

**MASCO CORPORATION**  
**Gross Profit Margin and Operating Profit Margin Reconciliation**  
**For the Three Months Ended June 30, 2010 and 2009**  
(In Millions, Except Per Common Share Data)

	Three Months Ended June 30,	
	2010	2009
Sales	\$ 2,048	\$ 2,013
<b>Gross profit, as reported</b>	<b>\$ 546</b>	<b>\$ 543</b>
Rationalization charges	36	9
<b>Gross profit, as adjusted</b>	<b>\$ 582</b>	<b>\$ 552</b>
Gross margin, as reported	26.7%	27.0%
Gross margin, as adjusted	28.4%	27.4%
<b>Operating profit, as reported</b>	<b>\$ 119</b>	<b>\$ 116</b>
Rationalization charges	51	22
One-time corporate charges		8
<b>Operating profit, as adjusted</b>	<b>\$ 170</b>	<b>\$ 146</b>
Operating margin, as reported	5.8%	5.8%
Operating margin, as adjusted	8.3%	7.3%

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.

**MASCO CORPORATION**  
**EPS Reconciliation**  
**For the Three Months Ended June 30, 2010 and 2009**  
**(In Millions, Except Per Common Share Data)**

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<u>2010</u>	<u>2009</u>
<b>Income from continuing operations before income taxes</b>	<b>\$ 16</b>	<b>\$ 67</b>
Rationalization charges	51	22
One-time corporate charges	-	8
Impairment of Financial Investments	33	7
<b>Income from continuing operations before income taxes - as adjusted</b>	<u><b>100</b></u>	<u><b>104</b></u>
Tax at 36% rate	(36)	(37)
Less: Net income attributable to non-controlling interest	(9)	(8)
<b>Net Income - as adjusted</b>	<u><b>\$ 55</b></u>	<u><b>\$ 59</b></u>
<b>Earnings per common share - as adjusted</b>	<u><b>\$ 0.16</b></u> <sup>(1)</sup>	<u><b>\$ 0.17</b></u>
Shares outstanding	349	350

(1) 2Q 2010 EPS includes increased interest expense and currency losses compared to 2Q 2009 interest expense and currency gains.

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Interest expense	\$ 67	\$ 57	\$ (10)
Currency (losses) gains	(5)	11	(16)
Total			<u>(26)</u>
Tax at 36% normalized rate			9
Impact on 2010 versus 2009			<u>\$ (17)</u>
Reduction in EPS 2Q-2010 compared to 2Q-2009			<u><u>\$ (0.05)</u></u>

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.

**Masco Corporation**  
**Key Financial Data As Reported - Unaudited**  
**Q2 - 2010 and 2009** (In Millions, Except Earnings Per Share)

<b>Sales &amp; Earnings</b>	<b>6/30/2010</b>	<b>6/30/2009</b>	<b>Change</b>
Net Sales	\$ 2,048	\$ 2,013	2%
Operating Profit	\$ 119	\$ 116	N/A
<i>Operating Profit % of Net Sales</i>	5.8%	5.8%	- bps
Other Income (Expense), Net	\$ (103)	\$ (49)	\$ (54)
Income Tax Expense (Benefit)	\$ 4	\$ (8)	N/A
Income From Continuing Operations Attributable to Masco Corporation	\$ 3	\$ 67	N/A
Diluted EPS from Continuing Operations	\$ 0.01	\$ 0.19	N/A

<b>Operating Expenses</b>	<b>6/30/2010</b>	<b>6/30/2009</b>	<b>Change</b>
Cost of Sales	\$ 1,502	\$ 1,470	\$ 32
<i>Gross Margin</i>	26.7%	27.0%	(30) bps
SG&A Expenses (Including GCE)	\$ 427	\$ 427	\$ -
<i>SG&amp;A as a % of net sales</i>	20.8%	21.2%	40 bps
General Corporate Expense (GCE)	\$ 27	\$ 27	\$ -
<i>General Corp Expense as a % of net sales</i>	1.3%	1.3%	- bps

<b>Business Segments</b>	<b>6/30/2010</b>	<b>6/30/2009</b>	<b>Change</b>
<b>Cabinets and Related Products:</b>			
Net Sales	\$ 400	\$ 419	-5%
Operating (Loss)	\$ (37)	\$ (12)	N/A
<i>Operating (Loss) % of Net Sales</i>	-9.3%	-2.9%	(640) bps
<b>Plumbing Products:</b>			
Net Sales	\$ 682	\$ 631	8%
Operating Profit	\$ 86	\$ 74	N/A
<i>Operating Profit % of Net Sales</i>	12.6%	11.7%	90 bps
<b>Installation and Other Services:</b>			
Net Sales	\$ 309	\$ 312	-1%
Operating (Loss)	\$ (23)	\$ (34)	N/A
<i>Operating (Loss) % of Net Sales</i>	-7.4%	-10.9%	350 bps
<b>Decorative Architectural Products:</b>			
Net Sales	\$ 505	\$ 505	0%
Operating Profit	\$ 109	\$ 116	N/A
<i>Operating Profit % of Net Sales</i>	21.6%	23.0%	(140) bps
<b>Other Specialty Products:</b>			
Net Sales	\$ 152	\$ 146	4%
Operating (Loss)	\$ 11	\$ 7	N/A
<i>Operating Profit % of Net Sales</i>	7.2%	4.8%	240 bps
<b>Total Segment Reported:</b>			
Net Sales	\$ 2,048	\$ 2,013	2%
Operating Profit	\$ 146	\$ 151	N/A
<i>Operating Profit % of Net Sales</i>	7.1%	7.5%	(40) bps
Change in Key Retailer Sales	0%	-7%	

**Masco Corporation**  
**Key Financial Data As Reported - Unaudited**  
**Q2 - 2010 and 2009** (In Millions, Except Earnings Per Share)

Business Regions	6/30/2010	6/30/2009	Change
<b>North America</b>			
Net Sales	\$ 1,659	\$ 1,630	2%
Operating Profit	\$ 114	\$ 119	N/A
Operating Profit % of Net Sales	6.9%	7.3%	(40) bps
<b>International, principally Europe</b>			
Net Sales	\$ 389	\$ 383	2%
Operating Profit	\$ 32	\$ 32	N/A
Operating Profit % of Net Sales	8.2%	8.4%	(20) bps

Other	6/30/2010	6/30/2009
Dividend Payments	\$ 27	\$ 27
Cash Paid for Share Repurchases	\$ -	\$ -
Common Shares Repurchased	-	-
CAPEX	\$ 36	\$ 23
Depreciation and Amortization	\$ 77	\$ 66
Average diluted common shares outstanding	349	350

<sup>1</sup> - Trailing twelve months.

# Masco Corporation

## Key Financial Data As Reported - Unaudited

Year-to-Date June 30, 2010 and 2009 (In Millions, Except Earnings Per Share and Working Capital Days)

Sales & Earnings	6/30/2010	6/30/2009	Change
Net Sales	\$ 3,900	\$ 3,810	2%
Operating Profit	\$ 197	\$ 114	N/A
Operating Profit % of Net Sales	5.1%	3.0%	210 bps
Other Income (Expense), Net	\$ (159)	\$ (108)	\$ (51)
Income Tax Expense	\$ 22	\$ 9	N/A
(Loss) From Continuing Operations Attributable to Masco Corporation	\$ (4)	\$ (18)	N/A
Diluted EPS from Continuing Operations	\$ (0.02)	\$ (0.06)	N/A

Operating Expenses	6/30/2010	6/30/2009	Change
Cost of Sales	\$ 2,862	\$ 2,854	\$ 8
Gross Margin	26.6%	25.1%	150 bps
SG&A Expenses (Including GCE)	\$ 841	\$ 842	\$ (1)
SG&A as a % of net sales	21.6%	22.1%	50 bps
General Corporate Expense (GCE)	\$ 57	\$ 60	\$ (3)
General Corp Expense as a % of net sales	1.5%	1.6%	(10) bps

Business Segments	6/30/2010	6/30/2009	Change
<b>Cabinets and Related Products:</b>			
Net Sales	\$ 803	\$ 814	-1%
Operating (Loss)	\$ (52)	\$ (40)	N/A
Operating (Loss) % of Net Sales	-6.5%	-4.9%	(160) bps
<b>Plumbing Products:</b>			
Net Sales	\$ 1,345	\$ 1,215	11%
Operating Profit	\$ 170	\$ 109	N/A
Operating Profit % of Net Sales	12.6%	9.0%	360 bps
<b>Installation and Other Services:</b>			
Net Sales	\$ 582	\$ 629	-7%
Operating Profit	\$ (65)	\$ (70)	N/A
Operating (Loss) % of Net Sales	-11.2%	-11.1%	(10) bps
<b>Decorative Architectural Products:</b>			
Net Sales	\$ 894	\$ 891	0%
Operating Profit	\$ 196	\$ 191	N/A
Operating Profit % of Net Sales	21.9%	21.4%	50 bps
<b>Other Specialty Products:</b>			
Net Sales	\$ 276	\$ 261	6%
Operating Profit	\$ 5	\$ -	N/A
Operating Profit % of Net Sales	1.8%	0.0%	180 bps
<b>Total Segment Reported:</b>			
Net Sales	\$ 3,900	\$ 3,810	2%
Operating Profit	\$ 254	\$ 190	N/A
Operating Profit % of Net Sales	6.5%	5.0%	150 bps
Change in Key Retailer Sales	1%	-9%	

## Masco Corporation

### Key Financial Data As Reported - Unaudited

Year-to-Date June 30, 2010 and 2009 (In Millions, Except Earnings Per Share and Working Capital Days)

Business Regions	6/30/2010	6/30/2009	Change
<b>North America</b>			
Net Sales	\$ 3,089	\$ 3,064	1%
Operating Profit	\$ 178	\$ 138	N/A
Operating Profit % of Net Sales	5.8%	4.5%	130 bps
<b>International, principally Europe</b>			
Net Sales	\$ 811	\$ 746	9%
Operating Profit	\$ 76	\$ 52	N/A
Operating Profit % of Net Sales	9.4%	7.0%	240 bps

Working Capital	6/30/2010	6/30/2009	Change
Receivable Days	50	52	(2)
Inventory Days	55	52	3
Payable Days	51	46	5
Working Capital (Receivables+Inventory-Payables)	\$ 1,268	\$ 1,485	\$ (217)
Working Capital as a % of Sales (As Reported TTM <sup>1</sup> )	16.1%	17.8%	170 bps

Other	6/30/2010	6/30/2009
Dividend Payments	\$ 54	\$ 112
Cash Paid for Share Repurchases <sup>2</sup>	\$ 45	\$ 11
Common Shares Repurchased <sup>2</sup>	3	2
CAPEX	\$ 62	\$ 50
Depreciation and Amortization	\$ 137	\$ 128
Return on Invested Capital (As Reported TTM <sup>1</sup> )	1.6%	-1.9%
Return on Invested Capital (As Reconciled TTM <sup>1</sup> )	4.5%	2.8%
Average diluted common shares outstanding	349	351

Balance Sheet Information	6/30/2010	12/31/2009
Long-Term Debt	\$ 4,038	\$ 3,604
Notes Payable	\$ 66	\$ 364
Total Debt	\$ 4,104	\$ 3,968
Shareholders' Equity	\$ 2,608	\$ 2,817
Debt to Capital	61%	58%
Cash	\$ 1,384	\$ 1,413

<sup>1</sup> - Trailing twelve months.

<sup>2</sup> - Common shares were repurchased to offset the effect of stock award grants in the first quarters of 2010 and 2009.

**MASCO CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED**  
**For the Three Months and Six Months Ended June 30, 2010 and 2009**  
(In Millions, Except Per Common Share Data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net sales	\$ 2,048	\$ 2,013	\$ 3,900	\$ 3,810
Cost of sales	1,502	1,470	2,862	2,854
Gross profit	546	543	1,038	956
Selling, general and administrative expenses	427	427	841	834
Charge for defined-benefit plan curtailment	-	-	-	8
Operating profit	119	116	197	114
Other income (expense), net	(103)	(49)	(159)	(108)
Income from continuing operations before income taxes	16	67	38	6
Income tax expense (benefit)	4	(8)	22	9
Income (loss) from continuing operations	12	75	16	(3)
Loss from discontinued operations, net	-	(12)	-	(8)
Net income (loss)	12	63	16	(11)
Less: Net income attributable to non-controlling interest	9	8	20	15
Net income (loss) attributable to Masco Corporation	<u>\$ 3</u>	<u>\$ 55</u>	<u>\$ (4)</u>	<u>\$ (26)</u>
Earnings (loss) per common share attributable to Masco Corporation (diluted):				
Income (loss) from continuing operations	\$ 0.01	\$ 0.19	\$ (0.02)	\$ (0.06)
Loss from discontinued operations, net	-	(0.03)	-	(0.02)
Net income (loss) attributable to Masco Corporation	<u>\$ 0.01</u>	<u>\$ 0.15</u>	<u>\$ (0.02)</u>	<u>\$ (0.08)</u>
Average diluted common shares outstanding	<u>349</u>	<u>350</u>	<u>349</u>	<u>351</u>
Amounts attributable to Masco Corporation:				
Income (loss) from continuing operations	\$ 3	\$ 67	\$ (4)	\$ (18)
Loss from discontinued operations, net	-	(12)	-	(8)
Net income (loss) attributable to Masco Corporation	<u>\$ 3</u>	<u>\$ 55</u>	<u>\$ (4)</u>	<u>\$ (26)</u>