

# MASCO CORP /DE/

## FORM S-4

(Securities Registration: Business Combination)

Filed 11/12/04

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

REGISTRATION NO. 333-

**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM S-4**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933** **MASCO**  
**CORPORATION**

(Exact name of Registrant as Specified in Its Charter)

DELAWARE  
(State or Other Jurisdiction of  
Incorporation or Organization)

3430  
(Primary Standard Industrial  
Classification Code Number)

38-1794485  
(I.R.S. Employer  
Identification No.)

**21001 VAN BORN ROAD**  
**TAYLOR, MI 48180**

(313) 274-7400

(Address, Including Zip Code, and Telephone Number, Including Area Code, of  
Registrant's Principal Executive Offices)

**JOHN R. LEEKLEY**  
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of Agent For Service)

**COPIES TO:**

**BRUCE K. DALLAS**  
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**MENLO PARK, CALIFORNIA 94025**  
(650) 752-2000

**APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time**

to time after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ \_\_\_\_\_

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

**CALCULATION OF REGISTRATION FEE**

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER NOTE (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)	AMOUNT OF REGISTRATION FEE
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Zero Coupon Convertible Senior Notes, Series B due 2031.....	\$1,874,978,000	48.63%	\$911,801,801	\$115,525
Common Stock, par value \$1.00 per share(2).....	(2)	(2)	--	(3)

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457 under the Securities Act of 1933. Pursuant to Rule 457(c) the price per note is based on the market prices of the Zero Coupon Convertible Senior Notes due 2031.

(2) Includes the shares of common stock, if any, to be issued upon conversion of the Zero Coupon Convertible Senior Notes, Series B due 2031.

(3) Pursuant to Rule 457(i), there is no additional filing fee with respect to the shares of common stock, if any, issuable upon conversion of the Zero Coupon Convertible Senior Notes, Series B due 2031 because no additional consideration will be received by the registrant.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT CONSUMMATE THE EXCHANGE OFFER UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

(SUBJECT TO COMPLETION)

## **PROSPECTUS**

**ISSUED NOVEMBER 12, 2004**

**MASCO CORPORATION  
OFFER TO EXCHANGE  
ZERO COUPON CONVERTIBLE SENIOR NOTES, SERIES B DUE 2031 FOR  
ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2031**

## **THE EXCHANGE OFFER**

Masco Corporation is offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, our newly issued Zero Coupon Convertible Senior Notes, Series B due 2031, which we refer to as the new notes, for validly tendered and accepted Zero Coupon Convertible Senior Notes due 2031, which we refer to as the old notes.

- Tenders of old notes may be withdrawn at any time before midnight, New York City time, on the expiration date of the exchange offer.
- The exchange offer expires at midnight, New York City time, on December , 2004, which date we refer to as the expiration date, unless earlier terminated or extended by us.
- As consideration for exchanging old notes for new notes, holders of new notes will receive an exchange fee of \$1.25 per \$1,000 principal amount at maturity of the new notes. The exchange fee will be payable to holders of new notes on the exchange date.

## **THE NEW NOTES**

- Comparison: The terms of the new notes differ from the terms of the old notes in the following ways:
  - The new notes are convertible into cash and, at our option, in part in shares of our common stock having a combined aggregate value equal to the conversion rate multiplied by the applicable stock price described herein, subject to adjustment, under the circumstances and during the periods described herein. The old notes are convertible only into common stock.
  - The conversion rate for the new notes will be adjusted, subject to certain limitations, for cash dividends or distributions on shares of our common stock declared on or before January 20, 2007. The old notes have a more limited dividend protection feature.
  - The new notes contain a change of control make whole under which the conversion rate will be adjusted for conversions in connection with a change of control or, if such change of control constitutes a public acquirer change of control, we may elect to modify the conversion obligation as described in this prospectus. The old notes do not contain a change of control make whole.
- Maturity: The new notes will mature on July 20, 2031.
- Yield to Maturity: Except under circumstances described below, we will not pay cash interest on the new notes prior to maturity. Instead, on the maturity date of the new notes, holders will receive \$1,000 for each \$1,000 principal amount at maturity of the notes. Each new note will be issued at an initial principal amount of \$ per \$1,000 principal amount at maturity which represents a yield to maturity of 3.125% per year calculated from December , 2004.
- Optional Conversion to Cash Pay Notes Upon Tax Events: If certain tax-related events were to occur and we so elect, the new notes will cease to accrete, and cash interest will accrue at a rate of 3.125% per annum on the restated principal amount and be payable semi-annually in arrears.
- Contingent Interest: Commencing January 20, 2007, we will pay contingent interest to the holders of new notes during specified six-month periods if the average market price of a new note for the five trading days ending on the second trading day immediately preceding the relevant six-month period equals 120% or more of the accreted value of a new note on the day immediately preceding the relevant six-month period.
- Optional Redemption: We may redeem all, but not part of, the new notes prior to January 25, 2007 only if our common stock price reaches 130% of the applicable conversion price for a specified time period. We may, at any time on or after January 25, 2007, redeem the new notes for cash in an amount equal to the accreted value of the new notes.

- Optional Repurchase: Holders may require us to purchase the new notes on the following dates at the following prices: January 20, 2005 at \$439.67; January 20, 2007 at \$467.80; July 20, 2011 at \$537.85; July 20, 2016 at \$628.06; July 20, 2021 at \$733.39; and July 20, 2026 at \$856.38.

SEE "RISK FACTORS" BEGINNING ON PAGE 12 FOR A DISCUSSION OF RISK FACTORS THAT SHOULD BE CONSIDERED BY YOU PRIOR TO TENDERING YOUR OLD NOTES IN THE EXCHANGE OFFER.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the exchange offer or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offense.

The co-dealer managers for the exchange offer are:

**CITIGROUP MERRILL LYNCH & CO.**

November , 2004

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## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

In this prospectus and in the documents we incorporate by reference, we state our views about our future performance. These views involve risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed in such forward-looking statements. We have no obligation to update any forward-looking statements as a result of new information, future events or otherwise.

Factors that affect our results of operations include the levels of home improvement and residential construction activity principally in North America and Europe (including repair, remodeling and new construction), our ability to effectively manage our overall cost structure, fluctuations in European currencies (primarily the euro and British pound), the importance of and our relationships with home centers (including The Home Depot, which represented approximately 22 percent of our sales in 2003) as distributors of home improvement and building products, and our ability to maintain our leadership positions in our markets in the face of increasing global competition. Historically, we have been able to largely offset cyclical declines in housing markets through new product introductions and acquisitions as well as market share gains. Additional factors that may significantly affect our performance are discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Current Report on Form 8-K filed with the SEC on November 12, 2004 (which supersedes the corresponding sections in our Annual Report on Form 10-K for the year ended December 31, 2003) and in our Quarterly Reports on Form 10-Q that are on file with the SEC as well as under the heading "Risk Factors" in this prospectus.

**YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS AND IN MATERIAL WE FILE WITH THE SEC. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT.**

## SUMMARY

This summary highlights information contained, or incorporated by reference, in this prospectus. It is qualified in its entirety by the more detailed information contained, or incorporated by reference, in this prospectus. You should read the full text of, and consider carefully the more specific details contained, or incorporated by reference, in this prospectus before you decide whether to tender your old notes in the exchange offer. In addition, you should carefully consider the information set forth or referred to under the heading "Risk Factors." Unless the context otherwise requires, the terms "Masco," the "Company," "we" and "our" refer to Masco Corporation, a Delaware corporation, and its predecessors and subsidiaries.

## MASCO CORPORATION

Masco Corporation manufactures, sells and installs home improvement and building products, with emphasis on brand name products and services holding leadership positions in their markets. Masco is among the largest manufacturers in North America of brand name consumer products designed for the home improvement and home construction markets. Our business segments are: cabinets and related products; plumbing products; installation and other services; decorative architectural products; and other specialty products.

Our executive offices are located at 21001 Van Born Road, Taylor, Michigan 48180. Our telephone number is (313) 274-7400 and our website address is <http://www.masco.com>. The information on our website is not a part of this prospectus.

## THE EXCHANGE OFFER

### Purpose of the Exchange

Offer.....	The purpose of this exchange offer is to change certain of the terms of the old notes, including the type of consideration we will use to pay holders of old notes who convert their old notes. We believe this will reduce the likelihood of dilution to our shareholders. For a more detailed description of these changes, see the section of this prospectus entitled "Summary -- Material Differences Between the Old Notes and the New Notes."
The Exchange Offer.....	We are offering to exchange \$1,000 principal amount at maturity of new notes for each \$1,000 principal amount at maturity of old notes accepted for exchange.
Conditions to the Exchange Offer.....	The exchange offer is subject to certain customary conditions, including that the registration statement and any post-effective amendment to the registration statement covering the new notes be effective under the Securities Act of 1933, as amended. See the section of this prospectus entitled "The Exchange Offer -- Conditions to the Exchange Offer."
Expiration Date.....	The exchange offer will expire at midnight, New York City time, on December , 2004, which date we refer to as the expiration date, unless extended or earlier terminated by us. We may extend the expiration date for any reason. If we decide to extend it, we will announce such extension by press release or other permitted means no later than 9:00 a.m., New York City time, on the business day after the scheduled expiration of the exchange offer.
Tenders of Old Notes; Withdrawals of Tenders.....	In order to tender old notes, you will need to follow the instructions in this prospectus on how to instruct the broker or other third party through whom you hold your notes to tender the old notes on your behalf, as well as submit a letter of transmittal and the other



documents described in this prospectus. We will determine in our sole discretion whether any old notes have been properly tendered. Please carefully follow the instructions contained in this prospectus on how to tender your old notes.

Tenders of old notes may be withdrawn in writing at any time prior to midnight, New York City time, on the expiration date.

Please see pages 21 through 27 for instructions on how to exchange your old notes for new notes.

Acceptance of Old Notes..... We will accept all old notes validly tendered and not withdrawn as of the expiration date and will issue the new notes promptly after the expiration date, upon the terms and subject to the conditions in this prospectus and the letter of transmittal. We will accept old notes for exchange after the exchange agent has received a timely book-entry confirmation of transfer of old notes into the exchange agent's DTC account and a properly completed and executed letter of transmittal. Our oral or written notice of acceptance to the exchange agent will be considered our acceptance of all validly tendered old notes in the exchange offer. We will return any old notes not accepted for exchange without expense to you promptly after the termination or withdrawal, if any, of the exchange offer.

Amendment of the Exchange Offer..... We reserve the right to interpret or modify the terms of this exchange offer, provided that we will comply with applicable laws that require us to extend the period during which old notes may be tendered or withdrawn as a result of changes in the terms of or information relating to the exchange offer.

Use of Proceeds..... We will not receive any cash proceeds from this exchange offer. Old notes that are validly tendered and exchanged for new notes pursuant to the exchange offer will be canceled.

Fees and Expenses of the Exchange Offer..... We estimate that the approximate total cost of the exchange offer, assuming all of the old notes are exchanged for new notes, will be approximately \$2.6 million.

Material United States Tax Consequences..... The U.S. federal income tax consequences of the exchange offer and the ownership and disposition of the new notes are not entirely clear. We intend to take the position that the modifications to the old notes resulting from the exchange of old notes for new notes should not constitute a significant modification of the old notes for tax purposes. If, consistent with our position, the exchange of old notes for new notes does not constitute a significant modification of the old notes, the new notes should be treated as a continuation of the old notes, and there should be no U.S. federal income tax consequences to a holder who exchanges old notes for new notes pursuant to the exchange offer (except with respect to the exchange fee). If, contrary to our position, the exchange constitutes a significant modification, the tax consequences to you could materially differ.

See the section of this prospectus entitled "Material United States Tax Consequences" beginning on page 50.

Dealer Managers.....	Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are the co-dealer managers for this exchange offer. Their addresses and telephone numbers are located on the back cover of this prospectus.
Exchange Agent.....	J.P. Morgan Trust Company, National Association is the exchange agent for this exchange offer. Its address and telephone numbers are located on the back cover of this prospectus.

## MATERIAL DIFFERENCES BETWEEN THE OLD NOTES AND THE NEW NOTES

The material differences between the old notes and the new notes are illustrated in the table below. The table below is qualified in its entirety by the information contained in this prospectus and the documents governing the old notes and the new notes, copies of which have been filed as exhibits to the registration statement of which this prospectus forms a part. For a more detailed description of the new notes, see the section of this prospectus entitled "Description of the New Notes." On November 2, 2004, we amended the indenture governing the old notes to remove our right to deliver shares of our common stock upon the exercise by holders of their right to require us to purchase the old notes on certain dates.

	OLD NOTES -----	NEW NOTES -----
Accreted Value...	The accreted value of the old notes on December , 2004 will be \$ per \$1,000 principal amount at maturity, and such old notes will continue to accrete at a rate of 3.125% per year (computed on a semi-annual bond equivalent basis).	The accreted value of the new notes on any date will be identical to that of the old notes. As consideration for exchanging old notes for new notes, holders of new notes will receive an exchange fee of \$1.25 per \$1,000 principal amount at maturity of the new notes. The exchange fee will be payable to holders of new notes on the exchange date.
Settlement upon Conversion.....	Upon conversion of the old notes, we will deliver shares of our common stock at the applicable conversion rate.	<p>Upon conversion of the new notes, we will deliver, in respect of each \$1,000 principal amount at maturity of new notes:</p> <ul style="list-style-type: none"> <li>- cash in an amount (the "principal return") equal to the lesser of (1) the accreted value of each new note to be converted and (2) the "conversion value," which is equal to (a) the applicable conversion rate, multiplied by (b) the applicable stock price, as defined under "Description of the New Notes -- Conversion Settlement," and</li> <li>- if the conversion value is greater than the accreted value of each new note, a number of shares of our common stock (the "net shares") equal to the sum of the daily share amounts, calculated as described under "Description of the New Notes -- Conversion Settlement"; provided that, at our option, we may deliver cash or a combination of cash and shares of our common stock equal to the value of the net shares.</li> </ul>

OLD NOTES

NEW NOTES

Conversion Rate  
Adjustments for  
Cash Dividends...

The conversion rate will only be adjusted for cash dividends to the extent that the aggregate amount of cash dividends per share of our common stock ("excess dividends") in any twelve month period exceeds 10% of the closing sale price per share of common stock on the date preceding the date of declaration of such cash dividend, provided, however, that no adjustment to the conversion rate will be made in respect of any such dividends that are paid during any period for which we are paying contingent interest to holders. The formula for adjusting the conversion rate upon any such dividend is:  

$$CR(1) = CR(0) \times \frac{SP(0)}{SP(0) - ED}$$
where,  
CR(0) = the conversion rate in effect immediately prior to the record date for such dividend;  
CR(1) = the conversion rate in effect immediately after the ex dividend date for such dividend;  
SP(0) = the closing sale price per share of our common stock on the date preceding the date of declaration of such cash dividend;  
and  
ED = the amount of such excess dividends.

Until January 20, 2007, the conversion rate will be adjusted for any cash dividend or other distribution consisting exclusively of cash made to all holders of our common stock based on the following formula:  

$$CR(1) = CR(0) \times \frac{SP(0)}{SP(0) - ED}$$
where,  
CR(0) = the conversion rate in effect immediately prior to the record date for such dividend;  
CR(1) = the conversion rate in effect immediately after the ex dividend date for such cash dividend or distribution;  
SP(0) = the average of the closing sale prices of our common stock for the ten consecutive trading days prior to the trading day immediately preceding the ex dividend date of such cash dividend or distribution; and  
ED = the amount by which such cash dividend or distribution together with all other such cash dividends or distributions made during the fiscal quarter (and for which no adjustment has been made), exceeds \$0.18 per share (appropriately adjusted from time to time for any share dividends on or subdivisions of our common stock).  
On and after January 20, 2007, the conversion rate adjustments for cash dividends will be the same as the old notes.

OLD NOTES

NEW NOTES

Make Whole Amount  
and Change of  
Control.....

Holders of old notes will have the right to convert notes upon the occurrence of a fundamental change at the applicable conversion rate. There is no adjustment to the conversion rate upon any such event.  
The right of holders to require us to purchase such holder's old notes upon a fundamental change lapsed on July 20, 2002.

Holders of new notes will have the right to convert notes upon the occurrence of a change of control. If certain transactions that constitute a change of control occur on or prior to January 20, 2007, under certain circumstances, we will increase the conversion rate by a number of additional shares for any conversion of new notes in connection with such transactions, as described under "Description of New Notes -- Make Whole Amount and Change of Control." The amount of additional shares will be determined based on the date such transaction becomes effective and the price paid per share of our common stock in such transaction. However, if such transaction constitutes a public acquirer change of control, in lieu of increasing the conversion rate, we may elect to adjust our conversion obligation such that upon conversion of the new notes, we will deliver cash and acquirer common stock as described under "Description of New Notes -- Make Whole Amount and Change of Control."

Calculation of  
Earnings per  
Share.....

The full number of shares underlying the old notes will be reflected in our diluted earnings per share, whether or not the old notes may be converted pursuant to their terms.

The number of shares of our common stock deemed to be outstanding for the purpose of calculating diluted earnings per share will not be increased unless the closing sale price of our common stock exceeds the base conversion price of the new notes and whenever the closing sale price of our common stock exceeds the base conversion price, the number of dilutive shares will be determined by the formula described below.

(closing sale price on the last trading day of the applicable reporting period X  
applicable conversion rate) -- accreted value

[ ----- ] X the number of outstanding new notes  
closing sale price on the last trading day of the applicable reporting period

## THE NEW NOTES

New Notes.....	Up to \$1,874,978,000 principal amount at maturity of Zero Coupon Convertible Senior Notes, Series B Due 2031. We will not pay cash interest on the new notes prior to maturity, other than as described below under "Description of the New Notes -- Optional Conversion to Semi-Annual Cash Pay Notes upon Tax Event." Each new note will be issued at an initial principal amount of \$ with a principal amount at maturity of \$1,000.
Maturity.....	July 20, 2031.
Yield to Maturity of New Notes.....	The accreted value of the notes on December , 2004 will be \$ per \$1,000 principal amount at maturity and the notes will accrete at a value of 3.125% per year (computed on a semi-annual bond equivalent basis) from an initial principal amount of \$ to \$1,000 principal amount at maturity. If certain tax-related events were to occur and we so elect, the new notes will cease to accrete, and cash interest will accrue at a rate of 3.125% per annum on the restated principal amount and be payable semi-annually in arrears.
Exchange Fee.....	As consideration for exchanging old notes for new notes, holders of new notes will receive an exchange fee of \$1.25 per principal amount at maturity of the new notes. The exchange fee will be payable to holders of new notes on the exchange date.
Conversion Rights.....	<p>Holders may convert their new notes at any time prior to the close of business on July 20, 2031 if any of the "conversion conditions" listed below are satisfied.</p> <p>For each new note of \$1,000 principal amount at maturity converted, we will deliver cash and shares of our common stock, if any, to be received by tendering holders as described in "-- Settlement Upon Conversion" below.</p> <p>Your right to surrender new notes for conversion will expire at the close of business on July 20, 2031.</p> <p>The conversion rate may be adjusted under certain circumstances, but will not be adjusted for increases in accreted value.</p> <p>The "conversion conditions" are as follows:</p> <ul style="list-style-type: none"><li>- the average per share sale price of our common stock for the 20 trading days immediately prior to the conversion date is at least a specified percentage, beginning at 119% and declining 1/3% each year thereafter until it reaches 110 1/3% for the year beginning July 20, 2030, of the accreted value of a new note, divided by the conversion rate;</li><li>- the credit rating assigned to the new notes by either Moody's Investors Service, Inc. ("Moody's") or Standard &amp; Poor's Ratings Group ("S&amp;P") is reduced to below investment grade, as defined;</li><li>- we call the new notes for redemption;</li><li>- we make specified distributions to our shareholders; or</li><li>- we become a party to a consolidation, merger or binding share exchange pursuant to which our common stock would be converted into cash, securities or other property.</li></ul>

Settlement upon Conversion.... Subject to certain exceptions, at the time the new notes are tendered for conversion, the aggregate value (the "conversion value") of the

cash and shares of our common stock, if any, to be received by the tendering holders will be determined by multiplying the applicable conversion rate by the applicable stock price. Upon conversion of new notes, we will deliver the conversion value for each \$1,000 principal amount at maturity of new notes as follows:

- cash in an amount (the "principal return") equal to the lesser of (1) the accreted value of each new note to be converted and (2) the conversion value, and
- if the conversion value is greater than the applicable accreted value of each new note, a number of shares of our common stock (the "net shares") equal to the sum of the daily share amounts, calculated as described under "Description of the New Notes -- Conversion Settlement" below; provided that, at our option, we may deliver cash or a combination of cash and shares of our common stock with a value equal to the net shares.

We will pay the principal return and cash for fractional shares and deliver net shares no later than the third business day following the determination of the applicable stock price.

Conversion Rate Adjustments  
for Cash Dividends.....

Until January 20, 2007, the conversion rate will be adjusted for any dividend or other distribution consisting exclusively of cash made to all holders of our common stock based

on the following formula:

$$CR(1) = CR(0) \times \frac{SP(0)}{SP(0) - ED}$$

where,

- CR(0) = the conversion rate in effect immediately prior to the record date for such cash dividend or distribution;
- CR(1) = the conversion rate in effect immediately after the ex dividend date for such cash dividend or distribution;
- SP(0) = the average of the closing sale prices of our common stock for the ten consecutive trading days prior to the trading day immediately preceding the ex dividend date of such cash dividend or distribution; and
- ED = the amount by which such cash dividend or distribution together with all other such cash dividends or distributions made during the fiscal quarter (and for which no adjustment has been made), exceeds \$0.18 per share (appropriately adjusted from time to time for any share dividends on or subdivisions of our common stock).

Contingent Interest.....

We will pay contingent interest to the holders of new notes during any six-month period from January 20 to July 19 and from July 20 to January 19, commencing January 20, 2007, if the average market price of a new note for the five trading days ending on the second trading day immediately preceding the beginning of the relevant six-month period equals 120% or more of the accreted value of such note on the day immediately preceding the beginning of the relevant six-month period. The amount of



contingent interest payable per new note in  
respect of any six-month period will equal the  
greater of

(1) cash dividends paid by us per share on our common stock during that six-month period multiplied by the number of shares of common stock equal to the sum of (A) the number of shares of common stock with a value equal to the principal return on such date and (B) the net share amount and (2) 0.125% of such average market price of a new note for the five-trading-day period referred to above.

Optional Redemption.....

Prior to January 25, 2007, we may redeem all but not part of the new notes, at their accreted value, only if the closing price for our common stock on the New York Stock Exchange exceeds the conversion price of the new notes, as defined in this prospectus, by 130% for a specified period of time. We may, at any time on or after January 25, 2007, redeem for cash all or a portion of the new notes at their accreted value. Indicative redemption conditions and prices are set forth in this prospectus beginning on page 36.

Purchase of New Notes by Us at the Option of the Holder.....

Holders may require us to purchase their new notes for cash on any one of the following dates at the following prices:

- On January 20, 2005 at a price of \$439.67 per new note;
- On January 20, 2007 at a price of \$467.80 per new note;
- On July 20, 2011 at a price of \$537.85 per new note, plus accrued and unpaid contingent interest, if any;
- On July 20, 2016 at a price of \$628.06 per new note, plus accrued and unpaid contingent interest, if any;
- On July 20, 2021 at a price of \$733.39 per new note, plus accrued and unpaid contingent interest, if any; and
- On July 20, 2026 at a price of \$856.38 per new note plus accrued and unpaid interest, if any.

Optional Conversion to Semi-Annual Cash Pay Notes upon a Tax Event.....

From and after the occurrence of a Tax Event, as defined in this prospectus, at our option, the new notes will cease to accrete, and cash interest will accrue on each new note from the date on which we exercise such option at the rate of 3.125% per year on the restated principal amount (i.e., the accreted value of the new note on the later of the date of the Tax Event and the date we exercise such option) and shall be payable semi-annually on the interest payment dates of January 20 and July 20 of each year to holders of record at the close of business on each regular record date immediately preceding such interest payment date. Interest will be computed upon a 360-day year comprised of twelve 30-day months and will initially accrue from the option exercise date, as defined in this prospectus, and thereafter from the last date to which interest has been paid. In such an event, the redemption prices will be adjusted as described herein. However, there will be no changes in a holder's conversion rights.

Make Whole Amount and Change of Control.....

If certain transactions that constitute a change of control occur on or prior to January 20, 2007, under certain circumstances, we will

increase the conversion rate by a number of additional shares for any conversion of new notes in connection with such transactions, as described under "Description of the New Notes -- Make Whole Amount and Change of Control."

The amount of additional shares will be determined based on the date such transaction becomes effective and the price paid per share of our common stock in such transaction. A description of how the additional shares will be determined and a table showing the additional shares that would apply at various stock prices and change of control effective dates based on assumed interest and conversion rates are set forth under "Description of the New Notes -- Make Whole Amount and Change of Control." No additional shares will be added to the conversion rate if the stock price is less than \$25.51 per share or if the stock price exceeds \$50.00 per share, subject to adjustment.

If such transaction constitutes a public acquirer change of control, in lieu of increasing the conversion rate, we may elect to adjust our conversion obligation such that upon conversion of the new notes, we will deliver cash and acquirer common stock as described under "Description of the New Notes -- Make Whole Amount and Change of Control."

Ranking..... These notes are Masco's general obligations and will not be secured by any collateral. Your right to payment under the new notes will be:

- junior to the rights of Masco's secured creditors to the extent of their security in Masco's assets;
- equal with the rights of creditors under Masco's other unsecured unsubordinated debt, including our old notes and revolving credit facility; and
- senior to the rights of creditors under debt expressly subordinated to the new notes

Sinking Fund..... None.

Material United States Tax Consequences..... Each holder will agree, for U.S. federal income tax purposes, to treat the new notes as "contingent payment debt instruments" and to be bound by our application of the Treasury Regulations that govern contingent payment debt instruments, including our determination that the rate at which interest will be deemed to accrue for federal income tax purposes will be 8.125% compounded semi-annually, which was, at the time of the issuance of the old notes, the rate comparable to the rate at which we would have borrowed on a noncontingent, nonconvertible borrowing with terms and conditions otherwise comparable to the old notes (including the rank, term and general market conditions). Accordingly, each U.S. holder will be subject to federal income tax consequences that are consistent with the description of the contingent payment debt instrument regulations contained in the registration statement relating to the old notes.

See the section of this prospectus entitled "Material United States Tax Consequences" beginning on page 50.

Certain Covenants.....	We will issue the new notes under the indenture referred to in "Description of the New Notes" as the Senior Debt Indenture. For a description of certain covenants or restrictions under the indenture, see "Description of the New Notes -- Covenants Restricting Pledges, Mergers and Other Significant Corporate Actions."
Global Securities.....	The new notes will be issued only in book-entry form, which means that they will be represented by one or more permanent global securities registered in the name of The Depository Trust Company. The global securities will be deposited with the trustee as custodian for the Depository.
Listing.....	Our common stock is listed on the New York Stock Exchange under the symbol "MAS." We will apply for listing of the new notes on the New York Stock Exchange.

## **RISK FACTORS**

Before tendering any old notes in the exchange offer, you should carefully consider the following risks, together with all of the other information contained, or incorporated by reference, in this prospectus. The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially adversely affected.

This prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, the risk factors set forth below. See also "Special Note Regarding Forward-Looking Statements" above.

### **RISKS RELATED TO OUR BUSINESS**

#### **WE CANNOT ASSURE YOU THAT OUR GROWTH STRATEGIES WILL BE SUCCESSFUL.**

While the Company's current strategy emphasizes organic growth, historically mergers and acquisitions have historically contributed significantly to our long-term growth, after the initial impact on earnings of transaction-related costs and expenses such as interest and added depreciation and amortization. Successful strategic acquisitions require the integration of operations and management and other efforts to realize the benefits that may be available to us following the acquisition. Although we believe that we have been successful in doing so in the past, we can give no assurance that we will continue to be able to identify, acquire and integrate successful strategic acquisitions in the future or be able to implement successfully our operating and growth strategies within our existing markets or with respect to any future product or geographic diversification efforts.

#### **OUR BUSINESS HAS BEEN AFFECTED BY ECONOMIC WEAKNESS AND BUSINESS CONDITIONS.**

Factors that affect our results of operations include the levels of home improvement and residential construction activity, principally in North America and Europe (including repair and remodeling and new construction), our ability to effectively manage our overall cost structure, fluctuations in European currencies (primarily the euro and British pound), and our ability to maintain our leadership positions in our markets in the face of increasing global competition. Historically, we have been able largely to offset cyclical declines in housing markets through new product introductions and acquisitions as well as market share gains. The Company's current strategy emphasizes organic growth rather than acquisitions. We can give no assurance that we will be able to offset these cyclical declines in the future.

#### **WE RELY ON OUR KEY CUSTOMERS.**

Our relationships with home centers are important to us. Direct sales of our product lines to home center retailers have increased substantially in recent years and, in 2003, sales to our largest customer, The Home Depot, were \$2.5 billion (approximately 22 percent). Although builders, dealers and other retailers represent other channels of distribution for our products, we believe that the loss of a substantial portion of our sales to The Home Depot would have a material adverse impact on our company.

#### **OUR INTERNATIONAL BUSINESS HAS SPECIAL RISKS.**

Our international operations outside of North America, principally in Europe, are subject to political, monetary, economic and other risks attendant generally to international businesses. These risks generally vary from country to country. Results of existing European operations have been adversely influenced in recent years, in part due to softness in our European markets, competitive pricing pressures on certain products, the effect of a higher percentage of lower margin sales to total European sales and fluctuating U.S. dollar exchange rate.

#### **OUR MARKETS ARE HIGHLY COMPETITIVE.**

The major markets for our products are highly competitive. Competition in all of our product lines is based primarily on performance, quality, style, delivery, customer service and price, with the relative importance of such factors varying among product categories.

## **WE HAVE FINANCIAL COMMITMENTS AND INVESTMENTS IN FINANCIAL ASSETS.**

As part of our acquisition strategy we often structure acquisition and other transactions to provide, in addition to the consideration paid at closing, contingent consideration to be paid in cash or stock if specified conditions are met. These conditions may include the operating performance of the acquired business in the case of an acquisition, the price of our common stock, or both. In addition to possibly increasing the consideration we ultimately pay for an acquisition, these conditions may also affect the number of contingently issuable shares that are included in our periodic computation of diluted earnings per common share, the amount of our accrued liabilities and our results of operations.

We also maintain investments in a number of private equity funds and in marketable securities. These investments are generally carried as long-term assets on our balance sheet. We record investments in marketable securities at fair value, which is subject to adjustment based on market fluctuations. Unrealized losses that do not represent other-than-temporary declines in fair value and unrealized gains are recognized, net of taxes, through shareholders' equity as a component of other comprehensive income. Realized gains and losses and charges for other-than-temporary declines in fair value are included in other income.

Our investments in private equity funds have no readily ascertainable market value. These equity funds may invest in transactions that have an above average degree of financial leverage or business risk. Our investments in these funds are carried at cost and are periodically evaluated for impairment or when circumstances indicate an impairment may exist. Income and gains, net realized from these investments are included in other income when distributed or received. In addition, we have commitments that may require us to contribute additional capital to these private equity funds.

## **WE ARE IN THE PROCESS OF EVALUATING OUR INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 404 OF THE SARBANES-OXLEY ACT OF 2002.**

We are in the process of evaluating our internal control system over financial reporting in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Because of our historical growth through acquisition and our decentralized organizational structure with over 50 reporting units and over 600 operating locations worldwide, we estimate that we have well in excess of 20,000 key controls over financial reporting. As part of this initiative, we have invested a substantial amount of time and resources in documenting and testing our system of internal control. During the course of this comprehensive process, we and our independent auditors have identified control deficiencies. We have corrected a number and we are remediating others of these control deficiencies. However, there can be no assurance that one or more deficiencies will not constitute what we or our independent auditors conclude is a material weakness in internal control over financial reporting. Additionally, there can be no assurance in light of our decentralization, the number of our operating units and magnitude of the overall initiative, that we will be able to complete the process in time to allow our independent auditors to finish their assessment and issue their audit report on a timely basis. We believe, however, based on our current knowledge, that our documentation, testing and final assessment will be completed on a timely basis.

## **RISKS ASSOCIATED WITH THE NEW NOTES**

### **WE CANNOT ASSURE YOU THAT AN ACTIVE TRADING MARKET WILL DEVELOP FOR THE NEW NOTES.**

The new notes are a new issue of securities. There is no active public trading market for the new notes. We will apply for listing of the new notes and the shares of common stock issuable upon conversion of the new notes on the New York Stock Exchange; however, we can give no assurance that the new notes or the underlying shares of common stock will be so listed. The dealer managers have also advised us that they currently intend to make a market in the new notes, but they are not obligated to do so and may discontinue any such market-making at any time. As a consequence, we cannot assure you that an active trading market will develop for your new notes, that you will be able to sell your new notes, or that, even if you can sell your new notes, you will be able to sell them at an acceptable price.

**THE TRADING PRICES FOR THE NEW NOTES WILL BE DIRECTLY AFFECTED BY THE TRADING PRICES FOR OUR COMMON STOCK, WHICH ARE IMPOSSIBLE TO PREDICT.**

The price of our common stock could be affected by possible sales of our common stock by investors who view the new notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that may develop involving our common stock. This hedging or arbitrage could, in turn, affect the trading prices of the new notes.

**THE AMOUNT YOU MUST INCLUDE IN YOUR INCOME FOR UNITED STATES FEDERAL INCOME TAX PURPOSES WILL EXCEED THE STATED YIELD ON THE NEW NOTES.**

We and each holder will agree to treat the notes as contingent payment debt instruments for United States federal income tax purposes. As a result, despite some uncertainty as to the proper application of the applicable Treasury regulations, U.S. holders will be required to include in their gross income, each year, amounts of interest in excess of the stated yield of the notes. U.S. holders will recognize gain or loss on the sale of a new note, repurchase by us of a new note at the U.S. holder's option, conversion of a new note or redemption of a new note, in an amount equal to the difference between the amount realized on the sale, repurchase by us at the U.S. holder's option, conversion or redemption (including the fair market value of our common stock received upon conversion or otherwise) and the U.S. holder's adjusted tax basis in the new note. Any gain recognized by the U.S. holders on the sale, repurchase by us at the U.S. holder's option, conversion or redemption of a new note generally will be ordinary interest income; any loss will be ordinary loss to the extent of interest previously included in income and, thereafter, capital loss. See "Material United States Tax Consequences."

**THE MAKE-WHOLE AMOUNT PAYABLE UPON THE OCCURRENCE OF A CHANGE OF CONTROL MAY NOT ADEQUATELY COMPENSATE YOU FOR THE LOST OPTION TIME VALUE OF YOUR NEW NOTES AS A RESULT OF SUCH CHANGE OF CONTROL AND MAY NOT BE ENFORCEABLE.**

If a change of control occurs on or prior to January 20, 2007, we may increase the conversion rate for new notes converted in connection with the change of control. The amount of such increase to the conversion rate, if any, will be based on the price paid per share of our common stock in the transaction constituting the change of control. A description of how the make-whole amount will be determined is described under "Description of the New Notes -- Make Whole Amount and Change of Control." While the make-whole amount is designed to compensate you for the lost option time value of your new notes as a result of a change of control, the make-whole amount is only an approximation of such lost value and may not adequately compensate you for such loss. In addition, if the change of control occurs after January 20, 2007 or if the price paid per share of our common stock in the change of control is less than \$25.51 or more than \$50.00 (subject to adjustment), there will be no such make-whole amount. Furthermore, our obligation to pay the make-whole amount could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

**RISKS RELATING TO THE EXCHANGE OFFER**

**THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE OF THE OLD NOTES FOR THE NEW NOTES ARE NOT ENTIRELY CLEAR.**

The U.S. federal income tax consequences of the exchange offer and of the ownership and disposition of the new notes are not entirely clear. We intend to take the position that the modifications to the old notes resulting from the exchange of old notes for new notes should not constitute a significant modification of the old notes for tax purposes. If, consistent with our position, the exchange of old notes for new notes does not constitute a significant modification of the old notes. Consistent with our position, the new notes should be treated as a continuation of the old notes and there should be no U.S. federal income tax consequences to a holder who exchanges old notes for new notes pursuant to the exchange offer except for the exchange fee. If, contrary to our position, the exchange constitutes a significant modification, the tax consequences to you could materially differ.

See the section of this prospectus entitled "Material United States Tax Consequences" beginning on page 50.

**IF YOU DO NOT EXCHANGE YOUR OLD NOTES, THE OLD NOTES YOU RETAIN MAY BECOME  
LESS LIQUID AS A RESULT OF THE EXCHANGE OFFER.**

If a significant number of old notes are exchanged in the exchange offer, the liquidity of the trading market for the old notes, if any, after the completion of the exchange offer may be substantially reduced. Any old notes exchanged will reduce the aggregate number of old notes issued and outstanding. This reduction may in turn increase the volatility of the market price for the old notes. In addition, the old notes may trade at a discount to the price at which they would trade if the transactions contemplated by this prospectus were not consummated, subject to prevailing interest rates, the market for similar securities and other factors. We cannot assure you that an active market in the old notes will exist or be maintained and we cannot assure you as to the prices at which the old notes may be traded.



## USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the new notes. The new notes will be exchanged for old notes as described in this prospectus upon our receipt of old notes. We will cancel all of the old notes surrendered in exchange for the new notes.

## PRICE RANGE OF OLD NOTES AND COMMON STOCK

Our old notes and common stock are listed on the New York Stock Exchange (the "NYSE") under the symbols "MAS ZR31" and "MAS," respectively. The following table sets forth the high and low trading sale prices for our old notes as reported by published financial sources, high and low trading prices for our common stock for the periods indicated as reported on the NYSE Composite Tape and the cash dividends declared on the common stock during such periods.

	OLD		COMMON		DIVIDENDS ON COMMON STOCK
	NOTES	PRICE	STOCK PRICE		
	HIGH	LOW	HIGH	LOW	
	(% OF PAR)		(IN DOLLARS)		
YEAR ENDED 2002					
First Quarter.....	43.00	36.88	\$28.99	\$24.10	\$0.135
Second Quarter.....	43.00	40.00	29.43	25.39	0.135
Third Quarter.....	42.00	32.00	27.05	19.00	0.14
Fourth Quarter.....	42.50	36.00	22.60	17.25	0.14
YEAR ENDED 2003					
First Quarter.....	42.25	36.13	\$21.96	\$16.59	\$0.14
Second Quarter.....	44.00	36.00	25.58	18.60	0.14
Third Quarter.....	43.00	39.00	25.99	22.45	0.16
Fourth Quarter.....	43.50	40.00	28.44	24.61	0.16
YEAR ENDED 2004					
First Quarter.....	46.00	42.50	\$30.80	\$25.88	\$0.16
Second Quarter.....	46.25	41.00	31.47	26.29	0.16
Third Quarter.....	48.00	41.00	35.00	29.69	0.18
Fourth Quarter (through November 11)...	49.00	45.00	36.29	33.05	--

On November 11, 2004, the last reported sale price of our old notes and common stock was 48.00% per note and \$35.88 per share, respectively. At November 11, 2004, there were approximately 6,500 holders of record of our common stock.

## DIVIDEND POLICY

As shown in the table above, we declared quarterly cash dividends on our common stock in each of the years ended December 31, 2003 and 2002 and in the quarters ended March 31, June 30 and September 30, 2004. We expect that our practice of paying quarterly dividends on our common stock will continue, although the payment of future dividends is at the discretion of our board of directors and will depend upon our earnings, capital requirements, financial condition and other factors.

## RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

Our ratio of earnings to fixed charges for the years ended December 31, 1999 through 2003 and the nine months ended September 30, 2004 are set forth in the table below.

	NINE MONTHS ENDED SEPTEMBER 30, 2004	YEARS ENDED DECEMBER 31, -----				
	-----	2003	2002	2001	2000	1999
	-----	-----	-----	-----	-----	-----
Ratio of earnings to fixed charges(1)....	8.0	5.3	4.6	2.0	4.7	6.7
Ratio of earnings to combined fixed charges and preferred stock dividends(2).....	7.7	5.0	4.4	2.0	4.7	6.7

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(1) Ratio of earnings to fixed charges means the ratio of income before income taxes, extraordinary income and fixed charges to fixed charges, where fixed charges are the aggregate of interest expense, including amortization of debt expense and the estimated interest factor for rentals. Years prior to 2002 have not been adjusted to exclude goodwill amortization expense.

(2) Ratio of earnings to combined fixed charges and preferred stock dividends means the ratio of income before income taxes, extraordinary income and fixed charges to fixed charges and preferred stock dividends.

## CAPITALIZATION

The following table sets forth certain unaudited information regarding our capitalization as of September 30, 2004 on an actual basis and as adjusted, assuming all of the old notes are exchanged pursuant to the exchange offer. This information should be read in conjunction with our consolidated financial statements, including the notes thereto, and the other financial information incorporated by reference in this prospectus. See the section of this prospectus entitled "Where You Can Find More Information."

	AS OF SEPTEMBER 30, 2004	
	ACTUAL	AS ADJUSTED
	(UNAUDITED)	
	(IN MILLIONS, EXCEPT SHARE DATA)	
Cash and cash investments.....	\$ 969	\$ 969
	=====	=====
Long-term debt:		
Zero Coupon Convertible Senior Notes due 2031(1).....	\$ 817	\$ --
Zero Coupon Convertible Senior Notes, Series B due		
2031(1).....	--	817
Other long-term liabilities.....	3,393	3,393
	-----	-----
Total long-term debt.....	4,210	4,210
	-----	-----
Shareholders' equity:		
Common shares, par value \$1.00 per share, 1,400,000,000		
authorized, 449,220,000 issued.....	449	449
Paid-in capital.....	724	724
Retained earnings.....	3,856	3,856
Accumulated other comprehensive income.....	409	409
Less: Restricted stock awards.....	(196)	(196)
Shareholders' equity.....	5,242	5,242
	-----	-----
Total capitalization.....	\$9,452	\$9,452
	=====	=====

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(1) Accreted value at September 30, 2004.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data of Masco are derived from and should be read in conjunction with our audited financial statements incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 12, 2004 (which supersedes the corresponding financial data in our Annual Report on Form 10-K for the year ended December 31, 2003.) The consolidated statement of income data for the years ended December 31, 2003, 2002 and 2001, and the balance sheet data as of December 31, 2003 and 2002 are derived from and should be read in conjunction with our audited financial statements incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 12, 2004. The consolidated statement of income data for the years ended December 31, 2000 and 1999 are derived from our accounting records. The consolidated statement of income data for the nine month periods ended September 30, 2004 and 2003 and the consolidated balance sheet data as of September 30, 2004 and 2003 are derived from our unaudited financial statements which, in our opinion, have been prepared on the same basis as the audited consolidated financial statements and reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our results of operations and financial position.

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2001	2000	1999	2004	2003
	(IN MILLIONS)						
STATEMENT OF INCOME DATA(1):							
Net sales.....	\$10,571	\$ 8,831	\$7,705	\$ 6,506	\$ 5,577	\$ 9,040	\$ 7,803
Cost of sales.....	7,330	6,040	5,377	4,438	3,717	6,224	5,414
Selling, general and administrative expenses...	1,776	1,393	1,230	1,030	1,014	1,491	1,312
(Income) charge from planned disposition of a business(2).....	--	(16)	--	90	--	--	--
(Income) regarding litigation settlement(3).....	(72)	147	--	--	--	(30)	(71)
Goodwill impairment charge(4).....	53	--	--	--	--	--	--
Amortization of goodwill....	--	--	87	60	39	--	--
Other income (expense), net(5).....	(204)	(301)	(733)	(64)	(2)	(43)	(147)
Income from continuing operations before income taxes and minority interest.....	1,280	966	278	824	805	1,312	1,001
Income taxes.....	477	327	95	284	303	474	357
Minority interest.....	(13)	--	--	--	--	(14)	(8)
(Loss) income from discontinued operations, after income taxes.....	16	43	16	52	68	(36)	78
Cumulative effect of accounting change, net(6).....	--	(92)	--	--	--	--	--
Net income.....	\$ 806	\$ 590	\$ 199	\$ 592	\$ 570	\$ 788	\$ 714
Earnings per common share:							
Basic:							
Income from continuing operations.....	\$ 1.65	\$ 1.32	\$ 0.40	\$ 1.22	\$ 1.15	\$ 1.84	1.32
Income (loss) from discontinued operations.....	0.03	0.09	0.03	0.12	0.16	(0.08)	0.16
Cumulative effect of accounting change, net.....	--	(0.19)	--	--	--	--	--
Net income.....	\$ 1.68	\$ 1.22	\$ 0.43	\$ 1.34	\$ 1.31	\$ 1.76	\$ 1.48

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2001	2000	1999	2004	2003
	( IN MILLIONS EXCEPT PER SHARE DATA )						
Diluted:							
Income from continuing operations.....	\$ 1.61	\$ 1.24	\$ 0.39	\$ 1.20	\$ 1.12	\$ 1.81	\$ 1.28
Income (loss) from discontinued operations and gain, net of income taxes.....	0.03	0.08	0.03	0.11	0.15	(0.08)	0.16
Cumulative effect of accounting change, net.....	--	(0.18)	--	--	--	--	--
Net income.....	\$ 1.64	\$ 1.15	\$ 0.42	\$ 1.31	\$ 1.28	\$ 1.73	\$ 1.44
	=====	=====	=====	=====	=====	=====	=====
CASH FLOW DATA:							
Net cash from operating activities.....	\$ 1,421	\$ 1,225	\$ 967	\$ 734	\$ 491	\$ 973	\$ 924
Net cash from (for) financing activities.....	\$(1,617)	\$ 767	\$(158)	\$ 380	\$ 319	\$(964)	\$(1,166)
Net cash from (for) investing activities.....	\$ (128)	\$(1,296)	\$(667)	\$(1,175)	\$(1,132)	\$ 204	\$ 55
BALANCE SHEET DATA:							
Total assets.....	\$12,149	\$12,050	\$9,021	\$ 7,604	\$ 6,517	\$12,389	\$12,201
	-----	-----	-----	-----	-----	-----	-----
Long-term debt.....	\$ 3,848	\$ 4,316	\$3,628	\$ 3,018	\$ 2,431	\$ 4,210	\$ 3,836
Total liabilities.....	\$ 6,693	\$ 6,756	\$5,064	\$ 4,318	\$ 3,498	\$ 7,147	\$ 6,796
	-----	-----	-----	-----	-----	-----	-----
Shareholder's equity.....	\$ 5,456	\$ 5,294	\$3,958	\$ 3,286	\$ 3,019	\$ 5,242	\$ 5,405
	-----	-----	-----	-----	-----	-----	-----

(1) Statement of income data has been restated to reclassify discontinued operations as reported in our Current Report on Form 8-K filed with the SEC on November 12, 2004.

(2) Includes a pre-tax gain of \$16 million for the year ended December 31, 2002 related to certain long-lived assets which were written down in 2000. Includes a \$145 million pre-tax, non-cash charge for the planned disposition of businesses and write down of certain investments for the year ended December 31, 2000.

(3) Includes the litigation settlement pre-tax (income) charge, net, of \$(30) million, \$(71) million, \$(72) million and \$147 million in the nine months ended September 30, 2004 and 2003 and for the years ended December 31, 2003 and 2002, respectively, pertaining to the Decorative Architectural Products segment.

(4) Includes a \$53 million pre-tax goodwill impairment charges as follows:  
Plumbing Products -- \$17 million; Decorative Architectural Products -- \$5 million and Other Specialty Products -- \$31 million.

(5) Includes a \$530 million pre-tax, non-cash charge related to the write down of certain investments, principally, securities of Furnishings International, Inc. for the year ended December 31, 2001.

(6) On adoption of SFAS No. 142, a non-cash, pre-tax impairment charge of \$117 million (\$92 million, net of income tax credit of \$25 million) relating primarily to certain of our European businesses that had been affected by weak market and economic conditions, was recognized as a cumulative effect of change in accounting principle, effective January 1, 2002.

## THE EXCHANGE OFFER

### PURPOSE OF THE EXCHANGE OFFER

The purpose of the exchange offer is to change certain terms of the old notes including the type of consideration we will pay holders of the new notes who convert their new notes. We believe that changing the consideration payable upon conversion of the old notes will reduce the likelihood of dilution to our shareholders, which is in the best interests of the company and our shareholders.

The exchange offer is not being made to, nor will we accept tenders for exchange from, holders of old notes in any jurisdiction in which the exchange offer or the acceptance of it would not be in compliance with the securities or blue sky laws of such jurisdiction.

### EXCHANGE FEE

As consideration for exchanging old notes for new notes, holders of new notes will receive an exchange fee payment of \$1.25 per \$1,000 principal amount at maturity of new notes. The exchange fee will be payable to holders of new notes on the exchange date.

### TERMS OF THE EXCHANGE OFFER; PERIOD FOR TENDERING

This prospectus and the accompanying letter of transmittal contain the terms and conditions of the exchange offer. Upon the terms and subject to the conditions included in this prospectus and in the accompanying letter of transmittal, which together are the exchange offer, we will accept for exchange old notes which are properly tendered on or prior to the expiration date, unless you have previously withdrawn them.

- When you tender to us old notes as provided below, our acceptance of the old notes will constitute a binding agreement between you and us upon the

terms and subject to the conditions in this prospectus and in the accompanying letter of transmittal.

- For each \$1,000 principal amount at maturity of old notes you tender accepted by us in the exchange offer, we will give you that principal amount at maturity of new notes.
- The exchange offer expires at midnight New York City time on December , 2004. We may, however, in our sole discretion, extend the period of time for which the exchange offer is open. References in this prospectus to the expiration date mean midnight New York City time on December , 2004 or, if extended by us, the latest time and date to which the exchange offer is extended by us.
- We will keep the exchange offer open for no fewer than 20 business days, or longer if required by applicable law, after the date that we first

mail notice of the exchange offer to the holders of the old notes. We are sending this prospectus, together with the letter of transmittal, on or about the date of this prospectus to all of the registered holders of old notes at their addresses listed in the trustee's security register with respect to the old notes.

- We expressly reserve the right, at any time, to extend the period of time during which the exchange offer is open, and thereby delay acceptance of any old notes, by giving oral or written notice of an extension to the exchange agent and notice of that extension to the holders as described below. During any extension, all old notes previously tendered will remain subject to the exchange offer unless withdrawal rights are exercised. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

- We expressly reserve the right to amend or terminate the exchange offer at any time prior to the expiration date, and not to accept for exchange any old notes that we have not yet accepted for exchange, if any of the conditions of the exchange offer specified below under "Conditions to the Exchange Offer" are not satisfied.

- We will give oral or written notice of any extension, amendment, waiver, termination or non-acceptance described above to holders of the old notes as promptly as practicable. If we amend this exchange offer in any respect or waive any condition to the exchange offer, we will give written notice of the amendment or waiver to the exchange agent and will make a public announcement of the amendment or waiver as promptly as practicable afterward. If we extend the expiration date, we will give notice by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date. Without limiting the manner in which we may choose to make any public announcement and subject to applicable law, we will have no obligation to publish, advertise or otherwise communicate any public announcements other than by issuing a release to the Dow Jones News Service.

- Holders of old notes do not have any appraisal or dissenters rights in connection with the exchange offer.

- We intend to conduct the exchange offer in accordance with the applicable requirements of the Securities Exchange Act of 1934, as amended and the applicable rules and regulations of the United States Securities and Exchange Commission.

### **IMPORTANT RESERVATION OF RIGHTS REGARDING THE EXCHANGE OFFER**

You should note that:

- All questions as to the validity, form, eligibility, time of receipt and acceptance of old notes tendered for exchange will be determined by Masco in its sole discretion, which determination shall be final and binding.

- We reserve the absolute right to reject any and all tenders of any particular old notes not properly tendered or to not accept any particular old notes which acceptance might, in our judgment or the judgment of our counsel, be unlawful.

- We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular old notes either before or after the expiration date, including the right to waive the ineligibility of any holder who seeks to tender old notes in the exchange offer. Unless we agree to waive any defect or irregularity in connection with the tender of old notes for exchange, you must cure any defect or irregularity within any reasonable period of time as we shall determine.

- Our interpretation of the terms and conditions of the exchange offer as to any particular old notes either before or after the expiration date shall be final and binding on all parties.

- Neither Masco, the exchange agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of old notes for exchange, nor shall any of them incur any liability for failure to give any notification.

### **CONDITIONS TO THE EXCHANGE OFFER**

We will accept for exchange all old notes validly tendered and not withdrawn. We will not be required to accept for exchange any old notes and may terminate, amend or extend the exchange offer before the acceptance of the old notes, if, on or before the expiration date:

- We determine in our sole discretion prior to the expiration of the exchange offer that the exchange will result in adverse tax consequences to us;

- We or any of our subsidiaries do not receive or obtain any consent, authorization, approval or exemption of or from any governmental authority that may be required or advisable in connection with the completion of this exchange offer, including that the registration statement of which this prospectus is a part shall not have been declared, or shall not continue to be, effective;

- any action, proceeding or litigation seeking to enjoin, make illegal, delay the completion of or challenge in any respect the exchange offer, or otherwise relating in any manner to the exchange offer, is instituted or threatened;

- any order, stay, judgment or decree is issued by any court, government, governmental authority or other regulatory or administrative authority and is in effect or any statute, rule, regulation, governmental order or injunction shall have been proposed, enacted, enforced or deemed applicable to the exchange offer, any of which would or might restrain, prohibit or delay completion of the exchange offer or impair the contemplated benefits of the exchange offer, to us;
- any tender or exchange offer, other than this exchange offer, with respect to some or all of the outstanding old notes, or any merger, acquisition or other business combination proposal involving us or a substantial portion of our assets, shall have been proposed, announced or made by any person or entity; or
- there has occurred:
- any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States or the European Union;
- the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;
- any change in the general political, market, economic or financial conditions in the United States or abroad that could, in our reasonable judgment, have a material adverse effect on our business, condition (financial or other), income, operations or prospects or otherwise materially impair in any way our contemplated future conduct; or
- in the case of any of the foregoing existing at the time of the commencement of the exchange offer, a material acceleration or worsening thereof.

The conditions listed above are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any of these conditions. On or before the expiration date, we may waive these conditions in our sole discretion in whole or in part at any time and from time to time. The failure by us at any time to exercise any of the above rights will not be considered a waiver of that right, and these rights will be considered to be ongoing rights which may be asserted, before the expiration date, at any time and from time to time.

If we determine in our reasonable discretion that any of the conditions are not satisfied, we may:

- refuse to accept any old notes, return all tendered old notes to the tendering holders, and terminate the exchange offer;
- extend the exchange offer and retain all old notes tendered before the expiration of the exchange offer, subject, however, to the rights of holders to withdraw these old notes (see "-- Withdrawal Rights" below); or
- waive unsatisfied conditions relating to the exchange offer and accept all properly tendered old notes that have not been withdrawn.

## **PROCEDURES FOR TENDERING**

### **WHAT TO SUBMIT AND HOW**

If you, as the registered holder of old notes, wish to tender your old notes for exchange in the exchange offer, you must transmit a properly completed and duly executed letter of transmittal (or agent's message in lieu thereof as described below under "-- Book-Entry Transfer") to J.P. Morgan Trust Company, National Association, as exchange agent at the address set forth below under "-- Exchange Agent" on or prior to the expiration date.



In addition,

(1) a timely confirmation of a book-entry transfer of old notes, if such procedure is available, into the exchange agent's account at DTC using the procedure for book-entry transfer described below, must be received by the exchange agent prior to the expiration date; or

(2) you must comply with the guaranteed delivery procedures described below.

The method of delivery of old notes, letters of transmittal and notices of guaranteed delivery is at your election and risk. If delivery is by mail, we recommend that registered mail, properly insured, with return receipt requested, be used. In all cases, sufficient time should be allowed to assure timely delivery. No letters of transmittal or old notes should be sent to us.

## **HOW TO SIGN YOUR LETTER OF TRANSMITTAL AND OTHER DOCUMENTS**

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the old notes being surrendered for exchange are tendered either:

(1) by a registered holder of the old notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or

(2) for the account of an eligible institution.

If signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantees must be guaranteed by an "eligible guarantor institution" meeting the requirements of the exchange agent, which requirements include membership or participation in the Security Transfer Agent Medallion Program, referred to in this prospectus as STAMP, or such other "signature guarantee program" as may be determined by the exchange agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

If the letter of transmittal or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers or corporations or others acting in a fiduciary or representative capacity, the person should so indicate when signing and, unless waived by us, proper evidence satisfactory to us of its authority to so act must be submitted.

## **BOOK-ENTRY TRANSFER**

The exchange agent will make a request to establish an account with respect to the old notes at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution that is a participant in DTC's systems may make book-entry delivery of old notes by causing DTC to transfer old notes into the exchange agent's account in accordance with DTC's Automated Tender Offer Program procedures for transfer. However, the exchange for the old notes so tendered will only be made after timely confirmation of book-entry transfer of old notes into the exchange agent's account, and timely receipt by the exchange agent of an agent's message, transmitted by DTC and received by the exchange agent and forming a part of a book-entry confirmation. The agent's message must state that DTC has received an express acknowledgment from the participant tendering old notes that are the subject of that book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce the agreement against that participant.

Although delivery of old notes may be effected through book-entry transfer into the exchange agent's account at DTC, the letter of transmittal, or a facsimile copy, properly completed and duly executed, with any required signature guarantees, must in any case be delivered to and received by the exchange agent at its address listed under "-- Exchange Agent" on or prior to the expiration date.

Since your old notes are held through DTC, you must complete a form called "instructions to registered holder and/or book-entry participant", which will instruct the DTC participant through whom you hold your notes of your intention to tender your old notes or not tender your old notes. Please note that delivery of documents to DTC in accordance with its procedures does not constitute delivery to the exchange agent and we

will not be able to accept your tender of notes until the exchange agent receives a letter of transmittal (or an agent's message in lieu thereof) and a book-entry confirmation from DTC with respect to your notes. A copy of that form is available from the exchange agent.

## **GUARANTEED DELIVERY PROCEDURES**

If you are a holder of old notes and you want to tender your old notes but the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if

(1) the tender is made through an eligible institution;

(2) prior to the expiration date, the exchange agent receives, by facsimile transmission, mail or hand delivery, from that eligible institution a properly completed and duly executed letter of transmittal and notice of guaranteed delivery, substantially in the form provided by us and stating:

- the name and address of the holder of old notes;

- the amount of old notes tendered; and

- that the tender is being made by delivering that notice and guaranteeing that within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery, confirmation of a book-entry transfer of the tendered old notes to the exchange agent; and

(3) confirmation of a book-entry transfer is received by the exchange agent within three New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery.

## **ACCEPTANCE OF OLD NOTES FOR EXCHANGE; DELIVERY OF NEW NOTES**

Once all of the conditions to the exchange offer are satisfied or waived, we will accept, promptly after the expiration date, all old notes properly tendered and will issue the new notes promptly after acceptance of the old notes. See "-- Conditions to the Exchange Offer". For purposes of the exchange offer, our giving of oral or written notice of our acceptance to the exchange agent will be considered our acceptance of the exchange offer.

In all cases, we will issue new notes in exchange for old notes that are accepted for exchange only after timely receipt by the exchange agent of:

- a book-entry confirmation of transfer of old notes into the exchange agent's account at DTC using the book-entry transfer procedures described below; and

- a properly completed and duly executed letter of transmittal (or agent's message in lieu thereof).

We will have accepted validly tendered old notes if and when we have given oral or written notice to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the new notes from us, and will make the exchange on, or promptly after, the expiration date. Following this exchange the holders in whose names the new notes will be issuable upon exchange will be deemed the holders of record of the new notes.

The reasons we may not accept tendered old notes are:

- the old notes were not validly tendered pursuant to the procedures for tendering. See "-- Procedures for Tendering";

- we determine in our reasonable discretion that any of the conditions to the exchange offer have not been satisfied. See "-- Conditions to the Exchange Offer";

- a holder has validly withdrawn a tender of old notes as described under "Withdrawal Rights"; or

- we have prior to the expiration date of the exchange offer and in our sole discretion, delayed or terminated the exchange offer. See "-- Terms of the Exchange Offer; Period for Tendering";

If we do not accept any tendered old notes for any reason, we will return any unaccepted or non-exchanged old notes tendered as promptly as practicable after the expiration or termination of the exchange offer.

Old notes which are not tendered for exchange or are tendered but not accepted in connection with the exchange offer will remain outstanding and remain subject to their original terms under the indenture.

## **WITHDRAWAL RIGHTS**

You can withdraw your tender of old notes at any time on or prior to the expiration date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the exchange agent at one of the addresses listed below under "-- Exchange Agent". Any notice of withdrawal must specify:

- the name of the person having tendered the old notes to be withdrawn;
- the principal amount at maturity of the old notes to be withdrawn; and
- if old notes have been tendered using the procedure for book-entry transfer described above, the name and number of the account at DTC to be credited with the withdrawn old notes, and otherwise comply with the procedures of that facility.

Please note that all questions as to the validity, form, eligibility and time of receipt of notices of withdrawal will be determined by us, and our determination shall be final and binding on all parties. Any old notes so withdrawn will be considered not to have been validly tendered for exchange for purposes of the exchange offer.

If you have properly withdrawn old notes and wish to re-tender them, you may do so by following one of the procedures described under "-- Procedures for Tendering" above at any time on or prior to the expiration date.

## **EXCHANGE AGENT**

J.P. Morgan Trust Company, National Association has been appointed as the Exchange Agent for the exchange offer. All executed letters of transmittal should be directed to the Exchange Agent at one of the addresses set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the Exchange Agent, addressed as follows:

**Deliver to:**  
**J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION**  
Institutional Trust Services  
2001 Bryan Street, 9th Floor  
Dallas, Texas 75201  
Attention: Exchanges, Frank Ivins

Masco Corporation Offer to Exchange Zero Coupon Convertible Senior Notes, Series B due 2031 for Zero Coupon Convertible Senior Notes due 2031

### **FACSIMILE TRANSMISSIONS:** (By Eligible Institutions Only)

Fax: (214) 468-6494  
Attention: Frank Ivins

Masco Corporation Offer to Exchange Zero Coupon Convertible Senior Notes, Series B due 2031 for Zero Coupon Convertible Senior Notes due 2031

### **TO CONFIRM BY TELEPHONE:** (800) 275-2048

Delivery to an address other than as listed above or transmission of instructions via facsimile other than as listed above does not constitute a valid delivery.

## **DEALER MANAGERS**

We have retained Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated to act as co-dealer managers in connection with the exchange offer. We will pay a fee to the dealer managers as described below in "-- Fees and Expenses." The obligations of the dealer managers to perform such functions are subject to certain conditions. We have agreed to indemnify the dealer managers against certain liabilities, including liabilities under the federal securities laws or to contribute to payments that the dealer managers may be required to make in respect thereof. Questions regarding the terms of the exchange offer may be directed to the dealer managers at the address and telephone number set forth on the back cover of this prospectus.

The dealer managers, and their respective affiliates have provided, from time to time, and may in the future provide, investment banking, commercial banking, financial and other services to us for which we have paid, and intend to pay, customary fees. The dealer managers, in the ordinary course of business, also make markets in our securities, including the old notes. As a result, from time to time, Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated may own certain of our securities, including the old notes.

Questions concerning tender procedures and requests for additional copies of this prospectus or the letter of transmittal should be directed to the dealer managers at the address set forth on the back cover of this prospectus. Holders of old notes may also contact their custodian bank, depository, broker, trust company or other nominee for assistance concerning the exchange offer.

## **FEES AND EXPENSES**

The expenses of soliciting tenders of old notes will be borne by us. We will pay the dealer managers a fee of \$0.88 per \$1,000 principal amount at maturity of old notes exchanged pursuant to the exchange offer, payable on the exchange date, or if we terminate the exchange offer, on the date of such termination. If the aggregate principal amount at maturity of old notes exchanged is more than 90% of the aggregate principal amount at maturity of the old notes, we will pay an additional fee of \$0.22 per \$1,000 principal amount at maturity of old notes exchanged. We will also reimburse the dealer managers for reasonable out-of-pocket expenses. The exchange agent will mail solicitation materials on our behalf. The total expense expected to be incurred by us in connection with the exchange offer is estimated to be approximately \$2.6 million assuming all old notes are tendered in the exchange offer.

## **TRANSFER TAXES**

Holders who tender their old notes for exchange will not be obligated to pay any transfer taxes, except that holders who instruct us to register new notes in the name of, or request that old notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder, will be responsible for the payment of any applicable transfer tax.

## **CONSEQUENCES OF FAILURE TO PROPERLY TENDER OLD NOTES IN THE EXCHANGE OFFER**

Issuance of the new notes in exchange for the old notes under the exchange offer will be made only after timely receipt by the exchange agent of such old notes, a properly completed and duly executed letter of transmittal (or agent's message in lieu thereof) and all other required documents. Therefore, holders desiring to tender old notes in exchange for new notes should allow sufficient time to ensure timely delivery. We are under no duty to give notification of defects or irregularities of tenders of old notes for exchange. To the extent that old notes are tendered and accepted in connection with the exchange offer, any trading markets for the remaining old notes could be adversely affected. See "Risk Factors -- Risks Relating to the Exchange Offer". To the extent that any old notes remain outstanding following completion of the exchange offer, they will remain our obligations.

## DESCRIPTION OF THE NEW NOTES

The new notes will be issued under an indenture dated as of February 12, 2001, among the Company and J.P. Morgan Trust Company, National Association (as successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), as supplemented (the "Indenture"). The base Indenture, referred to in this prospectus as the Senior Debt Indenture and a form of the Supplemental Indenture relating specifically to the new notes, have been filed as exhibits to the registration statement of which this prospectus forms a part. The following is a summary of the material terms and provisions of the new notes. The terms of the new notes include those set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), as in effect on the date of the Indenture. The new notes are subject to all such terms, and prospective purchasers of the new notes are referred to the Indenture and the Trust Indenture Act for a statement of such terms. As used in this "Description of the New Notes," the term "Company" refers to Masco Corporation and not any of its Subsidiaries.

Definitions of certain terms are set forth under "-- Certain Definitions" and throughout this description. Capitalized terms that are used but not otherwise defined herein have the meanings assigned to them in the Indenture, and those definitions are incorporated herein by reference.

### GENERAL

The new notes:

- will be our unsecured senior obligations and will rank equally with all of our other unsecured senior indebtedness and be junior to all of our current and future secured indebtedness;
- will be limited to the aggregate principal amount at maturity of old notes exchanged for new notes, not to exceed \$1,874,978,000 aggregate principal amount at maturity; and
- will mature on July 20, 2031.

Except under circumstances described under "-- Optional Conversion to Semi-Annual Cash Pay Note Upon Tax Event" and "-- Contingent Interest" , " we will not pay cash interest on the new notes; rather the new notes will accrete to a principal amount of \$1,000 per new note upon maturity, at a rate equal to 3.125% per annum from an initial principal amount of \$ .

The new notes are redeemable prior to maturity only in specified circumstances prior to January 25, 2007, and freely on or after January 25, 2007, as described below under "-- Optional Redemption," and do not have the benefit of a sinking fund. Principal of the new notes will be payable, and the transfer of new notes will be registrable, at the office of the Trustee. The Trustee will initially serve as paying agent for the new notes.

The new notes are being offered at a substantial discount from their principal amount at maturity. Except as described below, we will not make periodic cash payments of interest on the new notes. Each new note of \$1,000 principal amount at maturity will be issued at an initial principal amount of \$ . For United States federal income tax purposes, we will report the accrual of original issue discount at the comparable yield of 8.125% under the contingent payment debt regulations while the new notes remain outstanding. The issue date for the new notes and the commencement date for the accrual of original issue discount will be the exchange date. See "Material United States Tax Consequences."

The new notes will be issued only in registered form without coupons in denominations of \$1,000 principal amount at maturity and any multiple of \$1,000 above that amount. No service charge will be made for any registration of transfer or exchange of new notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. The new notes will be represented by one or more global securities registered in the name of a nominee of The Depository. See "-- Book Entry, Delivery and Form."

Except as noted below, all notices with respect to the new notes will be deemed given upon publication on Bloomberg or our website or by any other electronic means of publication reasonably calculated to constitute notice.

## EXCHANGE FEE

As consideration for exchanging old notes for new notes, holders of new notes will receive an exchange fee of \$1.25 per \$1,000 principal amount at maturity of the new notes. The exchange fee will be payable to holders of new notes on the exchange date.

## RANKING

The new notes are Masco's general obligations and will not be secured by any collateral. Your right to payment under the new notes will be junior to the rights of Masco's secured creditors to the extent of their security in Masco's assets; equal with the rights of creditors under Masco's other unsecured unsubordinated debt, including our old notes and our revolving credit facility; and senior to the rights of creditors under debt expressly subordinated to the new notes.

## CONVERSION RIGHTS

Holders may convert new notes, in multiples of \$1,000 principal amount at maturity, at the conversion rate at any time prior to the close of business on July 20, 2031 if any of the following conditions are met:

- Common Stock Price. The average Sale Price of the Company Common Stock for the 20 trading days immediately prior to the conversion date is at least a specified percentage, beginning at 119% and declining 1/3% each year thereafter until it reaches 110 1/3% for the year beginning July 20, 2030, of the Accreted Value as of such date of conversion, divided by the conversion rate;

- Credit Ratings. The credit ratings assigned to the new notes by either Moody's or S&P is reduced to below Investment Grade;

- Redemption of New Notes. If the new notes are called for redemption, at any time prior to the close of business on the business day prior to the redemption date; or

- Occurrence of Specified Corporate Transactions. If we elect to:

(1) distribute to all holders of Company Common Stock certain rights entitling them to purchase, for a period expiring within 60 days after the date of such distribution, Company Common Stock at less than the Sale Price at the time of such distribution; or

(2) distribute to all holders of Company Common Stock assets, debt, securities or certain rights to purchase our securities, which distribution has a per share value as determined by the Board of Directors exceeding 15% of the Sale Price of Company Common Stock on the day preceding the declaration date for such distribution; or

(3) become a party to a consolidation, merger or binding share exchange pursuant to which Company Common Stock would be converted into cash, securities or other property, in which case a holder may surrender new notes for conversion at any time from and after the date which is 15 days prior to the anticipated effective date for the transaction until 15 days after the actual effective date of such transaction. After the effective date, settlement of the new notes and the conversion value and the net share amount, as defined below, will be based on the kind and amount of cash, securities or other property of Masco or another person that the holder of new notes would have received had the holder converted its new notes immediately prior to the transaction, unless we have elected to adjust the conversion rate for a public acquirer change of control as described below under "-- Make Whole Amount and Change of Control." If you elect to convert your new notes in accordance with this paragraph and you are entitled to an adjustment for additional shares as described below under "-- Make Whole Amount and Change of Control," conversion of the new notes will settle after the effective date of such transaction.

We may adjust the conversion rate for new notes tendered for conversion in connection with a change of control, as described below under "-- Make Whole Amount and Change of Control." However, we will not make such an adjustment if such change of control also constitutes a public acquirer change of control and we elect to modify the conversion obligation as described below under "-- Make Whole Amount and Change of Control." We will specify in the notice to holders,

as described below, whether we will adjust the conversion rate or elect to modify the conversion obligation, as described under "-- Make Whole Amount and Change of Control" below.

In the event of a change of control, as promptly as practicable, but in no event less than 15 days prior to the effective date of such transaction, we will provide to all holders of the new notes and the trustee a notice by registered mail, and will publish on Bloomberg or our website, or by any other electronic means of publication reasonably calculated to constitute notice.

In the case of clause (1) or (2), we must notify the holders of new notes at least 20 days prior to the ex-dividend date for such distribution. Once we have given such notice, holders may surrender their new notes for conversion at any time until the earlier of the close of business on the business day prior to the ex-dividend date or our announcement that such distribution will not take place.

## **CONVERSION SETTLEMENT**

Subject to certain exceptions described under clause (3) of "-- Conversion Rights -- Occurrence of Specified Corporate Transactions" above, if a holder surrenders its new notes for conversion, such holder will receive, in respect of each \$1,000 principal amount at maturity of new notes:

- cash in an amount (the "principal return") equal to the lesser of (a) the applicable accreted value and (b) the conversion value (as described below); and
- if the conversion value is greater than the applicable accreted value, a number of shares of our common stock (the "net shares") equal to the sum of the daily share amounts (calculated as described below) for each trading day during the applicable conversion reference period (described below) (the "net share amount"). However, in lieu of delivering net shares, we may at our option, deliver cash or a combination of cash and shares of our common stock equal to the value of the sum of the daily share amounts. For this purpose, the value of each daily share amount shall be calculated using the Sale Price of Company Common Stock on each trading day in the applicable conversion reference period. If we make such an election, references below to the "net share amount" shall be deemed to be references to such amount in cash or cash and shares of Company Common Stock, as applicable.

The "applicable conversion reference period" means:

- for new notes that are converted after we have specified a redemption date, the five consecutive trading days beginning on the third trading day following the redemption date (in the case of a partial redemption, this clause applies only to those new notes that would be actually redeemed); or
- in all other cases, the five consecutive trading days beginning on the third trading day following the date the new notes are tendered for conversion.

The "applicable accreted value" means the Accreted Value of \$1,000 principal amount at maturity of new notes on the redemption date for notes called for redemption and on the date the new note is tendered for conversion, in all other cases.

The "conversion value" is equal to (a) the applicable conversion rate, multiplied by (b) the applicable stock price. The cash payment for fractional shares will be based on the applicable stock price.

The "applicable stock price" is equal to the average of the Sale Prices during the applicable conversion reference period.

The "Sale Price" of Company Common Stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which Company Common Stock is traded or, if Company Common Stock is not listed on a United States national or regional securities exchange, as reported on the Nasdaq Stock Market.

The "daily share amount," per new note with a principal amount at maturity of \$1,000 and for each trading day in the applicable conversion reference period, is equal to the greater of:

- zero; or
- a number of shares of our common stock determined by the following formula:

$$\left[ \frac{(\text{Sale Price on such day} \times \text{applicable conversion rate}) - \text{the applicable accreted value}}{5 \times \text{Sale Price on such day}} \right]$$

The "applicable conversion rate" shall mean the conversion rate on any trading day. The initial conversion rate is 12.7243 shares of Company Common Stock per new note with a principal amount at maturity of \$1,000, and is subject to adjustment upon the occurrence of certain events described under "-- Conversion Rate Adjustments." The conversion rate will not be adjusted for accretion of principal.

The conversion value, principal return and net share amount will be determined by us promptly after the end of the applicable conversion reference period. We will pay the principal return and cash for fractional shares and deliver the net share amount, if any, no later than the third business day following the determination of the applicable stock price.

Our delivery to the holder of the principal return, cash for fractional shares and the net share amount will be deemed:

- to satisfy our obligation to pay the principal amount at maturity of the new note; and
- to satisfy our obligation to pay the increase in Accreted Value from the Issue Date through the conversion date.

As a result, Accreted Value is deemed to be paid in full rather than canceled, extinguished or forfeited.

## CONVERSION RATE ADJUSTMENTS

The conversion rate will be adjusted for:

- distributions on Company Common Stock payable in Company Common Stock or our other capital stock;
- subdivisions, combinations or certain reclassifications of Company Common Stock;
- distributions to all holders of Company Common Stock of certain rights to purchase Company Common Stock for a period expiring within 60 days at less than the Sale Price at the time;
- certain distributions to such holders of our assets or debt securities or certain rights to purchase our securities (excluding (a) cash dividends or other cash distributions from current or retained earnings unless, beginning January 20, 2007 the annualized amount per share of any such dividend or distribution made on or after January 20, 2007 exceeds 10% of the Sale Price on the day preceding the date of declaration of such dividend or other distribution; provided, however; that no adjustment to the conversion rate will be made in respect of any such dividends or distributions that are paid during any period for which we are paying contingent interest to holders and (b) distributions in connection with a transaction described in the third succeeding paragraph);
- Company self-tenders; and
- If prior to January 20, 2007 we make a dividend or other distribution consisting exclusively of cash to all holders of Company Common Stock, the conversion rate will be adjusted based on the following formula:

$$CR(1) = CR(0) \times \frac{SP(0)}{SP(0) - ED}$$



where,

CR(0) = the conversion rate in effect immediately prior to the record date for such cash dividend or distribution;

CR(1) = the conversion rate in effect immediately after the ex dividend date for such cash dividend or distribution;

SP(0) = the average of the closing sale prices of our common stock for the ten consecutive trading days prior to the trading day immediately preceding the ex dividend date of such cash dividend or distribution; and

ED = the amount by which such cash dividend or distribution together with all other such cash dividends or distributions made during the fiscal quarter (and for which no adjustment has been made), exceeds \$0.18 per share (appropriately adjusted from time to time for any share dividends on or subdivisions of our common stock).

However, no adjustment need be made if holders may participate in the transaction (without exercising their conversion option) that would otherwise give rise to such an adjustment. In cases where the fair market value of assets, debt securities or certain rights, warrants or options to purchase our securities distributed to stockholders (a) equals or exceeds the Market Price of Company Common Stock, or (b) such Market Price exceeds the fair market value of such assets, debt securities or rights, warrants or options so distributed by less than \$1.00, rather than being entitled to an adjustment in the conversion rate, the holder will be entitled to receive upon conversion, in addition to the shares of Company Common Stock, the kind and amount of assets, debt securities or rights, warrants or options comprising the distribution that such holder would have received if such holder had converted such holder's new notes immediately prior to the record date for determining the stockholders entitled to receive the distribution. The Indenture will permit us to increase the conversion rate from time to time.

Unless the provisions of "-- Make Whole Amount and Change of Control shall apply," if we are party to a consolidation, merger or binding share exchange or a transfer of all or substantially all of our assets, the right to convert a new note into cash and, if applicable, shares of Company Common Stock as described in "-- Conversion Settlement" may be changed into a right to convert it into the kind and amount of securities, cash or other assets of the Company or another Person which the holder would have received if the holder had converted the holder's new notes immediately prior to the transaction.

Holders of the new notes may, in certain circumstances, be deemed to have received a distribution treated as a dividend for U.S. Federal income tax purposes as the result of:

- a taxable distribution to holders of Company Common Stock which results in an adjustment of the conversion rate; or
- an increase in the conversion rate at our discretion.

If we exercise our option to have cash interest accrue on a new note following a Tax Event, the holder will be entitled on conversion to receive the same amount of cash and, if applicable, shares of Company Common Stock or other property that the holder would have received if we had not exercised this option.

If we exercise this option, new notes surrendered for conversion by a holder during the period from the close of business on any regular record date to the opening of business of the next interest payment date, except for new notes to be redeemed on a date within this period or on the next interest payment date, must be accompanied by payment of an amount equal to the contingent interest or interest that the holder is to receive on the new note.

Except where new notes surrendered for conversion must be accompanied by payment as described above, we will not pay contingent interest or interest on converted new notes on any interest payment date subsequent to the date of conversion. See "-- Optional Conversion to Semi-Annual Cash Pay Note Upon Tax Event."

## MAKE WHOLE AMOUNT AND CHANGE OF CONTROL

On or prior to January 20, 2007, if and only to the extent you elect to convert your new notes in connection with a change of control, we will increase the conversion rate for the new notes surrendered for conversion by a number of additional shares (the "additional shares") as described below. The number of additional shares will be determined by reference to the table below, based on the date on which such change of control becomes effective (the "effective date") and the price (the "stock price") paid per share for Company Common Stock in such change of control. If holders of Company Common Stock receive only cash in such change of control, the stock price will be the cash amount paid per share. Otherwise, the stock price will be the average of the Sale Prices on the five trading days prior to but not including the effective date of such change of control. Holders will not be entitled to receive additional shares if a change of control occurs after January 20, 2007.

The stock prices set forth in the first row of the table below (i.e., column headers) will be adjusted as of any date on which the conversion rate of the new notes is adjusted, as described above under "-- Conversion Rate Adjustments." The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment and the denominator of which is the conversion rate as so adjusted. The number of additional shares will be adjusted in the same manner as the conversion rate as set forth under "-- Conversion Rate Adjustments."

The following table sets forth the hypothetical stock price and number of additional shares issuable per \$1,000 principal amount at maturity of new notes:

EFFECTIVE DATE	STOCK PRICE ON THE EFFECTIVE DATE								
	\$25.50	\$25.51	\$30.00	\$32.50	\$35.00	\$37.50	\$40.00	\$42.50	\$50.00
December 15, 2004....	0.0000	4.8591	2.6499	1.8227	1.2060	0.7489	0.4104	0.1623	0.0000
January 20, 2005.....	0.0000	4.9569	2.7003	1.8546	1.2274	0.7683	0.4339	0.1855	0.0000
January 20, 2006.....	0.0000	5.3338	2.8216	1.8635	1.1656	0.6806	0.3600	0.1588	0.0000
January 20, 2007.....	0.0000	5.6136	2.8690	1.6695	0.6414	0.0000	0.0000	0.0000	0.0000

The exact stock price and effective dates may not be set forth on the table, in which case, if the stock price is:

- between two stock price amounts on the table or the effective date is between two dates on the table, the number of additional shares will be determined by straight-line interpolation between the number of additional shares set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 365 day year;
- \$50.00 or more per share (subject to adjustment), no additional shares will be issued upon conversion; and
- less than \$25.51 per share (subject to adjustment), no additional shares will be issued upon conversion.

Notwithstanding the foregoing, in no event will the total number of shares of Company Common Stock issuable upon conversion exceed 47.91 per \$1,000 principal amount at maturity of new notes, subject to adjustments in the same manner as the conversion rate as set forth under "-- Conversion Rate Adjustments."

Our obligation to pay the make-whole amount could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

Notwithstanding the foregoing, and in lieu of adjusting the conversion rate as set forth above, in the case of a "public acquirer change of control" (as defined below) we may elect that, from and after the effective date of such public acquirer change of control, the right to convert a new note into cash and shares of Company Common Stock will be changed into a right to convert a new note into a number of shares of "acquirer common stock" (as defined below). The conversion rate following the effective date of such transaction will be a number of shares of acquirer common stock equal to the product of:

- the conversion rate in effect immediately prior to the effective date of such change of control, times

- the average of the quotients obtained, for each trading day in the five consecutive trading day period commencing on the trading day next succeeding the effective date of such public acquirer change of control (the "valuation period"), of:

- (i) the "acquisition value" of Company Common Stock on each such trading day in the valuation period, divided by
- (ii) the closing sale price of the acquirer common stock on each such trading day in the valuation period.

The "acquisition value" of Company Common Stock means, for each trading day in the valuation period, the value of the consideration paid per share of Company Common Stock in connection with such public acquirer change of control, as follows:

- for any cash, 100% of the face amount of such cash;
- for any acquirer common stock, 100% of the closing sale price of such acquirer common stock on each such trading day; and
- for any other securities, assets or property, 102% of the fair market value of such security, asset or property on each such trading day, as determined by two independent nationally recognized investment banks selected by the trustee for this purpose.

After the adjustment of the conversion rate in connection with a public acquirer change of control, the conversion rate will be subject to further similar adjustments in the event that any of the events described above occur thereafter.

A "change of control" will be deemed to have occurred at such time after the Issue Date when the following has occurred:

- (1) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act other than us, our subsidiaries or our or their employee benefit plans, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of Company Common Stock representing more than 50% of the voting power of Company Common Stock entitled to vote generally in the election of directors;
- (2) consummation of any transaction or event (whether by means of a liquidation, share exchange, tender offer, consolidation, recapitalization, reclassification, merger of us or any sale, lease or other transfer of the consolidated assets of ours and our subsidiaries) or a series of related transactions or events pursuant to which Company Common Stock is exchanged for, converted into or constitutes solely the right to receive cash, securities or other property more than 10% of which consists of cash, securities or other property that are not, or upon issuance will not be, traded on the New York Stock Exchange or quoted on the Nasdaq National Market; or
- (3) continuing directors (as defined below in this section) cease to constitute at least a majority of our board of directors.

The beneficial owner shall be determined in accordance with Rule 13d-3 promulgated by the SEC under the Exchange Act. The term "person" includes any syndicate or group which would be deemed to be a "person" under Section 13(d)(3) of the Exchange Act.

The definition of change of control includes a phrase relating to the conveyance, transfer, sale, lease or disposition of our consolidated assets "substantially as an entirety." There is no precise, established definition of the phrase "substantially as an entirety," under applicable law.

A "continuing director" means a director who either was a member of the Board of Directors of the Company on the date of the Supplemental Indenture or who became a director of the Company subsequent to such date and whose election, or nomination for election by the Company's stockholders, was duly approved by a majority of the continuing directors on the Board of Directors of the Company at the time of such approval, either

by a specific vote or by approval of the proxy statement issued by the Company on behalf of the entire Board of Directors of the Company in which such individual is named as nominee for director.

A "public acquirer change of control" is any change of control where the acquirer, or any entity that is a direct or indirect "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the total voting power of all shares of such acquirer's capital stock that are entitled to vote generally in the election of directors, but in each case other than us, has a class of common stock traded on a national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with such change of control. We refer to such acquirer's or other entity's class of common stock traded on a national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with such change of control as the "acquirer common stock."

In the event of a change of control, as promptly as practicable, but in no event less than 15 days prior to the effective date of such transaction, we will provide to all holders of the new notes and the Trustee a notice, by registered mail, and will publish on Bloomberg or our website, or by any other electronic means of publication reasonably calculated to constitute notice. The notice shall specify whether we will adjust the conversion rate or elect to modify the conversion obligation. Upon a public acquirer change of control, in connection with which we have elected to change our conversion obligation, we shall provide notice, promptly and in any event within three business days after the end of the valuation period, of the number of shares of acquirer common stock into which the new notes are convertible into after the effective date.

## **CONTINGENT INTEREST**

Subject to the accrual and record date provisions described below, we will pay contingent interest to the holders of new notes during any six-month period from January 20 to July 19 and from July 20 to January 19, commencing January 20, 2007, if the averages of the Note Price for the five trading days ending on the second trading day immediately preceding the relevant six-month period (the "Average Note Price") equals 120% or more of the Accreted Value of such new note on the day immediately preceding the relevant six-month period. See "-- Optional Redemption" for some of these values. Notwithstanding the above, if we declare a dividend for which the record date falls prior to the first day of a six month period but the payment date falls within such six month period, then the five trading day period for determining the Average Note Price will be the five trading days ending on the second trading day immediately preceding such record date. We will pay contingent interest only in cash.

The amount of contingent interest payable per new note in respect of any six-month period will equal the greater of (1) cash dividends paid by us per share on Company Common Stock during that six month period multiplied by the number of shares of Company Common Stock equal to the sum of (A) the number of shares of Company Common Stock with a value equal to the principal return on the accrual date and (B) the net share amount and (2) 0.125% of such Average Note Price for the five trading-day period referred to above.

Contingent interest, if any, will accrue and be payable to holders of notes as of the record date for the related Company Common Stock dividend or, if no cash dividend is paid by us during a quarter within the relevant six month period, to holders of new notes as of the fifteenth day preceding the last day of the relevant six-month period. Such payment will be paid on the payment date of the related Company Common Stock dividend, or, if no cash dividend is paid by us during a quarter within the relevant six month period, on the last day of the relevant six-month period. For U.S. federal income tax purposes, original issue discount will continue to accrue at the comparable yield, which we will report as 8.125% under the contingent debt payment regulations, subject to adjustment for actual payments of contingent interest. See "Material United States Tax Consequences -- Tax Consequences to U.S. Holders."

For financial accounting purposes, our obligation to pay contingent interest on the new notes will constitute an embedded derivative, which will be accounted for at fair value in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."

Cash dividends are all cash dividends on Company Common Stock (whether regular, periodic, extraordinary, special, nonrecurring or otherwise) as declared by the Board of Directors.

The "Note Price" on any date of determination means the average of the secondary market bid quotations per new note obtained by the bid solicitation agent for \$10 million principal amount at maturity of new notes at approximately 4:00 p.m., New York City time, on such determination date from three unaffiliated securities dealers we select, provided that if:

- at least three such bids are not obtained by the bid solicitation agent, or
- in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the new notes,

then the Note Price will equal (a) the then applicable conversion rate of the new notes multiplied by (b) the average Sale Price of Company Common Stock on the five trading days ending on such determination date.

The bid solicitation agent will initially be the Trustee. We may change the bid solicitation agent, but the bid solicitation agent will not be our Affiliate. The bid solicitation agent will solicit bids from securities dealers that are believed by us to be willing to bid for the new notes.

Upon determination that holders will be entitled to receive contingent interest which may become payable during a relevant six-month period, on or prior to the start of such six-month period, we will provide notice to holders.

## OPTIONAL REDEMPTION

No sinking fund is provided for the new notes.

Between the Issue Date and January 25, 2007 we can only redeem the new notes for cash, in whole but not in part, at their redemption price if the Sale Price of Company Common Stock is equal to or greater than 130% of the conversion price in effect for at least 20 trading days in any consecutive 30-trading day period, where the "conversion price" means the then applicable redemption price divided by the conversion rate, and "redemption price" means the Accreted Value, plus accrued and unpaid contingent interest, if any. We will give holders not less than 30-days' nor more than 60-days' notice of redemption.

Beginning on January 25, 2007, at our option we may redeem the new notes for cash at any time as a whole, or from time to time in part, at their redemption price. We will give holders not less than 30-days' nor more than 60-days' notice of redemption.

The table below shows what the Accreted Value of a new note would be on the Issue Date, and at specified dates thereafter prior to maturity and at maturity on July 20, 2031. The Accreted Value, in dollars, of a new note of \$1,000 principal amount at maturity redeemed between such dates would include an additional amount reflecting the increase in Accreted Value since the next preceding date in the table.

REDEMPTION DATE	INITIAL PRINCIPAL AMOUNT (1)	INCREASE IN ACCRETED VALUE AT 3.125% (2)	REDEMPTION PRICE (1+2)
-----	-----	-----	-----
December , 2004.....			\$
July 20, 2005.....			\$ 446.54
July 20, 2006.....			\$ 460.61
January 20, 2007.....			\$ 467.80
January 25, 2007.....			\$ 468.01
July 20, 2007.....			\$ 475.11
July 20, 2008.....			\$ 490.08
July 20, 2009.....			\$ 505.51
July 20, 2010.....			\$ 521.43
July 20, 2011.....			\$ 537.85
July 20, 2012.....			\$ 554.79
July 20, 2013.....			\$ 572.27
July 20, 2014.....			\$ 590.29

REDEMPTION DATE	INITIAL PRINCIPAL AMOUNT (1)	INCREASE IN ACCRETED VALUE AT 3.125% (2)	REDEMPTION PRICE (1+2)
July 20, 2015.....			\$ 608.88
July 20, 2016.....			\$ 628.06
July 20, 2017.....			\$ 647.84
July 20, 2018.....			\$ 668.24
July 20, 2019.....			\$ 689.28
July 20, 2020.....			\$ 710.99
July 20, 2021.....			\$ 733.39
July 20, 2022.....			\$ 756.48
July 20, 2023.....			\$ 780.31
July 20, 2024.....			\$ 804.88
July 20, 2025.....			\$ 830.23
July 20, 2026.....			\$ 856.38
July 20, 2027.....			\$ 883.35
July 20, 2028.....			\$ 911.17
July 20, 2029.....			\$ 939.87
July 20, 2030.....			\$ 969.47
July 20, 2031.....			\$1,000.00

If converted to semi-annual cash pay new notes following the occurrence of a Tax Event (such new notes, "Cash Pay Notes"), the new notes will be redeemable at the Restated Principal Amount plus accrued and unpaid interest from the date of such conversion through the redemption date. See "-- Optional Conversion to Semi-Annual Cash Pay Note Upon Tax Event."

If less than all of the outstanding new notes are to be redeemed, the Trustee shall select the new notes to be redeemed in principal amounts at maturity of \$1,000 or multiples thereof. In this case the Trustee may select the new notes by lot, pro rata or by any other method the Trustee considers fair and appropriate. If a portion of a holder's new notes is selected for partial redemption and the holder converts a portion of the new notes, the converted portion shall be deemed to be the portion selected for redemption.

#### **PURCHASE OF NEW NOTES AT THE OPTION OF THE HOLDER**

On the purchase dates indicated below, we will, at the option of the holder, be required to purchase for cash any outstanding new note for which a written purchase notice has been properly delivered by the holder to the Trustee and not withdrawn, subject to specified additional conditions. Holders may submit their new notes for purchase to the paying agent at any time from the opening of business on the date that is 30 business days prior to such purchase date until the close of business on such purchase date.

The purchase price of a new note will be:

- \$439.67 per new note on January 20, 2005;
- \$467.80 per new note on January 20, 2007;
- \$537.85 per new note on July 20, 2011, plus accrued and unpaid contingent interest, if any;
- \$628.06 per new note on July 20, 2016, plus accrued and unpaid contingent interest, if any;
- \$733.39 per new note on July 20, 2021, plus accrued and unpaid contingent interest, if any; and
- \$856.38 per new note on July 20, 2026, plus accrued and unpaid contingent interest, if any.

The foregoing dollar amounts equal the Accreted Value on the respective purchase dates.

If prior to a purchase date the new notes have been converted to Cash Pay Notes, the purchase price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the date of conversion to the purchase date. See "-- Optional Conversion to Semi-Annual Cash Pay Note Upon Tax Event."

We will be required to give notice on a date not less than 30 business days prior to each purchase date by giving notice to all holders and beneficial owners as required by applicable law, stating among other things the procedures that holders must follow to require us to purchase their new notes; provided however, that we shall not be required to give such notice with respect to the January 20, 2005 purchase date.

The purchase notice given by each holder electing to require us to purchase new notes shall state:

- if certificated, the certificate numbers of the holder's new notes to be delivered for purchase;
- the portion of the principal amount at maturity of new notes to be purchased, which must be \$1,000 or a multiple thereof; and
- that the new notes are to be purchased by us pursuant to the applicable provisions of the new notes and the Indenture.

Any purchase notice may be withdrawn by the holder by a written notice of withdrawal delivered to the paying agent prior to the close of business on the purchase date.

The notice of withdrawal shall state:

- the principal amount at maturity being withdrawn;
- if certificated, the certificate numbers of the new notes being withdrawn; and
- the principal amount at maturity of the new notes that remain subject to the purchase notice, if any.

In connection with any purchase offer pursuant to these provisions, we will:

- comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act which may then be applicable; and
- file Schedule TO or any other required schedule under the Exchange Act.

Payment of the purchase price for a new note for which a purchase notice has been delivered and not validly withdrawn is conditioned upon delivery of the new note, together with necessary endorsements, to the paying agent at any time after delivery of the purchase notice. Payment of the purchase price for the new note will be made promptly following the later of the purchase date or the time of delivery of the new note.

If the paying agent holds money sufficient to pay the purchase price of a new note on the business day following the purchase date in accordance with the terms of the Indenture, then, immediately after the purchase date, the new note will cease to be outstanding and will cease to accrete, whether or not the new note is delivered to the paying agent. Thereafter, all other rights of the holder shall terminate, other than the right to receive the purchase price upon delivery of the new note.

Our ability to purchase new notes may be limited by the terms of our then existing indebtedness or financing agreements.

No new notes may be purchased at the option of holders if there has occurred and is continuing an Event of Default, other than an Event of Default that is cured by the payment of the purchase price of all such new notes.

#### **OPTIONAL CONVERSION TO SEMI-ANNUAL CASH PAY NOTE UPON TAX EVENT**

From and after the date of the occurrence of a Tax Event, we will have the option to elect to have cash interest accrue on all, and not less than all of, the new notes at the rate of 3.125% per year. The principal amount of each new note will be restated (the "Restated Principal Amount") and will equal its Accreted Value on the date of the Tax Event or the date on which we exercise the option described herein, whichever is later (the "Option Exercise Date").

Such interest will accrue from the Option Exercise Date and will be payable in cash semi-annually on the interest payment dates of July 20 and January 20 of each year to holders of record at the close of business on July 1 or January 1 immediately preceding the interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest will initially accrue from the Option Exercise Date and thereafter from the last date to which interest has been paid. In the event we exercise this option to pay cash interest, the redemption price and purchase price on the new notes will be adjusted. Contingent interest payments will cease to accrue on the Option Exercise Date. However, there will be no change in the holder's conversion rights.

A "Tax Event" means that we shall have received an opinion from independent tax counsel experienced in such matters to the effect that, on or after the date of this prospectus, as a result of:

- (1) any amendment to, or change (including any announced prospective change) in, the laws, rules or regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein, or
- (2) any amendment to, or change in, an interpretation or application of such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority,

in each case which amendment or change is enacted, promulgated, issued or announced or which interpretation is issued or announced or which action is taken, on or after the date of this prospectus, there is more than an insubstantial risk that interest (including original issue discount or contingent interest, if any) payable on the new notes either:

- would not be deductible on a current accrual basis, or
- would not be deductible under any other method,

in either case in whole or in part, by us (by reason of deferral, disallowance, or otherwise) for U.S. Federal income tax purposes.

The modification of the terms of the new notes by us upon a Tax Event, as described above, may alter the timing of income recognition by holders of the new notes with respect to the semi-annual payments of interest due on the new notes after the Option Exercise Date.

#### **COVENANTS RESTRICTING PLEDGES, MERGERS AND OTHER SIGNIFICANT CORPORATE ACTIONS**

Negative Pledge. Section 10.04 of the Senior Debt Indenture provides that so long as the new notes remain outstanding, we will not, nor will we permit any Consolidated Subsidiary to, issue, assume or guarantee any Debt if such Debt is secured by a mortgage upon any Principal Property or upon any shares of stock or indebtedness of any Consolidated Subsidiary which owns or leases any Principal Property, whether such Principal Property is owned on the date of the Senior Debt Indenture or is thereafter acquired, without in any such case effectively providing that the new notes shall be secured equally and ratably with such Debt, except that the foregoing restrictions shall not apply to:

- mortgages on property, shares of stock or indebtedness of any corporation existing at the time such corporation becomes a Consolidated Subsidiary;
- mortgages on property existing at the time of acquisition thereof, or to secure Debt incurred for the purpose of financing all or any part of the purchase price of such property, or to secure any Debt incurred prior to or within 120 days after the later of the acquisition, completion of construction or improvement or the commencement of commercial operation of such property, which Debt is incurred for the purpose of financing all or any part of the purchase price thereof or construction or improvements thereon;
- mortgages securing Debt owing by any Consolidated Subsidiary to Masco or another Consolidated Subsidiary;
- mortgages on property of a corporation existing at the time such corporation is merged or consolidated with us or a Consolidated Subsidiary or at the time of a sale, lease or other disposition of the properties of



the corporation or firm as an entirety or substantially as an entirety to us or a Consolidated Subsidiary, provided that no such mortgage shall extend to any other Principal Property of Masco or any Consolidated Subsidiary or any shares of capital stock or any indebtedness of any Consolidated Subsidiary which owns or leases a Principal Property;

- mortgages on our property or a Consolidated Subsidiary's property in favor of the United States of America, any state thereof, or any other country, or any political subdivision of any thereof, to secure payments pursuant to any contract or statute, including Debt of the pollution control or industrial revenue bond type, or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such mortgages; or

- one or more extensions, renewals or replacements, in whole or in part, of mortgages existing at the date of the Senior Debt Indenture or any mortgage referred to in the preceding five bullet points as long as those extensions, renewals or replacements do not increase the amount of Debt secured by the mortgage or cover any additional property.

Notwithstanding the above, we may, and may permit any Consolidated Subsidiary to, issue, assume or guarantee secured Debt which would otherwise be subject to the foregoing restrictions, provided that after giving effect thereto the total of the aggregate amount of such Debt then outstanding, excluding secured Debt permitted under the foregoing exceptions, and the aggregate amount of Attributable Debt in respect of sale and leaseback arrangements at such time, does not exceed 5% of Consolidated Net Tangible Assets, determined as of a date not more than 90 days prior thereto.

**Limitation on Sale and Leaseback Arrangements.** Under the Senior Debt Indenture, we and our Consolidated Subsidiaries are not allowed to enter into any sale and leaseback arrangement involving a Principal Property which has a term of more than three years, except for sale and leaseback arrangements between us and a Consolidated Subsidiary or between Consolidated Subsidiaries, unless:

- we or the Consolidated Subsidiary could incur Debt secured by a mortgage on that Principal Property at least equal to the amount of Attributable Debt resulting from that sale and leaseback transaction without having to equally and ratably secure the new notes in the manner described above under "Negative Pledge"; or

- we apply an amount equal to the greater of the net proceeds of the sale of the Principal Property or the fair market value of the Principal Property within 120 days of the effective date of the sale and leaseback arrangement to the retirement of our or a Consolidated Subsidiary's Funded Debt, including the new notes.

However, we cannot satisfy the second test by retiring:

- Funded Debt that we were otherwise obligated to repay within the 120-day period;

- Funded Debt owned by us or by a Consolidated Subsidiary; or

- Funded Debt that is subordinated in right of payment to new notes.

**Consolidation, Merger or Sale of Assets.** The Senior Debt Indenture provides that we will not consolidate or merge with or into any other corporation and will not sell or convey our property as an entirety, or substantially as an entirety, to another corporation if, as a result of such action, any Principal Property would become subject to a mortgage, unless either:

- such mortgage could be created pursuant to Section 10.04 of the Senior Debt Indenture without equally and ratably securing the new notes; or

- the new notes shall be secured prior to the Debt secured by such mortgage.

The Indenture provides that we may consolidate or merge or sell all or substantially all of our assets if:

- we are the continuing corporation or if we are not the continuing corporation, such continuing corporation is organized and existing under the laws of the United States of America or any state thereof or the

District of Columbia and assumes by supplemental indenture the due and punctual payment of the principal of, and the premium, if any, and interest on the new notes and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed by us; and

- we are not, or such continuing corporation is not, in default in the performance of any such covenant or condition immediately after such merger, consolidation or sale of assets.

## **CERTAIN DEFINITIONS**

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all terms used in the Indenture.

"Accreted Value" means, at any date of determination, (1) prior to such time as the new notes are converted to Cash Pay Notes, the sum of (x) the initial offering price of each new note and (y) the portion of the excess of the principal amount of each new note over such initial offering price which shall have been amortized by the Company in accordance GAAP through such date, such amount to be so amortized on a daily basis and compounded semi-annually on each July 20 and January 20 at the rate of 3.125% per annum from the Issue Date through the date of determination computed on the basis of a 360-day year of twelve 30-day months and (2) at or after such time as the new notes are converted to Cash Pay Notes, the Restated Principal Amount.

"Attributable Debt" in respect of a sale and leaseback arrangement is defined in the Senior Debt Indenture to mean, at the time of determination, the lesser of:

- the fair value of the property, as determined by our board of directors, subject to such arrangement; or

- the present value, discounted at the rate per annum equal to the interest borne by fixed rate senior debt securities or the yield to maturity at the time of issuance of any Original Issue Discount Securities determined on a weighted average basis, of the total obligations of the lessee for rental payments during the remaining term of the lease included in such arrangement, including any period for which such lease has been extended or may, at the option of the lessor, be extended, or until the earliest date on which the lessee may terminate such lease upon payment of a penalty, in which case the rental payment shall include such penalty, after excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water and utility rates and similar charges;

provided, however, that there shall not be deemed to be any Attributable Debt in respect of a sale and leaseback arrangement if:

- such arrangement does not involve a Principal Property;

- we or a Consolidated Subsidiary would be entitled pursuant to the provisions of Section 10.04(a) of the Senior Debt Indenture to issue, assume or guarantee Debt secured by a mortgage upon the property involved in such arrangement without equally and ratably securing the senior debt securities; or

- the greater of the net proceeds of such arrangement or the fair market value of the property so leased has been applied to the retirement, other than any mandatory retirement or by way of payment at maturity, of our Funded Debt or any Consolidated Subsidiary's Funded Debt, other than Funded Debt owned by us or any Consolidated Subsidiary and other than Funded Debt which is subordinated in payment of principal or interest to the new notes.

"Company Common Stock" means the common stock of the Company, par value \$1.00 per share, as it exists on the date of the Indenture and any shares of any class or classes of capital stock of the Company resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company and which are not subject to redemption by the Company; provided, however, that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable on conversion of new notes shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common Equity" of any Person means capital stock of such Person that is generally entitled to (1) vote in the election of directors of such Person or

(2) if such Person is not a corporation, vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"Consolidated Net Tangible Assets" is defined in the Senior Debt Indenture as the aggregate amount of our assets less applicable reserves and the aggregate amount of assets less applicable reserves of the Consolidated Subsidiaries after deducting therefrom:

- all current liabilities, excluding any such liabilities deemed to be Funded Debt;
- all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles; and
- all investments in any Subsidiary other than a Consolidated Subsidiary, in all cases computed in accordance with the generally accepted accounting principles and which under generally accepted accounting principles would appear on a consolidated balance sheet of Masco and its Consolidated Subsidiaries.

"Consolidated Subsidiary" is defined in the Senior Debt Indenture to mean each Subsidiary other than any Subsidiary the accounts of which:

- are not required by generally accepted accounting principles to be consolidated with our accounts for financial reporting purposes;
- were not consolidated with our accounts in our then most recent annual report to stockholders; and
- are not intended by us to be consolidated with our accounts in our next annual report to stockholders;

provided, however, that the term "Consolidated Subsidiary" shall not include:

- any Subsidiary which is principally engaged in
- owning, leasing, dealing in or developing real property, or
- purchasing or financing accounts receivable, making loans, extending credit
- or other activities of a character conducted by a finance company, or
- any Subsidiary, substantially all of the business, properties or assets of which were acquired after the date of the Senior Debt Indenture whether by way of merger, consolidation, purchase or otherwise, unless in each case our board of directors thereafter designates such Subsidiary a Consolidated Subsidiary for the purposes of the Senior Debt Indenture.

"Continuing Director" means a director who either was a member of the Board of Directors of the Company on the date of the Indenture or who became a director of the Company subsequent to such date and whose election, or nomination for election by the Company's stockholders, was duly approved by a majority of the Continuing Directors on the Board of Directors of the Company at the time of such approval, either by a specific vote or by approval of the proxy statement issued by the Company on behalf of the entire Board of Directors of the Company in which such individual is named as nominee for director.

"Debt" is defined in the Senior Debt Indenture to mean any indebtedness for money borrowed and any Funded Debt.

"Funded Debt" is defined in the Senior Debt Indenture to mean indebtedness maturing more than 12 months from the date of the determination thereof or having a maturity of less than 12 months but renewable or extendible at the option of the borrower beyond 12 months from the date of such determination:

- for money borrowed; or
- incurred in connection with the acquisition of property, to the extent that indebtedness in connection with acquisitions is represented by any notes, bonds, debentures or similar evidences of indebtedness, for

which we or any Consolidated Subsidiary is directly or contingently liable or which is secured by our property or the property of a Consolidated Subsidiary.

"Investment Grade" shall mean BBB- or higher by S&P or Baa3 or higher by Moody's or the equivalent of such ratings by S&P or Moody's.

The "Market Price" as of any date means the average of the Sale Prices of Company Common Stock for the 20 trading-day period ending on the third business day (if the third business day prior to the applicable date is a trading day or, if not, then on the last trading day) prior to such date, appropriately adjusted to take into account the occurrence, during the period commencing on the first of such trading days during such 20 trading day period and ending on such date, of certain events with respect to Company Common Stock that would result in an adjustment of the conversion rate.

"mortgage" is defined in the Senior Debt Indenture to mean a mortgage, security interest, pledge, lien or other encumbrance.

"Original Issue Discount Security" is defined in the Senior Debt Indenture to mean any debt security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof.

"Principal Property" is defined in the Senior Debt Indenture to mean any manufacturing plant or research or engineering facility located within the United States of America or Puerto Rico owned or leased by us or any Consolidated Subsidiary unless, in the opinion of our board of directors, such plant or facility is not of material importance to the total business conducted by us and our Consolidated Subsidiaries as an entirety.

"Subsidiary" is defined in both indentures to mean any corporation of which at least a majority of the outstanding stock having voting power under ordinary circumstances to elect a majority of the board of directors of said corporation shall at the time be owned by us, or by us and one or more Subsidiaries, or by one or more Subsidiaries.

#### **EVENTS OF DEFAULT, WAIVER AND NOTICE**

The Indenture provides that the following events will be events of default with respect to the new notes:

- we default in the payment of any interest on the new notes for more than 30 days;
- we default in the payment of any principal or premium on the new notes on the date that payment was due;
- we breach any of the other covenants applicable to new notes and that breach continues for more than 90 days after we receive notice from the Trustee or the holders of at least 25% of the aggregate principal amount at maturity of new notes;
- we commence bankruptcy or insolvency proceedings or consent to any bankruptcy relief sought against us; or
- we become involved in involuntary bankruptcy or insolvency proceedings and an order for relief is entered against us, if that order remains in effect for more than 60 consecutive days.

The Trustee or the holders of 25% of the aggregate principal amount at maturity of new notes may declare all of the debt securities of that series to be due and payable immediately if an event of default with respect to a payment occurs. The Trustee or the holders of 25% of the aggregate principal amount at maturity of new notes may declare all of the new notes due and payable immediately if an event of default with respect to a breach of a covenant occurs. The Trustee or the holders of 25% of the aggregate principal amount at maturity of new notes outstanding may declare all of the new notes outstanding due and payable immediately if a bankruptcy event of default occurs. The holders of a majority of the aggregate principal amount at maturity of the new notes may annul a declaration or waive a past default except for a continuing payment default. The holders of a majority in principal amount at maturity of the new notes then outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee under the Indenture. Notwithstanding

the foregoing, a Trustee shall have the right to decline to follow any such direction if such Trustee is advised by counsel that the action so directed may not lawfully be taken or if such Trustee determines that such action would be unjustly prejudicial to the holders not taking part in such direction or would involve such Trustee in personal liability.

The Senior Debt Indenture requires that we file a certificate each year with the applicable Trustee stating that there are no defaults under the Indenture. The Senior Debt Indenture permits the Trustee to withhold notice to holders of new notes of any default other than a payment default if the Trustee considers it in the best interests of the holders.

## **MODIFICATION OF THE INDENTURE**

We can enter into a supplemental indenture with the Trustee to modify any provision of the Indenture or the new notes without obtaining the consent of the holders if the modification does not adversely affect the holders in any material respect. In addition, we can generally enter into a supplemental indenture with the Trustee to modify any provision of the Indenture or the new notes if we obtain the consent of the holders of a majority of the aggregate principal amount at maturity of the new notes. However, we need the consent of each affected holder in order to:

- change the date on which any payment of principal or interest on the new note is due;
- reduce the amount of any principal, interest or premium due on any the new note;
- change the currency or location of any payment;
- impair the right of any holder to bring suit for any payment after its due date; or
- reduce the percentage in principal amount at maturity of the new notes required to consent to any modification or waiver of any provision of the Indenture or the new notes.

## **BOOK ENTRY, DELIVERY AND FORM**

The new notes offered hereby will be issued in the form of one or more fully registered Global Notes (the "Global Notes"). The Global Notes will be deposited on or about the Issue Date with, or on behalf of, The Depository Trust Company (the "Depository") and registered in the name of Cede & Co., as nominee of the Depository (such nominee being referred to herein as the "Global Note Holder").

The Depository is a limited-purpose trust company which was created to hold securities for its participating organizations (collectively, the "Participants" or the "Depository's Participants") and to facilitate the clearance and settlement of transactions in such securities between Participants through electronic book-entry changes in accounts of its Participants. The Depository's Participants include securities brokers and dealers (including the dealer managers), banks and trust companies, clearing corporations and certain other organizations. Access to the Depository's system is also available to other entities such as banks, brokers, dealers and trust companies (collectively, the "Indirect Participants" or the "Depository's Indirect Participants") that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Persons who are not Participants may beneficially own securities held by or on behalf of the Depository only through the Depository's Participants or the Depository's Indirect Participants.

The Company expects that pursuant to procedures established by the Depository (i) upon deposit of the Global Notes, the Depository will credit the accounts of Participants designated by the exchange agents with portions of the principal amount at maturity of the Global Notes and (ii) ownership of the new notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by the Depository (with respect to the interests of the Depository's Participants), the Depository's Participants and the Depository's Indirect Participants. Holders are advised that the laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer new notes will be limited to such extent.

So long as the Global Note Holder is the registered owner of any new notes, the Global Note Holder will be considered the sole owner or holder of such new notes outstanding under the Indenture. Except as provided below, owners of new notes will not be entitled to have new notes registered in their names, will not receive or be entitled to receive physical delivery of new notes in definitive form, and will not be considered the holders thereof under the Indenture for any purpose, including with respect to the giving of any directions, instructions or approvals to the Trustee thereunder. As a result, the ability of a Person having a beneficial interest in new notes represented by the Global Notes to pledge such interest to Persons or entities that do not participate in the Depositary's system or to otherwise take actions in respect of such interest may be affected by the lack of a physical certificate evidencing such interest.

Neither the Company, the Trustee, the paying agent nor the Notes Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of new notes by the Depositary, or for maintaining, supervising or reviewing any records of the Depositary relating to such new notes.

Payments in respect of the principal, premium, if any, and interest on any new notes registered in the name of a Global Note Holder on the applicable record date will be payable by the Trustee to or at the direction of such Global Note Holder in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Company and the Trustee may treat the Persons in whose names the new notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither the Company nor the Trustee has or will have any responsibility or liability for the payment of such amounts to beneficial owners of new notes (including principal, premium, if any, and interest).

The Company believes, however, that it is currently the policy of the Depositary to immediately credit the accounts of the relevant Participants with such payment, in amounts proportionate to their respective holdings in principal amount at maturity of beneficial interests in the relevant security as shown on the records of the Depositary. Payments by the Depositary's Participants and the Depositary's Indirect Participants to the beneficial owner of new notes will be governed by standing instructions and customary practice and will be the responsibility of the Depositary's Participants or the Depositary's Indirect Participants.

As long as the new notes are represented by one or more Global Notes, the Depositary's nominee will be the holder of the new notes and therefore will be the only entity that can exercise a right to repayment or repurchase of the new notes. See "Purchase of Notes at the Option of the Holder" and "-- Limitations on Dispositions of Assets." Notice by Participants or Indirect Participants or by owners of beneficial interests in a Global Note held through such Participants or Indirect Participants of the exercise of the option to elect repayment of beneficial interests in new notes represented by a Global Note must be transmitted to the Depositary in accordance with its procedures on a form required by the Depositary and provided to Participants. In order to ensure that the Depositary's nominee will timely exercise a right to repayment with respect to a particular new note, the beneficial owner of such new note must instruct the broker or the Participant or Indirect Participant through which it holds an interest in such new note to notify the Depositary of its desire to exercise a right to repayment. Different firms have cut-off times for accepting instructions from their customers and, accordingly, each beneficial owner should consult the broker or other Participant or Indirect Participant through which it holds an interest in a new note in order to ascertain the cut-off time by which such an instruction must be given in order for timely notice to be delivered to the Depositary. The Company will not be liable for any delay in delivery of notices of the exercise of the option to elect repayment.

## **CERTIFICATED SECURITIES**

Subject to certain conditions, any Person having a beneficial interest in a Global Note may, upon request to the Company or the Trustee, exchange such beneficial interest for new notes in the form of Certificated Securities. Upon any such issuance, the Trustee is required to register such new notes in the name of, and cause the same to be delivered to, such Person or Persons (or the nominee of any thereof). In addition, if (i) the Company notifies the Trustee in writing that the Depositary is no longer willing or able to act as a depositary and the Company is unable to locate a qualified successor within 90 days or (ii) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of new notes in the form of Certificated Securities under the Indenture,

then, upon surrender by the relevant Global Note Holder of its Global Notes, new notes in such form will be issued to each Person that such Global Note Holder and the Depositary identify as the beneficial owner of the related new notes.

Neither the Company nor the Trustee shall be liable for any delay by the related Global Note Holder or the Depositary in identifying the beneficial owners of new notes and each such Person may conclusively rely on and shall be protected in relying on, instructions from the Global Note Holder or of the Depositary for all purposes (including with respect to the registration and delivery, and the respective principal amounts at maturity, of the new notes to be issued).

#### **SAME-DAY SETTLEMENT AND PAYMENT**

The Indenture requires that payments in respect of the new notes (including principal, premium, if any, and interest) be made by wire transfer of immediately available funds to the accounts specified by the Global Note Holders. The Company expects that secondary trading in the Certificated Notes also will be settled in immediately available funds.

#### **TRANSFER AND EXCHANGE**

A holder may transfer or exchange the new notes in accordance with the procedures set forth in the Indenture. The Registrar may require a holder, among other things, to furnish appropriate endorsements and transfer documents, and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar is not required to transfer or exchange any new note selected for redemption. Also, the Registrar is not required to transfer or exchange any new note for a period of 15 days before a selection of the new notes to be redeemed.

The registered holder of a new note will be treated as the owner of it for all purposes.

#### **APPLICABLE LAW**

The notes and the Indenture will be governed by and construed in accordance with the laws of the State of New York.

#### **CONCERNING THE TRUSTEE**

J.P. Morgan Trust Company, National Association is the Trustee under the Indenture. The Trustee is an affiliate of a depository for funds of, makes loans to and performs other services for us from time to time in the normal course of business.

## DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of our other material indebtedness. It may not contain all of the information about this indebtedness that is important to you. You should therefore read the debt instruments, copies of which are available as described under "Where You Can Find More Information." This summary is qualified in its entirety by reference to those debt instruments.

### CREDIT FACILITY

On November 5, 2004, we entered into a U.S.\$2 Billion 5-Year Revolving Credit Agreement (the "new credit agreement") among Masco Corporation and Masco Europe S.a r.l., as borrowers, the lenders party thereto, and Bank One, NA, as administrative agent. The new credit agreement replaces two credit facilities:

(1) the U.S.\$750 Million 364-Day Revolving Credit Agreement dated as of November 7, 2003 among Masco Corporation and Masco Europe S.a r.l., as borrowers, the lenders party thereto, and Bank One, NA, as administrative agent, which agreement expired by its own terms, and (2) the U.S.\$1.25 Billion Amended and Restated 5-Year Revolving Credit Agreement dated as of November 8, 2002 among Masco Corporation and Masco Europe S.a r.l., as borrowers, the lenders party thereto, and Citibank, N.A., as administration agent, which agreement was terminated in connection with the execution of the new credit agreement.

The new credit agreement provides for a five-year unsecured revolving credit facility available to each borrower in U.S. dollars and European euros (with a sublimit for euro borrowings of U.S.\$750 million equivalent). Standby letters of credit may also be issued under the new credit agreement. We may, at our option and subject to customary conditions, request an increase in the aggregate commitment by up to \$250 million without the consent of any non-participation lenders. Borrowings will bear interest at various floating rate options as selected by us. There are no loans outstanding under the new credit agreement.

The new credit agreement contains customary terms and conditions substantially consistent with those contained in the prior credit facilities, including financial covenants requiring a leverage ratio and a minimum consolidated net worth, and events of default based on payment obligations, material inaccuracies of representations and warranties, covenant defaults, insolvency proceedings, monetary judgments, change in control, certain ERISA events and defaults under certain other indebtedness.

### EXISTING SENIOR NOTES AND DEBENTURES

From time to time, we have offered notes and debentures under (1) the indenture, dated as of February 12, 2001, between us and the trustee and (2) the indenture dated as of March 1, 1982, between us and Morgan Guaranty Trust Company of New York, as trustee, which we refer to as the "old senior debt indenture". As of September 30, 2004, the outstanding portion of these debt securities consisted of:

- \$800 million aggregate principal amount of 6.75% senior notes debentures due 2006
- \$300 million aggregate principal amount of 4.625% senior notes due 2007
- \$300 million aggregate principal amount of floating rate notes due 2007
- \$100 million aggregate principal amount of 5.75% senior notes due 2008
- \$850 million aggregate principal amount of 5.875% senior notes due 2012
- \$200 million aggregate principal amount of 7.125% senior debentures due 2013
- \$114 million aggregate principal amount of 6.625% senior debentures due 2018
- \$296 million aggregate principal amount of 7.75% senior debentures due 2029
- \$300 million aggregate principal amount of 6.5% senior notes due 2032

The indentures governing these series of debt securities include covenants, events of default and other provisions that are substantially similar to those described under "Description of the New Notes."



## **DESCRIPTION OF CAPITAL STOCK**

The following description of the material terms of our capital stock is based on the provisions of our amended and restated certificate of incorporation. For more information as to how you can obtain a current copy of our amended and restated certificate of incorporation, see "Where You Can Find More Information."

Our amended and restated certificate of incorporation authorizes the issuance of one million shares of preferred stock, par value \$1.00 per share and 1.4 billion shares of common stock, par value \$1.00 per share.

### **PREFERRED STOCK**

We may issue preferred stock from time to time in one or more series, without stockholder approval. Subject to limitations prescribed by law, our board of directors is authorized to determine the voting powers, if any, designations and powers, preferences and rights, and the qualifications, limitations or restrictions thereof, for each series of preferred stock that may be issued and to fix the number of shares of each series of preferred stock. As of September 30, 2004, there were no shares of preferred stock outstanding.

### **COMMON STOCK**

Holders of common stock are entitled to one vote per share on matters to be voted on by our stockholders and, subject to the rights of the holders of any preferred stock of Masco then outstanding, to receive dividends, if any, when declared by our board of directors in its discretion out of legally available funds. Upon any liquidation or dissolution of Masco, holders of common stock are entitled to receive pro rata all assets remaining after payment of all liabilities and liquidation of any shares of any preferred stock at the time outstanding. Holders of common stock have no preemptive or other subscription rights, and there are no conversion rights or redemption or sinking fund provisions with respect to common stock. As of September 30, 2004, there were approximately 449,220,000 shares of our common stock outstanding and approximately 27,400,000 shares reserved for issuance upon exercise of outstanding stock options. All of our outstanding common stock is fully paid and non-assessable and all of the shares of common stock that may be offered with this prospectus will be fully paid and non-assessable.

The transfer agent and registrar for our common stock is The Bank of New York, New York, New York.

### **SHAREHOLDER RIGHTS AGREEMENT**

We have a shareholder rights agreement which provides that each share of our outstanding common stock has one-half of one right to purchase one one-thousandth of a share of preferred stock. The purchase price per one one-thousandth of a preferred share under the shareholder rights agreement is \$100. Our board of directors may, at its option, redeem all of the outstanding rights at a redemption price of \$0.01 per right, subject to adjustment, prior to the time that an acquiring person obtains 15% or more of our outstanding common stock. The rights will expire on December 6, 2005 unless earlier redeemed or exchanged by us.

The rights under our shareholder rights agreement are evidenced by the outstanding certificates representing our common stock but will be represented by separate certificates approximately 10 days after someone, other than we or any of our subsidiaries or employee benefit plans, acquires at least 15% of our outstanding common stock, or approximately 10 days after someone commences a tender offer that would result in that person owning at least 15% of our outstanding common stock.

If an acquiring person obtains or has the right to obtain at least 15% of our outstanding common stock, then each right will entitle the holder to purchase for \$100 either a number of shares of our common stock having a then current market value of \$200 or a number of shares of common stock of the acquiring person having a then current market value of \$200. After an acquiring person obtains 15% or more, but less than 50%, of our outstanding common stock, our board of directors may, at its option, exchange all or part of the then outstanding and exercisable rights for shares of our common stock, at an exchange ratio of two shares of common stock per right. Any rights obtained by a person acquiring at least 15% of our outstanding common stock will be null and void.

Our shareholder rights agreement has anti-takeover effects. The rights may cause substantial dilution to a person or group that attempts to acquire us without conditioning the offer on a substantial number of rights being acquired, redeemed or declared invalid. Accordingly, the existence of the rights may deter acquirors from making takeover proposals or tender offers. However, the rights are not intended to prevent a takeover, but rather are designed to enhance the ability of our board of directors to negotiate with an acquiror on behalf of all of the shareholders. In addition, the rights should not interfere with a proxy contest.

## **MATERIAL UNITED STATES TAX CONSEQUENCES**

The following are the material U.S. federal income tax consequences of the exchange offer. This discussion applies only to old notes and new notes held as capital assets, and does not describe all of the tax consequences that may be relevant to a holder in light of the holder's particular circumstances or to holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers in securities or foreign currencies;
- persons holding old notes or new notes as part of a hedge;
- U.S. holders (as defined below) whose functional currency is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or
- persons subject to the alternative minimum tax.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes to any of which subsequent to the date of this registration statement may affect the tax consequences described herein. Persons considering participating in the exchange offer are urged to consult their tax advisers with regard to the application of the United States federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

As used herein, the term "U.S. holder" means a beneficial owner of old notes or new notes that is for United States federal income tax purposes:

- a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or
- an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

The term "U.S. holder" also includes certain former citizens and residents of the United States.

### **TAX CONSEQUENCES TO U.S. HOLDERS**

**Tax Consequences for U.S. Holders Participating in the Exchange.** The law is unclear as to whether the exchange of the old notes for the new notes should be treated as an "exchange" for U.S. federal income tax purposes. The exchange of old notes for new notes would be treated as an "exchange" for U.S. federal income tax purposes if the exchange is considered a "significant modification" of the old notes. The exchange would be treated as a significant modification if the differences between the old notes and the new notes were deemed to be economically significant. We intend to take the position that the exchange of old notes for new notes should not be treated as a significant modification for U.S. federal income tax purposes. By participating in the exchange offer, each holder will be deemed to have agreed pursuant to the indentures governing the new notes to treat the exchange as not constituting a significant modification.

If, consistent with our position, the exchange of old notes for new notes is not treated as a significant modification for U.S. federal income tax purposes, the new notes received by a holder would be treated as a continuation of the old notes in the hands of such holder. As a result, except to the extent of the receipt of the exchange fee, there would be no U.S. federal income tax consequences to holders who participate in the exchange as a result of such participation. An exchanging holder of the old notes would have the same tax basis and holding period in the new notes as such holder had in its old notes immediately prior to the exchange.

Moreover, a holder of the new notes would have the same tax consequences as would have applied if such holder had continued to hold its outstanding notes. In particular, as the outstanding notes are "contingent payment debt obligations" for U.S. federal income tax purposes, the new notes will continue to be so treated. Pursuant to the terms of the indenture for the new notes, holders will agree to treat the new notes as subject to the Treasury Regulations that apply to contingent payment debt obligations and to continue to accrue interest in the same manner and amount as for the outstanding notes.

We intend to treat the exchange fee as consideration to holders for participating in the exchange offer. In that case, such payment would result in ordinary income to holders participating in the exchange and we will report such payments to holders and the IRS for information purposes in accordance with such treatment.

**Constructive Dividends.** As discussed in the registration statement relating to the old notes, if at any time we make a distribution of property to our stockholders that would be taxable to the stockholders as a dividend for U.S. federal income tax purposes and, in accordance with the anti-dilution provisions of the new notes, the conversion rate of the notes is increased, such increase may be deemed to be the payment of a taxable dividend to the U.S. holders of the notes. For example, an increase in the conversion rate in the event of cash dividends will generally result in deemed dividend treatment to U.S. holders of the new notes. However, an increase in the conversion rate in the event of stock dividends or distributions of rights to subscribe for our common stock will generally not be a taxable dividend.

**Tax Consequences for U.S. Holders Not Participating in the Exchange.** A holder that does not participate in the exchange will have no U.S. federal income tax consequences as a result of the exchange.

**Possible Alternative Tax Characterization of the Exchange.** There can be no assurances that the IRS will agree that the exchange does not constitute a significant modification for U.S. federal income tax purposes. If, contrary to our position described above, the exchange were to constitute a significant modification, the U.S. federal income tax consequences of the exchange would depend on whether the exchange were treated as a recapitalization. The exchange would be treated as a recapitalization only if both the outstanding notes and the new notes constitute "securities" within the meaning of the provisions of the Code governing reorganizations. This, in turn, depends upon the terms and conditions of, and other facts and circumstances relating to, the notes, and upon the application of numerous judicial decisions. Of particular relevance to the determination of whether the outstanding notes and the new notes are securities for U.S. federal income tax purposes is the term of the particular instrument.

In the event that, contrary to our position, the exchange did constitute a significant modification for U.S. federal income tax purposes, it is unclear whether it would be treated as a recapitalization. If the exchange did constitute a significant modification but did not qualify as a recapitalization, a U.S. holder may be required to recognize gain (taxable as ordinary income) in an amount equal to the difference between the amount realized on the exchange and the holder's adjusted basis in the old notes surrendered. For these purposes, a U.S. holder's amount realized would equal the fair market value of the new notes received plus the exchange fee. U.S. holders are recommended to consult their own tax advisors with respect to the U.S. federal income tax consequences of the exchange, including whether the exchange would be treated as a recapitalization for U.S. federal income tax purposes.

In the event that, contrary to our position, the exchange did constitute a "significant modification" for U.S. federal income tax purposes, we would need to determine the comparable yield, and projected payment schedule for the new notes. U.S. holders would be subject to U.S. federal income tax consequences that are consistent with the description of the contingent payment debt instrument regulations contained in the registration statement relating to the outstanding notes, including, among other things, a requirement that U.S. holders accrue interest for U.S. federal income tax purposes based on the revised comparable yield. For purposes of the contingent payment debt instrument regulations, the issue price of the new notes will be equal to their fair market value at the time of the exchange and be adjusted in subsequent periods in a manner consistent with the description contained in the registration statement relating to the old notes.

## TAX CONSEQUENCES TO NON-U.S. HOLDERS

As used herein, the term non-U.S. holder means a beneficial owner of old notes or new notes that is for U.S. federal income tax purposes:

- an individual who is classified as a nonresident for U.S. federal income tax purposes;
- a foreign corporation; or
- a foreign estate or trust.

If, consistent with our position, the exchange of old notes for new notes is not treated as a significant modification for U.S. federal income tax purposes, then, as discussed above, the new notes will be treated as a continuation of the old notes. As a result, except to the extent of the receipt of the exchange fee (the U.S. federal income tax consequences of which are described below), there will be no U.S. federal income tax consequences to a non-U.S. holder who participates in the exchange. If, contrary to our position, the exchange of the old notes for new notes constitutes a significant modification for U.S. federal income tax purposes, any gain realized by a non-U.S. holder will be eligible for exemption from U.S. federal income or withholding tax to the same extent as described in the registration statement relating to the old notes for any sale or exchange of the outstanding notes. In either case, a non-U.S. holder generally should have the same U.S. federal income tax consequences of holding new notes as would have arisen if it continued to hold outstanding notes, including withholding and other consequences described in the registration statement relating to the outstanding notes.

We intend to treat payment of the exchange fee as consideration to holders for participating in the exchange. As such, we will withhold U.S. federal income tax at a rate of 30% from the exchange fee paid to non-U.S. holders unless an exemption from, or reduction of, withholding is applicable because such amounts are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States or because of an applicable income tax treaty with the United States. In order to claim an exemption from, or reduction of, such withholding, the non-U.S. holder must deliver a properly executed IRS Form W-8ECI (with respect to amounts effectively connected with the conduct of a trade or business within the United States) or IRS Form W-8BEN (with respect to treaty benefits) claiming such exemption or reduction. Non-U.S. holders are recommended to consult their own tax advisors regarding the application of the withholding rules to their particular circumstances, including the possibility of filing a claim for a refund of withholding tax.

**Constructive Dividends.** The conversion rate of the notes is subject to adjustment in some circumstances. As discussed in the registration statement relating to the old notes, such adjustment could, in some circumstances, give rise to a deemed distribution to non-U.S. holders of the notes (see "Tax Consequences to U.S. Holders -- Constructive Dividends" above). In such case, the deemed distribution will constitute a dividend for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Such dividends will generally be subject to U.S. withholding tax at a 30% rate, subject to a reduction by an applicable treaty. Any such withholding tax may be withheld from payments of interest or principal made on the new notes. A non-U.S. holder who is subject to withholding tax should consult his own tax advisors as to whether he can obtain a refund for all or a portion of the withholding tax.

## LEGAL OPINIONS

The legality of the securities in respect of which this prospectus is being delivered will be passed on for us by John R. Leekley, Senior Vice President and General Counsel of Masco. Certain tax matters relating to the securities in respect of which this prospectus is being delivered will be passed on for us by David A. Doran, Vice President, Taxes, of Masco. Mr. Leekley and Mr. Doran are Masco shareholders and holders of options to purchase shares of our common stock. Davis Polk & Wardwell, Menlo Park, California, is acting as counsel to the dealer managers.

## EXPERTS

The financial statements incorporated in this prospectus by reference to Masco Corporation's Current Report on Form 8-K dated November 12, 2004 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

This prospectus is a part of a registration statement filed by us with the SEC under the Securities Act. As allowed by SEC rules, this prospectus does not contain all of the information that you can find in the registration statement or the exhibits to the registration statement.

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference includes important business and financial information that is not included in this document and is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede the information in the prospectus. We incorporate by reference the documents listed below, all filings pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of the initial registration statement and prior to effectiveness of the registration statement, and all documents subsequently filed with the SEC pursuant to Section 13(a), 13(c), 14, or 15(d) of the Exchange Act until the termination of the offering under this prospectus.

(1) Annual Report of Form 10-K for the year ended December 31, 2003, as filed with the SEC on February 27, 2004 (excluding such information that was superseded by the corresponding information in our Current Report on Form 8-K, as filed with the SEC on November 12, 2004);

(2) Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2004, as filed with the SEC on May 6, August 5 and November 4, 2004, respectively; and

(3) Current Report on Form 8-K, as filed with the SEC on November 12, 2004

You may request a copy of these filings at no cost, by writing or telephoning us at the following address:

Masco Corporation 21001 Van Born Road Taylor, MI 48180 (313) 274-7400 Attention: Investor Relations

To obtain timely delivery of requested documents before the expiration of the exchange offer, you must request them no later than December , 2004, which is five business days before the date the exchange offer expires.

**MASCO CORPORATION  
OFFER TO EXCHANGE  
ZERO COUPON CONVERTIBLE SENIOR NOTES, SERIES B DUE 2031 FOR  
ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2031**

**THE EXCHANGE AGENT FOR THE EXCHANGE OFFER IS:**

**J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION**

By Registered or Certified Mail, By Hand or Overnight Delivery:

J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION  
Institutional Trust Services  
2001 Bryan Street, 9th Floor  
Dallas, Texas 75201  
Attention: Exchanges, Frank Ivins  
Masco Corporation Offer to Exchange Zero Coupon Convertible Senior Notes,  
Series B due 2031 for  
Zero Coupon Convertible Senior Notes due 2031

BY FACSIMILE:  
Fax: (214) 468-6494  
Attention: Frank Ivins  
Masco Corporation Offer to Exchange Zero Coupon Convertible Senior Notes,  
Series B due 2031 for  
Zero Coupon Convertible Senior Notes due 2031

CONFIRM BY TELEPHONE:  
(800) 275-2048

ONLINE:  
[www.jpmorgan.com/bondholder](http://www.jpmorgan.com/bondholder)

Questions, requests for assistance and requests for additional copies of this prospectus and related letter of transmittal may be directed to the dealer managers at each of their addresses set forth below:

**THE DEALER MANAGERS FOR THE EXCHANGE OFFER ARE:**

CITIGROUP  
388 Greenwich Street  
New York, New York 10013  
Attention: Equity-Linked Capital Markets  
(877) 531-8365 (toll free)

MERRILL LYNCH & CO.  
4 World Financial Center  
New York, New York 10080  
Attention: Liability Management Group  
(888) 654-8637 (toll free)  
(212) 449-4906 (call collect)

November , 2004

## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the General Corporation Law of Delaware empowers the Company to indemnify, subject to the standards therein prescribed, any person in connection with any action, suit or proceeding brought or threatened by reason of the fact that such person is or was a director, officer, employee or agent of the Company or is or was serving as such with respect to another corporation or other entity at the request of the Company. Article Fifteenth of the Company's Restated Certificate of Incorporation provides that each person who was or is made a party to (or is threatened to be made a party to) or is otherwise involved in any action, suit or proceeding by reason of the fact that such person is or was a director, officer or employee of the Company shall be indemnified and held harmless by the Company to the fullest extent authorized by the General Corporation Law of Delaware against all expenses, liability and loss (including without limitation attorneys' fees, judgments, fines and amounts paid in settlement) reasonably incurred or suffered by such person in connection therewith. The rights conferred by Article Fifteenth are contractual rights and include the right to be paid by the Company the expenses incurred in defending such action, suit or proceeding in advance of the final disposition thereof.

Article Fourteenth of the Company's Restated Certificate of Incorporation provides that the Company's directors will not be personally liable to the Company or its shareholders for monetary damages resulting from breaches of their fiduciary duty as directors except (a) for any breach of the duty of loyalty to the Company or its shareholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the General Corporation Law of Delaware, which makes directors liable for unlawful dividends or unlawful stock repurchases or redemptions, or (d) for transactions from which directors derive improper personal benefit.

The Company's directors and officers are covered by insurance policies indemnifying them against certain civil liabilities, including liabilities under the federal securities laws (other than liability under Section 16(b) of the Securities Exchange Act of 1934), which might be incurred by them in such capacities.

#### ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

EXHIBIT NO. -----	DOCUMENT -----
4.1	Indenture, dated as of February 12, 2001 between Masco Corporation and the Trustee (filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2000)
4.2	Form of Supplemental Indenture between Masco Corporation and the Trustee relating to the new notes
5	Opinion of John R. Leekley
8	Tax Opinion of David A. Doran
12	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends
23.1	Consent of John R. Leekley (contained in his opinion filed as Exhibit 5.1).
23.2	Consent of PricewaterhouseCoopers LLP
23.3	Consent of David A. Doran (contained in his opinion filed as Exhibit 8)
24	Power of Attorney (included on signature page)
25	Statement of Eligibility of J.P. Morgan Trust Company, National Association, as Trustee, on Form T-1.
99.1	Form of Letter of Transmittal
99.2	Form of Notice of Guaranteed Delivery
99.3	Form of Letter to Clients
99.4	Form of Letter to Registered Holders and the Depository Trust Company Participants
99.5	Form of Instructions to Registered Holder and/or Book-Entry Transfer Participant from Owner
99.6	Guidelines for Certification of Taxpayer Identification



## ITEM 22. UNDERTAKINGS

(a) The undersigned hereby undertakes:

(1) To file during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by one of our directors, officers or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(d) The undersigned hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This

includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Masco Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Taylor, State of Michigan, on November 12, 2004.

### MASCO CORPORATION

By: /s/ TIMOTHY WADHAMS

-----  
Name: Timothy Wadhams  
Title: Senior Vice President and  
Chief  
Financial Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard A. Manoogian and Timothy Wadhams, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or would do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE -----
PRINCIPAL EXECUTIVE OFFICER		
/s/ RICHARD A. MANOOGIAN ----- Richard A. Manoogian	Chairman and Chief Executive Officer and Director	November 12, 2004
PRINCIPAL FINANCIAL OFFICER AND PRINCIPAL ACCOUNTING OFFICER		
/s/ TIMOTHY WADHAMS ----- Timothy Wadhams	Senior Vice President and Chief Financial Officer	November 12, 2004
/s/ THOMAS G. DENOMME ----- Thomas G. Denomme	Director	November 12, 2004
/s/ PETER A. DOW ----- Peter A. Dow	Director	November 12, 2004
/s/ ANTHONY F. EARLEY, JR. ----- Anthony F. Earley, Jr.	Director	November 12, 2004

SIGNATURE -----	TITLE -----	DATE -----
/s/ VERNE G. ISTOCK ----- Verne G. Istock	Director	November 12, 2004
/s/ DAVID L. JOHNSTON ----- David L. Johnston	Director	November 12, 2004
/s/ J. MICHAEL LOSH ----- J. Michael Losh	Director	November 12, 2004
/s/ WAYNE B. LYON ----- Wayne B. Lyon	Director	November 12, 2004
/s/ MARY ANN VAN LOKEREN ----- Mary Ann Van Lokeren	Director	November 12, 2004

## EXHIBIT INDEX

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99.5	Form of Instructions to Registered Holder and/or Book-Entry Transfer Participant from Owner
99.6	Guidelines for Certification of Taxpayer Certification

**MASCO CORPORATION**  
**ZERO COUPON CONVERTIBLE SENIOR NOTES, SERIES B DUE 2031**

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**FORM OF**  
**SECOND SUPPLEMENTAL INDENTURE**  
**DATED AS OF DECEMBER \_\_, 2004**

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**J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION**  
**TRUSTEE**

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FORM OF SECOND SUPPLEMENTAL INDENTURE dated as of December \_\_, 2004 ("SUPPLEMENTAL INDENTURE"), to the Indenture dated as of February 12, 2001 (as amended, modified or supplemented from time to time in accordance therewith, the "INDENTURE"), by and among MASCO CORPORATION, a Delaware corporation (the "COMPANY") and J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION (successor in interest to Bank One Trust Company, National Association) as trustee (the "TRUSTEE").

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the holders of Notes (as defined herein):

WHEREAS, the Company and the Trustee have duly authorized the execution and delivery of the Indenture to provide for the issuance from time to time of senior debt securities (the "SECURITIES") to be issued in one or more series as in the Indenture provided;

WHEREAS, the Company desires and has requested the Trustee to join it in the execution and delivery of this Supplemental Indenture in order to establish and provide for the issuance by the Company of a series of Securities designated as its Zero Coupon Convertible Senior Notes, Series B Due 2031 in the aggregate principal amount at maturity of up to \$1,874,975,000 (but not to exceed the aggregate principal amount at maturity of the Company's Zero Coupon Convertible Senior Notes Due 2031 exchanged for the Notes), substantially in the form attached hereto as Exhibit A (the "NOTES"), on the terms set forth herein;

WHEREAS, Section 2.01 of the Indenture provides that a supplemental indenture may be entered into by the Company and the Trustee for such purpose provided certain conditions are met;

WHEREAS, the conditions set forth in the Indenture for the execution and delivery of this Supplemental Indenture have been complied with; and

WHEREAS, all things necessary to make this Supplemental Indenture a valid agreement of the Company and the Trustee, in accordance with its terms, and a valid amendment of, and supplement to, the Indenture have been done;

#### **NOW, THEREFORE:**

In consideration of the premises and the purchase and acceptance of the Notes by the holders thereof, the Company covenants and agrees with the Trustee, for the equal and ratable benefit of the holders, that the Indenture is supplemented and amended, to the extent expressed herein, as follows:

#### **ARTICLE 1 SCOPE OF SUPPLEMENTAL INDENTURE; GENERAL**

The changes, modifications and supplements to the Indenture effected by this Supplemental Indenture shall be applicable only with respect to, and govern the terms of, the Notes, which shall be limited in aggregate principal amount at maturity of up to \$1,874,975,000 in one series, and shall not apply to any other Securities that may be issued under the Indenture



unless a supplemental indenture with respect to such other Securities specifically incorporates such changes, modifications and supplements. Pursuant to this Supplemental Indenture, there is hereby created and designated a series of Securities under the Indenture entitled "Zero Coupon Convertible Senior Notes, Series B Due 2031." The Notes shall be in the form of Exhibit A hereto.

The aggregate Principal Amount of the Notes shall be payable on the Final Maturity Date unless the Accreted Value or the Restated Principal Amount has been earlier repaid or the Notes have been converted in accordance with this Supplemental Indenture.

The Notes shall be issued at an Initial Principal Amount of \$[\_\_\_\_\_] per \$1,000 Principal Amount. Except as provided for in Sections 4.08 and 4.10 and paragraphs 1, 5 and 10 of the Notes, there shall be no periodic payments of interest on the Notes. The calculation of the Accreted Value in the period during which each Note remains outstanding shall be on a semi-annual bond equivalent basis using a 360-day year composed of twelve 30-day months, and such accrual shall commence on the Issue Date of the Notes. In the event of the maturity, conversion, purchase by the Company at the option of the Holder, or redemption of a Note, Accreted Value, if any, shall cease to accrue on such Note, under the terms and subject to the conditions of this Supplemental Indenture.

The Notes shall be payable and may be presented for payment, purchase, conversion, registration of transfer and exchange, without service charge, at the office of the Company maintained for such purpose in New York, New York, which shall initially be the office or agency of the Trustee.

## **ARTICLE 2 CERTAIN DEFINITIONS**

The following terms have the meanings set forth below in this Supplemental Indenture. Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Indenture. To the extent terms defined herein differ from the Indenture, the terms defined herein will govern.

"Accreted Conversion Price" as of any date means the price determined by dividing (x) the Accreted Value at such date, by (y) the Conversion Rate at such date.

"Accreted Value" means, at any date of determination, (1) prior to such time as the Notes are converted to Cash Pay Notes, the sum of (x) the Initial Principal Amount of the Notes and (y) the portion of the excess of the Principal Amount of the Notes over the Initial Principal Amount which shall have been amortized by the Company in accordance with GAAP through such date, such amount to be so amortized on a daily basis and compounded semi-annually on each July 20 and January 20 at the rate of 3.125% per annum from the Issue Date through the date of determination computed on the basis of a 360-day year of twelve 30-day months and (2) at or after such time as the Notes are converted to Cash Pay Notes, the Restated Principal Amount.

"Acquirer Common Stock" means, with respect to a Person who acquires the Company in a Change of Control, such Person's class of common stock traded on a national securities

exchange or quoted on The Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with Change of Control of the Company.

"Acquisition Value" of Common Stock means, for each Trading day in the valuation period, the value of the consideration paid per share of Common Stock in connection with such Public Acquirer Change of Control, as follows:

(i) for any Cash, 100% of the face amount of such Cash;

(ii) for any Acquirer Common Stock, 100% of the Sale Price of such Acquirer Common Stock on each such Trading day; and

(iii) for any other securities, assets or property, 102% of the Fair Market Value of such security, asset or property on each such Trading Day, as determined by two independent nationally recognized investment banks selected by the Trustee for this purpose.

"Additional Shares" has the meaning assigned thereto in Section 4.02(a).

"Affiliate" means, when used with reference to a specified Person, any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Person specified.

"Applicable Accreted Value" means the Accreted Value of \$1,000 of Principal Amount of Notes on the Redemption Date for Notes called for redemption and on the date the Note is tendered for conversion, in all other cases.

"Applicable Conversion Rate" means the Conversion Rate on any Trading Day, as adjusted in accordance with Section 4.06.

"Applicable Conversion Reference Period" means:

(a) for Notes that are converted after we have specified a Redemption Date, the five consecutive Trading Days beginning on the third Trading Day following the Redemption Date (in the case of a partial redemption, this clause applies only to those Notes that would be actually redeemed); or

(b) in all other cases, the five consecutive Trading Days beginning on the third Trading Day following the date the Notes are tendered for conversion.

"Applicable Stock Price" means an amount equal to the average of the Sale Prices during the Applicable Conversion Reference Period.

"Bid Agent" means a bid solicitation agent appointed by the Company to act in such capacity pursuant to paragraph 3 of the Notes.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of or in such Person's capital stock or other equity interests, and options, rights or warrants to purchase such capital stock or other

equity interests, whether now outstanding or issued after the Issue Date, including, without limitation, all Preferred Stock.

"Cash" or "cash" means U.S. legal tender.

"Cash Dividends" has the meaning assigned thereto in Exhibit A hereto.

"Cash Pay Notes" means the Notes, after they have been converted to semi-annual cash pay Notes following the occurrence of a Tax Event.

A "Change of Control" will be deemed to have occurred at such time after the Issue Date when the following has occurred:

(i) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act other than the Company, the Subsidiaries or the Company's or Subsidiaries' employee benefit plans, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of Common Stock representing more than 50% of the voting power of the Common Stock entitled to vote generally in the election of directors;

(ii) consummation of any transaction or event (whether by means of a liquidation, share exchange, tender offer, consolidation, recapitalization, reclassification, merger of the Company or any sale, lease or other transfer of the Company's and the Subsidiaries' consolidated assets) or a series of related transactions or events pursuant to which Common Stock is exchanged for, converted into or constitutes solely the right to receive Cash, securities or other property more than 10% of which consists of Cash, securities or other property that are not, or upon issuance will not be, traded on the New York Stock Exchange or quoted on the Nasdaq National Market; or

(iii) Continuing Directors cease to constitute at least a majority of the Board of Directors.

"Change of Control Notice" has the meaning assigned thereto in Section 4.02(e).

"Common Equity" of any Person means Capital Stock of such Person that is generally entitled to (i) vote in the election of directors of such Person or

(ii) if such Person is not a corporation, vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"Common Stock" means the common stock of the Company, par value \$1.00 per share, as it exists on the Issue Date and any shares of any class or classes of capital stock of the Company resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company and which are not subject to redemption by the Company; provided, however, that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable on conversion of Notes shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common Stock Record Date" means, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of shareholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

"Company Notice" has the meaning provided in Section 4.03.

"Company Notice Date" has the meaning provided in Section 4.03.

"Continuing Director" means a director who either was a member of the Board of Directors of the Company on the date of this Supplemental Indenture or who became a director of the Company subsequent to such date and whose election, or nomination for election by the Company's stockholders, was duly approved by a majority of the Continuing Directors on the Board of Directors of the Company at the time of such approval, either by a specific vote or by approval of the proxy statement issued by the Company on behalf of the entire Board of Directors of the Company in which such individual is named as nominee for director.

"control", when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Conversion Agent" means the office or agency designated by the Company where Notes may be presented for conversion.

"Conversion Date" has the meaning provided in Section 4.05.

"Conversion Rate" shall mean, initially, 12.7243 shares of Common Stock per Note with a Principal Amount of \$1,000 and shall be subject to adjustment in accordance with Section 4.06.

"Conversion Value" means an amount equal to (a) the Applicable Conversion Rate, multiplied by (b) the Applicable Stock Price. The cash payment for fractional shares will be based on the Applicable Stock Price.

"Daily Share Amount" means a number of shares of Common Stock, per Note with a Principal Amount of \$1,000 and for each Trading Day in the Applicable Conversion Reference Period, equal to the greater of:

- (1) zero; or
- (2) a number of shares of Common Stock determined by the following formula:

$$\left[ \frac{(\text{Sales Price on such day} \times \text{Applicable Conversion Rate}) - \text{the Applicable Accreted Value}}{5 \times \text{Sale Price on such day}} \right]$$

"Default" means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

"Defaulted Interest" has the meaning specified in Section 4.10.

"Distributed Securities" has the meaning provided in Section 4.06.

"Dollars" and "\$" mean United States Dollars.

"Effective Date" has the meaning assigned thereto in Section 4.02(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

"Expiration Time" has the meaning provided in Section 4.06.

"Fair Market Value" means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) that would be negotiated in an arm's-length transaction for cash between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction, as such price is determined in good faith by the Board of Directors of the Company or a duly authorized committee thereof, as evidenced by a resolution of such Board or committee.

"Final Maturity" or "Final Maturity Date" means July 20, 2031.

"Five-Day Period" has the meaning assigned thereto in Exhibit A hereto.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Public Company Accountant Oversight Board or in such other statements by such other entity governing the accounting profession of the United States, as in effect on the date of this Supplemental Indenture.

"Holder" means the Person in whose name a Note is registered in the books of the Registrar for the Notes.

"Indenture" has the meaning provided in the Recitals.

"Initial Principal Amount" of the Notes means, in connection with the original issuance of the Notes, the initial principal amount at which the Notes were issued as set forth on the face of the Notes.

"Interest Payment Date" has the meaning specified in Section 4.08.

"Investment Grade" shall mean BBB-- or higher by S&P or Baa3 or higher by Moody's or the successor or other equivalent of such ratings by S&P or Moody's.

"Issue Date" means the date hereof.

"Market Price" means, on any date, the average of the Sale Prices of the Common Stock for the 20 Trading Day period ending on the third Business Day (if the third Business Day prior to the applicable Purchase Date is a Trading Day, or if not, then on the last Trading Day prior to such third Business Day) prior to such date, appropriately adjusted to take into account the occurrence, during the period commencing on the first of such Trading Days during such

20 Trading Day period and ending on such date, of certain events with respect to the Common Stock that would result in an adjustment of the Conversion Rate under this Supplemental Indenture.

"Marketable Securities" means (a) equity securities that are listed on the New York Stock Exchange, the American Stock Exchange or The Nasdaq National Market and (b) debt securities that are rated by a nationally recognized rating agency, listed on the New York Stock Exchange or the American Stock Exchange or covered by at least two reputable market makers.

"Moody's" means Moody's Investors Service, Inc. or any successor to its debt rating business.

"Net Share Amount" has the meaning assigned thereto in Section 4.05.

"Net Shares" has the meaning assigned thereto in Section 4.05.

"Note Price" has the meaning assigned thereto in Exhibit A hereto.

"Notes" has the meaning provided in the Recitals.

"Notice" shall mean, except where expressly otherwise noted herein or otherwise required by applicable law, the publication of relevant information on [www.bloomberg.com](http://www.bloomberg.com) or the Company's web site or by any other electronic means of publication reasonably calculated by the Company to constitute notice, except that in the case of delivery of information to the Trustee, "Notice" shall mean written notice delivered by first class mail or facsimile.

"Option Exercise Date" has the meaning specified in Section 4.08.

"Paying Agent" means the Trustee or any successor paying agent.

"Preferred Stock" of any Person means all Capital Stock of such Person which has a preference in liquidation or with respect to the payment of dividends.

"Principal Amount" of a Note means the principal amount of such Note at Final Maturity.

"Principal Return" has the meaning assigned thereto in Section 4.05.

"Public Acquirer Change of Control" means any Change of Control where the acquirer, or any entity that is a direct or indirect "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the total voting power of all shares of such acquirer's capital stock that are entitled to vote generally in the election of directors, but in each case other than the Company, has a class of common stock traded on a national securities exchange or quoted on The Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with such change of control.

"Purchase Date" has the meaning provided in Section 4.03.

"Purchase Notice" has the meaning provided in Section 4.03.

"Purchase Price" has the meaning provided in Section 4.03.

"Purchased Shares" has the meaning provided in Section 4.06.

"Rating Agencies" shall mean (1) S&P and (2) Moody's.

"Redemption Date" when used with respect to any Note to be redeemed, means the date fixed for such redemption by or pursuant to this Supplemental Indenture.

"Redemption Notice" has the meaning provided in Section 4.01(c).

"Redemption Price" when used with respect to any Note to be redeemed, means, in the case of Notes converted to Cash Pay Notes, the Restated Principal Amount plus accrued and unpaid interest from the date of such conversion through the Redemption Date, and otherwise means the Accreted Value plus accrued and unpaid contingent interest, if any.

"Registrar" means J.P. Morgan Trust Company, National Association or any successor registrar of the Notes.

"Regular Record Date" has the meaning specified in Section 4.08.

"Restated Principal Amount" has the meaning specified in Section 4.08.

"S&P" means Standard and Poor's Ratings Group (a division of the McGraw-Hill Companies, Inc.) or any successor to its debt rating business.

"Sale Price" of the Common Stock on any date means the closing sale price per share (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date as reported in the composite transactions for the principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by The Nasdaq National Market.

"Special Record Date" has the meaning specified in Section 4.10.

"Stated Maturity", when used with respect to any Note or any installment of semi-annual or contingent interest thereon, means the date specified in such Note as the fixed date on which an amount equal to the Principal Amount of such Note or such installment of semi-annual or contingent interest is due and payable.

"Stock Price" means the price paid per share of Common Stock in connection with a Change of Control pursuant to which Additional Shares shall be added to the Conversion Rate pursuant to Section 4.02 hereof, which shall be equal to (i) if Holders of Common Stock receive only cash in such Change of Control, the cash amount paid per share of Common Stock and (ii) in all other cases, the average of the Sale Prices of the Common Stock on the ten Trading Days up to but not including the Effective Date of such Change of Control.

"Stock Price Cap" has the meaning assigned thereto in Section 4.02(a).

"Stock Price Threshold" has the meaning assigned thereto in Section 4.02(a).

"Supplemental Indenture" has the meaning provided in the Preamble.

"Tax Event" means that the Company shall have received an opinion from independent tax counsel experienced in such matters to the effect that, on or after July 13, 2001, as a result of:

(a) any amendment to, or change (including any announced prospective change) in, the laws, rules or any regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein or

(b) any amendment to, or change in, an interpretation or application of such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority,

in each case which amendment or change is enacted, promulgated, issued or announced or which interpretation is issued or announced or which action is taken, on or after July 13, 2001, there is more than an insubstantial risk that interest (including original issue discount or contingent interest, if any) payable on the Notes either (i) would not be deductible on a current accrual basis or (ii) would not be deductible under any other method, in either case in whole or in part, by the Company (by reason of deferral, disallowance, or otherwise) for United States Federal income tax purposes.

"Tax Event Date" has the meaning specified in Section 4.08.

"Trading Day" means (x) if the applicable security is listed or admitted for trading on the New York Stock Exchange or another national security exchange, a day on which the New York Stock Exchange or other national security exchange is open for business or (y) if the applicable security is quoted on The Nasdaq National Market, a day on which trades may be made thereon or (z) if the applicable security is not so listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Trustee" means the party named as such above until a successor replaces such party in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Twenty-Day Average Price" means the average of the Sale Prices of the Common Stock for each Trading Day in the 20 Trading Day period ending on the last Trading Day prior to the applicable Conversion Date, appropriately adjusted to take into account the occurrence, during such 20 Trading Day period, of any event requiring adjustment of the Conversion Rate under this Supplemental Indenture.

### **ARTICLE 3 COVENANTS**

#### **Section 3.01. Reports to Holders of Notes.**

The Company will file with the Commission the annual reports and the information, documents and other reports required to be filed pursuant to

Section 13 or 15(d) of the Exchange Act. The Company will file with the Trustee and mail to each Holder of record of Notes such annual and other regular and periodic reports within 15 days after it files them with the



Commission. If the Company is no longer subject to these periodic requirements of the Exchange Act, it will nonetheless continue to file reports with the Commission and the Trustee and mail such reports to each Holder of Notes as if it were subject to such reporting requirements. Regardless of whether the Company is required to furnish such reports to its stockholders pursuant to the Exchange Act, the Company will cause its consolidated financial statements and a "Management's Discussion and Analysis of Results of Operations and Financial Condition" written report, similar to those that would have been required to appear in annual or quarterly reports, to be delivered to Holders of Notes.

#### **ARTICLE 4 REDEMPTION AND CONVERSIONS**

##### **Section 4.01. Optional Redemption by the Company.**

(a) Right to Redeem; Notice to Trustee. The Company, at its option, may redeem the Notes in accordance with the provisions of paragraphs 6 and 8 of the Notes. If the Company elects to redeem Notes pursuant to paragraph 6 of the Notes, it shall notify the Trustee in writing of the Redemption Date, the Principal Amount of Notes to be redeemed, the Redemption Price and the amount of contingent interest, if any, payable on the Redemption Date. The Company shall give the Notice to the Trustee provided for in this Section 4.01(a) at least 30 days but not more than 60 days before the Redemption Date.

(b) Selection of Notes to Be Redeemed. If any Note selected for partial redemption is thereafter surrendered for conversion in part before termination of the conversion right with respect to the portion of the Note so selected, the converted portion of such Note shall be deemed (so far as may be), solely for purposes of determining the aggregate Principal Amount of Notes to be redeemed by the Company, to be the portion selected for redemption. Notes which have been converted during a selection of Notes to be redeemed may be treated by the Trustee as outstanding for the purpose of such selection. Nothing in this Section 4.01(b) shall affect the right of any Holder to convert any Note pursuant to Sections 4.05, 4.06 and 4.07 before the termination of the conversion right with respect thereto.

(c) Notice of Redemption. At least 30 days but not more than 60 days before a Redemption Date, the Company shall provide Notice of redemption ("Redemption Notice") to the Trustee and to each Holder of Notes to be redeemed.

The Notice shall identify the Notes to be redeemed and shall state:

(i) the Redemption Date;

(ii) the Redemption Price and, to the extent known at the time of such Notice, the amount of contingent interest, if any, payable on the Redemption Date;

(iii) the then current Conversion Rate;

(iv) the name and address of the Paying Agent and the Conversion Agent;

(v) that Notes called for redemption must be presented and surrendered to the Paying Agent to collect the Redemption Price and contingent interest, if any;

(vi) that the Notes called for redemption may be converted at any time before the close of business on the Business Day prior to the Redemption Date;

(vii) that Holders who wish to convert Notes must comply with the procedures in paragraph 9 of the Notes;

(viii) that, unless the Company defaults in making payment of such Redemption Price and contingent interest, if any, Accreted Value and interest (including contingent interest), if any, on the Notes called for redemption will cease to accrue on and after the Redemption Date and the only remaining right of the Holder will be to receive payment of the Redemption Price upon presentation and surrender to the Paying Agent of the Notes;

(ix) if fewer than all the outstanding Notes are to be redeemed, the certificate number and Principal Amounts at Final Maturity of the particular Notes to be redeemed; and

(x) the CUSIP number or numbers for the Notes called for redemption.

At the Company's request, the Trustee shall give the Notice of redemption in the Company's name and at the Company's expense.

(d) Effect of Notice of Redemption. Once Notice of redemption is given, Notes called for redemption become due and payable on the Redemption Date and at the Redemption Price (together with accrued and unpaid contingent interest, if any) stated in the Notice, except for Notes that are converted in accordance with the provisions of Sections 4.05, 4.06 and 4.07. Upon presentation and surrender to the Paying Agent, Notes called for redemption shall be paid at the Redemption Price (together with accrued contingent interest, if any).

(e) Sinking Fund. There shall be no sinking fund provided for the Notes.

(f) Deposit of Redemption Price. On or before 11:00 a.m. (New York City time) on the Redemption Date, the Company shall deposit with the Trustee or with the Paying Agent (or, if the Company or an Affiliate of the Company is acting as the Paying Agent, shall segregate and hold in trust) an amount of money sufficient to pay the aggregate Redemption Price of, and any accrued and unpaid contingent interest with respect to, all the Notes to be redeemed on that date other than the Notes or portions thereof called for redemption which on or prior thereto have been delivered by the Company to the Trustee for cancellation or have been converted in accordance with the provisions hereof. The Trustee and the Paying Agent shall, as promptly as practicable, return to the Company any money not required for that purpose because of conversion of the Notes in accordance with the provisions of Sections 4.05, 4.06 and 4.07. If such money is then held by the Company or a Subsidiary in trust and is not required for such purpose, it shall be discharged from such trust.

Section 4.02. Make Whole Amount and Public Acquirer Change of Control.

(a) Additional Shares. On or prior to January 20, 2007, if a Holder elects to convert the Notes in connection with a Change of Control pursuant to

Section 4.05, the Conversion Rate for such converting Holder shall be increased by an additional number of shares of Common

Stock (the "ADDITIONAL SHARES") as described below; provided that if the Stock Price is greater than \$50.00 (the "STOCK PRICE CAP") or less than \$25.51 (the "STOCK PRICE THRESHOLD") (subject in each case to adjustment as described below), the number of Additional Shares shall be zero. The Additional Shares shall be in addition to, and not in substitution for, any cash or shares of Common Stock otherwise due to Holders of Notes upon conversion, as described in this Supplemental Indenture. Holders will not be entitled to receive Additional Shares if a Holder elects to convert Notes in connection with a Change of Control after January 20, 2007.

The number of Additional Shares shall be determined by reference to the table set forth below, based on the effective date of such Change of Control transaction (the "EFFECTIVE DATE") and the Stock Price.

Notwithstanding the foregoing, in no event shall the total number of shares of Common Stock issuable upon conversion exceed 47.91 shares per \$1,000 Principal Amount, subject to adjustment in the same manner as the Conversion Rate as set forth in Section 4.06.

Any Conversion of Notes in connection with a Change of Control as provided in this Section and the settlement thereof shall be as set forth in Section 4.05.

### Additional Shares Table

Stock Price	Effective Date			
	December 15, 2004	January 20, 2005	January 20, 2006	January 20, 2007
\$25.50	0.0000	0.0000	0.0000	0.0000
\$25.51	4.8591	4.9569	5.3338	5.6136
\$30.00	2.6499	2.7003	2.8216	2.8690
\$32.50	1.8227	1.8546	1.8635	1.6695
\$35.00	1.2060	1.2274	1.1656	0.6414
\$37.50	0.7489	0.7683	0.6806	0.0000
\$40.00	0.4104	0.4339	0.3600	0.0000
\$42.50	0.1623	0.1855	0.1588	0.0000
\$50.00	0.0000	0.0000	0.0000	0.0000

The exact Stock Price and Effective Dates may not be set forth on the table, in which case, if the Stock Price is between two Stock Prices on the table or the Effective Date is between two Effective Dates on the table, the Additional Shares shall be determined by straight-line interpolation between Additional Shares amounts set forth for the higher and lower Stock Prices and the two Effective Dates, as applicable, based on a 365-day year. The Stock Prices set forth in the column headers are subject to adjustment pursuant to Section 4.06.

(b) Public Acquirer Change of Control. In lieu of adjusting the Conversion Rate as set forth above in Section 4.02(a), in the case of a Public Acquirer Change of Control, the Company may elect that, from and after the Effective Date of such Public Acquirer Change of Control, the right to convert a Note into Cash and Common Stock will be changed into a right to convert a Note into a number of shares of Acquirer Common Stock. The Conversion Rate following the Effective Date of such transaction will be a number of shares of Acquirer Common Stock equal to the product of:

(i) the Conversion Rate in effect immediately prior to the Effective Date of such Public Acquirer Change of Control, times

(ii) the average of the quotients obtained, for each Trading Day in the five consecutive Trading Day period commencing on the Trading Day next succeeding the Effective Date of such Public Acquirer Change of Control (the "VALUATION PERIOD"), of:

(A) the Acquisition Value of the Common Stock on each such Trading Day in the Valuation Period, divided by

(B) the Sale Price of the Acquirer Common Stock on each such Trading Day in the Valuation Period.

After the adjustment of the Conversion Rate in connection with a Public Acquirer Change of Control, the Conversion Rate will be subject to further similar adjustments if any of the events described above occur thereafter.

(c) Calculation Agent. A Calculation Agent appointed from time to time by the Company shall, on behalf of and on request by the Company, calculate (A) the Stock Price and (B) the Additional Shares with respect to such Stock Price, based on the Effective Date specified by the Company, and shall deliver its calculation of the Stock Price and Additional Shares to the Company and the Trustee within three Business Days of the request by the Company or the Trustee. In addition, the Calculation Agent shall, on behalf of and upon request by the Company or the Trustee, determine the Acquisition Value described in Section 4.02(b) above and deliver its calculations to the Company or the Trustee by 9:00

p.m., New York City time, within three Business Days after the end of the Valuation Period. The Company, or at the Company's request, the Trustee in the name and at the expense of the Company, shall provide a Notice to the Holders, of the Stock Price and Additional Shares per Principal Amount with respect to a Change of Control as part of the Change of Control Notice. Upon a Public Acquirer Change of Control, whereby the Company has elected to change the conversion consideration pursuant to Section 4.02(b) above, the Company, or at the Company's request, the Trustee in the name and at the expense of the Company, shall provide a Notice to the Holders, promptly within three Business Days after the end of the Valuation Period, of the number of shares of Acquirer Common Stock into which the Notes are convertible after the Effective Date. Any Notice so given shall be conclusively presumed to have been duly given, whether or not the Holder receives such Notice. The Company shall verify, in writing, all calculations made by the Calculation Agent pursuant to this Section 4.03(c).

(d) Adjustment Related to Additional Shares. Whenever the Conversion Rate shall be adjusted from time to time by the Company pursuant to Section 4.06, the Stock Price Threshold and the Stock Price Cap shall be adjusted and each of the Stock Prices set forth in the Additional Shares Table shall be adjusted. The adjusted Stock Price Threshold, Stock Price Cap and Stock Prices set forth in the Additional Shares Table shall equal the Stock Price Threshold, Stock Price Cap and such Stock Prices, as the case may be, immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to such adjustment and the denominator of which is the Conversion Rate so adjusted.

(e) Change of Control Notice. As promptly as practicable, but in no event less than 15 days prior to the Effective Date of a Change of Control, the Company shall provide Notice of Change of Control ("CHANGE OF CONTROL NOTICE") to the Trustee and to each Holder of Notes and shall state:

(i) the Effective Date and, briefly, the events causing such Change in Control;

(ii) the procedures the Holders must follow to exercise rights under Section 4.03 and this Section 4.02

(ii) specify whether we will adjust the Conversion Rate or elect to modify the conversion obligation, in accordance with Section 4.02(b);

(iii) the then current Conversion Rate;

(iv) the number of Additional Shares; and

(v) the name and address of the Conversion Agent.

#### Section 4.03. Purchase of Notes at the Option of the Holder.

(a) Purchase of Notes at the Option of the Holder. On each of January 20, 2005, January 20, 2007, July 20, 2011, July 20, 2016, July 20, 2021 and July 20, 2026 (each, a "PURCHASE DATE"), at the purchase price specified in paragraph 7 of the Notes (each, a "PURCHASE PRICE"), a Holder of Notes shall have the option to require the Company to purchase any outstanding Notes, upon:

(i) delivery to the Paying Agent by the Holder of a written Notice of purchase (a "PURCHASE NOTICE") at any time from the opening of business on the date that is 30 Business Days prior to a Purchase Date until the close of business on such Purchase Date, stating:

(A) if certificated, the certificate numbers of the Notes which the Holder shall deliver to be purchased;

(B) the portion of the Principal Amount of the Notes which the Holder shall deliver to be purchased, which portion must be \$1,000 in Principal Amount or a multiple thereof; and

(C) that such Notes shall be purchased as of the Purchase Date pursuant to the terms and conditions specified in paragraph 7 of the Notes and in this Supplemental Indenture.

(ii) delivery or book-entry transfer of such Note to the Paying Agent prior to, on or after the Purchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery or transfer being a condition to receipt by the Holder of the Purchase Price therefor; provided, however, that such Purchase Price shall be so paid pursuant to this Section 4.03 only if the Note so delivered or transferred to the Paying

Agent shall conform in all respects to the description thereof in the related Purchase Notice.

(b) Procedures. The Company shall purchase from the Holder thereof, pursuant to this Section 4.03, a portion of a Note if the Principal Amount of such portion is \$1,000 or a multiple of \$1,000 if so requested by the Holder. Provisions of this Supplemental Indenture that apply to the purchase of all of a Note also apply to the purchase of such portion of such Note.

Any purchase by the Company contemplated pursuant to the provisions of this Section 4.03 shall be consummated by the delivery of Cash (together with accrued and unpaid contingent interest, if any) promptly following the later of the Purchase Date and the time of delivery or book-entry transfer of the Note.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Purchase Notice contemplated by Section 4.03 (a) shall have the right at any time prior to the close of business on the Purchase Date to withdraw such Purchase Notice (in whole or in part) by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 4.04(a).

The Paying Agent shall promptly notify the Company of the receipt by it of any Purchase Notice or written notice of withdrawal thereof.

(c) Delivery of Officers' Certificate. At least five Business Days before the Company Notice Date, the Company shall deliver an Officers' Certificate to the Trustee specifying:

(i) the information required by Section 4.03(e); and

(ii) whether the Company desires the Trustee to give the Company Notice required by Section 4.03(e).

(d) Purchase with Cash. The Purchase Price in respect of which a Purchase Notice pursuant to Section 4.03(a) has been given, or a specified percentage thereof, shall be paid by the Company with Cash equal to the aggregate Purchase Price, or such specified percentage thereof, as the case may be, of such Notes.

(e) Notice. The Company shall send a notice (a "COMPANY NOTICE") to the Holders (and to beneficial owners if required by applicable law) at their addresses shown in the Note register maintained by the Registrar, and delivered to the Trustee, not less than 30 Business Days prior to the Purchase Date (the "COMPANY NOTICE Date"); provided, however that the Company shall not be required to give such Company Notice with respect to the January 20, 2005 Purchase Date. Such Company Notice shall state that payments shall be made in Cash and shall include a form of Purchase Notice to be completed by a Holder and shall state:

(i) the Purchase Price, the Conversion Rate and, to the extent known at the time of such Notice, the amount of contingent interest, if any, that will be payable with respect to the Notes on the Purchase Date;

(ii) the name and address of the Paying Agent and the Conversion Agent;

(iii) that Notes as to which a Purchase Notice has been given may be converted only if the applicable Purchase Notice has been withdrawn in accordance with the terms of this Supplemental Indenture;

(iv) that Notes must be surrendered to the Paying Agent to collect payment of the Purchase Price and contingent interest, if any;

(v) that the Purchase Price for any Note as to which a Purchase Notice has been given and not withdrawn, together with any accrued contingent interest payable with respect thereto, shall be paid promptly following the later of the Purchase Date and the time of surrender of such Note as described in (iv);

(vi) the procedures the Holder must follow under Section 4.03;

(vii) briefly, the conversion rights of the Notes;

(viii) that, unless the Company defaults in making payment of such Purchase Price and contingent interest, if any, Accreted Value and interest (including contingent interest), if any, on Notes covered by any Purchase Notice (or interest, if the Notes have been converted into Cash Pay Notes pursuant to Section 4.08 of this Supplemental Indenture, if any) will cease to accrue on and after the Purchase Date;

(ix) the CUSIP or ISIN number of the Notes; and

(x) the procedures for withdrawing a Purchase Notice.

At the Company's request and at the Company's expense, the Trustee shall give the Company Notice in the Company's name; provided, however, that, in all cases, the text of the Company Notice shall be prepared by the Company.

(f) Covenants of the Company. All shares of Common Stock delivered upon conversion of the Notes shall be newly issued shares or treasury shares, shall be fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Company shall cause to have listed or quoted all such shares of Common Stock on each United States national securities exchange or over-the-counter or other domestic market on which the Common Stock is then listed or quoted.

(g) Procedure upon Purchase. On or before 11:00 a.m. (New York City time) on the Business Day immediately following the Purchase Date, the Company shall deposit with the Paying Agent Cash sufficient to pay the aggregate Purchase Price of, and any accrued and unpaid contingent interest with respect to, the Notes to be purchased pursuant to this Section 4.03. If the Paying Agent holds, in accordance with the terms of the Indenture, money sufficient to pay the Purchase Price of such Note on the Business Day following the Purchase Date, then, on and after such date, such Note shall cease to be outstanding and Accreted Value on such Note shall cease to accrue, whether or not book-entry transfer of such Note is made or such Note is delivered to the Paying Agent, and all other rights of the Holder shall terminate (other than the right to receive the Purchase Price upon delivery or transfer of the Note).

(h) Taxes. Nothing herein shall preclude any income tax withholding required by law or regulations.

#### Section 4.04. Further Conditions for Purchase at the Option of Holders.

(a) Effect of Purchase Notice. Upon receipt by the Company of the Purchase Notice specified in Section 4.03(a), the Holder of the Note in respect of which such Purchase Notice was given shall (unless such Purchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Purchase Price and any accrued and unpaid contingent interest, if any, with respect to such Note. Such Purchase Price and contingent interest, if any, shall be paid to such Holder promptly following the later of

(x) the Purchase Date with respect to such Note (provided the conditions in

Section 4.03(a), have been satisfied) and (y) the time of delivery or book-entry transfer of such Note to the Paying Agent by the Holder thereof in the manner required by Section 4.03(a). Notes in respect of which a Purchase Notice has been given by the Holder thereof may not be converted for shares of Common Stock on or after the date of the delivery of such Purchase Notice, unless such Purchase Notice has first been validly withdrawn as specified in the following two paragraphs.

A Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent at any time prior to the close of business on the Purchase Date to which it relates specifying:

(i) if certificated, the certificate number of the Notes in respect of which such notice of withdrawal is being submitted;

(ii) the Principal Amount of the Notes with respect to which such notice of withdrawal is being submitted; and

(iii) the Principal Amount, if any, of the Notes which remain subject to the original Purchase Notice and which has been or shall be delivered for purchase by the Company.

A written notice of withdrawal of a Purchase Notice may be in the form of a conditional withdrawal containing the information set forth in the preceding paragraph and contained in a written notice of withdrawal delivered to the Paying Agent as set forth in the preceding paragraph.

There shall be no purchase of any Notes pursuant to Section 4.03 or redemption pursuant to Section 4.01 if there has occurred prior to, on or after, as the case may be, the giving, by the Holders of such Notes, of the required Purchase Notice, or the giving by the Company of the required Redemption Notice, and is continuing an Event of Default (other than an Event of Default that is cured by the payment of the Purchase Price, and any accrued and unpaid contingent interest with respect to all such Notes). The Paying Agent will promptly return to the respective Holders thereof any Notes (x) with respect to which a Purchase Notice, has been withdrawn in compliance with this Supplemental Indenture, or (y) held by it during the continuance of an Event of Default (other than an Event of Default that is cured by the payment of the Purchase Price, and any accrued and unpaid contingent interest with respect to all such Notes) in which case, upon such return, the Purchase Notice with respect thereto shall be deemed to have been withdrawn.



(b) Notes Purchased in Part. Any Note that is to be purchased only in part shall be surrendered at the office of the Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Note, without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder in aggregate Principal Amount equal to, and in exchange for, the portion of the Principal Amount of the Note so surrendered which is not purchased or redeemed.

(c) Covenant to Comply with Securities Laws upon Purchase of Notes. In connection with any offer to purchase Notes under Section 4.03, the Company shall (i) comply with Rules 13e-4 and 14e-1 (which terms, as used herein, include any successor provision thereto) under the Exchange Act, if applicable;

(ii) file the related Schedule TO (or any successor schedule, form or report) under the Exchange Act, if applicable; and (iii) otherwise comply with all federal and state securities laws so as to permit the rights and obligations under Section 4.03 to be exercised in the time and in the manner specified in Section 4.03.

(d) Repayment to the Company. The Trustee and the Paying Agent shall return to the Company any Cash remains unclaimed as provided in paragraph 14 of the Notes, together with interest that the Trustee has agreed to pay on the Cash held by them for the payment of a Purchase Price or contingent interest, if any; provided, however, that to the extent that the aggregate amount of Cash deposited by the Company pursuant to Section 4.04(b) exceeds the aggregate Purchase Price of, and any accrued and unpaid contingent interest with respect to, the Notes or portions thereof which the Company is obligated to purchase as of the Purchase Date, then promptly after the Business Day following the Purchase Date, the Trustee and the Paying Agent shall return any such excess to the Company together with interest that the Trustee has agreed to pay, if any, while such Cash is held by the Trustee or the Paying Agent.

#### Section 4.05. Conversion of Notes.

(a) Right to Convert. A Holder of a Note may convert such Note at any time during which the conditions stated in paragraph 9 of the Notes are met. Subject to certain exceptions described under clause (d)(3) of in paragraph 9 of the Notes, if a Holder surrenders its Notes for conversion, such holder will receive, in respect of each \$1,000 of Principal Amount:

(i) Cash in an amount (the "PRINCIPAL RETURN") equal to the lesser of (A) the Applicable Accreted Value and (B) the Conversion Value; and

(ii) if the Conversion Value is greater than the Applicable Accreted Value, a number of shares of Common Stock (the "NET SHARES") equal to the sum of the Daily Share Amounts (calculated as described below) for each Trading Day during the Applicable Conversion Reference Period (the "NET SHARE AMOUNT"); provided that, in lieu of the delivery of Net Shares, the Company may, at its option, deliver Cash or a combination of Cash and shares of Company Common Stock equal to the value of the sum of the Daily Share Amounts. For this purpose, the value of each Daily Share Amount shall be calculated using the Sale Price of Company Common Stock on each Trading Day in the Applicable Conversion Reference Period. If and to the extent that the Company

makes such an election, references herein to "Net Share Amount" shall be deemed to be references to such amount in Cash or combination of Cash and Common Stock, as applicable.

A Holder may convert a portion of the Principal Amount of a Note if the portion is \$1,000 or a multiple of \$1,000. Provisions of this Supplemental Indenture that apply to conversion of all of a Note also apply to conversion of a portion of a Note.

(b) Conversion Procedures. To convert a Note a Holder must satisfy the requirements in paragraph 9 of the Notes. The date on which the Holder of Notes satisfies all those requirements is the conversion date (the "CONVERSION DATE"). As soon as practicable, but in no event later than the third Business Day following the determination of the Applicable Stock Price the Company shall deliver to the Holder, through the Conversion Agent, the Principal Return, Net Share Amount, if applicable, and Cash in lieu of any fractional share determined pursuant to Section 4.05(c). The Person in whose name any Common Stock certificate is registered shall be treated as a stockholder of record on and after the Conversion Date; provided, however, that no surrender of a Note on any date when the stock transfer books of the Company shall be closed shall be effective to constitute the Person or Persons entitled to receive the Net Share Amount upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open; such conversion shall be at the Conversion Rate in effect on the date that such Note shall have been surrendered for conversion, as if the stock transfer books of the Company had not been closed. Upon conversion of a Note, such Person shall no longer be a Holder of such Note.

No payment or adjustment shall be made for dividends on or other distributions with respect to any Common Stock except as provided in Section

4.06. On conversion of a Note, that portion of Accreted Value (or interest, if the Company has exercised its option to convert the Notes to Cash Pay Notes pursuant to Section 4.08) attributable to the period from the Issue Date of the Note to the Conversion Date and accrued contingent interest with respect to the converted Note shall not be canceled, extinguished or forfeited, but rather shall be deemed to be paid in full (except as contemplated in paragraph 10 of the Notes) to the Holder thereof through delivery of the Principal Amount and Net Share Amount, if applicable (together with the Cash payment, if any, in lieu of fractional shares) in exchange for the Note being converted.

If a Holder converts more than one Note at the same time, the Principal Return, the Net Share Amount (together with the Cash payment, if any, in lieu of fractional shares) shall be based on the total Principal Amount of the Notes converted.

Upon surrender of a Note that is converted in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder, a new Note in an authorized denomination equal in Principal Amount (or the Restated Principal Amount, if applicable) to the unconverted portion of the Note surrendered.

If the last day on which a Note may be converted is a legal holiday in a place where a Conversion Agent is located, the Note may be surrendered to that Conversion Agent on the next succeeding day that it is not a legal holiday.

(c) Cash Payments in Lieu of Fractional Shares. The Company shall not issue a fractional share of Common Stock upon conversion of a Note. Instead the Company shall deliver Cash for the current market value of the fractional share. The current market value of a fractional share shall be determined to the nearest 1/10,000th of a share by multiplying the Sale Price of a full share of Common Stock on the Trading Day immediately preceding the Conversion Date by the fractional amount and rounding the product to the nearest whole cent.

(d) Taxes on Conversion. If a Holder converts a Note, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon the conversion. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax which shall be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulations.

(e) Company to Provide Stock. The Company shall, prior to issuance of any Notes hereunder, and from time to time as may be necessary, reserve out of its authorized but unissued Common Stock a sufficient number of shares of Common Stock to permit the conversion of the Notes.

All shares of Common Stock delivered upon conversion of the Notes shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Company shall endeavor promptly to comply with all federal and state securities laws regulating the order and delivery of shares of Common Stock upon the conversion of Notes, if any, and shall cause to have listed or quoted all such shares of Common Stock on each United States national securities exchange or over-the-counter or other domestic market on which the Common Stock is then listed or quoted.

#### Section 4.06. Adjustments to Conversion Rate.

The Conversion Rate shall be adjusted from time to time by the Company as follows:

(a) In case the Company shall (i) pay a dividend, or make a distribution, in shares of Common Stock or other capital stock, on Common Stock; (ii) subdivide its outstanding Common Stock into a greater number of shares; or (iii) combine its outstanding Common Stock into a smaller number of shares, the Conversion Rate in effect immediately prior thereto shall be adjusted so that the holder of any Note thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock which such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Note been converted immediately prior to the happening of such event. If any dividend or distribution of the type described in clause (i) above is not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared. An adjustment made pursuant to this Section 4.06 shall become effective immediately after the Common Stock Record Date in the case of a dividend and shall become effective immediately after the effective date in the case of subdivision or combination.

(b) In case the Company shall issue rights or warrants to all holders of any class or series of its Common Stock entitling them (for a period expiring within 60 days after the date fixed for determination of stockholders entitled to receive such rights or warrants) to subscribe for or purchase Common Stock at a price per share less than the Sale Price per share of Common Stock on the day preceding the date of announcement of the Common Stock Record Date for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate in effect immediately prior thereto shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the date of the issuance of such rights or warrants by a fraction of which the numerator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the denominator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such Sale Price. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the Common Stock Record Date for the determination of the stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such Common Stock Record Date for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Sale Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock (excluding any distribution in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary) any evidences of its indebtedness or assets (other than Cash dividends or other Cash distributions from the Company's current or retained earnings) or rights or warrants to subscribe for or purchase any of its securities (excluding those referred to in Section 4.06(b)) (any of the foregoing hereinafter in this Section 4.06(c) called the "DISTRIBUTED SECURITIES"), then, the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the date of such distribution by a fraction of which the numerator shall be the Market Price per share of the Common Stock on the Common Stock Record Date mentioned below, and the denominator shall be the Sale Price per share of the Common Stock on such Common Stock Record Date less the fair market value on such Common Stock Record Date (as determined by the Board of Directors, whose determination shall be conclusive, and described in a certificate filed with the Trustee) of the Distributed Securities so distributed applicable to one share of Common Stock. Such adjustment shall become effective immediately after the Common Stock Record Date for the determination of stockholders entitled to receive such distribution. Notwithstanding the foregoing, in the event (a) the then fair market value (as so determined) of the portion of the Distributed Securities so distributed applicable to one share

of Common Stock is equal to or greater than the Market Price of the Common Stock on the Common Stock Record Date or (b) such Market Price exceeds the fair market value of such Distributed Securities by less than \$1.00, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion the amount of Distributed Securities such Holder would have received had such Holder converted each Note on such Common Stock Record Date. In the event that such distribution is not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such distribution had not been declared. If the Board of Directors determines the fair market value of any distribution for purposes of this Section 4.06(c) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market on the same day used in computing the Sale Price of the Common Stock.

Notwithstanding the foregoing provisions of this Section 4.06(c), no adjustment shall be made thereunder for any distribution of Distributed Securities if the Company makes proper provision so that each Holder of a Note who converts such Note (or any portion thereof) after the Common Stock Record Date for such distribution shall be entitled to receive upon such conversion, in addition to the shares of Common Stock issuable upon such conversion, the amount and kind of Distributed Securities that such Holder would have been entitled to receive if such Holder had, immediately prior to such Common Stock Record Date, converted such Note for Common Stock; provided that, with respect to any Distributed Securities that are convertible, exchangeable or exercisable, the foregoing provision shall only apply to the extent (and so long as) the Distributed Securities receivable upon conversion of such Note would be convertible, exchangeable or exercisable, as applicable, without any loss of rights or privileges for a period of at least 60 days following conversion of such Note.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of any class of its Common Stock Cash (excluding any Cash that is distributed upon a merger or consolidation to which Section 4.07(f) applies) in an aggregate amount that, combined together with (i) the aggregate amount of any other such distributions to all holders of any class of its Common Stock made exclusively in Cash within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this Section 4.06(d) has been made, and (ii) the aggregate of any Cash plus the fair market value of other consideration (as so determined by the Board of Directors, whose determination shall be conclusive, and described in a certificate filed with the Trustee) payable in respect of any tender offer by the Company for all or any portion of any class of its Common Stock concluded within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to Section 4.06(e) has been made, unless, beginning July 20, 2007, the annualized amount per share of Common Stock of any such dividend or distribution made on or after July 20, 2007 exceeds 10% of the product of the Sale Price on the day preceding the date of declaration of such dividend or distribution times the number of shares of Common Stock outstanding on such date, then, and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the Common Stock Record Date by a fraction of which the numerator shall be such Sale Price of the Common Stock and the denominator shall be such Sale Price of the Common Stock less the amount of Cash and the fair market value (as so determined) of such other consideration so distributed (and not excluded as provided above) applicable to one share of Common Stock, such increase to be effective immediately prior to the opening of business on the day following the Common Stock Record Date; provided, however,

that no adjustment will be made in respect of any such dividends and distributions that are paid during any period for which the Company is paying contingent interest to Holders; provided, further, that, if the portion of the cash so distributed applicable to one share of Common Stock is (i) equal to or greater than the Market Price of the Common Stock on the day preceding the date of declaration of such dividend or distribution or (ii) the Market Price of the Common Stock on the day preceding the date of declaration of such dividend or distribution is greater than the fair market value of the consideration distributed pursuant to Section 4.06(e) by less than \$1.00, then, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion, in addition to the shares of Common Stock, Cash and other consideration the Holder would have received had such Holder converted such Note immediately prior to such Common Stock Record Date. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared. If any adjustment is required to be made as set forth in this Section 4.06(d) as a result of a distribution that is a quarterly dividend, such adjustment shall be based upon the amount by which such distribution exceeds the amount of the quarterly cash dividend permitted to be excluded pursuant hereto. If an adjustment is required to be made as set forth in this Section 4.06(d) above as a result of a distribution that is not a quarterly dividend, such adjustment shall be based upon the full amount of the distribution.

(e) In case a tender offer made by the Company or any of its subsidiaries for all or any portion of any class of its Common Stock expires and such tender offer (as amended upon the expiration thereof) requires the payment to stockholders (based on the acceptance (up to any maximum specified in the terms of the tender offer) of Purchased Shares) for an aggregate consideration having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) that, combined together with (a) the aggregate of the Cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors), as of the expiration of such tender offer, of consideration payable in respect of any other tender offers, by the Company or any of its subsidiaries for all or any portion of any class of its Common Stock expiring within the 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to this Section 4.06(e) has been made, and (b) the aggregate amount of any distributions to all holders of the Common Stock made exclusively in Cash within 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to Section 4.06(d) has been made (except as excluded by the first parenthetical phrase thereof), exceeds 10% of the product of the Market Price (determined as provided herein) as of the last time (the "EXPIRATION TIME") tenders could have been made pursuant to such tender offer (as it may be amended) times the number of shares of Common Stock outstanding (including any tendered shares) at the Expiration Time, then, and in each such case, immediately prior to the opening of business on the day after the date of the Expiration Time, the Conversion Rate shall be increased so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the Expiration Time by a fraction of which the numerator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to an maximum specified in the terms of the tender or exchanged offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "PURCHASED SHARES") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased

Shares) on the Expiration Time and the Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time and the denominator shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) on the Expiration Time multiplied by the Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, such increase (if any) to become effective immediately prior to the opening of business on the day following the Expiration Time. If the Company is obligated to purchase shares pursuant to any such tender offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer had not been made.

(f) If prior to July 20, 2007 the Company makes a dividend or other distribution consisting exclusively of Cash to all holders of Common Stock, the Conversion Rate will be adjusted based on the following formula:

**SP**

$$CR = CR_0 \times \frac{SP_0 - ED_0}{SP_1 - ED_1}$$

$$\text{where,}$$

- $CR_0$  = the Conversion Rate in effect immediately prior to the Common Stock Record Date for such Cash dividend or distribution;
- $CR_1$  = the Conversion Rate in effect immediately after the ex dividend date for such Cash dividend or distribution;
- $SP_0$  = the average of the Sale Prices of Common Stock for the ten consecutive Trading Days prior to the Trading Day immediately preceding the ex dividend date of such Cash dividend or distribution; and
- $ED$  = the amount by which such Cash dividend or distribution together with all other such Cash dividends or distributions made during the fiscal quarter (and for which no adjustment has been made), exceeds \$0.18 per share (appropriately adjusted from time to time for any share dividends on or subdivisions of Common Stock).

(g) For purposes of this Section 4.06, the number of shares of Common

Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

#### Section 4.07. Miscellaneous Provisions Relating to Conversion.

(a) When Adjustment May be Deferred. No adjustment in the Conversion Rate need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Rate then in effect; provided that any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment. Except as stated in Section 4.06, the Conversion Rate will not be adjusted for the issuance of Common

Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing. Any adjustments that are made shall be carried forward and taken into account any subsequent adjustment. All calculations under Sections 4.05, 4.06 and 4.07 shall be made to the nearest cent or to the nearest 1/10,000th of a share, as the case may be.

(b) When No Adjustment Required. No adjustment need be made for rights to purchase Common Stock pursuant to a Company plan for reinvestment of dividends or interest. No adjustment need be made for a change in the par value or no par value of the Common Stock. To the extent the Notes become convertible into cash, assets or property (other than securities of the Company or another Person), no adjustment need be made thereafter as to the cash, assets or property. Interest shall not accrue on the Cash.

No adjustment need be made for a transaction referred to in Section 4.06(a), (b), (c), (d) or (e) if Holders participate in the transaction (without converting their Notes) by receiving the same Cash, assets, property or securities that they would have received had they converted their Notes immediately prior to the Common Stock Record Date or the effective date of the transaction as the case may be.

(c) Notice of Adjustment. Whenever the Conversion Rate is adjusted, the Company shall promptly provide to Holders a Notice of the adjustment. The Company shall file with the Trustee and the Conversion Agent such Notice. The certificate shall, absent manifest error, be conclusive evidence that the adjustment is correct. Neither the Trustee nor any Conversion Agent shall be under any duty or responsibility with respect to any such certificate except to exhibit the same to any Holder desiring inspection thereof.

(d) Voluntary Increase. The Company may make such increases in the Conversion Rate, in addition to those required by Section 4.06, as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. To the extent permitted by applicable law, the Company may from time to time increase the Conversion Rate by any amount for any period of time if the period is at least 20 days, the increase is irrevocable during the period and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is so increased, the Company shall provide to Holders and file with the Trustee and the Conversion Agent a Notice of such increase. Neither the Trustee nor any Conversion Agent shall be under any duty or responsibility with respect to any such certificate except to exhibit the same to any holder desiring inspection thereof. The Company shall provide the Notice at least 15 days before the date the increased Conversion Rate takes affect. The Notice shall state the increased Conversion Rate and the period it shall be in effect.

(e) Notice to Holders Prior to Certain Actions. In case:

(i) the Company shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 4.06;



(ii) the Company shall authorize the granting to all or substantially all the Holders of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants to purchase Common Stock;

(iii) of any reclassification or reorganization of the Common Stock of the Company (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company (other than a Change of Control); or

(iv) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company,

the Company shall cause to be filed with the Trustee and to be provided to Holders of Notes, as promptly as possible but in any event at least 20 days prior to the applicable date hereinafter specified, a Notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, or rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. Failure to give such Notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up.

(f) Effect of Reclassification, Consolidation, Merger or Sale. If any of the following events occur, namely (i) any reclassification or change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination); (ii) any consolidation, merger or combination of the Company with another corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets

(including Cash) with respect to or in exchange for such Common Stock; or (iii) any sale or conveyance of the properties and assets of the Company as, or substantially as, an entirety to any other corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including Cash) with respect to or in exchange for such Common Stock, then, unless the provisions of Section 4.02 hereof shall apply to such transaction, the Company or the successor or purchasing corporation, as the case may be, shall execute with the Trustee a supplemental indenture, providing that each Note shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including Cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Notes immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 4.07(f).

The Company shall cause Notice of the execution of such supplemental indenture to be provided to Holders of Notes, within 20 days after execution thereof. Failure to deliver such Notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, sales and conveyances.

If this Section 4.07(f) applies to any event or occurrence, Section 4.06 shall not apply.

(g) Responsibility of Trustee. The Trustee and any other Conversion Agent shall not at any time be under any duty or responsibility to any Holder of Notes to either calculate the Conversion Rate or determine whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same and shall be protected in relying upon an Officer's Certificate with respect to the same. The Trustee and any other Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Note and the Trustee and any other Conversion Agent make no representations with respect thereto. Subject to the provisions of Article Six of the Indenture, neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or Cash upon the surrender of any Note for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Section. Without limiting the generality of the foregoing, neither the Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 4.07(f) relating either to the kind or amount of shares of stock or securities or property (including Cash) receivable by Holders upon the conversion of their Notes after any event referred to in such

Section 4.07(f) or to any adjustment to be made with respect thereto, but, subject to the provisions of Article Six of the Indenture, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officer's Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

(h) Simultaneous Adjustments. In the event that Sections 4.05, 4.06 or 4.07 require adjustments to the Conversion Rate under more than one of Section 4.06(a), (b), (c) or (d), and the Common Stock Record Dates for the distributions giving rise to such adjustments shall occur on the same date, then such adjustments shall be made by applying, first, the provisions of Section 4.06(c), second, the provisions of Section 4.06(d), third, the provisions of Section 4.06(a), and fourth, the provisions of Section 4.06(b).

(i) Successive Adjustments. After an adjustment to the Conversion Rate under Sections 4.05, 4.06 or 4.07, any subsequent event requiring an adjustment under Sections 4.05, 4.06 or 4.07 shall cause an adjustment to the Conversion Rate as so adjusted.

(j) General Considerations. Whenever successive adjustments to the Conversion Rate are called for pursuant to Sections 4.05, 4.06 or 4.07, such adjustments shall be made to the Sale

Price or Market Price as may be necessary or appropriate to effectuate the intent of Sections 4.05, 4.06 or 4.07 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(k) Stockholder Rights Plans. Upon conversion of the Notes the Holders shall receive, in addition to the Common Stock issuable upon such conversion, any rights issued under any stockholder rights plan the Company shall have implemented (notwithstanding the occurrence of an event causing such rights to separate from the Common Stock at or prior to the time of conversion).

#### Section 4.08. Optional Conversion to Semi-Annual Cash Pay Note Upon Tax Event.

From and after (i) the date (the "TAX EVENT DATE") of the occurrence of a Tax Event and (ii) the date the Company exercises its option set forth in this 4.08, whichever is later (the "OPTION EXERCISE DATE"), at the option of the Company, cash interest in lieu of future Accreted Value shall accrue at the rate of 3.125% per annum on a restated principal amount per \$1,000 original Principal Amount (the "RESTATED PRINCIPAL AMOUNT") equal to its Accreted Value on the Option Exercise Date and shall be payable semi-annually on July 20 and January 20 of each year (each an "INTEREST PAYMENT DATE") to holders of record at the close of business on July 1 and January 1 (each a "REGULAR RECORD DATE") immediately preceding such Interest Payment Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months and will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from the Option Exercise Date. Within 15 days of the occurrence of a Tax Event, the Company shall deliver a written Notice of such Tax Event by facsimile and first-class mail to the Trustee and within 15 days of their exercise of such option the Company shall deliver a written Notice of the Option Exercise Date by facsimile and first-class mail to the Trustee and provide Notice to the Holders of the Notes. From and after the Option Exercise Date, (i) the Company shall be obligated to pay at Maturity or upon a Redemption Date or Purchase Date, in lieu of the Principal Amount or Accreted Value, as applicable, of a Note, the Restated Principal Amount thereof plus accrued and unpaid interest and (ii) contingent interest shall cease to accrue on the Notes. Notes authenticated and delivered after the Option Exercise Date may, and shall if required by the Trustee, bear a notation in a form approved by the Trustee as to the conversion of the Notes to Cash Pay Notes.

#### Section 4.09. Calculation of Original Issue Discount for U.S. Federal Income Tax Purposes.

The Company agrees, and each Holder and any beneficial holder of a Note by its purchase thereof shall be deemed to agree, to treat (in the absence of an administrative determination or judicial ruling to the contrary), for United States federal income tax purposes, the Notes as contingent payment debt instruments subject to Section 1.1275-4 of the Treasury Regulations. For United States federal income tax purposes, interest will accrue on the Notes as original issue discount according to the "noncontingent bond method," set forth in Section 1.1275- (b) of the Treasury Regulations, based on a comparable yield of 8.125% compounded semi-annually and the projected payment schedule attached hereto as Exhibit B.

The Company acknowledges and agrees, and each Holder and any beneficial holder of a Note by its purchase thereof shall be deemed to acknowledge and agree, that (i) the comparable

yield means the annual yield the Company would pay, as of the Issue Date, on a fixed-rate cash pay nonconvertible debt security with no contingent payments, but with terms and conditions otherwise comparable to those of the Notes; (ii) the schedule of projected payments attached hereto as Exhibit B is determined on the basis of the comparable yield and an assumption of linear growth of the stock price and a constant dividend yield; (iii) the comparable yield and the schedule of projected payments are not determined for any purpose other than for the determination of interest accruals and adjustments thereof in respect of the Notes for United States federal income tax purposes; and (iv) the comparable yield and the schedule of projected payments do not constitute a projection or representation regarding the future stock price or the amounts payable on the Notes.

#### Section 4.10. Payment of Interest.

(a) **Paying Agent to Hold Money in Trust.** Prior to 11:00 a.m. (New York City time) on any applicable Interest Payment Date, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary is acting as Paying Agent, segregate and hold in trust for the benefit of the Persons entitled thereto) a sum sufficient to pay semi-annual or contingent interest when due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal or interest on the Notes and shall notify the Trustee of any default by the Company in making any such payment. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

(b) **Holder Lists.** The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company shall furnish, or cause the Registrar to furnish, to the Trustee, in writing at least five Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

(c) **Payment of Interest; Interest Rights Preserved.**

(i) Semi-annual or contingent interest on any Note that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Note is registered at the close of business on the Regular Record Date or accrual date, as the case may be, for such interest at the office or agency of the Company maintained for such purpose. Each installment of semi-annual or contingent interest on any Note shall be paid in same-day funds by transfer to an account maintained by the payee located inside the United States. In the case of a Global Note, semi-annual or contingent interest payable on any applicable payment date will be paid to the depository, with respect to that portion of such Global Note held for its account by Cede & Co. for the purpose of permitting such party to credit the interest received by it in respect of such Global Note to the accounts of the beneficial owners thereof.

(ii) Except as otherwise specified with respect to the Notes, any semi-annual or contingent interest on any Note that is payable, but is not punctually paid or duly

provided for, within 30 days following any applicable payment date (herein called "DEFAULTED INTEREST", which term shall include any accrued and unpaid interest that has accrued on such defaulted amount in accordance with paragraph 1 of the Notes), shall forthwith cease to be payable to the registered Holder thereof on the relevant Regular Record Date or accrual date, as the case may be, by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (A) or (B) below.

(A) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes are registered at the close of business on a date for the payment of such Defaulted Interest (the "SPECIAL RECORD DATE"), which shall be fixed in the following manner: The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment (which shall not be less than 20 days after such Notice is received by the Trustee), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the Notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Notes at his address as it appears on the list of Holders maintained pursuant to this Supplemental Indenture not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Notes are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (B).

(B) Alternatively, the Company may make payment of any Defaulted Interest on the Notes in any other lawful manner not inconsistent with the requirements of any Notes exchange on which such Notes may be listed, and upon such Notice as may be required by such exchange, if, after Notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 4.10, each Note delivered under this Supplemental Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to semi-annual or contingent interest accrued and unpaid to, and to accrue, which were carried by such other Note.

**ARTICLE 5**  
**MISCELLANEOUS**

Section 5.01. No Adverse Interpretation of other Agreements.

This Supplemental Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or a Subsidiary. Any such indenture, loan or debt agreement may not be used to interpret this Supplemental Indenture.

Section 5.02. No Recourse Against Others.

All liability described in paragraph 18 of the Notes of any director, officer, employee or stockholder, as such, of the Company is waived and released.

Section 5.03. Successors and Assigns.

All covenants and agreements of the Company in this Supplemental Indenture and the Notes shall bind its successors and assigns. All agreements of the Trustee in this Supplemental Indenture shall bind its successors and assigns.

Section 5.04. Duplicate Originals.

The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 5.05. Severability.

In case any one or more of the provisions contained in this Supplemental Indenture or in the Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Supplemental Indenture or of the Notes.

**SIGNATURES**

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

**MASCO CORPORATION**

By:

Name:

Title:

**J.P. MORGAN TRUST COMPANY,  
NATIONAL ASSOCIATION, as Trustee**

By:  
Name:  
Title:



## **EXHIBIT A**

### **[FORM OF FACE OF GLOBAL SECURITY]**

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. THIS SECURITY IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

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

**Exhibit A-1**

**MASCO CORPORATION**

**ZERO COUPON CONVERTIBLE SENIOR, SERIES B NOTE DUE 2031**

No. \_\_\_\_\_ CUSIP:

Issue Date: December \_\_, 2004 ISIN:

Initial Principal Amount: \$[ ]

(for each \$1,000 Principal Amount at Final Maturity)

Masco Corporation, a Delaware corporation, promises to pay to \_\_\_\_\_ or registered assigns, on July 20, 2031 the Principal Amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), or, if applicable, the Restated Principal Amount.

This Note shall not bear periodic interest except as specified on the other side of this instrument. This Note shall accrete as specified on the other side of this Note. This Note is convertible as specified on the other side of this Note.

Additional provisions of this Note are set forth on the other side of this Note.

**Exhibit A-2**

IN WITNESS WHEREOF, Masco Corporation has caused this instrument to be duly executed.

**MASCO CORPORATION**

By:

Name:

Title:

Attest:

By:

Name:

Title:

Dated:

J.P. Morgan Trust Company, National  
Association as Trustee, certifies  
that this is one of the Securities  
referred to in the within mentioned  
Indenture

Date:

By:

Name:

Title:

**Exhibit A-3**

**[FORM OF REVERSE SIDE OF GLOBAL SECURITY]**

**MASCO CORPORATION**

**ZERO COUPON CONVERTIBLE SENIOR NOTE, SERIES B DUE 2031**

**1. INTEREST**

This Note shall not bear periodic interest, except as specified in this paragraph and in paragraphs 5 and 10 hereof. If the Principal hereof or any portion of such Principal is not paid when due (whether upon acceleration pursuant to the Indenture, upon the date set for payment of the Redemption Price pursuant to paragraph 6 hereof, upon the date set for payment of a Purchase Price pursuant to paragraph 7 hereof or upon the Final Maturity of this Note) or if interest (including contingent interest, if any) due hereon or any portion of such interest is not paid when due in accordance with paragraph 5 or 10 hereof, then in each such case the overdue amount shall bear interest at the rate of 3.125% per annum, compounded semiannually (to the extent that the payment of such interest shall be legally enforceable), which interest shall accrue from the date such overdue amount was due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable on demand. The accrual of such interest on overdue amounts shall be in lieu of, and not in addition to, the continued accretion.

The Notes shall increase in Accreted Value commencing on the Issue Date.

"ACCRETED VALUE" means, at any date of determination, (1) prior to such time as this Note is converted to a Cash Pay Note, the sum of (x) the Initial Principal Amount of this Note and (y) the portion of the excess of the Principal Amount of this Note over the Initial Principal Amount which shall have been amortized by the Company in accordance with GAAP through such date, such amount to be so amortized on a daily basis and compounded semi-annually on each July 20 and January 20 at the rate of 3.125% per annum from the Issue Date through the date of determination compounded on the basis of a 360-day year and twelve 30-day months and (2) at or after such time as this Note is converted to a Cash Pay Note, its Restated Principal Amount.

**2. METHOD OF PAYMENT**

Subject to the terms and conditions of the Indenture, the Company shall make payments in respect of the Notes to the Persons who are registered Holders of Notes at the close of business on the Business Day preceding the Redemption Date or Final Maturity, as the case may be, or at the close of business on a Purchase Date. Holders must surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company shall pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check payable in such money.

**3. PAYING AGENT, CONVERSION AGENT, BID AGENT AND REGISTRAR**

Initially, J.P. Morgan Trust Company, National Association (the "TRUSTEE"), shall act as Paying Agent, Conversion Agent, Bid Agent and Registrar. The Company may appoint and

change any Paying Agent, Conversion Agent, Bid Agent, Registrar or co-registrar without Notice, other than Notice to the Trustee except that the Company will maintain at least one Paying Agent in the State of New York, The City of New York, Borough of Manhattan, which shall initially be an office or agency of the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Bid Agent, Registrar or co registrar.

#### 4. INDENTURE

The Company issued the Notes under an Indenture dated as of February 12, 2001 between the Company and Trustee, as supplemented by a Supplemental Indenture relating to the Notes between the Company and Trustee dated December \_\_, 2004 (together, the "INDENTURE"). The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 ("TIA") as in effect on the date of the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture and the Act for a statement of them. Capitalized terms not defined herein have the meanings given to those terms in the Indenture.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture and the applicable Authorizing Resolution or supplemental indenture. Requests may be made to: Masco Corporation, 21001 Van Born Road, Taylor, Michigan 48180, Attention: Corporate Secretary.

#### 5. CONTINGENT INTEREST

Subject to the accrual and Common Stock Record Date provisions specified in this paragraph 5, the Company shall pay contingent interest to the Holders during any six-month period (a "CONTINGENT INTEREST PERIOD") from January 20 to July 19 and from July 20 to January 19, commencing January 20, 2007, if the average Note Price for the Five-Day Period with respect to such Contingent Interest Period equals 120% or more of the Accreted Value of such Note to the Trading Day immediately preceding the first day of the relevant Contingent Interest Period.

The amount of contingent interest payable per \$1,000 Principal Amount hereof in respect of any Contingent Interest Period shall equal the greater of

- (x) Cash Dividends paid by the Company per share of Common Stock during that Contingent Interest Period multiplied by the number of shares of Common Stock equal to the sum of (A) the number of shares of Common Stock with a value equal to the Principal Return as of the accrual date for such contingent interest and (B) the Net Share Amount as of the accrual date for such contingent interest and
- (y) 0.125% of the average Note Price for the Five-Day Period with respect to such Contingent Interest Period.

Contingent interest, if any, will accrue and be payable to Holders as of the Common Stock Record Date for the related Cash Dividend or, if no Cash Dividend is paid by the Company during a Contingent Interest Period, to Holders as of the 15th day preceding the last day of the relevant Contingent Interest Period. Such payments shall be paid on the payment date of the related Cash Dividend or, if no Cash Dividend is paid by the Company during a Contingent Interest Period, on the last day of the relevant Contingent Interest Period. In

#### **Exhibit A-5**

addition, on any Purchase Date or Redemption Date that occurs during a Contingent Interest Period for which a Holder is entitled to contingent interest pursuant to clause (y) of the preceding paragraph, contingent interest will be payable to such Holder in an amount equal to the amount that would have been otherwise payable to such Holder on the last day of such Contingent Interest Period divided by the actual number of days from the first day of such Contingent Interest Date to the Purchase Date or Redemption Date, as the case may be, using a 360-day year composed of twelve 30-day months.

"FIVE-DAY PERIOD" means, with respect to any Contingent Interest Period, the five Trading Days ending on the second Trading Day immediately preceding the first day of such Contingent Interest Period; provided, however, if the Company shall have declared a Cash Dividend on its Common Stock that is payable during such Contingent Interest Period but for which the Common Stock Record Date for determining stockholders entitled thereto precedes the first day of such Contingent Interest Period, then "FIVE-DAY PERIOD" means, with respect to such Contingent Interest Period, the five Trading Days ending on the second Trading Day immediately preceding such Common Stock Record Date.

"CASH DIVIDENDS" means all cash dividends on the Common Stock (whether regular, periodic, extraordinary, special, nonrecurring or otherwise) as declared by the Company's Board of Directors as part of its cash dividend payment practices.

"NOTE PRICE" means, as of any date of determination, the average of the secondary market bid quotations per Note obtained by the Bid Agent for \$10 million Principal Amount of Notes at approximately 4:00 p.m. (New York City time) on such determination date from three recognized securities dealers in The City of New York (none of which shall be an Affiliate of the Company) selected by the Company; provided, however, if (a) at least three such bids are not obtained by the Bid Agent or (b) in the Company's reasonable judgment, the bid quotations are not indicative of the secondary market value of the Notes as of such determination date, then the Note Price for such determination date shall equal (i) the Conversion Rate in effect as of such determination date multiplied by (ii) the average Sale Price of Common Stock for the five Trading Days ending on such determination date, appropriately adjusted to take into account the occurrence, during the period commencing on the first of such Trading Days during such five Trading Day period and ending on such determination date, of any event described in Section 4.06(a), 4.06(b) or 4.06(c) (subject to the conditions set forth in Sections 4.07(a) and 4.07(b)) of the Supplemental Indenture.

Upon determination that Holders will be entitled to receive contingent interest which may become payable during a Contingent Interest Period, on or prior to the first day of such Contingent Interest Period, the Company shall issue a press release and publish such information on its web site at [www.masco.com](http://www.masco.com), if such web site exists.

## 6. REDEMPTION AT THE OPTION OF THE COMPANY

No sinking fund is provided for the Notes. Between the Issue Date and January 25, 2007 the Company may only redeem the Notes for cash, in whole but not in part, if the Sale Price of Common Stock is equal to or greater than 130% of the conversion price in effect for at least 20 Trading Days in any consecutive 30 -Trading Day period, where "CONVERSION PRICE" means

### Exhibit A-6

the Redemption Price divided by the Conversion Rate. The Company will give holders not less than 30-days' nor more than 60-days' Notice of redemption.

Beginning on January 25, 2007, the Company may, at its option, redeem the Notes for cash at any time as a whole, or from time to time in part, at their Redemption Price. The Company will give holders not less than 30-days' nor more than 60-days' Notice of redemption.

The table below shows what the Accreted Value of a Note would be on the Issue Date, and at specified dates thereafter prior to maturity and at Final Maturity. The Accreted Value, in dollars, of a Note per \$1,000 Principal Amount redeemed between such dates shall include an additional amount reflecting the increase in Accreted Value since the next preceding date in the table to but excluding the actual Redemption Date.

Redemption Date	Initial Principal Amount (1)	Increase in Accreted Value at 3.125% (2)	Redemption Price (1+2)
-----	-----	-----	-----
December __, 2004			[     ]
January 20, 2005			439.67
July 20, 2005			446.54
July 20, 2006			460.61
January 25, 2007			468.01
July 20, 2007			475.11
July 20, 2008			490.08
July 20, 2009			505.51
July 20, 2010			521.43
July 20, 2011			537.85
July 20, 2012			554.79
July 20, 2013			572.27
July 20, 2014			590.29
July 20, 2015			608.88
July 20, 2016			628.06
July 20, 2017			647.84
July 20, 2018			668.24
July 20, 2019			689.28
July 20, 2020			710.99
July 20, 2021			733.39
July 20, 2022			756.48
July 20, 2023			780.31
July 20, 2024			804.88
July 20, 2025			830.23
July 20, 2026			856.38
July 20, 2027			883.35
July 20, 2028			911.17
July 20, 2029			939.87
July 20, 2030			969.47
July 20, 2031			1,000.00

#### Exhibit A-7

If this Note has been converted to Cash Pay Notes, the Redemption Price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the date of such conversion to the Redemption Date.

In addition to the Redemption Price payable with respect to all Notes or portions thereof to be redeemed as of a Redemption Date, the Holders of such Notes (or portions thereof) shall be entitled to receive accrued and unpaid contingent interest, if any, with respect thereto, which contingent interest shall be paid in cash on the Redemption Date.

#### 7. PURCHASE BY THE COMPANY AT THE OPTION OF THE HOLDER

Subject to the terms and conditions of the Indenture, a Holder of Notes shall have the option to require the Company to purchase the Notes held by such Holder on the following Purchase Dates and at the following Purchase Prices per \$1,000 Principal Amount, plus, in the case of purchases after July 20, 2007, accrued and unpaid contingent interest, if any, upon delivery of a Purchase Notice containing the information set forth in the Indenture, from the opening of business on the date that is 30 Business Days prior to such Purchase Date until the close of business on such Purchase Date and upon delivery of the Notes to the Paying Agent by the Holder as set forth in the Indenture. The Company will pay the Purchase Price for any purchase only in Cash.

The purchase price of a Note will be:

- \$439.67 per Note on January 20, 2005;
- \$467.80 per Note on January 20, 2007;
- \$537.85 per Note on July 20, 2011, plus accrued and unpaid contingent interest, if any;
- \$628.06 per Note on July 20, 2016, plus accrued and unpaid contingent interest, if any;
- \$733.39 per Note on July 20, 2021, plus accrued and unpaid contingent interest, if any; and
- \$856.38 per Note on July 20, 2026, plus accrued and unpaid contingent interest, if any.

Notes in denominations larger than \$1,000 of Principal Amount may be purchased in part, but only in multiples of \$1,000 of Principal Amount.

If prior to a Purchase Date this Note has been converted to a Cash Pay Note, the Purchase Price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the date of conversion to the Purchase Date.

In addition to the Purchase Price payable with respect to all Notes or portions thereof to be purchased as of the Purchase Date, the Holders of such Notes (or portions thereof) shall be entitled to receive accrued and unpaid contingent interest, if any, with respect thereto, which contingent interest shall be paid in Cash promptly following the later of the Purchase Date and the time of delivery of such Notes to the Paying Agent pursuant to the Indenture.

#### **Exhibit A-8**



Holders have the right to withdraw any Purchase Notice by delivery to the Paying Agent of a written notice of withdrawal in accordance with the provisions of the Indenture.

If Cash sufficient to pay a Purchase Price (together with any accrued and unpaid contingent interest), with respect to all Notes or portions thereof to be purchased as of the Purchase Date, is deposited with the Paying Agent on the Business Day immediately following the Purchase Date, such Notes will cease to accrete and interest (including, where applicable, contingent interest), if any, will cease to accrue on such Notes (or portions thereof) on and after such date, and the Holder thereof shall have no other rights as such (other than the right to receive the Purchase Price, and, where applicable, accrued and unpaid contingent interest, if any, upon surrender or such Note).

#### 8. NOTICE OF REDEMPTION AT THE OPTION OF THE COMPANY

Notice of redemption at the option of the Company shall be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed at the Holder's registered address. If money sufficient to pay the Redemption Price of, together with any accrued and unpaid contingent interest with respect to, all Notes (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent prior to or on the Redemption Date, on and after such date Accreted Value and interest (including contingent interest), if any, ceases to accrue on such Notes or portions thereof. Notes in denominations larger than \$1,000 Principal Amount may be redeemed in part but only in multiples of \$1,000 or Principal Amount.

#### 9. CONVERSION

A Holder of a Note may convert this Note for the Principal Return and, if applicable, the Net Share Amount, at any time on or before the close of business on July 20, 2031 if at least one of the following conditions is satisfied:

(a) the Twenty-Day Average Price on the Conversion Date is at least a specified percentage of the Accreted Conversion Price, such percentage beginning at 119% for the first year and declining 1/3% on July 20 each year thereafter, reaching 110 1/3% for the year beginning July 20, 2030 and declining to 110% at Final Maturity;

(b) the credit rating assigned to the Notes by either Moody's Investors Service, Inc. or Standard & Poor's Ratings Services is reduced to below Investment Grade;

(c) the Notes have been called for redemption by the Company, at any time prior to the close of business on the Business Day prior to the Redemption Date; or

(d) (i) the Company elects to distribute to all holders of Common Stock rights entitling them to purchase, for a period expiring within 60 days after the date of such distribution, Common Stock at less than the Sale Price at the time of such distribution, (ii) the Company elects to distribute to all holders of Common Stock assets, debt, securities or rights to purchase securities of the Company, which distribution has a per share value as determined by the Company's Board of Directors exceeding 15% of the Sale Price of the Common Stock on the day preceding the declaration date for such distribution, or (iii) in the event the Company is a party to a consolidation, merger or binding share exchange pursuant to which the Common Stock

#### **Exhibit A-9**

would be converted into cash, securities or other property, at any time from and after the date which is 15 days prior to the date the Company announces as the anticipated effective date until 15 days after the actual effective date of such transaction. After the effective date, settlement of the Notes and the Conversion Value and the Net Share Amount, will be based on the kind and amount of Cash, securities or other property of the Company or another Person that the Holder would have received had the Holder converted its Notes immediately prior to the transaction, unless the Company shall have elected to adjust the Conversion Rate for a Public Acquirer Change of Control in accordance with Section 4.02 of the Supplemental Indenture. If a Holder elects to convert Notes in accordance with Section 4.02 of the Supplemental Indenture and is are entitled to an adjustment for Additional Shares in accordance with Section 4.02 of the Supplemental Indenture, conversion of the Notes will settle after the effective date of such transaction.

In the case of the foregoing clauses (d)(i) and (ii), the Company must notify the Holders of Notes at least 20 days prior to the Ex-Dividend Date for such distribution. Once the Company has given such Notice, Holders may surrender their Notes for conversion at any time thereafter until the earlier of the close of business on the Business Day prior to the Ex-Dividend Date or the Company's announcement that such distribution will not take place.

In the case of the foregoing clause (d)(iii), in the event of a Change of Control, the Company must provide the Change of Control Notice in accordance with Section 4.02(e) of the Supplemental Indenture.

If this Note is called for redemption, the Holder may convert it at any time before the close of business on the last Business Day prior to the Redemption Date. A Note in respect of which a Holder has delivered a notice of exercise of the option to require the Company to purchase such Note may be converted only if the notice of exercise is withdrawn in accordance with the terms of the Indenture.

In the event the Company exercises its option pursuant to Section 4.08 of the Supplemental Indenture to convert the Notes to Cash Pay Notes, the Holder will be entitled on conversion to receive the Principal Amount and Net Share Amount such Holder would have received if the Company had not exercised such option. If the Company exercises such option, Notes surrendered for conversion during the period from the close of business on any Regular Record Date next preceding any Interest Payment Date to the opening of business of such Interest Payment Date (except Notes with respect to which the Company has provided a Notice of redemption) must be accompanied by payment of an amount equal to the interest thereon that the registered Holder is to receive. Except where Notes surrendered for conversion are so surrendered after a Regular Record Date but prior to the opening of business on the corresponding Interest Payment Date (in which case such converting Holder shall receive a final interest payment on such Interest Payment Date, which interest payment may be repayable to the Company upon conversion as described in this paragraph), no interest on converted Notes will be payable by the Company on any Interest Payment Date subsequent to the date of conversion.

Notes surrendered for conversion during the period from the close of business on any date on which contingent interest accrues to the opening of business on the date on which such contingent interest is payable (except Notes with respect to which the Company has provided a Notice of redemption) must be accompanied by payment of an amount equal to the contingent

#### **Exhibit A-10**

interest with respect thereto that the registered Holder is to receive. Except where Notes surrendered for conversion are so surrendered during the period from the close of business on any date on which contingent interest accrues to the opening of business on the date on which such contingent interest is payable (in which case such converting Holder shall receive a final contingent interest payment on the date such contingent interest is payable, which contingent interest payment may be repayable to the Company upon conversion as described in this paragraph), no contingent interest on converted Notes will accrue after the date of conversion.

To convert this Note a Holder must (1) complete and manually sign the conversion notice on the back of this Note (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent at the office maintained by the Conversion Agent for such purpose, (2) surrender this Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Trustee, (4) pay any transfer or similar tax, if required and (5) if required, pay any interest on the Note such Holder is to receive on the next Interest Payment Date by virtue of having been a Holder on the relevant Regular Record Date.

A Holder may convert a portion of this Note only if the Principal Amount of such portion is \$1,000 or a multiple of \$1,000. No payment or adjustment shall be made for dividends on the Common Stock except as provided in the Indenture. On conversion of this Note, that portion of Accreted Value (or, interest, if the Company has exercised its option provided for in paragraph 10 hereof) attributable to the period from the Issue Date (or, if the Company has exercised the option referred to in paragraph 10 hereof, the later of (x) the date of such exercise and (y) the date on which interest was last paid) to the Conversion Date and (except as provided above) accrued contingent interest with respect to the converted portion of this Note shall not be canceled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through the delivery of the Principal Return and Net Share Amount (together with any cash payment in lieu of fractional shares) in exchange for the portion of this Note being converted pursuant to the terms hereof; and the fair market value of the Principal Return and Net Share Amount, if any (together with any Cash payment in lieu of fractional shares) shall be treated as issued, to the extent thereof, first in exchange for Accreted Value (or interest, if the Company has exercised its option provided for in paragraph 10 hereof) accrued through the Conversion Date and accrued contingent interest, and the balance, if any, of such fair market value of such Cash, Net Share Amount (and any such cash payment) shall be treated as issued in exchange for the Initial Principal Amount of the Note being converted pursuant to the provisions hereof.

#### 10. TAX EVENT

(a) From and after (i) the date (the "TAX EVENT DATE") of the occurrence of a Tax Event and (ii) the date the Company exercises such option, whichever is later (the "OPTION EXERCISE DATE"), at the option of the Company, all of the Notes will cease to accrete, and cash interest shall accrue at the rate of 3.125% per annum on the restated principal amount (the "RESTATED PRINCIPAL AMOUNT"), equal to the Accreted Value on the Option Exercise Date, and shall be payable semiannually on July 20 and January 20 of each year (each an "INTEREST PAYMENT DATE") to holders of record at the close of business on July 1 or January 1 (each a "REGULAR RECORD DATE") immediately preceding such Interest Payment Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months and will accrue

#### **Exhibit A-11**

from the most recent date to which interest has been paid or, if no interest has been paid, from the Option Exercise Date.

(b) Interest on any Note that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Note is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose. Each installment of interest on any Note shall be paid in same-day funds by transfer to an account maintained by the payee located inside the United States.

(c) From and after the Option Exercise Date, contingent interest provided for in paragraph 5 hereof shall cease to accrue on this Note.

#### 11. DEFAULTED INTEREST

Except as otherwise specified with respect to the Notes, any Defaulted Interest on any Note shall forthwith cease to be payable to the registered Holder thereof on the relevant Regular Record Date or accrual date, as the case may be, by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company as provided for in Section 4.10(c)(ii) of the Supplemental Indenture.

#### 12. DENOMINATIONS; TRANSFER; EXCHANGE

The Notes are in registered form, without coupons, in denominations of \$1,000 of Principal Amount and multiples of \$1,000. A Holder may transfer or convert Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes in respect of which a Purchase Notice has been given and not withdrawn (except, in the case of a Note to be purchased in part, the portion of the Note not to be purchased) or any Notes for a period of 15 days before any selection of Notes to be redeemed.

#### 13. PERSONS DEEMED OWNERS

The registered Holder of this Note may be treated as the owner of this Note for all purposes.

#### 14. UNCLAIMED MONEY OR PROPERTY

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent will pay the money back to the Company at its request. After that, Holders entitled to the money must look to the Company for payment unless an abandoned property law designates another person.

## 15. AMENDMENT; SUPPLEMENT; WAIVER

Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in Principal Amount of the outstanding Notes and any past default or compliance with any provision relating to the Notes may be waived in a particular instance with the consent of the Holders of a majority in Principal Amount of the outstanding Notes. Without the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture or the Notes to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to create a Series and establish its terms, or to make any other change, provided such action does not adversely affect the rights of any Holder.

## 16. SUCCESSOR CORPORATION

When a successor corporation assumes all the obligations of its predecessor under the Notes and the Indenture, the predecessor corporation will be released from those obligations.

## 17. TRUSTEE DEALINGS WITH THE COMPANY

J.P. Morgan Trust Company, National Association, the Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its affiliates, and may otherwise deal with the Company or its affiliates, as if it were not Trustee.

## 18. NO RECOURSE AGAINST OTHERS

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

## 19. AUTHENTICATION

This Note shall not be valid until the Trustee signs the certificate of authentication on the other side of this Note.

## 20. ABBREVIATIONS

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= custodian), and U/G/M/A (= Uniform Gift to Minors Act).

## FORM OF CONVERSION NOTICE

To: Masco Corporation

The undersigned registered holder of this Note hereby exercises the option to convert this Note, or portion hereof (which is \$1,000 Principal Amount or a multiple thereof) designated below, in accordance with the terms of the Indenture referred to in this Note, and directs that the Cash and shares, if any, issuable and deliverable upon such conversion, together with any check for cash deliverable upon such conversion, and any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

This notice shall be deemed to be an irrevocable exercise of the option to convert this Note.

Dated:

---

---

**Signature(s)**

Fill in for registration of shares if to be delivered, and Notes if to be issued  
other than to and in the name of  
registered holder:

Principal Amount to be converted  
(if less than all):

(Name)

\$     ,000

(Street Address)

----- Social Security or Other (City, state and zip code) Taxpayer Number

Please print name and address

**Exhibit A-14**

## ASSIGNMENT FORM

If you the Holder want to assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Insert assignee's social security or tax ID number)

(Print or type assignee's name, address, and zip code)

and irrevocably appoint

agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your signature: \_\_\_\_\_

(Sign exactly as your name appears on the other side  
of this Note)

Signature Guarantee: \_\_\_\_\_

Signature must be guaranteed by participant in a  
recognized Signature Guarantee Medallion Program (or  
other signature guarantor program reasonably  
acceptable to the Trustee)

**Exhibit A-15**

**EXHIBIT B****PROJECTED PAYMENT SCHEDULE\***

SEMI-ANNUAL PERIOD ENDING	PROJECTED PAYMENT PER NOTE
-----	-----
January 20, 2005	\$0.00
July 20, 2005	\$0.00
January 20, 2006	\$0.00
July 20, 2006	\$0.00
January 20, 2007	\$0.00
July 20, 2007	\$0.00
January 20, 2008	\$0.00
July 20, 2008	\$0.00
January 20, 2009	\$3.31
July 20, 2009	\$3.31
January 20, 2010	\$3.31
July 20, 2010	\$3.31
January 20, 2011	\$3.31
July 20, 2011	\$3.31
January 20, 2012	\$3.31
July 20, 2012	\$3.31
January 20, 2013	\$3.31
July 20, 2013	\$3.31
January 20, 2014	\$3.31
July 20, 2014	\$3.31
January 20, 2015	\$3.31
July 20, 2015	\$3.31
January 20, 2016	\$3.31
July 20, 2016	\$3.31
January 20, 2017	\$3.31
July 20, 2017	\$3.31
January 20, 2018	\$3.31
July 20, 2018	\$3.31
January 20, 2019	\$3.31
July 20, 2019	\$3.31
January 20, 2020	\$3.31
July 20, 2020	\$3.31
January 20, 2021	\$3.31
July 20, 2021	\$3.31
January 20, 2022	\$3.31
July 20, 2022	\$3.31
January 20, 2023	\$3.31
July 20, 2023	\$3.31
January 20, 2024	\$3.31
July 20, 2024	\$3.31
January 20, 2025	\$3.31
July 20, 2025	\$3.31
January 20, 2026	\$3.31

**Exhibit B-1**



SEMI-ANNUAL PERIOD ENDING	PROJECTED PAYMENT PER NOTE
-----	-----
July 20, 2026	\$ 3.33
January 20, 2027	\$ 3.33
July 20, 2027	\$ 3.47
January 20, 2028	\$ 3.62
July 20, 2028	\$ 3.77
January 20, 2029	\$ 3.93
July 20, 2029	\$ 4.10
January 20, 2030	\$ 4.27
July 20, 2030	\$ 4.45
January 20, 2031	\$ 4.64
July 20, 2031	\$ 3,871.34

\*The comparable yield means the annual yield the Company would pay, as of the Issue Date, on a fixed-rate cash-pay nonconvertible debt security with no contingent payments but with terms and conditions otherwise comparable to those of the Notes. The schedule of projected payments is determined on the basis of the comparable yield and an assumption of linear growth of the Company's stock price and a constant dividend yield. The comparable yield and the schedule of projected payments are not determined for any purpose other than for the determination of interest accruals and adjustment thereof in respect of the Notes for United States federal income tax purposes. The comparable yield and the schedule of projected payments do not constitute a projection or representation regarding the future stock price or the amounts payable on the Notes.

## Exhibit B-2

**EXHIBIT 5.1**

November 12, 2004

Masco Corporation  
21001 Van Born Road  
Taylor, MI 48180

**RE: MASCO CORPORATION  
REGISTRATION STATEMENT ON FORM S-4**

Dear Sirs:

I am acting as your counsel in connection with the Registration Statement on Form S-4 under the Securities Act of 1933, as amended, in which this opinion is included as Exhibit 5, registering an aggregate of \$1,874,978,000 principal amount at maturity of Zero Coupon Convertible Senior Notes, Series B Due 2031 (the "Notes") of Masco Corporation, a Delaware corporation (the "Company"), and an indeterminate number of shares of Company Common Stock, \$1.00 par value, that may be issued upon conversion of the Notes (the "Conversion Shares").

I, or attorneys under my supervision upon whom I am relying, have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents and corporate records, as I have deemed necessary or advisable for the purpose of this opinion. Based upon the foregoing, I am of the opinion that:

(1) The Company has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Delaware; and

(2) The issuance of the Notes and the related Conversion Shares has been duly authorized by appropriate corporate action, and when the Notes and related Conversion Shares have been duly issued as described in the Registration Statement, including the Prospectus relating to the Notes, the Notes and the Conversion Shares will be legally issued, fully paid and nonassessable and the Notes will be valid and binding obligations of the Company.

I hereby consent to the filing of this opinion as Exhibit 5 to the Company's Registration Statement on Form S-4. I also consent to the reference to me under the caption "Legal Opinions" in the Prospectus.

Very truly yours,

*/s/ John R. Leekley  
John R. Leekley  
Senior Vice President  
and General Counsel*

**EXHIBIT 8**

November 12, 2004

Re: Masco Corporation Form S-4 Registration Statement

Masco Corporation  
21001 Van Born Road  
Taylor, MI 48180

Ladies and Gentlemen:

I have acted as tax counsel for Masco Corporation (the "COMPANY") in connection with the registration of \$1,874,978,000 of the Company's Zero Coupon Convertible Senior Notes, Series B Due 2031 (the "NOTES") and an indeterminate number of shares of Company Common Stock, \$1.00 par value, that may be issued upon conversion of the Notes. I hereby confirm the opinion set forth under the caption "Material United States Tax Consequences" in the preliminary prospectus that is part of the Registration Statement on Form S-4 (the "REGISTRATION STATEMENT"), in which this opinion is included as Exhibit 8, filed by the Company with the Securities and Exchange Commission.

I hereby consent to the filing of this opinion as Exhibit 8 to the Registration Statement and to the use of my name therein. The issuance of such a consent does not concede that I am an "Expert" for the purposes of the Securities Act of 1933.

Very truly yours,

*By: /s/ David A. Doran*

-----  
*Name: David A. Doran*  
*Title: Vice President - Taxes*

**EXHIBIT 12**

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

(DOLLARS IN MILLIONS)

	NINE MONTHS ENDED SEPTEMBER 30, 2004	2003	2002	2001	2000	1999
	-----	-----	-----	-----	-----	-----
EARNINGS BEFORE INCOME TAXES, PREFERRED STOCK DIVIDENDS AND FIXED CHARGES:						
Income from continuing operations before income taxes, minority interest and cumulative effect of accounting change, net.....	\$ 1,312	\$ 1,280	\$ 966	\$ 278	\$ 824	\$ 805
Deduct equity in undistributed (earnings) of fifty-percent-or-less-owned companies.....	(1)	--	(10)	(1)	(10)	(19)
Add interest on indebtedness, net.....	160	253	228	230	190	119
Add amortization of debt expense.....	3	12	13	10	2	1
Add estimated interest factor for rentals.....	26	32	24	21	17	14
Earnings before income taxes, minority interest, cumulative effect of accounting change, net, fixed charges and preferred stock dividends.....	\$ 1,500	\$ 1,577	\$ 1,221	\$ 538	\$ 1,023	\$ 920
FIXED CHARGES:						
Interest on indebtedness.....	\$ 159	\$ 253	\$ 226	\$ 236	\$ 198	\$ 122
Amortization of debt expense.....	3	12	13	10	2	1
Estimated interest factor for rentals.....	26	32	24	21	17	14
Total fixed charges.....	\$ 188	\$ 297	\$ 263	\$ 267	\$ 217	\$ 137
PREFERRED STOCK DIVIDENDS: (a)	\$ 8	\$ 16	\$ 14	\$ 7	--	--
Combined fixed charges and preferred stock dividends.....	\$ 196	\$ 313	\$ 277	\$ 274	\$ 217	\$ 137
Ratio of earnings to fixed charges.....	8.0	5.3	4.6	2.0	4.7	6.7
Ratio of earnings to combined fixed charges and preferred stock dividends (b) (c).....	7.7	5.0	4.4	2.0	4.7	6.7

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

(b) Excluding the 2004 pre-tax income of \$28 million related to the Behr litigation accrual, the 2003 pre-tax income for litigation settlement of \$72 million and the non-cash, pre-tax goodwill impairment charge of \$53 million, the 2002 pre-tax charge for litigation settlement, net, of \$147 million, the 2001 non-cash, pre-tax charge of \$530 million and the 2000 non-cash, pre-tax charge of \$145 million, the Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends would be 7.2, 5.0, 4.9, 3.9 and 5.4 for the first six months of 2004, and the years 2003, 2002, 2001 and 2000, respectively.

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

## **EXHIBIT 23.2**

### **CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in this Registration Statement on Form S-4 of Masco Corporation of our report dated February 18, 2004 (except for Note B, as to which the date is November 9, 2004) relating to the financial statements and financial statement schedule, which appears in the Current Report on Form 8-K of Masco Corporation dated November 12, 2004. We also consent to the reference to us under the headings "Experts" and "Selected Financial Data" in such Registration Statement.

PricewaterhouseCoopers LLP  
Detroit, Michigan  
November 12, 2004

**EXHIBIT 25**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

**FORM T-1**

**STATEMENT OF ELIGIBILITY**

UNDER THE TRUST INDENTURE ACT OF 1939 OF

A CORPORATION DESIGNATED TO ACT AS TRUSTEE

**CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF  
A TRUSTEE PURSUANT TO SECTION 305(b)(2) \_\_\_\_\_**

**J. P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION**

(Exact name of trustee as specified in its charter)

(State of incorporation  
if not a national bank)

95-4655078  
(I.R.S. employer  
identification No.)

101 CALIFORNIA STREET, FLOOR 38  
SAN FRANCISCO, CALIFORNIA

(Address of principal executive offices)

94111  
(Zip Code)

F. Henry Kleschen III  
Assistant General Counsel  
227 West Monroe Street, Suite 2600  
Chicago, IL 60606  
Tel: (312) 267-5064

(Name, address and telephone number of agent for service)

-----

**MASCO CORPORATION**

(Exact name of obligor as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

38-1794485  
(I.R.S. employer  
identification No.)

**21001 VAN BORN ROAD**

**TAYLOR, MICHIGAN 48180**

(Address of principal executive offices) (Zip Code)

**ZERO COUPON CONVERTIBLE SENIOR NOTES**

(Title of the indenture securities)

## ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency, Washington, D.C.  
Board of Governors of the Federal Reserve System, Washington, D.C.

(b) Whether it is authorized to exercise corporate trust powers.

**Yes.**

## ITEM 2. AFFILIATIONS WITH OBLIGOR.

If the Obligor is an affiliate of the trustee, describe each such affiliation.

None.

No responses are included for Items 3-15 of this Form T-1 because the Obligor is not in default as provided under Item 13.

## ITEM 16. LIST OF EXHIBITS.

List below all exhibits filed as part of this statement of eligibility.

Exhibit 1.	Articles of Association of the Trustee as Now in Effect (see Exhibit 1 to Form T-1 filed in connection with Form 8K of the Southern California Water Company filing, dated December 7, 2001, which is incorporated by reference).
Exhibit 2.	Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 333-41329, which is incorporated by reference).
Exhibit 3.	Authorization of the Trustee to Exercise Corporate Trust Powers (contained in Exhibit 2).
Exhibit 4.	Existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Form 8K of the Southern California Water Company filing, dated December 7, 2001, which is incorporated by reference).
Exhibit 5.	Not Applicable
Exhibit 6.	The consent of the Trustee required by Section 321 (b) of the Act.
Exhibit 7.	A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.
Exhibit 8.	Not Applicable
Exhibit 9.	Not Applicable

## **SIGNATURE**

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, J. P. Morgan Trust Company, National Association, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Chicago, and State of Illinois, on the 12th day of November, 2004.

### **J. P. Morgan Trust Company, National Association**

By */s/ Benita Pointer*

-----  
*Benita Pointer*  
*Authorized Officer*



**EXHIBIT 6**  
**THE CONSENT OF THE TRUSTEE REQUIRED**  
**BY SECTION 321(b) OF THE ACT**

November 12, 2004

Securities and Exchange Commission  
Washington, D.C. 20549

Ladies and Gentlemen:

In connection with the qualification of an indenture between Argosy Gaming Company and J.P. Morgan Trust Company, National Association, as trustee, the undersigned, in accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, hereby consents that the reports of examinations of the undersigned, made by Federal or State authorities authorized to make such examinations, may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,  
**J.P. MORGAN TRUST COMPANY,**

**NATIONAL ASSOCIATION**

*By   /s/ Benita Pointer*  
-----  
*Benita Pointer*  
*Authorized Officer*

**J. P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION**  
**STATEMENT OF CONDITION**

SEPTEMBER 30, 2004

	(\$000)
ASSETS	-----
Cash and Due From Banks	\$ 28,672
Securities	145,134
Loans and Leases	110,847
Premises and Fixed Assets	11,202
Intangible Assets	384,284
Goodwill	201,011
Other Assets	45,941
	-----
Total Assets	\$927,091
	=====
LIABILITIES	
Deposits	\$ 94,426
Other Liabilities	55,575
	-----
Total Liabilities	150,001
EQUITY CAPITAL	
Common Stock	600
Surplus	701,587
Retained Earnings	74,903
	-----
Total Equity Capital	777,090
	-----
Total Liabilities and Equity Capital	\$927,091
	=====

**EXHIBIT 99.1**

**LETTER OF TRANSMITTAL**

**MASCO CORPORATION  
OFFER TO EXCHANGE  
ITS  
ZERO COUPON CONVERTIBLE SENIOR NOTES, SERIES B DUE 2031  
FOR ANY AND ALL OF ITS OUTSTANDING  
ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2031 (CUSIP NO. 574599AW6)  
DESCRIBED IN THE PROSPECTUS DATED NOVEMBER , 2004**

THE EXCHANGE OFFER WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON DECEMBER , 2004 UNLESS IT IS EXTENDED. TENDERS OF NOTES MAY BE WITHDRAWN UNTIL THE EXPIRATION DATE.

**The Exchange Agent for the Exchange Offer is:**

**J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION**

**By Registered or Certified Mail, By Hand or Overnight Delivery**

**J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION**

Institutional Trust Services  
2001 Bryan Street, 9th Floor  
Dallas, Texas 75201  
Attention: Exchanges, Frank Ivins

Masco Corporation Offer to Exchange Zero Coupon Convertible Senior Notes, Series B due 2031 for Zero Coupon Convertible Senior Notes due 2031

**By Facsimile:**

Fax: (214) 468-6494  
Attention: Frank Ivins

Masco Corporation Offer to Exchange Zero Coupon Convertible Senior Notes, Series B due 2031 for Zero Coupon Convertible Senior Notes due 2031

**Confirm By Telephone:**

(800) 275-2048

**Online:**

[www.jpmorgan.com/bondholder](http://www.jpmorgan.com/bondholder)

DELIVERY OF THIS LETTER OF TRANSMITTAL ("LETTER OF TRANSMITTAL") TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF THIS LETTER OF TRANSMITTAL VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS CONTAINED HEREIN SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED. IN ORDER TO TENDER YOUR OLD NOTES IN THE EXCHANGE OFFER, YOU MUST DELIVER THIS LETTER OF TRANSMITTAL AND YOUR OLD NOTES (OR A NOTICE OF GUARANTEED DELIVERY) TO THE EXCHANGE AGENT SO THAT THEY ARE BOTH RECEIVED PRIOR TO THE EXPIRATION OF THE EXCHANGE OFFER.

**IF YOU HAVE QUESTIONS REGARDING COMPLETING THIS LETTER OF TRANSMITTAL, YOU**

**MAY CONTACT THE DEALER MANAGERS:**

CITIGROUP  
388 Greenwich Street  
New York, New York 10013

MERRILL LYNCH & CO.  
4 World Financial Center  
New York, New York 10080

Attention: Equity-Linked Capital Markets  
(877) 531-8365 (toll free)

Attention: Liability Management Group  
(888) 654-8637 (toll free)  
(212) 449-4906 (call collect)

The exchange offer is made upon the terms and subject to the conditions set forth in the prospectus dated November , 2004 (as amended or supplemented from time to time, the "Prospectus"), receipt of which is hereby acknowledged, and in this Letter of Transmittal. We refer to the prospectus and the letter of transmittal together as the "Exchange Offer." Capitalized terms used but not defined in this Letter of Transmittal have the meaning given in the prospectus.

The Exchange Offer is subject to various conditions as more fully described in the Prospectus. In order to tender Zero Coupon Convertible Senior Notes Due 2031 (the "Old Notes") in the Exchange Offer, you must both

(1) (A) tender your Old Notes by book-entry transfer to an account maintained by the Exchange Agent at The Depository Trust Company ("DTC") so that the Old Notes are received by the Exchange Agent prior to the expiration of the Exchange Offer in accordance with the procedures described under "The Exchange Offer -- Book-Entry Transfer" in the Prospectus and the instructions in this Letter of Transmittal, or

(B) deliver a properly completed Notice of Guaranteed Delivery to the Exchange Agent by mail or facsimile so that it is received by the Exchange Agent at the address set forth on the cover of this Letter of Transmittal prior to the expiration of the Exchange Offer and otherwise tender your Old Notes in accordance with the guaranteed delivery procedures described under "The Exchange Offer -- Guaranteed Delivery Procedures" in the Prospectus and the instructions in this Letter of Transmittal, and

(2) submit a properly completed Letter of Transmittal to the Exchange Agent by mail or facsimile so that it is received by the Exchange Agent at the address set forth on the cover of this Letter of Transmittal prior to the expiration of the Exchange Offer.

SEE INSTRUCTION NO. 1 TO THIS LETTER OF TRANSMITTAL. DELIVERY OF THIS LETTER OF TRANSMITTAL OR OTHER DOCUMENTS TO DTC IN ACCORDANCE WITH ITS PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

**NOTE: SIGNATURES MUST BE PROVIDED BELOW  
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY**

**ALL TENDERING HOLDERS MUST COMPLETE THIS BOX:**

-----  
DESCRIPTION OF OLD NOTES TENDERED  
AND ELECTION OF NEW NOTES TO BE RECEIVED  
-----  
NAME(S) OF DTC PARTICIPANT(S) AND DTC ACCOUNT  
NUMBER(S) IN WHICH OLD NOTES ARE HELD:  
(MUST BE COMPLETED IF BLANK)  
-----  
Total Principal Amount at Maturity Tendered:  
-----

**OLD NOTES MAY BE TENDERED IN DENOMINATIONS OF \$1,000 AND MULTIPLES THEREOF.**

**IF YOU FAIL TO SPECIFY ALL OLD NOTES HELD SHALL BE DEEMED TENDERED FOR NEW NOTES UNLESS  
OTHERWISE SPECIFIED ABOVE.**

**METHOD OF DELIVERY OF OLD NOTES**

**[ ] CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED BY BOOK ENTRY TRANSFER TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH DTC AND COMPLETE THE FOLLOWING:**

**Name of Tendering Institution**

**DTC Account Number**

**Transaction Code Number**

**[ ] CHECK HERE AND ENCLOSE A PHOTOCOPY OF THE NOTICE OF GUARANTEED DELIVERY IF TENDERED OLD NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:**

**Name of Registered Holder(s)**

---

**Window Ticket Number (if any)**

---

**Date of Execution of Notice of Guaranteed Delivery**

---

**Name of Institution which Guaranteed**

---

**Name of Tendering Institution**

---

**DTC Account Number**

---

**Transaction Code Number**

**[ ] CHECK HERE IF YOU ARE A BROKER DEALER WHO ACQUIRED THE OLD NOTES FOR ITS OWN ACCOUNT AS A RESULT OF MARKET MAKING OR OTHER TRADING ACTIVITIES (A "PARTICIPATING BROKER DEALER") AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.**

**Name:**

---

**Address:**

---

---

**SIGNATURES MUST BE PROVIDED BELOW.  
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.**

Ladies and Gentlemen:

Pursuant to the Exchange Offer by Masco Corporation, a Delaware corporation (the "Company"), and on the terms and subject to the conditions set forth in the Prospectus dated November , 2004 (as the same may be amended or supplemented from time to time, the "Prospectus"), receipt of which is hereby acknowledged, and this Letter of Transmittal (the "Letter of Transmittal"), which together constitute the Company's offer to exchange (the "Exchange Offer"), the Company hereby proposes to exchange \$1,000 principal amount at maturity of its Zero Coupon Convertible Senior Notes, Series B due 2031 (the "New Notes") for each \$1,000 principal amount at maturity of the Company's outstanding Zero Coupon Convertible Senior Notes due 2031 (the "Old Notes"). Old Notes may be tendered for New Notes.

Subject to and effective upon the acceptance for exchange of all or any portion of the Old Notes tendered herewith in accordance with the terms and conditions of the Exchange Offer (including, if the Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby sells, assigns and transfers to or upon the order of the Company all right, title and interest in and to such Old Notes as are being tendered herewith. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as its agent and attorney-in-fact (with full knowledge that the Exchange Agent is also acting as agent of the Company in connection with the Exchange Offer) with respect to the tendered Old Notes, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), subject only to the right of withdrawal described in the Prospectus, to deliver Old Notes to the Company together with all accompanying evidences of transfer and authenticity to, or upon the order of, the Company, upon receipt by the Exchange Agent, as the undersigned's agent, of the New Notes to be issued in exchange for such Old Notes, present such Old Notes for transfer, and transfer the Old Notes on the books of the Company, and receive for the account of the Company all benefits and otherwise exercise all rights of beneficial ownership of such Old Notes, all in accordance with the terms and conditions of the Exchange Offer.

The undersigned hereby represents and warrants that (a) the undersigned has read and agrees to all of the terms of the Exchange Offer, (b) the undersigned is the holder of the Old Notes tendered for exchange hereby, (c) the undersigned has full power and authority to tender, exchange, sell, assign and transfer the Old Notes tendered hereby and (d) when the Old Notes are accepted for exchange, the Company will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances, and that the Old Notes tendered hereby are not subject to any adverse claims or proxies. The undersigned will, upon request, execute and deliver any additional documents deemed by the Company or the Exchange Agent to be necessary or desirable to complete the exchange, assignment and transfer of the Old Notes tendered hereby.

If any tendered Old Notes are not accepted for exchange pursuant to the Exchange Offer for any reason, such Old Notes will be credited to an account maintained at DTC, without expense to the tendering holder, promptly following the expiration or termination of the Exchange Offer.



For purposes of the Exchange Offer, the Company will be deemed to have accepted for exchange, and to have exchanged, validly tendered Old Notes when the Company gives oral or written notice thereof to the Exchange Agent. Holders may withdraw their tendered Old Notes at any time until the Expiration Date (as defined in the Prospectus). Holders who have tendered their Old Notes may not withdraw their notes after the Expiration Date. Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, the undersigned hereby directs that the New Notes be credited to the account indicated above maintained at DTC. Any Old Notes not exchanged or not accepted for exchange will be credited to the account indicated above maintained at DTC.

The undersigned understands that tenders of Old Notes pursuant to any one of the procedures described in "The Exchange Offer -- Procedures for Tendering" in the Prospectus and in the instructions hereto will, upon the Company's acceptance for exchange of such tendered Old Notes, constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer. The undersigned recognizes that, under certain circumstances set forth in the Prospectus, the Company may not be required to accept for exchange any of the Old Notes tendered hereby.

By tendering Old Notes pursuant to the Exchange Offer and executing, or otherwise becoming bound by, this Letter of Transmittal, a holder of Old Notes which is a broker-dealer represents and agrees, consistent with certain interpretive letters issued by the staff of the Division of Corporation Finance of the Securities and Exchange Commission to third parties, that (a) such Old Notes held by the broker dealer are held only as a nominee, or (b) such Old Notes were acquired by such broker dealer for its own account as a result of market-making activities or other trading activities and it will deliver the prospectus (as amended or supplemented from time to time) meeting the requirements of the Securities Act in connection with any resale of such New Notes (provided that, by so acknowledging and by delivering a prospectus, such broker dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act).

All authority herein conferred or agreed to be conferred in this Letter of Transmittal shall survive the death or incapacity of the undersigned and any obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, personal representatives, trustees in bankruptcy, legal representatives successors and assigns of the undersigned. Except as stated in the Prospectus, this tender is irrevocable.

**HOLDER(S) SIGN HERE**  
(SEE INSTRUCTIONS 2, 5 AND 6.)  
**SIGNATURE(S) MUST BE GUARANTEED IF REQUIRED BY INSTRUCTION 2)**

The signature line below must be signed by registered holder(s) exactly as name(s) appear(s) on a security position listing, or by any person(s) authorized to become the registered holder(s) by endorsements and documents transmitted herewith. If signature is by an attorney in fact, executor, administrator, trustee, guardian or another acting in a fiduciary or representative capacity, please set forth the signer's full title. See Instruction 5.

**SIGN HERE**

**Date** \_\_\_\_\_, **2004**

**Signature**

\_\_\_\_\_

(SIGNATURE(S) OF HOLDER(S))

**Name(s)**

(PLEASE PRINT)

**Capacity or Title**

**Address**

(INCLUDE ZIP CODE)

**Area Code and Telephone Number**

**Taxpayer Identification  
or Social Security Number**

(PLEASE ALSO COMPLETE THE SUBSTITUTE FORM W-9 HEREIN)

**GUARANTEE OF SIGNATURE(S)**  
(SEE INSTRUCTIONS 2 AND 5)

**Date** \_\_\_\_\_, 2004

Authorized  
Signature

**Name**

(PLEASE PRINT)

**Capacity or Title**

**Address**

(INCLUDE ZIP CODE)

**Area Code and Telephone Number**

**SPECIAL ISSUANCE INSTRUCTIONS**  
(SEE INSTRUCTIONS 1, 5 AND 6)

To be completed ONLY if the New Notes are to be issued in the name of someone other than the registered holder of the Old Notes whose name(s) appear(s) above.

**Issue New Notes to:**

**Name(s)**

---

(PLEASE PRINT)

**Address**

---

(INCLUDE ZIP CODE)

**TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER**  
(PLEASE ALSO COMPLETE THE SUBSTITUTE FORM W-9 HEREIN)

**SPECIAL DELIVERY INSTRUCTIONS**  
(SEE INSTRUCTIONS 1, 5 AND 6)

To be completed ONLY if New Notes are to be sent to someone other than the registered holder of the Old Notes whose name(s) appear(s) above, or to such registered holder(s) at an address other than that shown above.

**Mail New Notes to:**

**Name(s)**

---

(PLEASE PRINT)

**Address**

---

(INCLUDE ZIP CODE)

**TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER**  
(PLEASE ALSO COMPLETE THE SUBSTITUTE FORM W-9 HEREIN)

**INSTRUCTIONS  
FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER**

1. Delivery of Letter of Transmittal; Guaranteed Delivery Procedures. Timely confirmation of a book-entry transfer of such Old Notes into the Exchange Agent's account at DTC, as well as this Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, must be received by the Exchange Agent at one of its addresses set forth herein on or prior to the Expiration Date.

Holders who wish to tender their Old Notes who cannot complete the procedures for delivery by book-entry transfer on a timely basis, may tender their Old Notes by properly completing and duly executing a Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedures set forth in "The Exchange Offer -- Guaranteed Delivery Procedures" in the Prospectus. Pursuant to such procedures:

- such tender must be made by or through an Eligible Institution (as defined below),
- a properly completed and duly executed Letter of Transmittal (or facsimile) thereof and Notice of Guaranteed Delivery, substantially in the form made available by the Company, must be received by the Exchange Agent on or prior to the Expiration Date, and
- book-entry confirmation (as defined in the Prospectus) representing all tendered Old Notes, in proper form for transfer, must be received by the Exchange Agent within three New York Stock Exchange trading days after the date of execution of such Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by facsimile or mail to the Exchange Agent, and must include a guarantee by an Eligible Institution (defined below) in the form set forth in such Notice. For Old Notes to be properly tendered pursuant to the guaranteed delivery procedure, the Exchange Agent must receive a Notice of Guaranteed Delivery on or prior to the Expiration Date. As used herein and in the Prospectus, "Eligible Institution" means a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE TENDERING HOLDER. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. NO LETTERS OF TRANSMITTAL SHOULD BE SENT TO THE COMPANY.

The Company will not accept any alternative, conditional or contingent tenders. Each tendering holder, by execution of a Letter of Transmittal (or facsimile thereof) waives any right to receive any notice of the acceptance of such tender.

2. Guarantee of Signatures. No signature guarantee on this Letter of Transmittal is required if:

- this Letter of Transmittal is signed by the registered holder (which term, for purposes of this document, shall include any participant in DTC whose name appears on a security position listing as the owner of the Old Notes) of Old Notes tendered herewith, unless such holder(s) has completed either the box entitled "Special Issuance Instructions" or the box entitled "Special Delivery Instructions" above, or
- such Old Notes are tendered for the account of a firm that is an Eligible Institution.

In all other cases, an Eligible Institution must guarantee the signature(s) on this Letter of Transmittal. See Instruction 5.

3. Inadequate Space. If the space provided in the box captioned "Description of Old Notes Tendered and Election of New Notes to be Received" is inadequate, the principal amount of Old Notes and any other required information should be listed on a separate signed schedule which is attached to this Letter of Transmittal.

4. Withdrawal Rights. Except as otherwise provided herein, tenders of Old Notes may be withdrawn at any time on or prior to the Expiration Date. In order for a withdrawal to be effective on or prior to that time, a written notice of withdrawal must be timely received by the Exchange Agent at one of its addresses set forth above or in the Prospectus on or prior to the Expiration Date. Any such notice of withdrawal must specify the name of the person who tendered the Old Notes to be withdrawn and identify the Old Notes to be withdrawn (including the principal amount of such Old Notes). Any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawal of Old Notes and

otherwise comply with the procedures of such facility. Old Notes properly withdrawn will not be deemed validly tendered for purposes of the Exchange Offer, but may be retendered at any time on or prior to the expiration date by following one of the procedures described in the Prospectus under "The Exchange Offer -- Procedures for Tendering."

All questions as to the validity, form and eligibility (including time of receipt) of such withdrawal notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Old Notes which have been tendered for exchange but which are not exchanged for any reason will be credited to the account maintained with DTC from which such Old Notes were received as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer.

5. Signatures on Letter of Transmittal, Assignments and Endorsements. If this Letter of Transmittal is signed by the registered holder(s) of the Old Notes tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without alteration, enlargement or any change whatsoever.

If any of the Old Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If this Letter of Transmittal or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and, unless waived by the Company, proper evidence satisfactory to the Company of such persons' authority to so act must be submitted.

6. Special Issuance and Delivery Instructions. If New Notes are to be issued in the name of a person other than the signer of this Letter of Transmittal, or if New Notes are to be sent to someone other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed. Old Notes not exchanged will be returned by crediting the account maintained at DTC from which such Old Notes were received. See Instruction 4.

7. Irregularities. The Company will determine, in its sole discretion, all questions as to the form, validity, eligibility (including time of receipt) and acceptance for exchange of any tender of Old Notes, which determination shall be final and binding. The Company reserves the absolute right to reject any and all tenders of any particular Old Notes not properly tendered or to not accept any particular Old Notes which acceptance might, in the judgment of the Company or its counsel, be unlawful. The Company also reserves the absolute right, in its sole discretion, to waive any defects or irregularities or conditions of the Exchange Offer as to any particular Old Notes either before or after the Expiration Date (including the right to waive the ineligibility of any holder who seeks to tender Old Notes in the Exchange Offer). The interpretation of the terms and conditions of the Exchange Offer as to any particular Old Notes either before or after the Expiration Date (including the Letter of Transmittal and the instructions thereto) by the Company shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with the tender of Old Notes for exchange must be cured within such reasonable period of time as the Company shall determine. Neither the Company, the Exchange Agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of Old Notes for exchange, nor shall any of them incur any liability for failure to give such notification.

8. Questions, Requests for Assistance and Additional Copies. Questions and requests for assistance may be directed to the Dealer Managers at their addresses and telephone numbers set forth below. Additional copies of the Prospectus, the Notice of Guaranteed Delivery and the Letter of Transmittal may be obtained from the Dealer Managers or from your broker, dealer, commercial bank, trust company or other nominee.

CITIGROUP  
388 Greenwich Street  
New York, New York 10013  
Attention: Equity-Linked Capital Markets  
(877) 531-8365 (toll free)

MERRILL LYNCH & CO.  
4 World Financial Center  
New York, New York 10080  
Attention: Liability Management Group  
(888) 654-8637 (toll free)  
(212) 449-4906 (call collect)

9. Security Transfer Taxes. Holders who tender their Old Notes for exchange will not be obligated to pay any transfer taxes in connection therewith except that holders who instruct the Company to register New Notes in the name of, or request

that Old Notes not tendered or not accepted in the Exchange Offer be returned to, a person other than the tendering holder will be responsible for the payment of any applicable transfer tax thereon.

**IMPORTANT: THIS LETTER OF TRANSMITTAL (OR FACSIMILE THEREOF), AND ALL OTHER  
REQUIRED DOCUMENTS MUST BE RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE  
EXPIRATION DATE.**

## **IMPORTANT TAX INFORMATION**

Each prospective holder of New Notes to be issued pursuant to Special Issuance Instructions should complete the attached Substitute Form W-9. Under current federal income tax law, a holder of New Notes is required to provide the Company (as payor) with such holder's correct taxpayer identification number ("TIN") on Substitute Form W-9 or otherwise establish a basis for exemption from backup withholding to prevent any backup withholding on any payments received in respect of the New Notes. If a holder of New Notes is an individual, the TIN is such holder's social security number. If the Issuer is not provided with the correct taxpayer identification number, a holder of New Notes may be subject to a \$50 penalty imposed by the Internal Revenue Service. The Substitute Form W-9 need not be completed if the box entitled Special Issuance Instructions has not been completed.

Certain holders of New Notes (including, among others, all corporations) are not subject to these backup withholding and reporting requirements. Exempt prospective holders of New Notes should indicate their exempt status on Substitute Form W-9. A foreign individual may qualify as an exempt recipient by submitting to the Company, through the Exchange Agent, the appropriate Internal Revenue Service Form W-8 (e.g., Form W-8BEN, Form W-8ECI or Form W-8IMY) properly completed and signed under penalty of perjury, attesting to the holder's exempt status. The appropriate Form W-8 will be provided by the Exchange Agent upon request. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Company is required to withhold 28% of any "reportable payment" made to the holder of New Notes or other payee. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

### **PURPOSE OF SUBSTITUTE FORM W-9**

To prevent backup withholding with respect to any payments received in respect of the New Notes, each prospective holder of New Notes to be issued pursuant to Special Issuance Instructions should provide the Company, through the Exchange Agent, with either: (a) such prospective holder's correct TIN by completing the form below, certifying that the TIN provided on Substitute Form W-9 is correct (or that such prospective holder is awaiting a TIN) and that (i) such prospective holder has not been notified by the Internal Revenue Service that he or she is subject to backup withholding as a result of a failure to report all interest or dividends or (ii) the Internal Revenue Service has notified such prospective holder that he or she is no longer subject to backup withholding or (b) an adequate basis for exemption.

### **WHAT NUMBER TO GIVE THE EXCHANGE AGENT**

The prospective holder of New Notes to be issued pursuant to Special Issuance Instructions is required to give the Exchange Agent the TIN (e.g., social security number or employer identification number) of the prospective record owner of the New Notes. If the New Notes will be held in more than one name or are not held in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance regarding which number to report.



SUBSTITUTE	PART I TAXPAYER IDENTIFICATION NO. -- FOR ALL ACCOUNTS	PART II FOR PAYEES EXEMPT
FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE	Enter your taxpayer identification number in the appropriate box. For most individuals and sole proprietors, this is your social security number. For other entities, it is your employer identification number. If you do not have a number, see "How to Obtain a TIN" in the enclosed Guidelines.	FROM BACKUP WITH-HOLDING (SEE ENCLOSED GUIDELINES)
PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NO.	Social Security Number  OR  Employee Identification Number	
<p>-----</p> <p>PART III CERTIFICATION -- Under penalties of perjury, I certify that:</p> <p>(1) The number shown on this form is my correct taxpayer identification number or I am waiting for a number to be issued to me;</p> <p>(2) I am not subject to backup withholding either because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and</p> <p>(3) I am a U.S. person (including a U.S. resident alien).</p> <p>Certification Instructions -- You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item (2) does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN.</p> <p>-----</p>		
SIGNATURE -----		DATE -----, 2004

**NOTE: FAILURE BY A PROSPECTIVE HOLDER OF NEW NOTES TO BE ISSUED PURSUANT TO THE SPECIAL ISSUANCE INSTRUCTIONS ABOVE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING TAX OF 28% OF ALL PAYMENTS MADE TO YOU IN RESPECT OF THE NEW NOTES DELIVERABLE TO YOU PURSUANT TO THE EXCHANGE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.**

**EXHIBIT 99.2**  
**NOTICE OF GUARANTEED DELIVERY**  
**FOR TENDER OF**  
**ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2031**  
**OF**

**MASCO CORPORATION**  
**PURSUANT TO ITS EXCHANGE OFFER DESCRIBED IN THE PROSPECTUS DATED NOVEMBER ,**  
**2004**

This Notice of Guaranteed Delivery or one substantially equivalent must be used to accept the Exchange Offer (as defined below) if the procedures for book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand or sent by facsimile transmission, overnight courier, telex, telegram or mail to the Exchange Agent. See "The Exchange Offer -- Guaranteed Delivery Procedures" in the Prospectus dated November , 2004 (the "Prospectus" which, together with the related Letter of Transmittal, constitutes the "Exchange Offer") of Masco Corporation., a Delaware corporation (the "Company").

**The Exchange Agent for the Exchange Offer is:**

**J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION**

**By Registered or Certified Mail, By Hand or Overnight Delivery**

**J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION**

Institutional Trust Services  
2001 Bryan Street, 9th Floor  
Dallas, Texas 75201  
Attention: Exchanges, Frank Ivins

Masco Corporation Offer to Exchange Zero Coupon Convertible Senior Notes, Series B due 2031 for Zero Coupon Convertible Senior Notes due 2031

**By Facsimile:**

Fax: (214) 468-6494  
Attention: Frank Ivins

Masco Corporation Offer to Exchange Zero Coupon Convertible Senior Notes, Series B due 2031 for Zero Coupon Convertible Senior Notes due 2031

**Confirm By Telephone:**

(800) 275-2048

**Online:**

[www.jpmorgan.com/bondholder](http://www.jpmorgan.com/bondholder)

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF THIS NOTICE OF GUARANTEED DELIVERY VIA A FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN "ELIGIBLE INSTITUTION" UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED ON THE LETTER OF TRANSMITTAL.

**THE FOLLOWING GUARANTEE MUST BE COMPLETED**  
**GUARANTEE OF DELIVERY**  
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States, hereby guarantees to deliver to the Exchange Agent, at one of its addresses set forth above, by confirmation of the book-entry transfer of such Old Notes to the Exchange Agent's account at The Depository Trust Company ("DTC"), pursuant to the procedures for book-entry transfer set forth in the Prospectus, together with any other documents required by the Letter of Transmittal, within three New York Stock Exchange trading days after the date of execution of this Notice of Guaranteed Delivery.

The undersigned acknowledges that it must deliver the Old Notes tendered hereby to the Exchange Agent within the time period set forth above and that failure to do so could result in a financial loss to the undersigned.

Name of Firm: -----  Address: -----  -----  (Zip Code) Area Code and Telephone Number: -----	-----  (Authorized Signature)  Title: -----  Name: ----- (Please type or print)  Date: -----
--	--

NOTE: DO NOT SEND OLD NOTES WITH THIS NOTICE OF GUARANTEED DELIVERY. ACTUAL SURRENDER OF OLD NOTES MUST BE MADE PURSUANT TO, AND BE ACCOMPANIED BY, A PROPERLY COMPLETED AND FULLY EXECUTED LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS.

**EXHIBIT 99.3**

**LETTER TO CLIENTS FOR OLD NOTES**

**MASCO CORPORATION**

**OFFER TO EXCHANGE ITS OUTSTANDING**

**ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2031 (CUSIP NO. 574599AW6)  
PURSUANT TO ITS EXCHANGE OFFER  
DESCRIBED IN THE PROSPECTUS DATED NOVEMBER , 2004**

**To Our Clients:**

Enclosed is a Prospectus dated November , 2004 (the "Prospectus") and a related Letter of Transmittal (the "Letter of Transmittal"), which together constitute the "Exchange Offer" relating to Masco Corporation's (the "Company") exchange offer with respect to its above-listed securities (the "Old Notes"). Pursuant to the Exchange Offer, the Company is offering to exchange for the Old Notes a like principal amount at maturity of Zero Coupon Convertible Senior Notes, Series B due 2031 (the "New Notes"). The New Notes will be issued by the Company and except as described in the Prospectus will have terms substantially identical to terms of the Old Notes.

We are writing to request instructions as to whether you wish to tender any or all of the Old Notes held by us for your account pursuant to the terms and conditions of the Exchange Offer. We are the participant in the book-entry transfer facility of Old Notes held by us for your account. A tender of such Old Notes can be made only by us as the participant in the book-entry transfer facility and pursuant to your instructions. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER OLD NOTES HELD BY US FOR YOUR ACCOUNT.

PLEASE NOTE THAT THE EXCHANGE OFFER WILL EXPIRE AT MIDNIGHT, NEW YORK CITY TIME, ON DECEMBER , 2004 UNLESS EXTENDED, SO IT IS IMPORTANT THAT YOU READ THE PROSPECTUS AND LETTER OF TRANSMITTAL AND FURNISH US WITH YOUR INSTRUCTIONS AS PROMPTLY AS POSSIBLE.

We also request that you confirm that we may on your behalf make the representations contained in the Letter of Transmittal. Pursuant to the Letter of Transmittal, each holder of Old Notes will represent to the Company that (i) the holder is not an "Affiliate" of the Company, and (ii) if the tendering holder is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, we will represent on behalf of such broker-dealer that the Old Notes were acquired by it as a result of market-making activities or other trading activities, and acknowledge on behalf of such broker-dealer that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes, such broker-dealer is not agreeing that it may be deemed to be an "underwriter" within the meaning of the Securities Act.

The Exchange Offer is subject to various conditions set forth in the Prospectus.

Very truly yours,

**EXHIBIT 99.4**

**LETTER TO REGISTERED HOLDERS  
AND THE DEPOSITORY TRUST COMPANY PARTICIPANTS  
FOR OLD NOTES**

**MASCO CORPORATION  
OFFER TO EXCHANGE ITS OUTSTANDING  
ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2031 (CUSIP NO. 574599AW6)  
PURSUANT TO ITS EXCHANGE OFFER  
DESCRIBED IN THE PROSPECTUS DATED NOVEMBER , 2004**

**To Registered Holders and The Depository Trust Company Participants:**

Enclosed herewith are copies of the following documents relating to Masco Corporation's (the "Company") exchange offer with respect to its above-listed securities (the "Old Notes"):

1. Prospectus dated November , 2004;
2. Letter of Transmittal together with Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 providing information relating to backup U.S. federal income tax withholding;
3. Notice of Guaranteed Delivery, to be used in tendering Old Notes if the procedure for book-entry transfer cannot be completed on or before the Expiration Date (as defined in the Prospectus);
4. Instruction to Registered Holder and/or Book-Entry Transfer Participant from Owner; and
5. Letter which may be sent to your clients for whose account you hold Old Notes in your name or in the name of your nominee, to accompany the instruction form referred to above, for obtaining such client's instruction with regard to the Exchange Offer.

The Prospectus dated November , 2004 (the "Prospectus") and related Letter of Transmittal (the "Letter of Transmittal") together constitute the "Exchange Offer." Pursuant to the Exchange Offer, the Company is offering to exchange for the Old Notes a like principal amount of Zero Coupon Convertible Senior Notes, Series B due 2031 (the "New Notes"). The New Notes will be issued by the Company and except as described in the Prospectus will have terms substantially identical to terms of the Old Notes.

Pursuant to the Letter of Transmittal, each holder of Old Notes will represent to the Company that (i) the holder is not an "affiliate" of the Company, and (ii) if the tendering holder is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, we will represent on behalf of such broker-dealer that the Old Notes were acquired by it as a result of market-making activities or other trading activities, and acknowledge on behalf of such broker-dealer that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes, such broker dealer is not agreeing that it may be deemed to be an "underwriter" within the meaning of the Securities Act. The enclosed Instruction to Registered Holder and/or Book-Entry Transfer Participant from Owner contains an authorization by the beneficial owners of the Old Notes for you to make the foregoing representations.

The Exchange Offer is subject to various conditions set forth in the Prospectus.

**WE URGE YOU TO CONTACT YOUR CLIENTS PROMPTLY. PLEASE NOTE THAT THE EXCHANGE OFFER WILL EXPIRE AT MIDNIGHT, NEW YORK CITY TIME, ON DECEMBER , 2004 UNLESS IT IS EXTENDED.**

Additional copies of the enclosed material may be obtained from the Dealer Managers, Citigroup Global Markets Inc. and Merrill, Lynch, Fenner & Smith Incorporated, at the address and telephone number set forth in the Instructions to the Letter of Transmittal.

Very truly yours,

**J.P. MORGAN TRUST COMPANY,  
NATIONAL ASSOCIATION**

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU THE AGENT OF MASCO CORPORATION OR J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION OR AUTHORIZE YOU TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON THEIR BEHALF IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

**EXHIBIT 99.5**  
**INSTRUCTION TO REGISTERED HOLDER**  
**AND/OR BOOK-ENTRY TRANSFER PARTICIPANT FROM OWNER**  
**OF**  
**MASCO CORPORATION**  
**ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2031**  
**(THE "OLD NOTES")**

To Registered Holder and/or Participant of the Book-entry Transfer Facility:

The undersigned hereby acknowledges receipt of the Prospectus dated November , 2004 (the "Prospectus") of Masco Corporation, a Delaware corporation (the "Company"), and the accompanying Letter of Transmittal (the "Letter of Transmittal"), that together constitute the Company's exchange offer (the "Exchange Offer"). Capitalized terms used but not defined herein have the meanings as ascribed to them in the Prospectus or the Letter of Transmittal.

This will instruct you, the registered holder and/or book-entry transfer facility participant, as to the action to be taken by you relating to the Exchange Offer with respect to the Old Notes held by you for the account of the undersigned.

The aggregate face amount of the Old Notes held by you for the account of the undersigned is (fill in amount):

**\$ of the Zero Coupon Convertible Senior Notes due 2031**

With respect to the Exchange Offer, the undersigned hereby instructs you (check appropriate box):

☐ To TENDER the following Old Notes held by you for the account of the undersigned (insert principal amount at maturity of Old Notes to be tendered, if any) in exchange for a like principal amount at maturity of Zero Coupon Convertible Senior Notes, Series B due 2031 (the "New Notes"):

☐ NOT to TENDER any Old Notes held by you for the account of the undersigned.

If the undersigned instructs you to tender the Old Notes held by you for the account of the undersigned, it is understood that you are authorized to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations and warranties contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner, including but not limited to the representations, that (i) the holder is not an "affiliate" of the Company, (ii) any New Notes to be received by the holder are being acquired in the ordinary course of its business, and (iii) the holder has no arrangement or understanding with any person to participate, and is not engaged and does not intend to engage, in a distribution (within the meaning of the Securities Act) of such New Notes. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, it represents that such Old Notes were acquired as a result of market-making activities or other trading activities, and it acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes, such broker-dealer is not deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended.

**SIGN HERE**

Name of beneficial owner(s):

**Signature(s):**

**Name(s)**

(PLEASE PRINT)

**Address:**

**Telephone Number:**

**Taxpayer Identification or Social Security Number**

**Date:**



# EXHIBIT 99.6

## GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER -- Social Security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer.

FOR THIS TYPE OF ACCOUNT:		GIVE THE SOCIAL SECURITY NUMBER OF --
1.	Individual	The individual
2.	Two or more	The actual owner of the account or, if combined funds. any one of the individuals(1)
3.	Custodian account of a minor (Uniform Gifts to Minors Act)	The minor(2)
4.	a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee(1)
	b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
5.	Sole proprietorship	The owner(3)
6.	Sole proprietorship	The owner(3)
7.	A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title).(4)
FOR THIS TYPE OF ACCOUNT:		GIVE THE SOCIAL SECURITY NUMBER OF --
8.	Corporate	The corporation
9.	Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10.	Partnership	The partnership
11.	A broker or registered nominee	The broker or nominee
12.	Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) Show the name of the owner.
- (4) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

**GUIDELINES FOR CERTIFICATION OF TAXPAYER  
IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9**

PAGE 2

Section references are to the Internal Revenue Code.

**OBTAINING A NUMBER**

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service ("the IRS") and apply for a number.

**PAYEES EXEMPT FROM BACKUP WITHHOLDING**

The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except in item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except that a corporation that provides medical end health care services or bills and collects payments for such services is not exempt from backup withholding or information reporting. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions, patronage dividends, and payment by certain fishing boat operators.

- (1) A corporation.
- (2) An organization exempt from tax under section 501(a), or an individual retirement plan ("IRA"), at a custodial account under 403(b)(7).
- (3) The United States or any of its agencies or instrumentalities.
- (4) A State, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
- (5) A foreign government or any of its political subdivisions, agencies or instrumentalities.
- (6) An international organization or any of its agencies or instrumentalities.
- (7) A foreign central bank of issue.
- (8) A dealer in securities or commodities required to register in the United States or a possession of the United States.
- (9) A future commission merchant registered with the Commodity Futures Trading Commission.
- (10) A real estate investment trust.
- (11) An entity registered at all times during the tax year under the Investment Company Act of 1940.
- (12) A common trust fund operated by a bank under section 584(a).
- (13) A financial institution.
- (14) A middleman known in the investment community as nominee or listed in the most recent publication of the American Society of Corporate Securities, Inc., Nominee List.
- (15) A trust exempt from tax under section 664 or described in section 4947. Payments of dividends and patronage dividends generally not subject to backup withholding also include the following:
  - Payments to nonresident aliens subject to withholding under section 1441.
  - Payments to partnerships not engaged in a trade or business in the United States and which have at least one nonresident partner.
  - Payments of patronage dividends not paid in money.
  - Payments made by certain foreign organizations. Payments of interest generally not subject to backup withholding include the following:
    - Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
    - Payments of tax-exempt interest (including exempt interest dividends under section 852).
    - Payments described in section 6049(b)(5) to nonresident aliens.
    - Payments on tax-free covenant bonds under section 1451.
    - Payments made by certain foreign organizations.
  - Mortgage interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A and 6050N, and the regulations under such sections.

**PRIVACY ACT NOTICE**

Section 6109 requires you to give your correct taxpayer identification number to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid by you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your taxpayer identification number whether or not you are qualified to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

**PENALTIES**

(1) **PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.** If you fail to furnish your taxpayer identification

number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING. If you make a false statement with no reasonable basis which results in no backup withholding, you are subject to a \$500 penalty.

(3) CRIMINAL PENALTY FOR FALSIFYING INFORMATION. Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**FOR ADDITIONAL INFORMATION CONTACT  
YOUR TAX  
CONSULTANT OR THE INTERNAL  
REVENUE SERVICE.**