0%	100.0%
2	Cost of Sales	11%	6,887	6,224	71.2%	68.8%
3	Gross Profit	-1%	2,790	2,816	28.8%	31.2%
	Operating Profit:					
4	- Before GCE, Litigation (Income) + (Gain) on Sale of Corporate Fixed Assets (3-8)	-2%	1,424	1,451	14.7%	16.1%
5	- After GCE, Litigation (Income) + (Gain) on Sale of Corporate Fixed Assets (3-9-10)	-5%	1,285	1,355	13.3%	15.0%
	S,G&A Expense:					
6	- General Corporate Expense (GCE)	8%	145	134	1.5%	1.5%
7	- (Gain) on Sale of Corporate Fixed Assets, Net		--	(8)	--	-0.1%
8	- All Other	0%	1,366	1,365	14.1%	15.1%
9	- Total S,G&A Expense	1%	1,511	1,491	15.6%	16.5%
10	(Income) Regarding Litigation Settlement		(6)	(30)	-0.1%	-0.3%
11	Other Income (Expense), Net		(123)	(43)	-1.3%	-0.5%
12	Income from Continuing Operations Before Income Taxes and Minority Interest (5+11)	-11%	1,162	1,312	12.0%	14.5%
13	Income Taxes (Tax Rate)	-16%	398 34.3%	474 36.1%	4.1%	5.2%
14	Income from Continuing Operations Before Minority Interest	-9%	764	838	7.9%	9.3%
15	Minority Interest		(16)	(14)	-0.2%	-0.2%
16	Income from Continuing Operations	-9%	748	824	7.7%	9.1%
17	Income (Loss) from Discontinued Operations, Net of Income Taxes		19	(36)	0.2%	-0.4%
18	Net Income	-3%	\$ 767	\$ 788	7.9%	8.7%
	Earnings Per Common Share (Diluted):					
	Income from Continuing Operations	-5%	\$ 1.72	\$ 1.81		
	Income (Loss) from Discontinued Operations, Net of Income Taxes		0.04	(0.08)		
	Net Income	2%	\$ 1.77	\$ 1.73		
	Average (Diluted) Common Shares	-5%	434	455		

MASCO CORPORATION
CONSOLIDATED BALANCE SHEETS
(IN MILLIONS)

	September 30, 2005	December 31, 2004
	-----	-----
ASSETS		
Current Assets:		
Cash and Cash Investments	\$ 1,560	\$ 1,256
Accounts and Notes Receivable, Net	1,982	1,732
Inventories	1,177	1,132
Prepaid Expenses and Other	280	282
	-----	-----
Total Current Assets	4,999	4,402
Property and Equipment, Net	2,208	2,272
Goodwill	4,299	4,408
Other Intangible Assets, Net	308	326
Other Assets	790	1,133
	-----	-----
Total Assets	\$12,604	\$12,541
	=====	=====
LIABILITIES		
Current Liabilities:		
Notes Payable	\$ 824	\$ 80
Accounts Payable	911	837
Accrued Liabilities	1,183	1,230
	-----	-----
Total Current Liabilities	2,918	2,147
Long-Term Debt	3,900	4,187
Deferred Income Taxes and Other	789	784
	-----	-----
Total Liabilities	7,607	7,118
SHAREHOLDERS' EQUITY	4,997	5,423
	-----	-----
Total Liabilities and Shareholders' Equity	\$12,604	\$12,541
	=====	=====

MASCO CORPORATION
GAAP RECONCILIATION OF OPERATING PROFIT AND MARGINS
(DOLLARS IN MILLIONS)

	THREE MONTHS ENDED SEPTEMBER 30,			
	2005		2004	
	\$	Margin	\$	Margin
Operating Profit, As Reported	\$469	14.0%	\$491	15.5%
(Income) Regarding Litigation Settlement	(1)		(2)	
Operating Profit, As Reconciled	\$468	13.9%	\$489	15.4%
	=====		=====	
	NINE MONTHS ENDED SEPTEMBER 30,			
	2005		2004	
	\$	Margin	\$	Margin
Operating Profit, As Reported	\$1,285	13.3%	\$1,355	15.0%
(Income) Regarding Litigation Settlement	(6)		(30)	
Operating Profit, As Reconciled	\$1,279	13.2%	\$1,325	14.7%
	=====		=====	

NOTE:

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
(IN MILLIONS)

	TWELVE MONTHS ENDED SEPTEMBER 30,	
	2005	2004
Operating Profit from Continuing Operations	\$1,499	\$1,691
Goodwill Impairment Charge	168	48
(Income) Regarding Litigation Settlement	(6)	(31)
Operating Profit, As Reconciled	\$1,661	\$1,708
	=====	=====

	TWELVE MONTHS ENDED SEPTEMBER 30,		
	2005	2004	2003
Shareholders' Equity, As Reported	\$4,997	\$5,242	\$5,405
Goodwill Impairment Charge (after tax)	141	43	5
European charge (after tax)	---	---	38
(Income) from Planned Disposition of Businesses (after tax)	---	---	(10)
Accelerated Benefit Expense, net (after tax)	---	---	10
(Income) Regarding Litigation Settlement (after tax)	(4)	(20)	(57)
Shareholders' Equity, As Reconciled	\$5,134	\$5,265	\$5,391
	=====	=====	=====

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.

MASCO CORPORATION
DISCONTINUED OPERATIONS
(IN MILLIONS)

	Three Months Ended September 30,	
	2005	2004
	----	----
Net Sales	\$--	\$ 99
	===	====
Income from Discontinued Operations	\$--	\$ 10
Gain on Disposal of Discontinued Operations, Net	--	108
Impairment of Assets Held for Sale	--	(31)
	---	---
Income Before Income Taxes	--	87
Income Tax (Expense)	--	(17)
	---	---
Income from Discontinued Operations, Net of Income Taxes	\$--	\$ 70
	===	====

	Nine Months Ended September 30,	
	2005	2004
	----	----
Net Sales	\$17	\$ 302
	===	=====
Income from Discontinued Operations	\$ 4	\$ 28
Gain on Disposal of Discontinued Operations, Net	10	108
Impairment of Assets Held for Sale	--	(139)
	---	---
Income (Loss) Before Income Taxes	14	(3)
Income Tax Benefit (Expense)	5	(33)
	---	---
Income (Loss) from Discontinued Operations, Net of Income Taxes	\$19	\$ (36)
	===	=====

NOTES:

The unusual relationship between income tax benefit and income before income taxes (including the net gain on disposal of discontinued operations) in 2004 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 \$151 million included \$12 million for the expensing of deferred tax assets of the discontinued operations for the nine months ended September 30, 2004.

The information for discontinued operations is for the period prior to the respective dates of disposition.