

MASCO CORPORATION**Condensed Consolidated Statements of Operations - Unaudited
For the Three Months and Twelve Months Ended December 31, 2015 and 2014**

(in millions, except per common share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Net sales	\$ 1,715	\$ 1,666	\$ 7,142	\$ 7,006
Cost of sales	1,183	1,185	4,889	4,946
Gross profit	<u>532</u>	<u>481</u>	<u>2,253</u>	<u>2,060</u>
Selling, general and administrative expenses	320	323	1,339	1,347
Income from litigation settlements	-	(9)	-	(9)
Impairment charge for other intangible assets	-	1	-	1
Operating profit	<u>212</u>	<u>166</u>	<u>914</u>	<u>721</u>
Other income (expense), net:				
Interest expense	(54)	(56)	(225)	(225)
Other, net	2	1	-	11
Income from continuing operations before income taxes	<u>160</u>	<u>111</u>	<u>689</u>	<u>507</u>
Income tax (expense) benefit	(74)	(16)	(293)	361
Income from continuing operations	<u>86</u>	<u>95</u>	<u>396</u>	<u>868</u>
(Loss) income from discontinued operations, net	(1)	14	(2)	35
Net income	<u>85</u>	<u>109</u>	<u>394</u>	<u>903</u>
Less: Net income attributable to noncontrolling interest	10	9	39	47
Net income attributable to Masco Corporation	<u>\$ 75</u>	<u>\$ 100</u>	<u>\$ 355</u>	<u>\$ 856</u>
Income per common share attributable to Masco Corporation (diluted):				
Income from continuing operations	\$ 0.22	\$ 0.24	\$ 1.03	\$ 2.28
(Loss) income from discontinued operations, net	-	0.04	(0.01)	0.10
Net income	<u>\$ 0.22</u>	<u>\$ 0.28</u>	<u>\$ 1.02</u>	<u>\$ 2.38</u>
Average diluted common shares outstanding	<u>335</u>	<u>351</u>	<u>341</u>	<u>352</u>
Amounts attributable to Masco Corporation:				
Income from continuing operations	\$ 76	\$ 86	\$ 357	\$ 821
(Loss) income from discontinued operations, net	(1)	14	(2)	35
Net income attributable to Masco Corporation	<u>\$ 75</u>	<u>\$ 100</u>	<u>\$ 355</u>	<u>\$ 856</u>

MASCO CORPORATION
Exhibit A: Reconciliations - Unaudited
For the Three Months and Twelve Months Ended December 31, 2015 and 2014
(in millions, except per common share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Gross Profit, Selling, General and Administrative Expenses, and Operating Profit Reconciliations				
Net sales	<u>\$ 1,715</u>	<u>\$ 1,666</u>	<u>\$ 7,142</u>	<u>\$ 7,006</u>
Gross profit, as reported	<u>\$ 532</u>	<u>\$ 481</u>	<u>\$ 2,253</u>	<u>\$ 2,060</u>
Rationalization charges	6	3	8	35
(Gain) on sale of property and equipment	(2)	-	(5)	-
Gross profit, as adjusted	<u>\$ 536</u>	<u>\$ 484</u>	<u>\$ 2,256</u>	<u>\$ 2,095</u>
Gross margin, as reported	31.0%	28.9%	31.5%	29.4%
Gross margin, as adjusted	31.3%	29.1%	31.6%	29.9%
Selling, general and administrative expenses, as reported	<u>\$ 320</u>	<u>\$ 323</u>	<u>\$ 1,339</u>	<u>\$ 1,347</u>
Rationalization charges	3	7	10	29
Selling, general and administrative expenses, as adjusted	<u>\$ 317</u>	<u>\$ 316</u>	<u>\$ 1,329</u>	<u>\$ 1,318</u>
Selling, general and administrative expenses as percent of net sales, as reported	18.7%	19.4%	18.7%	19.2%
Selling, general and administrative expenses as percent of net sales, as adjusted	18.5%	19.0%	18.6%	18.8%
Operating profit, as reported	<u>\$ 212</u>	<u>\$ 166</u>	<u>\$ 914</u>	<u>\$ 721</u>
Rationalization charges	9	10	18	64
(Gain) on sale of property and equipment	(2)	-	(5)	-
(Income) from litigation settlements	-	(9)	-	(9)
Operating profit, as adjusted	<u>\$ 219</u>	<u>\$ 167</u>	<u>\$ 927</u>	<u>\$ 776</u>
Operating margin, as reported	12.4%	10.0%	12.8%	10.3%
Operating margin, as adjusted	12.8%	10.0%	13.0%	11.1%
Earnings Per Common Share Reconciliation				
Income from continuing operations before income taxes, as reported	<u>\$ 160</u>	<u>\$ 111</u>	<u>\$ 689</u>	<u>\$ 507</u>
Rationalization charges	9	10	18	64
(Income) from litigation settlements	-	(9)	-	(9)
(Gain) from financial investments, net	(1)	-	(6)	(4)
(Earnings) losses from equity investments, net	-	-	(2)	2
(Gain) on sale of property and equipment	(2)	-	(5)	-
Income from continuing operations before income taxes, as adjusted	<u>166</u>	<u>112</u>	<u>694</u>	<u>560</u>
Tax at 36% rate	(60)	(40)	(250)	(202)
Less: Net income attributable to noncontrolling interest	10	9	39	47
Income from continuing operations, as adjusted	<u>\$ 96</u>	<u>\$ 63</u>	<u>\$ 405</u>	<u>\$ 311</u>
Income per common share, as adjusted	<u>\$ 0.29</u>	<u>\$ 0.18</u>	<u>\$ 1.19</u>	<u>\$ 0.88</u>
Average diluted common shares outstanding	<u>335</u>	<u>351</u>	<u>341</u>	<u>352</u>

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

(dollars in millions)

Balance Sheet	December 31,	December 31,
Assets	2015	2014
Current Assets:		
Cash and cash investments	\$ 1,468	\$ 1,379
Short-term bank deposits	248	306
Receivables	853	820
Inventories	687	712
Prepaid expenses and other	72	68
Assets held for sale	-	335
Total Current Assets	3,328	3,620
Property and equipment, net	1,027	1,046
Goodwill	839	840
Other intangible assets, net	160	142
Other assets	326	419
Assets held for sale	-	1,141
Total Assets	\$ 5,680	\$ 7,208
Liabilities		
Current Liabilities:		
Accounts payable	\$ 749	\$ 721
Notes payable	1,005	505
Accrued liabilities	752	685
Liabilities held for sale	-	300
Total Current Liabilities	2,506	2,211
Long-term debt	2,418	2,919
Other liabilities	698	781
Liabilities held for sale	-	169
Total Liabilities	5,622	6,080
Equity	58	1,128
Total Liabilities and Equity	\$ 5,680	\$ 7,208

Other Financial Data	As of	
	December 31,	December 31,
Working Capital Days	2015	2014
Receivable days	46	47
Inventory days	52	53
Payable days	69	67
Working capital	\$ 791	\$ 811
Working capital as a % of sales (<i>LTM</i>)	11.1%	11.6%

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

(dollars in millions)

	Twelve Months Ended	
	December 31,	
	2015	2014
Cash Flows From (For) Operating Activities:		
Cash provided by operating activities	\$ 704	\$ 695
Working capital changes	(5)	(93)
Net cash from operating activities	<u>699</u>	<u>602</u>
Cash Flows From (For) Financing Activities:		
Retirement of notes	(500)	-
Purchase of Company common stock	(456)	(158)
Cash dividends paid	(126)	(117)
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
Excess tax benefit from stock-based compensation	75	13
Credit Agreement and other financing costs	(3)	-
Decrease in debt, net	-	(2)
Net cash for financing activities	<u>(410)</u>	<u>(297)</u>
Cash Flows From (For) Investing Activities:		
Capital expenditures	(158)	(128)
Other, net	(31)	28
Net cash for investing activities	<u>(189)</u>	<u>(100)</u>
Effect of exchange rate changes on cash and cash investments	(15)	(45)
Cash and Cash Investments:		
Increase for the year	85	160
At January 1	1,383	1,223
At December 31	<u>\$ 1,468</u>	<u>\$ 1,383</u>

	As of December 31,	
	2015	2014
Liquidity*		
Cash and cash investments	\$ 1,468	\$ 1,383
Short-term bank deposits	248	306
Total Liquidity	<u>\$ 1,716</u>	<u>\$ 1,689</u>

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

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

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2015	2014	Change	2015	2014	Change
Cabinets and Related Products						
Net sales	\$ 254	\$ 243	5%	\$ 1,025	\$ 999	3%
Operating profit (loss), as reported	\$ 19	\$ (7)		\$ 51	\$ (62)	
<i>Operating margin, as reported</i>	7.5%	-2.9%		5.0%	-6.2%	
Rationalization charges	2	-		5	30	
Accelerated depreciation related to plant closures	-	-		-	1	
(Gain) on sale of property and equipment	(2)	-		(5)	-	
Operating profit (loss), as adjusted	19	(7)		51	(31)	
<i>Operating margin, as adjusted</i>	7.5%	-2.9%		5.0%	-3.1%	
Depreciation and amortization	6	7		24	32	
EBITDA, as adjusted	\$ 25	\$ -		\$ 75	\$ 1	
Plumbing Products						
Net sales	\$ 846	\$ 804	5%	\$ 3,341	\$ 3,308	1%
Operating profit, as reported	\$ 126	\$ 113		\$ 512	\$ 512	
<i>Operating margin, as reported</i>	14.9%	14.1%		15.3%	15.5%	
Rationalization charges	7	3		9	5	
Operating profit, as adjusted	133	116		521	517	
<i>Operating margin, as adjusted</i>	15.7%	14.4%		15.6%	15.6%	
Depreciation and amortization	14	17		56	63	
EBITDA, as adjusted	\$ 147	\$ 133		\$ 577	\$ 580	
Decorative Architectural Products						
Net sales	\$ 420	\$ 438	-4%	\$ 2,020	\$ 1,998	1%
Operating profit, as reported	\$ 85	\$ 80		\$ 403	\$ 360	
<i>Operating margin, as reported</i>	20.2%	18.3%		20.0%	18.0%	
Depreciation and amortization	4	4		16	16	
EBITDA	\$ 89	\$ 84		\$ 419	\$ 376	

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

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2015	2014	Change	2015	2014	Change
Other Specialty Products						
Net sales	\$ 195	\$ 181	8%	\$ 756	\$ 701	8%
Operating profit, as reported	\$ 7	\$ 8		\$ 57	\$ 47	
<i>Operating margin, as reported</i>	3.6%	4.4%		7.5%	6.7%	
Rationalization charges	-	-		-	1	
Operating profit, as adjusted	7	8		57	48	
<i>Operating margin, as adjusted</i>	3.6%	4.4%		7.5%	6.8%	
Depreciation and amortization	5	4		18	18	
EBITDA, as adjusted	\$ 12	\$ 12		\$ 75	\$ 66	
Total						
Net sales	\$ 1,715	\$ 1,666	3%	\$ 7,142	\$ 7,006	2%
Operating profit, as reported - segment	\$ 237	\$ 194		\$ 1,023	\$ 857	
General corporate expense, net (GCE)	(25)	(37)		(109)	(145)	
Income from litigation settlements	-	9		-	9	
Operating profit, as reported	212	166		914	721	
<i>Operating margin, as reported</i>	12.4%	10.0%		12.8%	10.3%	
Rationalization charges - segment	9	3		14	36	
Accelerated depreciation - segment	-	-		-	1	
Rationalization charges - GCE	-	7		4	27	
(Income) from litigation settlements	-	(9)		-	(9)	
(Gain) on sale of property and equipment	(2)	-		(5)	-	
Operating profit, as adjusted	219	167		927	776	
<i>Operating margin, as adjusted</i>	12.8%	10.0%		13.0%	11.1%	
Depreciation and amortization - segment	29	32		114	129	
Depreciation and amortization - non-operating	4	3		13	11	
EBITDA, as adjusted	\$ 252	\$ 202		\$ 1,054	\$ 916	

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

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2015	2014	Change	2015	2014	Change
North American						
Net sales	\$ 1,347	\$ 1,277	5%	\$ 5,645	\$ 5,377	5%
Operating profit, as reported	\$ 196	\$ 149		\$ 841	\$ 643	
<i>Operating margin, as reported</i>	14.6%	11.7%		14.9%	12.0%	
Rationalization charges	6	3		10	35	
Accelerated depreciation related to plant closures	-	-		-	1	
(Gain) on sale of property and equipment	(2)	-		(5)	-	
Operating profit, as adjusted	200	152		846	679	
<i>Operating margin, as adjusted</i>	14.8%	11.9%		15.0%	12.6%	
Depreciation and amortization	20	23		78	90	
EBITDA, as adjusted	\$ 220	\$ 175		\$ 924	\$ 769	
International						
Net sales	\$ 368	\$ 389	-5%	\$ 1,497	\$ 1,629	-8%
Operating profit, as reported	\$ 41	\$ 45		\$ 182	\$ 214	
<i>Operating margin, as reported</i>	11.1%	11.6%		12.2%	13.1%	
Rationalization charges	3	-		4	1	
Operating profit, as adjusted	44	45		186	215	
<i>Operating margin, as adjusted</i>	12.0%	11.6%		12.4%	13.2%	
Depreciation and amortization	9	9		36	39	
EBITDA, as adjusted	\$ 53	\$ 54		\$ 222	\$ 254	
Total						
Net sales	\$ 1,715	\$ 1,666	3%	\$ 7,142	\$ 7,006	2%
Operating profit, as reported - segment	\$ 237	\$ 194		\$ 1,023	\$ 857	
General corporate expense, net (GCE)	(25)	(37)		(109)	(145)	
Income from litigation settlements	-	9		-	9	
Operating profit, as reported	212	166		914	721	
<i>Operating margin, as reported</i>	12.4%	10.0%		12.8%	10.3%	
Rationalization charges - segment	9	3		14	36	
Accelerated depreciation - segment	-	-		-	1	
Rationalization charges - GCE	-	7		4	27	
(Income) from litigation settlements, net	-	(9)		-	(9)	
(Gain) on sale of property and equipment	(2)	-		(5)	-	
Operating profit, as adjusted	219	167		927	776	
<i>Operating margin, as adjusted</i>	12.8%	10.0%		13.0%	11.1%	
Depreciation and amortization - segment	29	32		114	129	
Depreciation and amortization - non-operating	4	3		13	11	
EBITDA, as adjusted	\$ 252	\$ 202		\$ 1,054	\$ 916	