



## Masco Corporation Reports 2008 Results, Provides 2009 Full-Year Guidance and Announces Planned Dividend Reduction

### Full-Year 2008

- Net sales from continuing operations declined 17 percent to \$9.6 billion.
- Income from continuing operations was \$.18 per common share, excluding non-cash impairment charges for goodwill and other intangible assets.
- Loss from continuing operations, as reported, was \$1.08 per common share.
- Free cash flow before dividends was approximately \$560 million.
- The Company completed the previously announced divestiture plan, generating net proceeds of \$174 million.
- The Company had over \$1 billion of cash at December 31, 2008.

**Taylor, Mich.**, (February 11, 2009) - Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the year ended December 31, 2008 declined 17 percent to \$9.6 billion compared with \$11.5 billion for 2007. North American sales declined 19 percent and International sales declined six percent. In local currencies, International sales declined ten percent compared with 2007.

Results for 2008 were adversely affected by declines in North American and International markets, particularly by significantly lower sales volume to the new home construction markets, as well as a continued decline in consumer spending for home improvement products.

Income from continuing operations was \$.18 per common share and \$1.59 per common share for 2008 and 2007, respectively, excluding non-cash impairment charges for goodwill and other intangible assets. Including these charges, (loss) income from continuing operations, as reported, was (\$382) million or (\$1.08) per common share and \$494 million or \$1.32 per common share for the years ended December 31, 2008 and 2007, respectively.

The Company continues to focus on the rationalization of its businesses, including business consolidations, plant closures, headcount reductions, system implementations and other initiatives. During 2008 and 2007, the Company incurred costs and charges of \$83 million pre-tax (\$.15 per common share, after tax) and \$79 million pre-tax (\$.13 per common share, after tax), respectively, related to these initiatives. Since late 2006, the Company has aggressively reduced its cost structure including closing 17 manufacturing facilities, reducing headcount by over 23,000 (which represents approximately 40 percent of its North American workforce) and reducing installation branches by over 80 locations. In 2008, the Company closed six manufacturing facilities, reduced headcount by over 13,000 and reduced installation branches by 29 locations.

During 2008, the Company recognized non-cash pre-tax impairment charges for goodwill and other intangible assets (in the fourth quarter) aggregating \$467 million (\$1.26 per common share, after tax), non-cash, pre-tax impairment charges for financial investments aggregating \$58 million (\$.10 per common share, after tax) and pre-tax currency transaction losses of \$31 million (\$.06 per common share, after tax). During 2007, the Company recognized non-cash, pre-tax impairment charges for goodwill and other intangible assets (in the fourth quarter) aggregating \$119 million (\$.27 per common share, after tax), non-cash, pre-tax impairment charges for financial investments aggregating \$22 million (\$.04 per common share, after tax) and pre-tax currency transaction gains of \$9 million (\$.02 per common share, after tax).

### Fourth Quarter 2008

Fourth quarter 2008 net sales from continuing operations declined 25 percent to \$2.0 billion compared with \$2.6 billion for the fourth quarter 2007. North American sales declined 24 percent and International sales declined 26 percent. In local currencies, International sales declined 14 percent compared with the fourth quarter of 2007.

(Loss) income from continuing operations was (\$.18) per common share and \$.19 per common share for the fourth quarters of 2008 and 2007, respectively, excluding non-cash impairment charges for goodwill and other intangible assets. Including these charges, loss from continuing operations, as reported, was (\$508) million or (\$1.45) per common share and (\$31) million or (\$.09) per common share for the fourth quarters of 2008 and 2007, respectively.

During the fourth quarters of 2008 and 2007, the Company incurred costs and charges of \$43 million pre-tax (\$.08 per common share, after tax) and \$19 million pre-tax (\$.03 per common share, after tax), respectively, related to the rationalization of its businesses. During the fourth quarters of 2008 and 2007, the Company recognized non-cash pre-tax impairment charges

for goodwill and other intangible assets of \$1.27 per common share, after tax and \$.28 per common share, after tax, respectively. In addition, in the fourth quarter of 2008 the Company recognized non-cash, pre-tax impairment charges for financial investments of \$28 million (\$.05 per common share, after tax).

## **Outlook 2009**

Business conditions remain difficult in the Company's markets. The Company experienced a further significant reduction in sales of its products and services in the fourth quarter of 2008, which has continued into early 2009. Housing starts declined over 30 percent to 900,000 in 2008 from 2007. The Company estimates that 2009 housing starts will decline approximately 35 percent to a range of 550,000 to 600,000 units. The Company anticipates that consumer spending for home improvement products and demand for certain of the Company's International products will continue to decline in the near-term.

While the unprecedented changes in the global economic and financial market environment make forecasting future business conditions extremely difficult, the Company currently estimates that its full-year 2009 sales will decline mid-to-high teens percent compared to full-year 2008.

The Company currently estimates that its 2009 earnings will be in a range of approximately break-even to a loss of (\$.30) per common share, reflecting the additional sales decline. The guidance also includes approximately \$44 million pre-tax (\$.08 per common share, after tax) of costs and charges for plans undertaken to further rationalize the Company's business and system implementations but does not include any additional costs and charges that may result from the continued evaluation of the Company's businesses or any other charges. The guidance also reflects increasingly competitive market conditions for its services and products.

The Company estimates that 2009 free cash flow (cash from operations, after capital expenditures and before dividends) will approximate \$300 million.

Although the Company is confident that the long-term fundamentals for the new home construction and home improvement markets are positive, the Company expects that market conditions will be extremely challenging over the next several quarters, given the continued uncertainty in the global economic and financial markets. Accordingly, the Company will focus on liquidity preservation to ensure its ability to fund its business operations, growth opportunities that may arise and relatively modest debt maturity due in early 2010. As a result, the Company's management is recommending to the Board of Directors that the quarterly dividend be reduced from \$.235 per common share (\$.94 per common share annually) to \$.075 per common share (\$.30 per common share annually).

The Company believes that its financial position (including cash of over \$1 billion at December 31, 2008, and its ability to generate cash flow) together with its current strategy of investing in leadership brands, innovative growth and flexible and scalable supply chains, will allow us to drive long-term growth and create value for our 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 2008 fourth quarter and full-year supplemental material including a presentation in PDF format, will be distributed after the market closes on February 11, 2009 and will be available on the Company's Web site at [www.masco.com](http://www.masco.com).

A conference call regarding items contained in this release is scheduled for Thursday, February 12, 2009 at 8:00 a.m. ET. Participants in the call are asked to register five to ten minutes prior to the scheduled start time by dialing (913) 312-0717 (confirmation #3983492). The conference call will be webcast simultaneously on the Company's Web site 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 Web site. A replay of the call will be available on Masco's Web site or by phone by dialing (719) 457-0820 (replay access code #3983492) approximately two hours after the end of the call and will continue through February 19, 2009.

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 Web site at [www.masco.com](http://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 Web site.

**Investor / Media Contact**

Maria Duey

Vice President - Investor Relations

313.792.5500

[maria\\_duey@mascohq.com](mailto:maria_duey@mascohq.com)

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