



Masco Corporation Reports Second Quarter Results

- Net sales from continuing operations declined 23 percent to \$2.0 billion.
- Income from continuing operations, as reported, was \$.15 per common share.
- The Company had over \$900 million of cash at June 30, 2009.

Taylor, Mich., (July 27, 2009) - Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended June 30, 2009 declined 23 percent to \$2.0 billion compared with \$2.6 billion for the second quarter of 2008. North American sales declined 21 percent and International sales declined 30 percent. In local currencies, International sales declined 17 percent compared with the second quarter of 2008.

The second quarter of 2009 results were adversely affected by significantly lower sales volume of new home construction products and services, as well as a continued decline in consumer spending for home improvement products in both North American and International markets, as well as a less favorable product mix. The negative market conditions were partially offset by increased sales volume of paints and stains, improved relationship between selling prices and commodity costs and the benefits associated with business rationalizations and other cost savings initiatives.

Income from continuing operations was \$.15 per common share in the second quarter of 2009 compared to income from continuing operations of \$.20 per common share in the second quarter of 2008.

"While market conditions remain very difficult, our second quarter operating performance was better than anticipated. Sales benefitted from new product introductions and market share gains, and we continue to see the positive impact on our cost structure of the rationalization initiatives that we have implemented across the Company. We very much appreciate the efforts of our employees, world-wide, who are making it all happen in an incredibly tough environment" said Masco's CEO Tim Wadhams.

The Company continues to focus on the rationalization of its businesses, including business consolidations, plant closures, headcount reductions, system implementations and other initiatives. During the second quarters of 2009 and 2008, the Company incurred costs and charges of \$22 million pre-tax (\$.04 per common share, after tax) and \$15 million pre-tax (\$.03 per common share, after tax), respectively, related to these initiatives.

Outlook 2009

Business conditions remain difficult in the Company's markets. The Company continues to estimate that 2009 housing starts will decline 40 percent to approximately 550,000 units. The Company also anticipates that consumer spending for home improvement products in North American and International markets will continue at depressed levels in the near-term.

While the unprecedented changes in the global economic and financial market environment make forecasting future business conditions extremely difficult, the Company currently estimates that its 2009 sales will decline approximately 18 to 22 percent compared to 2008. The Company's previous guidance estimated that its full-year 2009 sales decline would be 20 to 25 percent compared to 2008.

The Company currently estimates that its 2009 full-year loss will be in a range of \$(.05) to \$(.25) per common share, reflecting the slightly improved sales forecast. The guidance also includes approximately \$15 million pre-tax (\$.03 per common share, after tax) of additional costs and charges for plans undertaken to further rationalize the Company's business (resulting in a full-year total of approximately \$85 million pre-tax, \$.15 per common share after tax), but does not include any additional costs and charges that may result from the continued evaluation of the Company's businesses or any other charges. The Company's previous guidance was a loss in a range of \$(.15) to \$(.35) per common share for the full-year 2009.

While the Company expects a full-year loss, the guidance includes an estimate of income tax expense, principally related to income tax liabilities in certain jurisdictions where losses provide no tax benefit. As a result, quarterly and full-year results for 2009 will reflect unusual relationships between income taxes and income (loss) before income taxes. In the second quarter of 2009 the Company reported pre-tax income of \$63 million and \$1 million of tax expense. A normalized tax rate of 36 percent would have reduced second quarter 2009 earnings by \$.06 per common share.

The Company estimates that 2009 free cash flow (cash from operations, after capital expenditures and before dividends) will be relatively strong and approximate \$360 million. This compares with the Company's previous guidance of free cash flow of approximately \$300 million.

Although the Company is confident that the long-term fundamentals for the new home construction and home improvement markets are positive, the Company expects that market conditions will be extremely challenging over the next several quarters, given the continued uncertainty in the global economic and financial markets. The Company believes that its strong financial position (including cash of over \$900 million at June 30, 2009, its ability to generate positive cash flow during 2009 and unused bank lines) together with its current strategy of re-aligning its cost structure, investing in leadership brands, driving innovation and re-engineering its supply chains, will allow it 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 2009 second quarter results and supplemental material, including a presentation in PDF format, will be distributed after the market closes on July 27, 2009 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 28, 2009 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) 312-0413 (confirmation #8841487). 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 #8841487) approximately two hours after the end of the call and will continue through August 3, 2009.

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. 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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