



MASCO CORPORATION REPORTS SECOND QUARTER RESULTS

Masco Corporation Highlights: Second Quarter 2006

- Net sales from continuing operations increased three percent to a second quarter record of \$3.4 billion.
- Income from continuing operations was \$289 million or \$.72 per common share, excluding a \$78 million non-cash, pre-tax impairment charge for financial investments and \$26 million pre-tax of costs and charges related to profit improvement programs; including such charges, income was \$217 million or \$.54 per common share.
- The Company returned \$380 million to shareholders through dividends and share repurchases.
- The Company had approximately \$700 million in cash and marketable securities at June 30, 2006.

Taylor, Michigan (August 1, 2006) – Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended June 30, 2006 increased three percent to a second quarter record of \$3.4 billion compared with \$3.3 billion for the second quarter of 2005. North American net sales increased four percent and International net sales were flat. In local currencies, International net sales increased one percent compared with the second quarter of 2005.

Income from continuing operations, excluding the non-cash impairment charge for financial investments and costs and charges related to profit improvement programs in the second quarter of 2006, was \$289 million or \$.72 per common share compared with \$267 million or \$.62 per common share for the comparable period of 2005. The second quarters of 2006 and 2005 benefited from net gains from the sale of financial investments of \$.02 and \$.04 per common share, respectively.

Income from continuing operations for the second quarter of 2006 was \$217 million or \$.54 per common share, including a \$78 million non-cash, pre-tax impairment charge for financial investments and \$26 million pre-tax of costs and charges related to profit improvement programs.

In the second quarter of 2006, the Company determined that a decline was other-than-temporary in the estimated value of certain of its financial investments. Accordingly, the Company recognized a \$78 million non-cash, pre-tax impairment charge for its investments, primarily related to Metaldyne Corporation and the Heartland Industrial Partners private equity fund.

Net income for the second quarter of 2006 was \$219 million or \$.54 per common share and included \$2 million of income related to discontinued operations. Net income for the second quarter of 2005 was \$274 million or \$.64 per common share and included \$7 million of income related to discontinued operations.

As part of its profit improvement programs, the Company announced a plant closure in the Plumbing Products segment in January 2006. In the second quarter of 2006, the Company incurred \$11 million pre-tax of costs and charges related to this plant closure and other profit improvement programs in the Plumbing Products segment. In addition, the Company incurred \$15 million pre-tax of costs and charges related to the closure of a relatively small ready-to-assemble cabinet manufacturing facility in the Cabinets and Related Products segment. The Company expects to incur additional costs and charges throughout 2006 for its profit improvement programs and currently anticipates that total costs and charges related to these programs for the full-year 2006, will aggregate approximately \$70 million pre-tax, as previously announced. Implementing these programs should improve the Company's earnings outlook for 2007 and beyond.

While the Company's 2006 second quarter operating earnings exceeded its expectations, nevertheless results continued to be adversely affected by increases in commodity, energy and freight costs, as well as recent declines in housing activity and a moderation in consumer spending, partially offset by profit improvement programs and selling price increases. The Company has implemented and continues to implement additional selling price increases in an effort to offset commodity and energy-related cost increases.

Assuming no further significant commodity and energy-related cost increases and excluding costs and charges related to its profit improvement programs and any other items, the Company continues to believe, based on current business trends, that it will achieve 2006 full-year earnings from continuing operations in a range of \$2.40 to \$2.50 per common share, as previously announced. Including the \$78 million non-cash, pre-tax (\$.13 per common share) impairment charge for financial investments and the costs and charges related to plant closures and other profit improvement programs, which are expected to aggregate approximately \$70 million pre-tax (\$.11 per common share) in 2006, earnings from continuing operations are expected to be in a range of \$2.16 to \$2.26 per common share.

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, August 1, 2006 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) 981-4900 (confirmation #8001504). 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 #8001504) approximately two hours after the end of the call and will continue through August 8, 2006.

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 may include certain forward-looking statements regarding Masco's future sales, earnings growth potential and other developments. Actual results may vary materially because of external factors such as housing starts, commodity costs, interest rate fluctuations, changes in consumer spending and other factors over which management has no control. The Company believes that certain non-GAAP performance measures and ratios, 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's products, markets and conditions, which could affect the Company's future performance, is contained in the Company's filings with the Securities and Exchange Commission and is available on Masco's website at www.masco.com. Masco undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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