

MASCO CORPORATION**Condensed Consolidated Statements of Operations - Unaudited
For the Three Months and Nine Months Ended September 30, 2015 and 2014**

(in millions, except per common share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$ 1,839	\$ 1,834	\$ 5,427	\$ 5,340
Cost of sales	1,250	1,312	3,706	3,761
Gross profit	<u>589</u>	<u>522</u>	<u>1,721</u>	<u>1,579</u>
Selling, general and administrative expenses	331	341	1,019	1,024
Operating profit	<u>258</u>	<u>181</u>	<u>702</u>	<u>555</u>
Other income (expense), net	<u>(60)</u>	<u>(50)</u>	<u>(173)</u>	<u>(159)</u>
Income from continuing operations before income taxes	198	131	529	396
Income tax (expense) benefit	<u>(77)</u>	<u>415</u>	<u>(219)</u>	<u>377</u>
Income from continuing operations	<u>121</u>	<u>546</u>	<u>310</u>	<u>773</u>
Income (loss) from discontinued operations, net	-	10	(1)	21
Net income	<u>121</u>	<u>556</u>	<u>309</u>	<u>794</u>
Less: Net income attributable to noncontrolling interest	10	13	29	38
Net income attributable to Masco Corporation	<u>\$ 111</u>	<u>\$ 543</u>	<u>\$ 280</u>	<u>\$ 756</u>
Income per common share attributable to Masco Corporation (diluted):				
Income from continuing operations	\$ 0.32	\$ 1.48	\$ 0.81	\$ 2.04
Income (loss) from discontinued operations, net	-	0.03	-	0.06
Net income	<u>\$ 0.32</u>	<u>\$ 1.51</u>	<u>\$ 0.80</u>	<u>\$ 2.10</u>
Average diluted common shares outstanding	<u>338</u>	<u>353</u>	<u>344</u>	<u>353</u>
Amounts attributable to Masco Corporation:				
Income from continuing operations	\$ 111	\$ 533	\$ 281	\$ 735
Income (loss) from discontinued operations, net	-	10	(1)	21
Net income attributable to Masco Corporation	<u>\$ 111</u>	<u>\$ 543</u>	<u>\$ 280</u>	<u>\$ 756</u>

MASCO CORPORATION
Exhibit A: Reconciliations - Unaudited
For the Three Months and Nine Months Ended September 30, 2015 and 2014

(in millions, except per common share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Gross Profit, Selling, General and Administrative Expenses, and Operating Profit Reconciliations				
Net sales	<u>\$ 1,839</u>	<u>\$ 1,834</u>	<u>\$ 5,427</u>	<u>\$ 5,340</u>
Gross profit, as reported	\$ 589	\$ 522	\$ 1,721	\$ 1,579
Rationalization charges	1	28	2	32
Gain on sale of property and equipment	(3)	-	(3)	-
Gross profit, as adjusted	<u>\$ 587</u>	<u>\$ 550</u>	<u>\$ 1,720</u>	<u>\$ 1,611</u>
Gross margin, as reported	32.0%	28.5%	31.7%	29.6%
Gross margin, as adjusted	31.9%	30.0%	31.7%	30.2%
Selling, general and administrative expenses, as reported	\$ 331	\$ 341	\$ 1,019	\$ 1,024
Rationalization charges	1	13	7	22
Selling, general and administrative expenses, as adjusted	<u>\$ 330</u>	<u>\$ 328</u>	<u>\$ 1,012</u>	<u>\$ 1,002</u>
Selling, general and administrative expenses as percent of net sales, as reported	18.0%	18.6%	18.8%	19.2%
Selling, general and administrative expenses as percent of net sales, as adjusted	17.9%	17.9%	18.6%	18.8%
Operating profit, as reported	\$ 258	\$ 181	\$ 702	\$ 555
Rationalization charges	2	41	9	54
Gain on sale of property and equipment	(3)	-	(3)	-
Operating profit, as adjusted	<u>\$ 257</u>	<u>\$ 222</u>	<u>\$ 708</u>	<u>\$ 609</u>
Operating margin, as reported	14.0%	9.9%	12.9%	10.4%
Operating margin, as adjusted	14.0%	12.1%	13.0%	11.4%

MASCO CORPORATION**Exhibit A: Reconciliations - Unaudited****For the Three Months and Nine Months Ended September 30, 2015 and 2014***(in millions, except per common share data)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
<u>Earnings Per Common Share Reconciliation</u>				
Income from continuing operations before income taxes, as reported	\$ 198	\$ 131	\$ 529	\$ 396
Rationalization charges	2	41	9	54
Gains from financial investments, net	(1)	-	(5)	(4)
(Earnings) losses from equity investments, net	-	-	(2)	2
Gain on sale of property and equipment	(3)	-	(3)	-
Income from continuing operations before income taxes, as adjusted	196	172	528	448
Tax at 36% rate	(71)	(62)	(190)	(161)
Less: Net income attributable to noncontrolling interest	10	13	29	38
Income from continuing operations, as adjusted	\$ 115	\$ 97	\$ 309	\$ 249
Income per common share, as adjusted	\$ 0.34	\$ 0.27	\$ 0.90	\$ 0.71
Average diluted common shares outstanding	338	353	344	353

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

(dollars in millions)

Balance Sheet	September 30,	December 31,
Assets	2015	2014
Current Assets:		
Cash and cash investments	\$ 1,279	\$ 1,379
Short-term bank deposits	255	306
Receivables	1,006	820
Inventories	749	712
Deferred income taxes	177	206
Prepaid expenses and other	74	68
Assets held for sale	-	373
Total Current Assets	<u>3,540</u>	<u>3,864</u>
Property and equipment, net	1,025	1,046
Goodwill	843	840
Other intangible assets, net	163	142
Other assets	156	200
Assets held for sale	-	1,141
Total Assets	<u>\$ 5,727</u>	<u>\$ 7,233</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 827	\$ 721
Notes payable	6	505
Accrued liabilities	727	685
Liabilities held for sale	-	300
Total Current Liabilities	<u>1,560</u>	<u>2,211</u>
Long-term debt	3,418	2,919
Other liabilities	721	768
Liabilities held for sale	-	207
Total Liabilities	<u>5,699</u>	<u>6,105</u>
Equity	28	1,128
Total Liabilities and Equity	<u>\$ 5,727</u>	<u>\$ 7,233</u>

Other Financial Data	As of	
	September 30,	September 30,
Working Capital Days	2015	2014
Receivable days	49	48
Inventory days	56	58
Payable days	71	69
Working capital	\$ 928	\$ 950
Working capital as a % of sales (LTM)	13.1%	13.6%

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

(dollars in millions)

	Nine Months Ended	
	September 30,	
	2015	2014
Cash Flows From (For) Operating Activities:		
Cash provided by operating activities	\$ 581	\$ 543
Working capital changes	(159)	(237)
Net cash from operating activities	<u>422</u>	<u>306</u>
Cash Flows From (For) Financing Activities:		
Retirement of notes	(500)	-
Purchase of Company common stock	(407)	(39)
Cash dividends paid	(94)	(86)
Dividend paid to noncontrolling interest	(36)	(34)
Cash distributed to TopBuild Corp.	(63)	-
Issuance of TopBuild Corp. debt	200	-
Issuance of notes, net of issuance costs	497	-
Issuance of Company common stock	2	1
Tax benefit from stock-based compensation	32	-
Credit Agreement and other financing costs	(3)	-
Decrease in debt, net	(1)	(2)
Net cash for financing activities	<u>(373)</u>	<u>(160)</u>
Cash Flows From (For) Investing Activities:		
Capital expenditures	(112)	(82)
Other, net	(32)	22
Net cash for investing activities	<u>(144)</u>	<u>(60)</u>
Effect of exchange rate changes on cash and cash investments	(9)	(27)
Cash and Cash Investments:		
(Decrease) increase for the period	(104)	59
At January 1	1,383	1,223
At September 30	<u>\$ 1,279</u>	<u>\$ 1,282</u>

	As of September 30,	
	2015	2014
Liquidity*		
Cash and cash investments	\$ 1,279	\$ 1,282
Short-term bank deposits	255	275
Total Liquidity	<u>\$ 1,534</u>	<u>\$ 1,557</u>

* Prior period amounts not restated for spin-off of TopBuild Corp.

MASCO CORPORATION

Segment Data - Unaudited

For the Three Months and Nine Months Ended September 30, 2015 and 2014

(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
Cabinets and Related Products						
Net sales	\$ 253	\$ 266	-5%	\$ 771	\$ 756	2%
Operating profit (loss), as reported	\$ 21	\$ (35)		\$ 32	\$ (55)	
<i>Operating margin, as reported</i>	8.3%	-13.2%		4.2%	-7.3%	
Rationalization charges	1	28		3	30	
Accelerated depreciation related to plant closures	-	-		-	1	
Gain on sale of property and equipment	(3)	-		(3)	-	
Operating profit (loss), as adjusted	19	(7)		32	(24)	
<i>Operating margin, as adjusted</i>	7.5%	-2.6%		4.2%	-3.2%	
Depreciation and amortization	5	7		18	25	
EBITDA, as adjusted	\$ 24	\$ -		\$ 50	\$ 1	
Plumbing Products						
Net sales	\$ 853	\$ 855	0%	\$ 2,495	\$ 2,504	0%
Operating profit, as reported	\$ 137	\$ 141		\$ 386	\$ 399	
<i>Operating margin, as reported</i>	16.1%	16.5%		15.5%	15.9%	
Rationalization charges	1	-		2	2	
Operating profit, as adjusted	138	141		388	401	
<i>Operating margin, as adjusted</i>	16.2%	16.5%		15.6%	16.0%	
Depreciation and amortization	14	16		42	46	
EBITDA, as adjusted	\$ 152	\$ 157		\$ 430	\$ 447	
Decorative Architectural Products						
Net sales	\$ 527	\$ 523	1%	\$ 1,600	\$ 1,560	3%
Operating profit, as reported	\$ 102	\$ 91		\$ 318	\$ 280	
<i>Operating margin, as reported</i>	19.4%	17.4%		19.9%	17.9%	
Depreciation and amortization	4	4		12	12	
EBITDA	\$ 106	\$ 95		\$ 330	\$ 292	

MASCO CORPORATION
Segment Data - Unaudited
For the Three Months and Nine Months Ended September 30, 2015 and 2014

(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
Other Specialty Products						
Net sales	\$ 206	\$ 190	8%	\$ 561	\$ 520	8%
Operating profit, as reported	\$ 23	\$ 20		\$ 50	\$ 39	
<i>Operating margin, as reported</i>	11.2%	10.5%		8.9%	7.5%	
Rationalization charges	-	-		-	1	
Operating profit, as adjusted	23	20		50	40	
<i>Operating margin, as adjusted</i>	11.2%	10.5%		8.9%	7.7%	
Depreciation and amortization	5	5		13	14	
EBITDA, as adjusted	\$ 28	\$ 25		\$ 63	\$ 54	
Total						
Net sales	\$ 1,839	\$ 1,834	0%	\$ 5,427	\$ 5,340	2%
Operating profit, as reported - segment	\$ 283	\$ 217		\$ 786	\$ 663	
General corporate expense, net (GCE)	(25)	(36)		(84)	(108)	
Operating profit, as reported	258	181		702	555	
<i>Operating margin, as reported</i>	14.0%	9.9%		12.9%	10.4%	
Rationalization charges - segment	2	28		5	33	
Accelerated depreciation - segment	-	-		-	1	
Rationalization charges - GCE	-	13		4	20	
Gain on sale of property and equipment	(3)	-		(3)	-	
Operating profit, as adjusted	257	222		708	609	
<i>Operating margin, as adjusted</i>	14.0%	12.1%		13.0%	11.4%	
Depreciation and amortization - segment	28	32		85	97	
Depreciation and amortization - non-operating	4	2		9	8	
EBITDA, as adjusted	\$ 289	\$ 256		\$ 802	\$ 714	

MASCO CORPORATION

North American and International Data - Unaudited

For the Three Months and Nine Months Ended September 30, 2015 and 2014

(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
North American						
Net sales	\$ 1,462	\$ 1,420	3%	\$ 4,298	\$ 4,100	5%
Operating profit, as reported	\$ 234	\$ 162		\$ 645	\$ 494	
<i>Operating margin, as reported</i>	16.0%	11.4%		15.0%	12.0%	
Rationalization charges	2	28		4	32	
Accelerated depreciation related to plant closures	-	-		-	1	
Gain on sale of property and equipment	(3)	-		(3)	-	
Operating profit, as adjusted	233	190		646	527	
<i>Operating margin, as adjusted</i>	15.9%	13.4%		15.0%	12.9%	
Depreciation and amortization	19	22		58	67	
EBITDA, as adjusted	\$ 252	\$ 212		\$ 704	\$ 594	
International						
Net sales	\$ 377	\$ 414	-9%	\$ 1,129	\$ 1,240	-9%
Operating profit, as reported	\$ 49	\$ 55		\$ 141	\$ 169	
<i>Operating margin, as reported</i>	13.0%	13.3%		12.5%	13.6%	
Rationalization charges	-	-		1	1	
Operating profit, as adjusted	49	55		142	170	
<i>Operating margin, as adjusted</i>	13.0%	13.3%		12.6%	13.7%	
Depreciation and amortization	9	10		27	30	
EBITDA, as adjusted	\$ 58	\$ 65		\$ 169	\$ 200	
Total						
Net sales	\$ 1,839	\$ 1,834	0%	\$ 5,427	\$ 5,340	2%
Operating profit, as reported - segment	\$ 283	\$ 217		\$ 786	\$ 663	
General corporate expense, net (GCE)	(25)	(36)		(84)	(108)	
Operating profit, as reported	258	181		702	555	
<i>Operating margin, as reported</i>	14.0%	9.9%		12.9%	10.4%	
Rationalization charges - segment	2	28		5	33	
Accelerated depreciation - segment	-	-		-	1	
Rationalization charges - GCE	-	13		4	20	
Gain on sale of property and equipment	(3)	-		(3)	-	
Operating profit, as adjusted	257	222		708	609	
<i>Operating margin, as adjusted</i>	14.0%	12.1%		13.0%	11.4%	
Depreciation and amortization - segment	28	32		85	97	
Depreciation and amortization - non-operating	4	2		9	8	
EBITDA, as adjusted	\$ 289	\$ 256		\$ 802	\$ 714	