

# MASCO CORP /DE/

## FORM 8-K (Current report filing)

Filed 10/28/13 for the Period Ending 10/28/13

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

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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

**Date of report (Date of earliest event reported) October 28, 2013**

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**Masco Corporation**  
(Exact name of Registrant as Specified in Charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**1-5794**  
(Commission  
File Number)

**38-1794485**  
(IRS Employer  
Identification No.)

**21001 Van Born Road, Taylor, Michigan**  
(Address of Principal Executive Offices)

**48180**  
(Zip Code)

**(313) 274-7400**  
Registrant's telephone number, including area code

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

Attached and incorporated herein by reference as Exhibit 99 is a copy of a press release dated October 28, 2013 reporting Masco Corporation's financial results for the third quarter of 2013 and certain other information and supplemental information prepared for use in connection with the financial results for the third quarter 2013. On October 29, 2013, Masco Corporation will hold an investor conference call and web cast to discuss financial results for the third quarter 2013.

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

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

99 Press Release of Masco Corporation dated October 28, 2013 reporting Masco Corporation's financial results for the third quarter 2013 and certain other information and supplemental information prepared for use in connection with the financial results for the third quarter 2013.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MASCO CORPORATION

By: /s/ John G. Sznewajs

Name: John G. Sznewajs

Title: Vice President, Treasurer and Chief Financial Officer

October 28, 2013

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## **EXHIBIT INDEX**

99 Press Release of Masco Corporation dated October 28, 2013 reporting Masco Corporation's financial results for the third quarter 2013 and certain other information and supplemental information prepared for use in connection with the financial results for the third quarter 2013.



## MASCO CONTINUES MARGIN EXPANSION IN THIRD QUARTER 2013

### Key Quarter Highlights

- Sales increased 12 percent to \$2.2 billion
- North American sales increased 13 percent
- All segments positively contributed to top line growth
- Adjusted operating profit margin expanded 260 bps to 10.3 percent
- Retired \$200 million debt maturity

**Taylor, Michigan ( October 28 , 2013 )** — Masco Corporation (NYSE: MAS) continued to deliver growth in the third quarter of 2013. All operating segments contributed to top line growth, accelerated by the strength of new home construction in North America and improvement in repair and remodel activity. Adjusted operating margins increased to 10.3 percent from 7.7 percent due to higher volumes and operating leverage.

### 2013 Third Quarter Commentary

- Net sales from continuing operations increased 12 percent to \$2.2 billion, compared with \$1.9 billion for third quarter 2012. North American sales increased 13 percent and international sales increased 9 percent in U.S. dollars and 5 percent in local currency
- Compared to third quarter 2012, results for key financial measures, **as adjusted** for certain items (see Exhibit A) and with a normalized tax rate of 36 percent, were as follows:
  - Gross margins of 28.5 percent increased 120 bps
  - Operating margins of 10.3 percent increased 260 bps
  - Income from continuing operations was \$0.27 per common share compared to \$0.14 per common share
- Income from continuing operations, **as reported**, was \$0.29 per common share compared to \$0.07 per common share in the third quarter 2012
- We ended the third quarter with approximately \$1.3 billion of cash, cash investments and short-term bank deposits

### 2013 Third Quarter Operating Segment Highlights

- Plumbing Products benefited from a North American faucet and toilet sales growth percentage in the mid-teens, with particular strength in the trade channel
- Decorative Architectural Products delivered gallon volume growth through recently introduced products and programs
- Cabinets and Related Products grew sales across all channels in North America, including direct to builder, dealer, and retail, and in all three brands: KraftMaid<sup>®</sup>, Merillat<sup>®</sup> and QualityCabinets<sup>™</sup>
- Installation and Other Services delivered improved top line and bottom line performance, benefiting from the strength of new home construction
- Other Specialty Products continued top line growth, led by North American window sales growth percentage in the mid-teens

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“We are very pleased with our third quarter 2013 results, our eighth consecutive quarter of both sales growth and margin expansion (as adjusted). We continued to gain momentum across all segments,” said Masco’s President and CEO, Tim Wadhams. “Top line growth was delivered by each segment in the third quarter supported by continued growth in North American new home construction, improving repair and remodel activity and increased international sales. In our Decorative Architectural segment, sales benefited from BEHR PREMIUM DECKOVER® launched earlier this year. New products and programs drove sales, particularly to the trade, across virtually all categories in our Plumbing Products segment. In our North American Cabinetry business, we remained focused on further improving profitability with sales growth across all three channels. Our strong performance reflects our success in leveraging the housing recovery and the continued execution of our strategic priorities company-wide, including our focus on cost containment.”

### **Outlook**

“Economic uncertainties in the U.S. are impacting consumer confidence, making the pace of the U.S. economic recovery uneven,” said Mr. Wadhams. “Despite this, we believe that demand for our products will continue to improve. We expect new home construction demand to drive continued increases in housing starts and we are also very encouraged by the ongoing improvement in repair and remodel activity in the U.S. While still challenging, economic conditions in Europe are slowly improving. Our results reflect the benefits of the actions we have taken over the past several years, including investing in our brands and innovation, reducing our cost structure and paying down debt. We have strengthened our business by these actions, which should continue to positively impact our results going forward as we focus on successfully navigating through this recovery.”

### **About Masco**

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

The 2013 third quarter supplemental material, including a presentation in PDF format, is available on the Company’s website at [www.masco.com](http://www.masco.com).

### **Conference Call Details**

A conference call regarding items contained in this release is scheduled for Tuesday, October 29, 2013 at 8:00 a.m. EDT. Participants in the call are asked to register five to ten minutes prior to the scheduled start time by dialing (855) 226-2726 (855-22MASCO) and from outside the U.S. at (706) 679-3614. Please use the conference identification number 75879461. The conference call will be webcast simultaneously and in its entirety through the Company’s website. Shareholders, media representatives and others interested in Masco may participate in the webcast by registering through the Investor Relations section on the Company’s website.

A replay of the call will be available on Masco’s website or by phone by dialing (855) 859-2056 and from outside the U.S. at (404) 537-3406. Please use the conference identification number 75879461. The telephone replay will be available approximately two hours after the end of the call and continue through November 12, 2013.

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## **Safe Harbor Statement**

Statements contained in this press release that reflect our views about our future performance constitute “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “believe,” “anticipate,” “appear,” “may,” “will,” “should,” “intend,” “plan,” “estimate,” “expect,” “assume,” “seek,” “forecast,” and similar references to future periods. These views involve risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed in our forward-looking statements. We caution you against relying on any of these forward-looking statements. Our future performance may be affected by our reliance on new home construction and home improvement, our reliance on key customers, the cost and availability of raw materials, uncertainty in the international economy, shifts in consumer preferences and purchasing practices, our ability to improve our underperforming businesses, and our ability to maintain our competitive position in our industries. These and other factors are discussed in detail in Item 1A, “Risk Factors” in our most recent Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and in other filings we make with the Securities and Exchange Commission. Our forward-looking statements in this press release speak only as of the date of this press release. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Unless required by law, we undertake no obligation to update publicly any forward-looking statements as a result of new information, future events or otherwise.

The Company believes that the non-GAAP performance measures and ratios that are contained herein, used in managing the business, may provide users of this financial information with additional meaningful comparisons between current results and results in prior periods. Non-GAAP performance measures and ratios should be viewed in addition to, and not as an alternative for, the Company’s reported results under accounting principles generally accepted in the United States. Additional information about the Company is contained in the Company’s filings with the Securities and Exchange Commission and is available on Masco’s website at [www.masco.com](http://www.masco.com).

## **Investor / Media Contact**

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**MASCO CORPORATION**  
**Condensed Consolidated Statements of Operations - Unaudited**  
**For the Three Months and Nine Months Ended September 30, 2013 and 2012**

(dollars in millions, except EPS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net sales	\$ 2,150	\$ 1,913	\$ 6,175	\$ 5,664
Cost of sales	<u>1,543</u>	<u>1,413</u>	<u>4,451</u>	<u>4,159</u>
Gross profit	607	500	1,724	1,505
Selling, general and administrative expenses	395	391	1,192	1,160
Charge for litigation settlements, net	<u>—</u>	<u>1</u>	<u>—</u>	<u>74</u>
Operating profit	212	108	532	271
Other income (expense), net	(58)	(59)	(176)	(190)
Gains from financial investments, net	<u>—</u>	<u>2</u>	<u>8</u>	<u>18</u>
Income from continuing operations before income taxes	154	51	364	99
Income taxes	<u>38</u>	<u>16</u>	<u>91</u>	<u>54</u>
Income from continuing operations	116	35	273	45
Loss from discontinued operations	<u>(2)</u>	<u>(11)</u>	<u>(16)</u>	<u>(44)</u>
Net income	114	24	257	1
Less: Net income attributable to noncontrolling interest	<u>11</u>	<u>9</u>	<u>30</u>	<u>28</u>
Net income (loss) attributable to Masco Corporation	<u>\$ 103</u>	<u>\$ 15</u>	<u>\$ 227</u>	<u>\$ (27)</u>
Income (loss) per common share attributable to Masco Corporation (diluted):				
Income from continuing operations	\$ 0.29	\$ 0.07	\$ 0.67	\$ 0.04
Loss from discontinued operations	<u>(0.01)</u>	<u>(0.03)</u>	<u>(0.04)</u>	<u>(0.12)</u>
Net income (loss)	<u>\$ 0.29</u>	<u>\$ 0.04</u>	<u>\$ 0.63</u>	<u>\$ (0.08)</u>
Average diluted common shares outstanding	<u>352</u>	<u>350</u>	<u>352</u>	<u>350</u>
Amounts attributable to Masco Corporation:				
Income from continuing operations	\$ 105	\$ 26	\$ 243	\$ 17
Loss from discontinued operations	<u>(2)</u>	<u>(11)</u>	<u>(16)</u>	<u>(44)</u>
Net income (loss)	<u>\$ 103</u>	<u>\$ 15</u>	<u>\$ 227</u>	<u>\$ (27)</u>

**MASCO CORPORATION**  
**Exhibit A: Reconciliations - Unaudited**  
**For the Three Months and Nine Months Ended September 30, 2013 and 2012**

(dollars in millions, except EPS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
<b><u>Gross Profit and Operating Profit Reconciliations</u></b>				
<b>Net sales</b>	<b><u>\$ 2,150</u></b>	<b><u>\$ 1,913</u></b>	<b><u>\$6,175</u></b>	<b><u>\$5,664</u></b>
<b>Gross profit, as reported</b>	<b><u>\$ 607</u></b>	<b><u>\$ 500</u></b>	<b><u>\$1,724</u></b>	<b><u>\$1,505</u></b>
Rationalization charges	6	10	23	23
Other Specialty Products - warranty	—	12	—	12
Gain from sale of fixed assets	—	—	—	(5)
<b>Gross profit, as adjusted</b>	<b><u>\$ 613</u></b>	<b><u>\$ 522</u></b>	<b><u>\$1,747</u></b>	<b><u>\$1,535</u></b>
Gross margin, as reported	28.2%	26.1%	27.9%	26.6%
Gross margin, as adjusted	28.5%	27.3%	28.3%	27.1%
<b>Operating profit, as reported</b>	<b><u>\$ 212</u></b>	<b><u>\$ 108</u></b>	<b><u>\$ 532</u></b>	<b><u>\$ 271</u></b>
Rationalization charges	10	27	36	45
Other Specialty Products - warranty	—	12	—	12
Gain from sale of fixed assets	—	—	—	(5)
Charge for litigation settlements, net	—	1	—	74
<b>Operating profit, as adjusted</b>	<b><u>\$ 222</u></b>	<b><u>\$ 148</u></b>	<b><u>\$ 568</u></b>	<b><u>\$ 397</u></b>
Operating margin, as reported	9.9%	5.6%	8.6%	4.8%
Operating margin, as adjusted	10.3%	7.7%	9.2%	7.0%
<b><u>Earnings Per Common Share Reconciliation</u></b>				
<b>Income from continuing operations before income taxes, as reported</b>	<b><u>\$ 154</u></b>	<b><u>\$ 51</u></b>	<b><u>\$ 364</u></b>	<b><u>\$ 99</u></b>
Rationalization charges	10	27	36	45
Other Specialty Products - warranty	—	12	—	12
Gain from sale of fixed assets	—	—	—	(5)
Charge for litigation settlements, net	—	1	—	74
Gains from financial investments, net	—	(2)	(8)	(18)
Interest carry costs	—	—	—	7
<b>Income from continuing operations before income taxes, as adjusted</b>	<b><u>164</u></b>	<b><u>89</u></b>	<b><u>392</u></b>	<b><u>214</u></b>
Tax at 36% rate	(59)	(32)	(141)	(77)
Less: Net income attributable to noncontrolling interest	11	9	30	28
<b>Net income, as adjusted</b>	<b><u>\$ 94</u></b>	<b><u>\$ 48</u></b>	<b><u>\$ 221</u></b>	<b><u>\$ 109</u></b>
<b>Income per common share, as adjusted</b>	<b><u>\$ 0.27</u></b>	<b><u>\$ 0.14</u></b>	<b><u>\$ 0.63</u></b>	<b><u>\$ 0.31</u></b>
Average diluted common shares outstanding	<u>352</u>	<u>350</u>	<u>352</u>	<u>350</u>

**MASCO CORPORATION**  
**Condensed Consolidated Balance Sheets and**  
**Other Financial Data - Unaudited**

(dollars in millions)

	September 30, 2013	December 31, 2012
<b>Balance Sheet</b>		
<b>Assets</b>		
Current assets:		
Cash and cash investments	\$ 1,011	\$ 1,040
Short-term bank deposits	277	311
Receivables	1,211	933
Inventories	777	726
Prepaid expenses and other	119	107
Assets held for sale	98	100
Total current assets	3,493	3,217
Property and equipment, net	1,257	1,326
Goodwill	1,900	1,894
Other intangible assets, net	149	151
Other assets	166	184
Assets held for sale	94	103
Total assets	<u>\$ 7,059</u>	<u>\$ 6,875</u>
<b>Liabilities</b>		
Current liabilities:		
Notes payable	\$ 5	\$ 206
Accounts payable	986	788
Accrued liabilities	847	823
Liabilities held for sale	49	45
Total current liabilities	1,887	1,862
Long-term debt	3,421	3,422
Deferred income taxes and other	1,065	1,053
Liabilities held for sale	—	4
Total liabilities	6,373	6,341
<b>Shareholders' equity</b>	686	534
Total liabilities and shareholders' equity	<u>\$ 7,059</u>	<u>\$ 6,875</u>
	<b>Year To Date</b>	
	September 30,	September 30,
	2013	2012
<b>Other Financial Data</b>		
<b>Working Capital Days</b>		
Receivable Days	49	51
Inventory Days	49	54
Payable Days	70	65
Working Capital	\$ 1,002	\$ 1,120
Working Capital as a % of Sales ( <i>LTM</i> )	12.1%	14.8%

**MASCO CORPORATION**  
**Condensed Consolidated Statement of Cash Flows - Unaudited**

(dollars in millions)

	September 30, <u>2013</u>	September 30, <u>2012</u>
<b>Cash Flows From (For) Operating Activities:</b>		
Cash provided by operating activities	\$ 489	\$ 191
Working capital changes	<u>(139)</u>	<u>(101)</u>
Net cash from operating activities	<u>350</u>	<u>90</u>
<b>Cash Flows From (For) Financing Activities:</b>		
Purchase of Company common stock	(35)	(8)
Cash dividends paid	(81)	(80)
Dividend paid to noncontrolling interest	(34)	(40)
Credit Agreement costs	(4)	—
Debt, net	<u>(202)</u>	<u>(420)</u>
Net cash for financing activities	<u>(356)</u>	<u>(548)</u>
<b>Cash Flows From (For) Investing Activities:</b>		
Capital expenditures	(88)	(80)
Other, net	<u>67</u>	<u>63</u>
Net cash for investing activities	<u>(21)</u>	<u>(17)</u>
Effects of exchange rate changes on cash and cash investments	(2)	11
<b>Cash and Cash Investments:</b>		
Decrease for the period	(29)	(464)
At January 1	<u>1,040</u>	<u>1,353</u>
At September 30	<u>\$ 1,011</u>	<u>\$ 889</u>
	<b>As of September 30,</b>	
	<u>2013</u>	<u>2012</u>
<b>Liquidity</b>		
Cash and cash investments	\$ 1,011	\$ 889
Short-term bank deposits	<u>277</u>	<u>277</u>
<b>Total Liquidity</b>	<u>\$ 1,288</u>	<u>\$ 1,166</u>

**MASCO CORPORATION**  
**Quarterly Segment Data - Unaudited**  
**For the Three Months and Nine Months Ended September 30, 2013 and 2012**

(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	2013	2012	Change
<b>Cabinets and Related Products</b>						
Net sales	\$ 262	\$ 228	15%	\$ 763	\$ 709	8%
Operating loss, as reported	\$ (2)	\$ (28)		\$ (4)	\$ (49)	
<i>Operating margin, as reported</i>	<i>-0.8 %</i>	<i>-12.3 %</i>		<i>-0.5 %</i>	<i>-6.9 %</i>	
Rationalization charges	1	6		4	9	
Accelerated depreciation related to plant closures	2	2		6	2	
Impairment of goodwill and other intangible assets	—	—		—	—	
Operating profit (loss), as adjusted	1	(20)		6	(38)	
<i>Operating margin, as adjusted</i>	<i>0.4 %</i>	<i>-8.8 %</i>		<i>0.8 %</i>	<i>-5.4 %</i>	
Depreciation and amortization	9	10		28	30	
EBITDA, as adjusted	\$ 10	\$ (10)		\$ 34	\$ (8)	
<b>Plumbing Products</b>						
Net sales	\$ 820	\$ 736	11%	\$2,384	\$2,216	8%
Operating profit, as reported	\$ 118	\$ 75		\$ 306	\$ 242	
<i>Operating margin, as reported</i>	<i>14.4 %</i>	<i>10.2 %</i>		<i>12.8 %</i>	<i>10.9 %</i>	
Rationalization charges	5	5		13	8	
Accelerated depreciation related to plant closures	1	1		2	10	
Impairment of goodwill and other intangible assets	—	—		—	—	
Operating profit, as adjusted	124	81		321	260	
<i>Operating margin, as adjusted</i>	<i>15.1 %</i>	<i>11.0 %</i>		<i>13.5 %</i>	<i>11.7 %</i>	
Depreciation and amortization	15	15		45	44	
EBITDA, as adjusted	\$ 139	\$ 96		\$ 366	\$ 304	
<b>Installation and Other Services</b>						
Net sales	\$ 370	\$ 312	19%	\$1,039	\$ 886	17%
Operating profit (loss), as reported	\$ 18	\$ (2)		\$ 22	\$ (25)	
<i>Operating margin, as reported</i>	<i>4.9 %</i>	<i>-0.6 %</i>		<i>2.1 %</i>	<i>-2.8 %</i>	
Rationalization charges	1	1		1	1	
Accelerated depreciation related to plant closures	—	—		—	—	
Impairment of goodwill and other intangible assets	—	—		—	—	
Operating profit (loss), as adjusted	19	(1)		23	(24)	
<i>Operating margin, as adjusted</i>	<i>5.1 %</i>	<i>-0.3 %</i>		<i>2.2 %</i>	<i>-2.7 %</i>	
Depreciation and amortization	7	7		21	22	
EBITDA, as adjusted	\$ 26	\$ 6		\$ 44	\$ (2)	
<b>Decorative Architectural Products</b>						
Net sales	\$ 522	\$ 481	9%	\$1,519	\$1,432	6%
Operating profit, as reported	\$ 93	\$ 96		\$ 286	\$ 264	
<i>Operating margin, as reported</i>	<i>17.8 %</i>	<i>20.0 %</i>		<i>18.8 %</i>	<i>18.4 %</i>	
Rationalization charges	—	—		1	—	
Accelerated depreciation related to plant closures	—	—		—	—	
Impairment of goodwill and other intangible assets	—	—		—	—	
Operating profit, as adjusted	93	96		287	264	
<i>Operating margin, as adjusted</i>	<i>17.8 %</i>	<i>20.0 %</i>		<i>18.9 %</i>	<i>18.4 %</i>	
Depreciation and amortization	4	4		12	12	
EBITDA, as adjusted	\$ 97	\$ 100		\$ 299	\$ 276	

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**MASCO CORPORATION**  
**Quarterly Segment Data - Unaudited**  
**For the Three Months and Nine Months Ended September 30, 2013 and 2012**

(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	2013	2012	Change
<b>Other Specialty Products</b>						
Net sales	\$ 176	\$ 156	13%	\$ 470	\$ 421	12%
Operating profit, as reported	\$ 16	\$ 3		\$ 26	\$ 4	
<i>Operating margin, as reported</i>	9.1 %	1.9 %		5.5 %	1.0 %	
Rationalization charges	—	1		2	1	
Accelerated depreciation related to plant closures	—	—		4	—	
Impairment of goodwill and other intangible assets	—	—		—	—	
Other - warranty	—	12		—	12	
Operating profit, as adjusted	16	16		32	17	
<i>Operating margin, as adjusted</i>	9.1 %	10.3 %		6.8 %	4.0 %	
Depreciation and amortization *	5	5		14	16	
EBITDA, as adjusted	\$ 21	\$ 21		\$ 46	\$ 33	
<b>Total</b>						
Net sales	\$2,150	\$1,913	12%	\$6,175	\$5,664	9%
Operating profit, as reported - segment	\$ 243	\$ 144		\$ 636	\$ 436	
General corporate expense, net (GCE)	(31)	(35)		(104)	(96)	
Gain from sales of fixed assets	—	—		—	5	
Charge for litigation settlements, net	—	(1)		—	(74)	
Operating profit, as reported	212	108		532	271	
<i>Operating margin, as reported</i>	9.9 %	5.6 %		8.6 %	4.8 %	
Rationalization charges - segment	7	13		21	19	
Accelerated depreciation - segment	3	3		12	12	
Rationalization charges - GCE	—	11		3	14	
Accelerated depreciation - GCE	—	—		—	—	
Gain from sales of fixed assets	—	—		—	(5)	
Charge for litigation settlements, net	—	1		—	74	
Impairment of goodwill and other intangible assets	—	—		—	—	
Other Specialty Products - warranty	—	12		—	12	
Operating profit, as adjusted	222	148		568	397	
<i>Operating margin, as adjusted</i>	10.3 %	7.7 %		9.2 %	7.0 %	
Depreciation and amortization - segment	40	41		120	124	
Depreciation and amortization - non-operating	3	3		9	10	
EBITDA, as adjusted	\$ 265	\$ 192		\$ 697	\$ 531	

\* Depreciation and amortization for the nine months ended September 30, 2013 reflects the reclassification of \$4 million within Cost of Sales.

**MASCO CORPORATION**  
**North American and International Data - Unaudited**  
**For the Three Months and Nine Months Ended September 30, 2013 and 2012**

(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	2013	2012	Change
<b>North American</b>						
Net sales	<u>\$1,756</u>	<u>\$1,553</u>	13%	<u>\$5,031</u>	<u>\$4,571</u>	10%
Operating profit, as reported	\$ 193	\$ 112		\$ 518	\$ 325	
<i>Operating margin, as reported</i>	<i>11.0 %</i>	<i>7.2 %</i>		<i>10.3 %</i>	<i>7.1 %</i>	
Rationalization charges	7	9		14	15	
Accelerated depreciation related to plant closures	3	2		8	11	
Impairment of goodwill and other intangible assets	—	—		—	—	
Other - warranty	—	12		—	12	
Operating profit, as adjusted	203	135		540	363	
<i>Operating margin, as adjusted</i>	<i>11.6 %</i>	<i>8.7 %</i>		<i>10.7 %</i>	<i>7.9 %</i>	
Depreciation and amortization	30	32		90	96	
EBITDA, as adjusted	<u>\$ 233</u>	<u>\$ 167</u>		<u>\$ 630</u>	<u>\$ 459</u>	
<b>International</b>						
Net sales	<u>\$ 394</u>	<u>\$ 360</u>	9%	<u>\$1,144</u>	<u>\$1,093</u>	5%
Operating profit, as reported	\$ 50	\$ 32		\$ 118	\$ 111	
<i>Operating margin, as reported</i>	<i>12.7 %</i>	<i>8.9 %</i>		<i>10.3 %</i>	<i>10.2 %</i>	
Rationalization charges	—	4		7	4	
Accelerated depreciation related to plant closures	—	1		4	1	
Impairment of goodwill and other intangible assets	—	—		—	—	
Operating profit, as adjusted	50	37		129	116	
<i>Operating margin, as adjusted</i>	<i>12.7 %</i>	<i>10.3 %</i>		<i>11.3 %</i>	<i>10.6 %</i>	
Depreciation and amortization *	10	9		30	28	
EBITDA, as adjusted	<u>\$ 60</u>	<u>\$ 46</u>		<u>\$ 159</u>	<u>\$ 144</u>	
<b>Total</b>						
Net sales	<u>\$2,150</u>	<u>\$1,913</u>	12%	<u>\$6,175</u>	<u>\$5,664</u>	9%
Operating profit, as reported - segment	\$ 243	\$ 144		\$ 636	\$ 436	
General corporate expense, net (GCE)	(31)	(35)		(104)	(96)	
Gain from sales of fixed assets	—	—		—	5	
Charge for litigation settlements, net	—	(1)		—	(74)	
Operating profit, as reported	212	108		532	271	
<i>Operating margin, as reported</i>	<i>9.9 %</i>	<i>5.6 %</i>		<i>8.6 %</i>	<i>4.8 %</i>	
Rationalization charges - segment	7	13		21	19	
Accelerated depreciation - segment	3	3		12	12	
Rationalization charges - GCE	—	11		3	14	
Accelerated depreciation - GCE	—	—		—	—	
Gain from sales of fixed assets	—	—		—	(5)	
Charge for litigation settlements, net	—	1		—	74	
Impairment of goodwill and other intangible assets	—	—		—	—	
Other - warranty	—	12		—	12	
Operating profit, as adjusted	222	148		568	397	
<i>Operating margin, as adjusted</i>	<i>10.3 %</i>	<i>7.7 %</i>		<i>9.2 %</i>	<i>7.0 %</i>	
Depreciation and amortization - segment	40	41		120	124	
Depreciation and amortization - non-operating	3	3		9	10	
EBITDA, as adjusted	<u>\$ 265</u>	<u>\$ 192</u>		<u>\$ 697</u>	<u>\$ 531</u>	

\* Depreciation and amortization for the nine months ended September 30, 2013 reflects the reclassification of \$4 million within Cost of Sales