



Masco Corporation Reports 2007 Results

Masco Corporation 2007 Highlights:

Full-Year 2007

- Net sales from continuing operations declined seven percent to \$11.8 billion.
- Income from continuing operations was \$1.62 per common share, excluding non-cash impairment charges for goodwill and other intangible assets.
- Income from continuing operations, as reported, was \$1.06 per common share.
- Free cash flow before dividends was approximately \$980 million.
- The Company returned \$1.2 billion to shareholders through share repurchases (31 million common shares) and dividends.
- The quarterly dividend was increased by five percent, the 49th consecutive year in which dividends have been increased.

Taylor, Mich., (February 12, 2008) - Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the year ended December 31, 2007 declined seven percent to \$11.8 billion compared with \$12.7 billion for 2006. North American sales declined 12 percent and International sales increased 15 percent. In local currencies, International sales increased five percent compared with 2006.

Results for 2007 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 decline in consumer spending for home improvement products.

Income from continuing operations was \$1.62 per common share and \$1.99 per common share for 2007 and 2006, respectively, excluding non-cash impairment charges for goodwill and other intangible assets. Including these charges, income from continuing operations, as reported, was \$397 million or \$1.06 per common share and \$478 million or \$1.20 per common share for the years ended December 31, 2007 and 2006, respectively.

The Company has been focused on the rationalization of its businesses, including sourcing programs, business consolidations, plant closures, headcount reductions, plant start-ups, systems implementations and other initiatives. During 2007 and 2006, the Company incurred net costs and charges of \$79 million pre-tax (\$.13 per common share, after tax, net of an \$8 million gain from the sale of fixed assets) and \$47 million pre-tax (\$.08 per common share, after tax), respectively, related to these initiatives.

During 2007, the Company recognized non-cash, pre-tax impairment charges for goodwill and other intangible assets aggregating \$227 million (\$.56 per common share, after tax) and non-cash, pre-tax impairment charges for financial investments aggregating \$22 million (\$.04 per common share, after tax). During 2006, the Company recognized non-cash, pre-tax impairment charges for goodwill aggregating \$317 million (\$.79 per common share, after tax) and non-cash, pre-tax impairment charges for financial investments aggregating \$101 million (\$.16 per common share, after tax).

Fourth Quarter 2007

Fourth quarter 2007 net sales from continuing operations declined eight percent to \$2.7 billion compared with \$2.9 billion for the fourth quarter 2006. North American sales declined 13 percent and International sales increased 11 percent. In local currencies, International sales increased one percent compared with the fourth quarter of 2006.

Income from continuing operations was \$.19 per common share and \$.35 per common share for the fourth quarters of 2007 and 2006, respectively, excluding non-cash impairment charges for goodwill and other intangible assets. Including these charges, loss from continuing operations, as reported, was \$140 million or \$.39 per common share and \$169 million or \$.44 per common share for the fourth quarters of 2007 and 2006, respectively.

During the fourth quarters of 2007 and 2006, the Company incurred costs and charges of \$19 million pre-tax (\$.03 per common share, after tax) and \$5 million pre-tax (\$.01 per common share, after tax), respectively, related to the rationalization of its businesses. During the fourth quarters of 2007 and 2006, the Company recognized non-cash, pre-tax impairment charges for goodwill and other intangible assets aggregating \$227 million (\$.58 per common share, after tax) and \$307 million (\$.79 per common share, after tax), respectively.

Outlook 2008

Economic conditions remain difficult in a number of the Company's markets. Housing starts declined 25 percent in 2007, due to excessive inventories of homes and less attractive mortgage terms. The Company expects a further decline in housing starts in 2008 and continued softness in sales of existing homes. In addition, the Company anticipates a decline in consumer spending for home improvement products and, notwithstanding recent activities by the Federal Reserve and the government to stimulate economic growth, the Company believes that 2008 will be a difficult year for the overall U.S. economy. In the fourth quarter of 2007, the Company also experienced a softening of demand for certain of its International products due to declining European economies. As a result, the Company currently estimates that its 2008 sales will decline high-single to low-double digits compared with 2007.

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 \$.85 to \$1.15 per common share and that free cash flow (cash from operations, after capital expenditures and before dividends) will continue to be relatively strong and approximate \$700 million. This guidance reflects the Company's estimate that 2008 housing starts will decline an additional 25 to 33 percent, to a range of 900,000 to one million units, compared with 1.3 million units in 2007.

The Company also expects that consumer spending for home improvement products will continue to decline and that demand for certain of the Company's International products, which increased five percent in local currencies in 2007, will moderate. In addition, the Company's guidance reflects an estimated full-year 2008 tax rate of approximately 42 to 43 percent (due to the U.S. tax on the anticipated repatriation of 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 \$.11 per common share, as well as continued relatively higher costs for certain commodities, including copper and commodities impacted by energy costs.

The Company expects market conditions in its industry, in the next several quarters, to be very challenging. The Company is confident of its strategy of dividend increases and share repurchases while concentrating on organic growth, improving returns and generating superior cash flow. The Company's strategy, 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, February 12, 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) 312-0716 (confirmation #4347917). 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 #4347917) approximately two hours after the end of the call and will continue through February 19, 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 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.

[Click here to view financials](#)

Media Contact

Sharon Rothwell

Vice President - Corporate Affairs

313.792.6028

sharon_rothwell@mascohq.com

Investor Contact

Maria Duey

Vice President - Investor Relations

313.792.5500

maria_duey@mascohq.com