



Masco Corporation Reports Second Quarter Results

2010 Second Quarter Commentary

- Sales increased two percent to \$2.0 billion.
- Operating performance improved in the second quarter of 2010. Excluding charges for business rationalizations and the impairment of financial assets, and with a normalized tax rate of 36 percent, our key financial measures were as follows, compared to the second quarter of 2009:
 - Gross profit margins were 28.4 percent compared to 27.4 percent
 - Operating profit margins were 8.3 percent compared to 7.3 percent
 - Income, as adjusted, would have been \$.16 per common share, compared to \$.17 per common share
- Income from continuing operations, as reported, was \$.01 per common share compared to \$.19 per common share in the second quarter of 2009.
- We retired \$59 million of 5.875 percent debt due 2012.
- We entered into a new \$1.25 billion revolving credit facility that expires in January 2014 (which replaced the previous credit agreement).
- Our working capital, as a percent of sales, was 16.1 percent at June 30, 2010 compared to 17.8 percent at June 30, 2009.
- We had \$1.4 billion of cash at June 30, 2010.

Taylor, Mich., (July 26, 2010) - Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended June 30, 2010 increased two percent to \$2.0 billion. North American sales and International sales each increased two percent. In local currencies, International sales increased eight percent compared with the second quarter of 2009.

The second quarter of 2010 results were positively affected by increased sales volume of plumbing products, windows and paints and stains, and a more favorable product mix of paints and stains. Second quarter 2010 results were also positively affected by the benefits associated with business rationalizations and other cost savings initiatives. Such increases were partially offset by lower sales volume of cabinets and the negative impact of a competitive pricing environment.

Income from continuing operations, as reported, was \$.01 per common share in the second quarter of 2010 compared to income from continuing operations of \$.19 per common share in the second quarter of 2009.

We continue to focus on the rationalization of our businesses, including business consolidations, plant closures, headcount reductions, system implementations and other initiatives. During the second quarters of 2010 and 2009, we incurred costs and charges of \$51 million pre-tax (\$.09 per common share, after tax) and \$22 million pre-tax (\$.04 per common share, after tax), respectively, related to these initiatives.

During the second quarter of 2010, we also recognized non-cash, pre-tax impairment charges for financial investments aggregating \$33 million (\$.06 per common share, after tax). During the second quarter of 2009, we recognized non-cash, pre-tax impairment charges for financial investments aggregating \$7 million (\$.01 per common share, after tax).

"We had a solid second quarter in terms of operating performance," said Masco's CEO Tim Wadhams. "If we exclude charges for business rationalizations and financial assets, and normalize our tax rate at 36 percent, many of our key measures show nice improvement compared to second quarter of 2009. Gross margins and operating margins would have exceeded 28 percent and eight percent, respectively, the highest levels achieved on an adjusted basis, since 2008. In addition, EPS for second quarter of 2010, adjusted for the items above, would have approximated \$.16 per common share. Second quarter of 2010 also includes additional interest expense and a change in currency transaction impact from gains to losses which, in aggregate, reduced earnings by \$.05 per common share compared to second quarter of 2009. Innovative new products drove market share gains and we continued to drive strong incremental margins in the quarter. We are proud of the Masco Team, worldwide, as we continue to focus on strengthening our leadership brands and enhancing customer experience with our products and services through innovation and quality while continuing to drive lean principles to improve our execution," said Tim Wadhams.

We retired \$59 million of 5.875 percent debt due 2012 that was purchased in open-market transactions.

Outlook 2010

"After a relatively slow start to the year, we were encouraged that March and April 2010 sales were up high single digits compared to 2009. Since then, economic activity related to our markets, particularly consumer spending and new home building has slowed and our business has slowed," said Tim Wadhams.

Although we continue to be concerned about foreclosure activity and access to financing, we believe that housing starts will improve in 2010 from 554,000 units in 2009, but currently believe that the increase will be in a range of 575,000 to 625,000 units. This is a reduction of our previous expectation that 2010 housing starts would increase to a range of 600,000 to 700,000 units. In addition, we anticipate that expenditures on repair and remodel activity will be challenged in the second half of 2010 and expect that big-ticket items will continue to be deferred, in the short-term, until general economic conditions, unemployment, consumer confidence, credit availability and home prices improve.

We are confident that the long-term fundamentals for the new home construction and home improvement markets are positive. We believe that our strong financial position, together with our current strategy of investing in leadership brands (including: KraftMaid and Merillat cabinets, Delta and Hansgrohe faucets, Behr paint and Milgard windows), our continued focus on innovation and our commitment to lean principles will allow us to drive long-term growth and create 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.

The 2010 second quarter supplemental material, including a presentation in PDF format, will be distributed after the market closes on July 26, 2010 and will be available on the Company's Web site at www.masco.com.

A conference call regarding items contained in this release is scheduled for Tuesday, July 27, 2010 at 8:00 a.m. ET. Participants in the call are asked to register five to ten minutes prior to the scheduled start time by dialing (913) 312-0705 (confirmation #1803847). The conference call will be webcast simultaneously on the Company's Web site 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 Web site. A replay of the call will be available on Masco's Web site or by phone by dialing (719) 457-0820 (replay access code #1803847) approximately two hours after the end of the call and will continue through August 3, 2010.

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 Web site at www.masco.com.

Statements contained herein, or otherwise made available, that reflect the Company's views about its future performance may 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 the Company's results may differ materially from the results discussed in such forward-looking statements. For further information, refer to our most recent Annual Report on Form 10-K (particularly the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections) 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. Certain of the financial and statistical data made available are non-GAAP financial measures as defined by the SEC's Regulation G. The Company believes that such non-GAAP performance measures and ratios used in managing the business may provide users with 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. See the exhibit that is included as part of this earnings release for a reconciliation of the non-GAAP performance measures contained herein. Additional information about the Company is contained in the Company's filings with the SEC and is available on Masco's Web site.

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