



## **Masco Corporation Reports Second Quarter Results And New Share Repurchase Authorization**

### **Masco Corporation Highlights:**

#### **Second Quarter 2007**

- Net sales from continuing operations declined six percent to \$3.1 billion.
- Income from continuing operations was \$186 million or \$.50 per common share.
- The Company returned \$454 million to shareholders through share repurchases and dividends.
- The Company had over \$900 million in cash and marketable securities at June 30 2007.
- The Company, as previously announced, acquired Erickson Construction Company and Guy Evans, Inc. which provide products and installation services to the new home construction market. These acquisitions have annual net sales of approximately \$200 million.
- Today, the Company's Board of Directors authorized the repurchase of up to 50 million shares for retirement of the Company's common stock.

Taylor, Michigan (July 31, 2007) – Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended June 30, 2007, including the positive effect of acquisitions and currency translation, declined six percent to \$3.1 billion compared with \$3.4 billion for the second quarter of 2006. North American sales declined 10 percent and International sales increased 14 percent. In local currencies, International sales increased six percent compared with the second quarter of 2006.

Income from continuing operations was \$186 million or \$.50 per common share and \$215 million or \$.53 per common share in the second quarters of 2007 and 2006, respectively.

Second 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, as well as a less favorable product mix and increased commodity costs. Results were aided by recent acquisitions, increased sales volume of paints and stains and International operations, particularly plumbing products.

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 second quarters of 2007 and 2006, the Company incurred costs and charges of \$23 million pre-tax (\$.04 per common share, after tax) and \$26 million pre-tax (\$.05 per common share, after tax), respectively, related to profit improvement programs. The Company also had non-cash impairment charges related to financial investments of \$10 million pre-tax (\$.02 per common share, after tax) and \$78 million pre-tax (\$.13 per common share, after tax) in the second quarters of 2007 and 2006, respectively. Results benefited from net gains related to financial investments of \$6 million pre-tax (\$.01 per common share, after tax) and \$11 million pre-tax (\$.02 per common share, after tax) in the second quarters of 2007 and 2006, respectively.

While results in the second quarter of 2007 were below the second quarter of 2006, reflecting a decline of over 20 percent in housing starts (following a first quarter comparative decline of 30 percent), results were better than the Company anticipated when it updated its full-year 2007 earnings guidance in May. Results in the second quarter of 2007 were aided by recent acquisitions, the favorable effect of currency translation, profit improvement programs and selling price increases, partially offsetting commodity cost increases and lower sales volume.

Economic conditions, however, remain uncertain in the Company's markets. Housing starts have declined dramatically in the last 12 months due to previous excessive speculative buying, rapidly rising home prices in recent years reducing affordability and less attractive mortgage terms. The subprime mortgage issues that have plagued the new home construction market in recent months have made it more difficult to obtain a mortgage, adding to an already difficult market for new homes. As a result, the Company has reduced its 2007 housing starts estimate to approximately 1.4 million, or the low end of its previous range of 1.4 to 1.5 million. 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 2007 full-year sales will decline mid single digits compared with 2006, a change from the Company's previous estimate of a decline of low-to-mid single digits.

The Company believes that the negative impact to its results of this reduction in estimated housing starts to approximately 1.4 million will be largely offset by a combination of the stronger-than-expected first half results, the continued favorable effect of

currency translation, share repurchases, recent acquisitions, selling price increases, market share gains and the profit improvement programs it is pursuing. Accordingly, at this time, the Company, assuming no escalation in commodity costs, estimates that 2007 full-year earnings from continuing operations will approximate \$1.60 to \$1.70 per common share, instead of its guidance given in May of approximately \$1.50 to \$1.70 per common share. This guidance includes costs of approximately \$70 million pre-tax (\$.12 per common share, after tax) related to plant start-up, severance, systems implementations and other initiatives.

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, July 31, 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) 981-5558 (confirmation #2422691). The conference call will be webcast simultaneously on the Company's website at [www.masco.com](http://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 #2422691) approximately two hours after the end of the call and will continue through August 7, 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](http://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](http://www.masco.com).

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