



Masco Corporation Reports Third Quarter Results

Masco Corporation Highlights:

Third Quarter 2007

- Net sales from continuing operations declined seven percent to \$3.1 billion.
- Income from continuing operations was \$209 million or \$.57 per common share.
- The Company returned \$251 million to shareholders through share repurchases and dividends.
- The Company had approximately \$700 million of cash at September 30, 2007.
- The Company's Board of Directors, as previously announced, authorized the repurchase of up to 50 million shares of Company common stock for retirement.

Taylor, Mich., (Oct. 30, 2007) — Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended September 30, 2007 declined seven percent to \$3.1 billion compared with \$3.3 billion for the third quarter of 2006. North American sales declined 11 percent and International sales increased 13 percent. In local currencies, International sales increased five percent compared with the third quarter of 2006.

Income from continuing operations was \$209 million or \$.57 per common share and \$225 million or \$.57 per common share in the third quarters of 2007 and 2006, respectively.

Third quarter 2007 results were positively affected by increased sales volume of paints and stains and International operations, particularly plumbing products, and sales from recent acquisitions, as well as benefits from the Company's profit improvement programs and selling price increases (which partially offset commodity cost increases). Third quarter 2007 results were adversely affected by lower sales volume of installation and other services, assembled cabinets and windows and doors in the new home construction market and a continued moderation in consumer spending for certain "big ticket" home improvement items, such as cabinets.

In addition, third quarter 2007 results benefited from a reduction in the Company's anticipated income tax rate and net reductions in certain variable expenses reflecting lower sales and operating performance. These items aggregated \$.04 per common share.

As part of its profit improvement programs, the Company has been focused on the rationalization of its businesses, including sourcing programs, business consolidations, plant closures, headcount reductions and other initiatives. During the third quarters of 2007 and 2006, the Company incurred costs and charges of \$12 million pre-tax (\$.02 per common share, after tax, net of an \$8 million gain from the sale of fixed assets) and \$9 million pre-tax (\$.01 per common share, after tax), respectively, related to profit improvement programs.

The Company also had non-cash impairment charges for financial investments of \$12 million pre-tax (\$.02 per common share, after tax) and \$8 million pre-tax (\$.01 per common share, after tax) in the third quarters of 2007 and 2006, respectively. Results benefited from net gains related to financial investments of \$11 million pre-tax (\$.02 per common share, after tax) and \$9 million pre-tax (\$.01 per common share, after tax) in the third quarters of 2007 and 2006, respectively.

Economic conditions remain uncertain in a number of the Company's markets. Housing starts have declined dramatically in the last 18 months due to previous excessive speculative buying, reduced affordability, excessive inventories of homes and less attractive mortgage terms. The subprime mortgage issues that have plagued the new home construction and credit markets in recent months have made it more difficult to obtain a mortgage, adding to an already difficult housing market. As a result, the Company, as previously communicated, reduced its full-year 2007 housing starts estimate to approximately 1.35 million from 1.4 million and the Company expects further declines in housing starts over the next several quarters. In addition, the Company continues to see a moderation in consumer spending for certain "big ticket" home improvement items, such as cabinets, and currently estimates that the Company's fourth quarter and full-year 2007 sales will decline mid-to-high single digits compared with the same periods in 2006.

While forecasting future business conditions in the current environment remains challenging, the Company currently believes that its stronger than anticipated third quarter performance should result in 2007 full-year earnings from continuing operations approximating or modestly exceeding the high end of its previous guidance of \$1.55 to \$1.65 per common share. This guidance includes net costs of approximately \$75 million pre-tax (\$.13 per common share, after tax) related to plant start-up, severance, systems implementations and other initiatives.

"Given the difficult housing environment, we are very pleased with our third quarter operating performance, particularly our operating margins, which approximated last year's third quarter operating performance on sales that were down seven percent," said Tim Wadhams, Chief Executive Officer of Masco Corporation. "While we expect market conditions in our industry, in the next several quarters, to be even more challenging, we are confident that the continued focus on our strategy of concentrating on organic growth, improving returns and generating superior cash flow, together with the leveraging of the combined market strength of our retail service, distribution and installation capabilities, brands and scale will allow the Masco team to continue to drive long-term value for our shareholders."

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.

A conference call regarding items contained in this release is scheduled for Tuesday, October 30, 2007 at 11:00 a.m. ET. Participants in the call are asked to register five to ten minutes prior to the scheduled start time by dialing (913) 981-5507 (confirmation #9477966). The conference call will be webcast simultaneously on the Company's website at www.masco.com and supplemental material, including the financial data referred to on the call and a reconciliation of non-GAAP information provided on the call, will also be available on the website. A replay of the call will be available on Masco's website or by phone by dialing (719) 457-0820 (replay access code #9477966) approximately two hours after the end of the call and will continue through November 5, 2007.

Masco Corporation's press releases and other information are available through the Company's toll free number, 1-888-MAS-NEWS, or under the Investor Relations section of Masco's website at www.masco.com.

Statements contained herein that reflect the Company's views about its future performance constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. These views involve risks and uncertainties that are difficult to predict and, accordingly, the Company's results may differ materially from the results discussed in such forward-looking statements. For an explanation of various factors that may affect our performance, refer to our most recent Annual Report on Form 10-K (particularly the "Risk Factors" section) and to any subsequent Quarterly Reports on Form 10-Q, all of which are on file with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. The Company believes that certain non-GAAP performance measures and ratios that may be 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.

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