



Masco Corporation Reports First Quarter Results

First Quarter 2008

- Net sales from continuing operations declined 13 percent to \$2.4 billion.
- Income from continuing operations was \$24 million or \$.07 per common share.
- The Company returned \$184 million to shareholders through share repurchases and dividends.
- The Company had over \$600 million of cash at March 31, 2008.

Taylor, Mich., (April 29, 2008) - Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended March 31, 2008 declined 13 percent to \$2.4 billion compared with \$2.8 billion for the first quarter of 2007. North American sales declined 16 percent and International sales increased one percent. In local currencies, International sales declined eight percent compared with the first quarter of 2007.

Income from continuing operations was \$24 million or \$.07 per common share and \$137 million or \$.35 per common share in the first quarters of 2008 and 2007, respectively.

The first quarter of 2008 results were adversely affected by significantly lower sales volume to the new home construction market and a continued decline in consumer spending for home improvement products.

The first quarter of 2008 results included non-cash impairment charges for financial investments of \$26 million pre-tax (\$.05 per common share, after tax), currency losses of \$10 million pre-tax (\$.02 per common share, after tax) and the negative impact of a higher tax rate of \$.03 per common share. In aggregate, these items reduced the first quarter of 2008 earnings by \$.10 per common share.

The first quarter of 2007 results benefited from net gains related to financial investments of \$22 million pre-tax (\$.04 per common share, after tax).

As previously disclosed, in the first quarter of 2008, the Company determined that several European business units are not core to the Company's long-term growth strategy and accordingly, embarked on a plan of disposition. The dispositions are expected to be completed within the next twelve months.

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 first quarters of 2008 and 2007, the Company incurred costs and charges of \$9 million pre-tax (\$.02 per common share, after tax) and \$25 million pre-tax (\$.04 per common share, after tax), respectively, related to these initiatives. Since late 2006, the Company has aggressively reduced its cost structure including closing 11 manufacturing facilities, reducing headcount by 15,000 (which exceeds 25 percent of North American headcount) and reducing installation branches by over 20 percent.

Business conditions remain difficult in a number of the Company's markets. The Company continues to estimate that 2008 housing starts will decline an additional 25 to 33 percent, to a range of 900,000 to one million units, compared to 1.3 million units in 2007. (In the first quarter of 2008, housing starts declined 30 percent). While the Company's view on housing starts for 2008 has not changed since it developed its earnings guidance earlier this year, the Company currently believes that consumer spending for home improvement products and demand for certain of the Company's International products will be weaker than originally anticipated. As a result, the Company currently estimates that its 2008 percentage sales decline will be low-double digits to mid-teens compared to 2007. The Company's previous guidance estimated that its 2008 percentage sales decline would be high-single to low-double digits.

While forecasting future business conditions in the current uncertain economic environment remains challenging, the Company currently believes that 2008 earnings will be in a range of \$.50 to \$.65 per common share. This compares to the Company's previous guidance of \$.85 to \$1.15 per common share. The Company estimates that free cash flow (cash from operations, after capital expenditures and before dividends) will continue to be strong and approximate \$640 million, compared to its previous estimate of \$700 million.

The Company's revised guidance also reflects increasingly competitive market conditions for its services and products and increasing costs for freight and logistics and for certain commodities, including metals and commodities impacted by energy costs.

The Company's revised guidance includes the Company's estimate that its full-year tax rate will approximate 48 to 49 percent (due to the U.S. tax on the anticipated repatriation of low-taxed foreign earnings to utilize favorable provisions of the U.S. tax law) which, compared to the Company's normalized tax rate of approximately 36 percent, will reduce earnings by approximately \$.17 per common share. The Company's original guidance estimated that the 2008 full-year tax rate would approximate 42 to 43 percent and reduce earnings by \$.11 per common share compared to the Company's normalized tax rate. The increase in the estimated 2008 tax rate reflects a decrease in the Company's projected 2008 pre-tax income from continuing operations. The Company estimates that its tax rate on income from continuing operations for 2009 will approximate 35 to 36 percent.

The Company's revised guidance includes: the first quarter of 2008 impairment charges for financial investments and currency losses; the impact of discontinued operations; and the benefit of the first quarter 2008 share repurchases. These items, together with the expected increase in the tax rate, decrease full-year estimated earnings by approximately \$.27 per common share, net. (Relative to these items, the Company's original guidance reflected that earnings would be reduced by \$.11 per common share, based on the expectation that the full-year tax rate would increase to 42 to 43 percent).

Although the Company expects market conditions in its industry, over the next several quarters, to be very challenging, the Company is confident that the long-term fundamentals for the new home construction and home improvement products markets are positive. The Company believes that its current strategy of dividend increases and share repurchases, concentrating on organic growth, improving returns and generating superior cash flow, together with the leveraging of the combined market strength of its retail service, distribution and installation capabilities, brands and scale, will allow Masco to continue to drive long-term growth and value for its 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.

A conference call regarding items contained in this release is scheduled for Tuesday, April 29, 2008 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) 312-1226 (confirmation #4316668). 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 #4316668) approximately two hours after the end of the call and will continue through May 6, 2008.

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.

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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.

Please [click here](#) to view financial statements.

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