



MASCO CORPORATION REPORTS THIRD QUARTER RESULTS AND A REDUCTION IN ANTICIPATED EARNINGS FOR 2006

Masco Corporation Highlights:

Third Quarter 2006

- Net sales from continuing operations increased one percent to \$3.3 billion.
- Income from continuing operations was \$236 million or \$.60 per common share, excluding an \$8 million non-cash, pre-tax impairment charge for financial investments and \$9 million pre-tax of costs and charges related to profit improvement programs; including such charges, income from continuing operations was \$225 million or \$.57 per common share.
- The Company returned \$263 million to shareholders through dividends and share repurchases.
- The Company had \$870 million in cash and marketable securities at September 30, 2006.

Taylor, Michigan (October 31, 2006) – Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended September 30, 2006 increased one percent to \$3.3 billion. North American net sales decreased one percent and International net sales increased 10 percent. In local currencies, International net sales increased five percent compared with the third 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 third quarters of 2006 and 2005, was \$236 million or \$.60 per common share and \$290 million or \$.68 per common share, respectively. The third quarters of 2006 and 2005 benefited from net gains from the sale of financial investments of \$.01 and \$.04 per common share, respectively.

Income from continuing operations for the third quarter of 2006 was \$225 million or \$.57 per common share, including an \$8 million non-cash, pre-tax impairment charge for financial investments and \$9 million pre-tax of costs and charges related to profit improvement programs. Income from continuing operations for the third quarter of 2005 was \$254 million or \$.59 per common share, including a \$43 million non-cash, pre-tax impairment charge for financial investments and \$12 million pre-tax of costs and charges related to profit improvement programs.

Net income for the third quarter of 2006 was \$252 million or \$.64 per common share and included a \$50 million pre-tax net gain (\$.07 per common share, after tax) from discontinued operations. Net income for the third quarter of 2005 was \$262 million or \$.61 per common share and included \$8 million of after-tax income (\$.02 per common share) from discontinued operations.

In September 2006, the Company completed the sale of Computerized Security Systems ("CSS"). CSS supplies electronic locksets primarily to hospitality markets in the United States and had annual sales of \$73 million. This disposition was completed pursuant to the Company's determination that this business unit was not core to the Company's long-term strategy. Under generally accepted accounting principles, the net gain on this transaction, along with 2006 year-to-date and prior-period operating results, are reflected in discontinued operations. Total net proceeds from the sale were \$91 million; the Company recognized a \$51 million pre-tax net gain (included in discontinued operations) on the disposition of CSS.

As part of its profit improvement programs, the Company announced a plant closure in the Plumbing Products segment in January 2006. In the third quarter of 2006, the Company incurred \$9 million pre-tax (\$52 million year-to-date) of costs and charges related to this plant closure and other profit improvement programs in the Plumbing Products and the Cabinets and Related Products segments. The Company expects to incur additional costs and charges during the fourth quarter of 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.

The Company's results continued to be adversely affected by accelerating declines in housing activity, a moderation in consumer spending and increased commodity costs, partially offset by profit improvement programs and selling price increases. The Company has implemented additional selling price increases in an effort to at least partially offset commodity cost increases.

A softening of incoming orders for building products and services along with a forecasted deeper-than-expected decline in year-over-year single family housing starts for the last several months of 2006 are expected to result in the Company's fourth quarter net sales being down mid-single digits compared with the fourth quarter of 2005. Accordingly, full-year earnings from

continuing operations, excluding costs and charges related to profit improvement programs, impairment charges for investments and any other items, may be closer to \$2.20 per common share rather than the Company's most recent guidance of \$2.25 to \$2.30 per common share. Including such charges, earnings from continuing operations may be closer to \$1.95 per common share for the full-year 2006.

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 31, 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) 981-5584 (confirmation #3471288). 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 #3471288) approximately two hours after the end of the call and will continue through November 7, 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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Contact:
Maria Duey
313-792-5500