



Masco Corporation Reports Second Quarter Results And Affirms Full-Year Guidance

Second Quarter 2008

- Net sales from continuing operations declined 15 percent to \$2.6 billion.
- Income from continuing operations was \$72 million or \$.20 per common share.
- The Company returned \$131 million to shareholders through share repurchases and dividends.
- Completed the sale of The Heating Group for net proceeds of \$146 million.
- The Company had over \$850 million of cash at June 30, 2008.

Taylor, Mich., (July 29, 2008) — Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended June 30, 2008 declined 15 percent to \$2.6 billion compared with \$3.1 billion for the second quarter of 2007. North American sales declined 19 percent and International sales increased six percent. In local currencies, International sales declined six percent compared with the second quarter of 2007.

Income from continuing operations was \$72 million or \$.20 per common share and \$182 million or \$.49 per common share in the second quarters of 2008 and 2007, respectively.

The second 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 second quarter of 2008 was impacted by a higher tax rate (as previously communicated) which reduced earnings by \$.05 per common share compared with the second quarter of 2007. The second quarter of 2008 results also included non-cash impairment charges for financial investments of \$3 million pre-tax and currency losses of \$5 million pre-tax which in aggregate, reduced the second quarter of 2008 earnings by \$.01 per common share.

The second quarter of 2007 results included non-cash impairment charges related to financial investments of \$10 million pre-tax (\$.02 per common share, after tax).

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 2008 and 2007, the Company incurred costs and charges of \$15 million pre-tax (\$.03 per common share, after tax) and \$23 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 17,000 (which approximates 30 percent of its North American workforce) and reducing installation branches by over 25 percent.

As previously disclosed, in the first quarter of 2008, the Company determined that several European business units were not core to the Company's long-term growth strategy and, accordingly, embarked on a plan of disposition. During the second quarter of 2008, the Company completed the sale of The Heating Group for net proceeds of \$146 million; the remaining dispositions are expected to be completed by the end of the first quarter of 2009.

Business conditions remain difficult in the Company's markets. The Company continues to estimate that 2008 housing starts will decline to a range of 900,000 to one million units, compared to 1.3 million units in 2007. In the first half of 2008, housing starts declined 30 percent from 2007. The Company also anticipates that consumer spending for home improvement products and demand for certain of the Company's International products will not improve from the depressed levels experienced in the first half of the year. As a result, the Company continues to estimate that its 2008 percentage sales decline will be low-double digits to mid-teens compared to 2007.

While forecasting future business conditions in the current uncertain economic environment remains challenging, the Company continues to estimate that 2008 earnings will be in a range of \$.50 to \$.65 per common share. The Company also estimates that free cash flow (cash from operations, after capital expenditures and before dividends) will continue to be strong and approximate \$640 million.

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

The Company's 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 estimates that its tax rate on income from continuing operations for 2009 will approximate 35 to 36 percent.

The Company's guidance includes impairment charges for financial investments and currency losses incurred in the first half of 2008 which, together with the expected increase in the tax rate, decrease full-year estimated earnings by approximately \$.25 per common share, net.

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.

The Company is providing an Earnings Presentation, in a PDF format, on its website by 9:00 a.m. ET, July 29, 2008, that can be viewed as part of the conference call. Please refer to the Earnings Presentation for additional Business Highlights.

A conference call regarding items contained in this release is scheduled for Tuesday, July 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) 312-0851 (confirmation #2641213). 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 #2641213) approximately two hours after the end of the call and will continue through August 5, 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.

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 website.

Please sharon_rothwell@mascohq.com

Investor Contact:

Maria Duey

Vice President - Investor Relations

313.792.5500

maria_duey@mascohq.com