

MASCO CORPORATION**Condensed Consolidated Statements of Operations - Unaudited****For the Three Months Ended March 31, 2015 and 2014****(in millions, except per common share data)**

	Three Months Ended March 31,	
	2015	2014
Net sales	\$ 2,018	\$ 1,965
Cost of sales	<u>1,450</u>	<u>1,418</u>
Gross profit	568	547
Selling, general and administrative expenses	<u>397</u>	<u>395</u>
Operating profit	171	152
Other income (expense), net	<u>(55)</u>	<u>(59)</u>
Income from continuing operations before income taxes	116	93
Income taxes	<u>43</u>	<u>5</u>
Income from continuing operations	73	88
Loss from discontinued operations	<u>-</u>	<u>(2)</u>
Net income	73	86
Less: Net income attributable to noncontrolling interest	<u>9</u>	<u>12</u>
Net income attributable to Masco Corporation	<u>\$ 64</u>	<u>\$ 74</u>
Income per common share attributable to Masco Corporation (diluted):		
Income from continuing operations	\$ 0.18	\$ 0.21
Loss from discontinued operations	<u>-</u>	<u>(0.01)</u>
Net income	<u>\$ 0.18</u>	<u>\$ 0.21</u>
Average diluted common shares outstanding	<u>347</u>	<u>354</u>
Amounts attributable to Masco Corporation:		
Income from continuing operations	\$ 64	\$ 76
Loss from discontinued operations	<u>-</u>	<u>(2)</u>
Net income attributable to Masco Corporation	<u>\$ 64</u>	<u>\$ 74</u>

MASCO CORPORATION**Exhibit A: Reconciliations - Unaudited****For the Three Months Ended March 31, 2015 and 2014**

(in millions, except per common share data)

	Three Months Ended March 31,	
	2015	2014
<u>Gross Profit and Operating Profit Reconciliations</u>		
Net sales	\$ 2,018	\$ 1,965
Gross profit, as reported	\$ 568	\$ 547
Rationalization charges	1	4
Gross profit, as adjusted	\$ 569	\$ 551
Gross margin, as reported	28.1%	27.8%
Gross margin, as adjusted	28.2%	28.0%
Operating profit, as reported	\$ 171	\$ 152
Rationalization charges	6	5
Costs related to spin-off of Services Business	4	-
Operating profit, as adjusted	\$ 181	\$ 157
Operating margin, as reported	8.5%	7.7%
Operating margin, as adjusted	9.0%	8.0%
<u>Earnings Per Common Share Reconciliation</u>		
Income from continuing operations before income taxes, as reported	\$ 116	\$ 93
Rationalization charges	6	5
Costs related to spin-off of Services Business	4	-
Gains from financial investments, net	(2)	(1)
Equity investments loss, net	-	2
Income from continuing operations before income taxes, as adjusted	124	99
Tax at 36% rate	(45)	(36)
Less: Net income attributable to noncontrolling interest	9	12
Income from continuing operations, as adjusted	\$ 70	\$ 51
Income per common share, as adjusted	\$ 0.20	\$ 0.14
Average diluted common shares outstanding	347	354

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

(dollars in millions)

Balance Sheet	March 31, 2015	December 31, 2014
Assets		
Current Assets:		
Cash and cash investments	\$ 1,578	\$ 1,383
Short-term bank deposits	197	306
Receivables	1,248	1,040
Inventories	863	819
Prepaid expenses and other	293	315
Total Current Assets	<u>4,179</u>	<u>3,863</u>
Property and equipment, net	1,106	1,139
Goodwill	1,878	1,884
Other intangible assets, net	158	145
Other assets	147	136
Total Assets	<u>\$ 7,468</u>	<u>\$ 7,167</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 1,019	\$ 950
Notes payable	506	505
Accrued liabilities	682	756
Total Current Liabilities	<u>2,207</u>	<u>2,211</u>
Long-term debt	3,418	2,919
Deferred income taxes and other	884	909
Total Liabilities	<u>6,509</u>	<u>6,039</u>
Equity	959	1,128
Total Liabilities and Equity	<u>\$ 7,468</u>	<u>\$ 7,167</u>

Other Financial Data	As of	
	March 31, 2015	March 31, 2014
Working Capital Days		
Receivable days	50	51
Inventory days	51	52
Accounts Payable days	71	68
Working capital	\$ 1,092	\$ 1,099
Working capital as a % of sales (LTM)	12.7%	13.3%

MASCO CORPORATION
Condensed Consolidated Statement of Cash Flows
and Other Data - Unaudited

(dollars in millions)

	March 31, 2015	March 31, 2014
Cash Flows From (For) Operating Activities:		
Cash provided by operating activities	\$ 144	\$ 121
Working capital changes	(296)	(365)
Net cash for operating activities	<u>(152)</u>	<u>(244)</u>
Cash Flows From (For) Financing Activities:		
Purchase of Company common stock	(103)	(39)
Cash dividends paid	(32)	(27)
Issuance of notes, net of issuance costs	497	-
Net cash from (for) financing activities	<u>362</u>	<u>(66)</u>
Cash Flows From (For) Investing Activities:		
Capital expenditures	(32)	(26)
Other, net	43	20
Net cash from (for) investing activities	<u>11</u>	<u>(6)</u>
Effect of exchange rate changes on cash and cash investments	(26)	(1)
Cash and Cash Investments:		
Increase (decrease) for the year	195	(317)
At January 1	1,383	1,223
At March 31	<u>\$ 1,578</u>	<u>\$ 906</u>

	As of March 31,	
	2015	2014
Liquidity		
Cash and cash investments	\$ 1,578	\$ 906
Short-term bank deposits	197	305
Total Liquidity	<u>\$ 1,775</u>	<u>\$ 1,211</u>

MASCO CORPORATION
Segment Data - Unaudited
For the Three Months Ended March 31, 2015 and 2014

(dollars in millions)

	Three Months Ended		
	March 31,		
	2015	2014	Change
Cabinets and Related Products			
Net sales	\$ 249	\$ 237	5%
Operating loss, as reported	\$ (4)	\$ (12)	
<i>Operating margin, as reported</i>	-1.6%	-5.1%	
Rationalization charges	2	2	
Accelerated depreciation related to plant closures	-	1	
Operating loss, as adjusted	(2)	(9)	
<i>Operating margin, as adjusted</i>	-0.8%	-3.8%	
Depreciation and amortization	7	9	
EBITDA, as adjusted	\$ 5	\$ -	
Plumbing Products			
Net sales	\$ 796	\$ 800	-1%
Operating profit, as reported	\$ 111	\$ 119	
<i>Operating margin, as reported</i>	13.9%	14.9%	
Rationalization charges	1	2	
Operating profit, as adjusted	112	121	
<i>Operating margin, as adjusted</i>	14.1%	15.1%	
Depreciation and amortization	14	15	
EBITDA, as adjusted	\$ 126	\$ 136	
Installation and Other Services			
Net sales	\$ 359	\$ 335	7%
Operating profit (loss), as reported	\$ 7	\$ (4)	
<i>Operating margin, as reported</i>	1.9%	-1.2%	
Costs related to spin-off of Services Business	1	-	
Operating profit (loss), as adjusted	8	(4)	
<i>Operating margin, as adjusted</i>	2.2%	-1.2%	
Depreciation and amortization	3	6	
EBITDA, as adjusted	\$ 11	\$ 2	

MASCO CORPORATION
Segment Data - Unaudited
For the Three Months Ended March 31, 2015 and 2014

(dollars in millions)

	Three Months Ended		
	March 31,		
	2015	2014	Change
Decorative Architectural Products			
Net sales	\$ 451	\$ 441	2%
Operating profit, as reported	\$ 83	\$ 76	
<i>Operating margin, as reported</i>	18.4%	17.2%	
Depreciation and amortization	4	4	
EBITDA	\$ 87	\$ 80	
Other Specialty Products			
Net sales	\$ 163	\$ 152	7%
Operating profit, as reported	\$ 6	\$ 5	
<i>Operating margin, as reported</i>	3.7%	3.3%	
Depreciation and amortization	4	5	
EBITDA	\$ 10	\$ 10	
Total			
Net sales	\$ 2,018	\$ 1,965	3%
Operating profit, as reported - segment	\$ 203	\$ 184	
General corporate expense, net (GCE)	(32)	(32)	
Operating profit, as reported	171	152	
<i>Operating margin, as reported</i>	8.5%	7.7%	
Rationalization charges - segment	3	4	
Accelerated depreciation - segment	-	1	
Costs related to spin-off of Services Business - segment	1	-	
Rationalization charges - GCE	3	-	
Costs related to spin-off of Services Business - GCE	3	-	
Operating profit, as adjusted	181	157	
<i>Operating margin, as adjusted</i>	9.0%	8.0%	
Depreciation and amortization - segment	32	39	
Depreciation and amortization - non-operating	2	3	
EBITDA, as adjusted	\$ 215	\$ 199	

MASCO CORPORATION

 North American and International Data - Unaudited
 For the Three Months Ended March 31, 2015 and 2014

(dollars in millions)

	Three Months Ended		
	2015	2014	Change
North American			
Net sales	\$ 1,641	\$ 1,556	5%
Operating profit, as reported	\$ 158	\$ 129	
<i>Operating margin, as reported</i>	9.6%	8.3%	
Rationalization charges	2	3	
Accelerated depreciation related to plant closures	-	1	
Costs related to spin-off of Services Business	1	-	
Operating profit, as adjusted	161	133	
<i>Operating margin, as adjusted</i>	9.8%	8.5%	
Depreciation and amortization	23	29	
EBITDA, as adjusted	\$ 184	\$ 162	
International			
Net sales	\$ 377	\$ 409	-8%
Operating profit, as reported	\$ 45	\$ 55	
<i>Operating margin, as reported</i>	11.9%	13.4%	
Rationalization charges	1	1	
Operating profit, as adjusted	46	56	
<i>Operating margin, as adjusted</i>	12.2%	13.7%	
Depreciation and amortization	9	10	
EBITDA, as adjusted	\$ 55	\$ 66	
Total			
Net sales	\$ 2,018	\$ 1,965	3%
Operating profit, as reported - segment	\$ 203	\$ 184	
General corporate expense, net (GCE)	(32)	(32)	
Operating profit, as reported	171	152	
<i>Operating margin, as reported</i>	8.5%	7.7%	
Rationalization charges - segment	3	4	
Accelerated depreciation - segment	-	1	
Costs related to spin-off of Services Business - segment	1	-	
Rationalization charges - GCE	3	-	
Costs related to spin-off of Services Business - GCE	3	-	
Operating profit, as adjusted	181	157	
<i>Operating margin, as adjusted</i>	9.0%	8.0%	
Depreciation and amortization - segment	32	39	
Depreciation and amortization - non-operating	2	3	
EBITDA, as adjusted	\$ 215	\$ 199	