



MASCO CORPORATION REPORTS RECORD SECOND QUARTER AND INCREASES EARNINGS GUIDANCE FOR 2004

Taylor, Michigan (August 3, 2004) - Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the second quarter ended June 30, 2004 increased 16 percent to a quarterly record \$3.1 billion compared with \$2.6 billion for the same period in 2003. The Company's strong second quarter performance, including 16 percent organic sales growth, benefited from market share gains, new products and positive economic conditions impacting the new home construction and home improvement markets.

Income from continuing operations for the second quarter of 2004 was \$294 million compared with \$220 million for the same period in 2003. Earnings from continuing operations increased to a second quarter record of \$.65 per common share compared with \$.44 per common share for the 2003 second quarter. Results for the 2004 second quarter include after-tax income of \$.01 per common share related to insurance proceeds from the Behr litigation and after-tax incremental income of \$.01 per common share (compared with the 2003 second quarter) from the sale of marketable securities and other non-operating assets.

Second quarter 2003 operating performance was negatively impacted by adverse weather conditions, which reduced demand for certain of the Company's products, and by a non-cash charge of \$23 million (\$.03 per common share, after tax) resulting from a system failure at one of the Company's European operations.

The Company continues to experience better-than-expected sales performance thus far in 2004, and, based on current business trends, believes that it will achieve record sales and earnings for 2004 with full-year earnings from continuing operations in a range of \$2.25 to \$2.30 per common share. This new guidance represents an increase from the previous guidance of \$2.00 to \$2.10 per common share. This new guidance includes the benefit of recent common share repurchases and continues to reflect increases in a number of operating expenses, including such items as certain material, freight, energy and insurance costs, as well as costs and expenses associated with complying with the new requirements of the Sarbanes-Oxley Legislation. This new guidance also includes realized income related to the Behr litigation of \$.04 per common share in the first half of 2004 but excludes any future Behr litigation income (as such amounts cannot be predicted), any gains or charges for businesses to be divested and any other possible unusual items.

Based on current business trends, the Company anticipates that third quarter 2004 earnings from continuing operations will be in a range of \$.57 to \$.60 per common share compared with relatively strong third quarter 2003 earnings of \$.53 per common share.

The Company previously announced, in the first quarter of 2004, the planned disposition of several European businesses that are not core to the Company's long-term growth strategy. The second quarter 2004 results include after-tax income from their operations of \$11 million, and an additional after-tax charge aggregating \$44 million (\$.10 per common share) for those businesses that are expected to be divested at a loss, both of which are included in discontinued operations. The charge (reduction in expected proceeds) principally relates to operations located in Spain and is primarily the result of lower-than-expected operating results of those operations. Any gains resulting from the disposition of individual businesses, which are expected later this year, will be recognized as such transactions are completed, and the Company continues to expect that the gains will substantially offset the 2004 charges. Including the operating results of these discontinued operations and the second quarter charge for certain of these businesses, net income for the quarter increased to \$261 million compared with \$229 million for the 2003 second quarter; and earnings increased to \$.58 per common share compared with \$.46 per common share for the second quarter of 2003.

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 August 3, 2004 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) 981-5522 (confirmation #119503). 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 all 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 #119503) approximately two hours after the end of the call and will continue through August 10, 2004.

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 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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