



## Masco Corporation Reports First Quarter Results

### First Quarter 2009

- Net sales from continuing operations declined 26 percent to \$1.8 billion.
- Loss from continuing operations, as reported, was \$(.23) per common share.
- The Company had over \$800 million of cash at March 31, 2009.
- The Company has significantly enhanced its financial flexibility by reducing its dividend (previously announced) and by amending its Five-Year Revolving Credit Facility to increase the Company's borrowing capacity.

**Taylor, Mich., (April 27, 2009)** - Masco Corporation (NYSE: MAS) today reported that net sales from continuing operations for the quarter ended March 31, 2009 declined 26 percent to \$1.8 billion compared with \$2.5 billion for the first quarter of 2008. North American sales declined 24 percent and International sales declined 31 percent. In local currencies, International sales declined 18 percent compared with the first quarter of 2008.

The first quarter of 2009 results were adversely affected by significantly lower sales volume of new home construction products and services, as well as a continued decline in consumer spending for home improvement products in both North American and International markets.

(Loss) from continuing operations was \$(.23) per common share in the first quarter of 2009 compared to income from continuing operations of \$.04 per common share in the first quarter of 2008.

The Company continues to focus on the rationalization of its businesses, including business consolidations, plant closures, headcount reductions, system implementations and other initiatives. During the first quarters of 2009 and 2008, the Company incurred costs and charges of \$24 million pre-tax (\$.04 per common share, after tax) and \$9 million pre-tax (\$.02 per common share, after tax), respectively, related to these initiatives. In the first quarter of 2009, the Company announced the closure of two manufacturing facilities, reduced headcount by approximately 3,000 (which represents approximately eight percent of its current workforce) and reduced installation branches by 6 locations. Since late 2006, the Company has aggressively reduced its cost structure including closing 19 manufacturing facilities, reducing headcount by approximately 27,000 (which represents approximately 50 percent of its North American workforce) and reducing installation branches by over 85 locations.

During the first quarter of 2009 and 2008, the Company recognized non-cash, pre-tax impairment charges for financial investments aggregating \$3 million (\$.01 per common share, after tax) and \$26 million (\$.05 per common share, after tax), respectively, and pre-tax currency losses of \$2 million and \$11 million (\$.02 per common share, after tax), respectively. In addition, although the Company had a loss before taxes on a consolidated basis, tax expense for the first quarter of 2009 was \$8 million (\$.02 per common share) reflecting income tax liabilities in certain jurisdictions where losses provided no tax benefit.

### Outlook 2009

Business conditions remain difficult in the Company's markets. The Company currently estimates that 2009 housing starts will decline 40 percent to approximately 550,000 units. The Company also anticipates that consumer spending for home improvement products and demand for certain of the Company's International products will continue at depressed levels 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 2009 sales will decline approximately 20 to 25 percent compared to 2008. The Company's previous guidance estimated that its full-year 2009 percentage sales decline would be mid-to-high teens.

The Company currently estimates that its 2009 full-year loss will be in a range of \$(.15) to \$(.35) per common share, reflecting the additional sales decline. The guidance also includes approximately \$26 million pretax (\$.05 per common share, after tax) of additional costs and charges for plans undertaken to further rationalize the Company's business (resulting in a full-year total of approximately \$70 million pre-tax, \$.13 per common share after-tax), 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 Company's previous guidance was a range of approximate break-even to a loss of \$(.30) per common share for the full-year 2009.

The Company continues to estimate that 2009 free cash flow (cash from operations, after capital expenditures and before dividends) will be relatively strong and 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. The Company has significantly enhanced its financial flexibility by reducing its quarterly dividend, as previously announced, to \$.075 per common share (\$.30 annually) from \$.235 per common share (\$.94 annually). This action will save the Company approximately \$240 million of cash on an annual basis. In addition, in late April 2009, the Company and its Bank Group, at the Company's initiation, modified the terms of its Five-Year Revolving Credit Facility, increasing its borrowing capacity to \$1.25 billion.

The Company believes that its financial position (including cash of over \$800 million at March 31, 2009, its ability to generate positive cash flow during 2009 and unused bank lines) 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 2009 first quarter supplemental material, including a presentation in PDF format, will be distributed after the market closes on April 27, 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 Tuesday, April 28, 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) 312-0860 (confirmation #2339945). 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 #2339945) approximately two hours after the end of the call and will continue through May 5, 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.

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