

# MASCO CORP /DE/

## FORM 8-K (Current report filing)

Filed 02/11/13 for the Period Ending 02/11/13

Address	21001 VAN BORN RD TAYLOR, MI 48180
Telephone	3132747400
CIK	0000062996
Symbol	MAS
SIC Code	2430 - Millwork, Veneer, Plywood, And Structural Wood
Industry	Constr. - Supplies & Fixtures
Sector	Capital Goods
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported) February 11, 2013**

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**Masco Corporation**

**(Exact name of Registrant as Specified in Charter)**

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**Delaware**  
**(State or Other Jurisdiction  
of Incorporation)**

**1-5794**  
**(Commission  
File Number)**

**38-1794485**  
**(IRS Employer  
Identification No.)**

**21001 Van Born Road, Taylor, Michigan**  
**(Address of Principal Executive Offices)**

**48180**  
**(Zip Code)**

**(313) 274-7400**  
**Registrant's telephone number, including area code**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

Attached and incorporated herein by reference as Exhibit 99 is a copy of a press release dated February 11, 2013 reporting Masco Corporation's financial results for the fourth quarter and full-year of 2012 and certain other information and supplemental information prepared for use in connection with the financial results for the fourth quarter and full-year of 2012. On February 12, 2013, Masco Corporation will hold an investor conference call and Webcast to discuss financial results for the fourth quarter and full-year of 2012.

This information, including the Exhibits attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

99 Press Release of Masco Corporation dated February 11, 2013 reporting Masco Corporation's financial results for the fourth quarter and full-year of 2012 and certain other information and supplemental information prepared for use in connection with the financial results for the fourth quarter and full-year of 2012.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MASCO CORPORATION

By: /s/ John G. Szniewajs

Name: John G. Szniewajs

Title: Vice President, Treasurer and Chief Financial Officer

February 11, 2013

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## **EXHIBIT INDEX**

99 Press Release of Masco Corporation dated February 11, 2013 reporting Masco Corporation's financial results for the fourth quarter and full-year of 2012 and certain other information and supplemental information prepared for use in connection with the financial results for the fourth quarter and full-year of 2012.



## MASCO DELIVERS STRONG GROWTH IN FOURTH QUARTER 2012

### Key Highlights

- Sales increased 9 percent to \$1.9 billion
- North American sales increased 12 percent
- Installation segment returned to profitability
- All segments contributed to an adjusted operating margin expansion of 340 basis points

**Taylor, Mich., (February 11, 2013)** — Masco Corporation (NYSE: MAS) increased profit in the fourth quarter of 2012 with strong sales and operating margin growth in North America, including continued improvement in Installation Services. All five operating segments delivered positive sales growth and improved operating profit for the first time since the housing downturn.

### 2012 Fourth Quarter Commentary

- Net sales from continuing operations increased 9 percent to \$1.9 billion, compared with \$1.7 billion for fourth quarter 2011. North American sales increased 12 percent and international sales decreased 1 percent. In local currencies, international sales increased 2 percent compared with fourth quarter 2011.
- Compared to fourth quarter 2011, results for key financial measures, **as adjusted** for certain items (see Exhibit A) and with a normalized tax rate of 36 percent, were as follows:
  - Gross profit margins were 25.0 percent compared to 21.9 percent
  - Operating profit margins were 5.0 percent compared to 1.6 percent
  - Income (loss) from continuing operations was \$0.04 per common share compared to \$(0.09) per common share
- Loss from continuing operations, **as reported**, was \$(0.23) per common share compared to \$(1.42) per common share in the fourth quarter of 2011
- We ended the fourth quarter with approximately \$1.4 billion of cash

### 2012 Fourth Quarter Operating Segment Results

- Plumbing Products' net sales increased 10 percent, fueled by strong performance in North America and internationally
- Decorative Architectural Products' net sales increased 11 percent, driven by growth in core products and new programs
- North American Cabinetry's sales increased 13 percent and operating margins improved
- Installation and Other Services achieved profitability for the first time since the fourth quarter of 2008
- Other Specialty Products' net sales increased 6 percent and segment margins expanded, reflecting share gains and profit improvement initiatives

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“Our solid fourth quarter results reflect the successful execution of our strategic initiatives, including leveraging our brands, reducing our costs, improving our Installation and Cabinet segments and strengthening our balance sheet,” said Masco’s President and CEO, Tim Wadhams. “Our sales and margin growth represent strong performance across all of our operating segments, including a return to profitability in our Installation segment. We believe this momentum will continue into 2013.”

### **2012 Full-Year Commentary**

- Net sales increased 4 percent to \$7.7 billion, compared to 2011. Excluding currency, net sales increased 5 percent
- Compared to full-year 2011, results for key financial measures, **as adjusted** for certain items (see Exhibit B) and with a normalized tax rate of 36 percent, were as follows:
  - Gross profit margins were 26.0 percent compared to 25.1 percent
  - Operating profit margins were 6.1 percent compared to 4.4 percent
  - Income from continuing operations was \$0.32 per common share compared to \$0.02 per common share
- Loss from continuing operations, as reported, was \$(0.22) per common share compared to \$(1.34) per common share in 2011

### **Subsequent Event**

In early February we determined that our Danish ready-to-assemble cabinet business is not core to our long-term growth strategy and, accordingly, we have commenced a plan of disposition for this business. This business unit had sales of approximately \$250 million in 2012.

### **Outlook 2013**

“We expect new home construction to show strong growth in 2013, and anticipate repair and remodel to grow modestly, with big ticket items continuing to lag. Our focus this year is to successfully execute new product programs, improve profitability in Cabinets and Installation Services, and expand our brand leadership positions. We believe the actions we have taken over the past several years, including investing in our brands, reducing our cost structure and paying down debt, have strengthened our business. We believe these actions have positively positioned us to take advantage of the upturn in the housing cycle,” said Mr. Wadhams.

### **About Masco**

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 2012 fourth quarter supplemental material, including a presentation in PDF format, is available on the Company’s website at [www.masco.com](http://www.masco.com).

### **Conference Call Details**

A conference call regarding items contained in this release is scheduled for Tuesday, February 12, 2013 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 (877) 550-4056 and from outside the U.S. at (706) 679-3614. Please use the conference identification number 87003575. The conference call will be webcast simultaneously and in its entirety through the Company’s website. Shareholders, media representatives and others interested in Masco may participate in the webcast by registering through the Investor Relations section on the Company’s website.

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A replay of the call will be available on Masco's website or by phone by dialing (855) 859-2056 and from outside the U.S. at (404) 537-3406. Please use the conference identification number 87003575. The telephone replay will be available approximately two hours after the end of the call and continue through February 26, 2013.

### **Safe Harbor Statement**

Statements contained in this press release that reflect our views about our future performance constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "believe," "anticipate," "appear," "may," "will," "should," "intend," "plan," "estimate," "expect," "assume," "seek," "forecast," and similar references to future periods. These views involve risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed in our forward-looking statements. We caution you against relying on any of these forward-looking statements. Our future performance may be affected by our reliance on new home construction and home improvement, our reliance on key customers, the cost and availability of raw materials, shifts in consumer preferences and purchasing practices, our ability to improve our underperforming businesses, and our ability to maintain our competitive position in our industries. These and other factors are discussed in detail in Item 1A, "Risk Factors" in our most recent Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and in other filings we make with the Securities and Exchange Commission. Our forward-looking statements in this press release speak only as of the date of this press release. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Unless required by law, we undertake no obligation to update publicly any forward-looking statements as a result of new information, future events or otherwise.

The Company believes that the non-GAAP performance measures and ratios that are 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](http://www.masco.com).

### **Investor / Media Contact**

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**MASCO CORPORATION**  
**Condensed Consolidated Statements of Operations - Unaudited**  
**For the Three Months and Twelve Months Ended December 31, 2012 and 2011**

(dollars in millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Net sales	\$ 1,890	\$ 1,738	\$ 7,745	\$ 7,467
Cost of sales	1,444	1,406	5,794	5,683
Gross profit	446	332	1,951	1,784
Selling, general and administrative expenses	380	366	1,561	1,576
Charge for litigation settlements, net	3	3	77	9
Impairment charges for goodwill and other intangible assets	42	494	42	494
Operating profit (loss)	21	(531)	271	(295)
Other income (expense), net	(62)	(66)	(251)	(250)
Gains from financial investments, net	4	4	22	73
(Loss) income from continuing operations before income taxes	(37)	(593)	42	(472)
Income tax expense (benefit)	35	(104)	83	(49)
Loss from continuing operations	(72)	(489)	(41)	(423)
Loss from discontinued operations, net	(8)	(79)	(38)	(110)
Net loss	(80)	(568)	(79)	(533)
Less: Net income attributable to non-controlling interest	7	5	35	42
Net loss attributable to Masco Corporation	<u>\$ (87)</u>	<u>\$ (573)</u>	<u>\$ (114)</u>	<u>\$ (575)</u>
Loss per common share attributable to Masco Corporation (diluted):				
Loss from continuing operations	\$ (0.23)	\$ (1.42)	\$ (0.22)	\$ (1.34)
Loss from discontinued operations	(0.02)	(0.23)	(0.11)	(0.32)
Net loss	<u>\$ (0.25)</u>	<u>\$ (1.65)</u>	<u>\$ (0.33)</u>	<u>\$ (1.66)</u>
Average diluted common shares outstanding	<u>349</u>	<u>348</u>	<u>349</u>	<u>348</u>
Amounts attributable to Masco Corporation:				
Loss from continuing operations	\$ (79)	\$ (494)	\$ (76)	\$ (465)
Loss from discontinued operations	(8)	(79)	(38)	(110)
Net loss attributable to Masco Corporation	<u>\$ (87)</u>	<u>\$ (573)</u>	<u>\$ (114)</u>	<u>\$ (575)</u>

**MASCO CORPORATION**  
**Exhibit A: Reconciliations - Unaudited**  
**For the Three Months Ended December 31, 2012 and 2011**

(dollars in millions, except EPS)

	2012	2011
<b><u>Gross Profit and Operating Profit Reconciliations</u></b>		
Net sales	<u>\$1,890</u>	<u>\$1,738</u>
<b>Gross profit, as reported</b>	<b>\$ 446</b>	<b>\$ 332</b>
Rationalization charges	27	48
<b>Gross profit, as adjusted</b>	<b><u>\$ 473</u></b>	<b><u>\$ 380</u></b>
Gross margin, as reported	23.6%	19.1%
Gross margin, as adjusted	25.0%	21.9%
<b>Operating profit (loss), as reported</b>	<b>\$ 21</b>	<b>\$ (531)</b>
Impairment of goodwill and other intangible assets	42	494
Rationalization charges	31	61
Charge for litigation settlements, net	3	3
Gain from sales of fixed assets, net	(3)	—
<b>Operating profit, as adjusted</b>	<b><u>\$ 94</u></b>	<b><u>\$ 27</u></b>
Operating margin, as reported	1.1%	-30.6%
Operating margin, as adjusted	5.0%	1.6%
<b><u>Earnings Per Common Share Reconciliation</u></b>		
<b>Loss from continuing operations, before income taxes, as reported</b>	<b>\$ (37)</b>	<b>\$ (593)</b>
Impairment of goodwill and other intangible assets	42	494
Rationalization charges	31	61
Charge for litigation settlements, net	3	3
Gain from sale of fixed assets, net	(3)	—
Gain from financial investments, net	(4)	(4)
<b>Income (loss) from continuing operations, before income taxes, as adjusted</b>	<b><u>32</u></b>	<b><u>(39)</u></b>
Tax at 36% rate	(12)	14
Less: Net income attributable to non-controlling interest	7	5
<b>Net income (loss), as adjusted</b>	<b><u>\$ 13</u></b>	<b><u>\$ (30)</u></b>
<b>Income (loss) per common share, as adjusted</b>	<b><u>\$ 0.04</u></b>	<b><u>\$ (0.09)</u></b>
Shares outstanding	<u>349</u>	<u>348</u>

**MASCO CORPORATION**  
**Exhibit B: Reconciliations - Unaudited**  
**For the Twelve Months Ended December 31, 2012 and 2011**

	2012	2011
<b><u>Gross Profit and Operating Profit Reconciliations</u></b>		
Net sales	<u>\$7,745</u>	<u>\$7,467</u>
<b>Gross profit, as reported</b>	<b>\$1,951</b>	<b>\$1,784</b>
Rationalization charges	52	91
Other Specialty Products - Warranty	12	—
<b>Gross profit, as adjusted</b>	<b><u>\$2,015</u></b>	<b><u>\$1,875</u></b>
Gross margin, as reported	25.2%	23.9%
Gross margin, as adjusted	26.0%	25.1%
<b>Operating profit (loss), as reported</b>	<b>\$ 271</b>	<b>\$ (295)</b>
Rationalization charges	78	121
Charge for litigation settlements, net	77	9
Impairment of goodwill and other intangible assets	42	494
Other Specialty Products - Warranty	12	—
Gain from sales of fixed assets, net	(8)	—
<b>Operating profit, as adjusted</b>	<b><u>\$ 472</u></b>	<b><u>\$ 329</u></b>
Operating margin, as reported	3.5%	-4.0%
Operating margin, as adjusted	6.1%	4.4%
<b><u>Earnings Per Common Share Reconciliation</u></b>		
<b>Income (loss) from continuing operations, before income taxes, as reported</b>	<b>\$ 42</b>	<b>\$ (472)</b>
Rationalization charges	78	121
Charge for litigation settlements, net	77	9
Impairment of goodwill and other intangible assets	42	494
Other Specialty Products - Warranty	12	—
Interest carry costs	7	—
Gain from sales of fixed assets, net	(8)	—
Gain from financial investments, net	(22)	(73)
<b>Income from continuing operations, before income taxes, as adjusted</b>	<b>228</b>	<b>79</b>
Tax at 36% rate	(82)	(28)
Less: Net income attributable to non-controlling interest	35	42
<b>Net income, as adjusted</b>	<b><u>\$ 111</u></b>	<b><u>\$ 9</u></b>
<b>Income per common share, as adjusted</b>	<b><u>\$ 0.32</u></b>	<b><u>\$ 0.02</u></b>
Shares outstanding	<u>349</u>	<u>348</u>

**MASCO CORPORATION**  
**Condensed Consolidated Balance Sheets and**  
**Other Financial Data - Unaudited**

(dollars in millions)

	December 31, 2012	December 31, 2011
<b>Balance Sheet</b>		
<b>Assets</b>		
Current Assets:		
Cash and Cash Investments	\$ 1,351	\$ 1,656
Receivables	965	914
Inventories	792	769
Prepaid Expenses and Other	109	70
Assets Held for Sale	—	20
Total Current Assets	3,217	3,429
Property and Equipment, Net	1,429	1,567
Goodwill	1,894	1,891
Other Intangible Assets, Net	151	196
Other Assets	184	209
Assets Held for Sale	—	5
Total Assets	<u>\$ 6,875</u>	<u>\$ 7,297</u>
<b>Liabilities</b>		
Current Liabilities:		
Notes Payable	\$ 206	\$ 803
Accounts Payable	819	770
Accrued Liabilities	837	782
Liabilities Held for Sale	—	8
Total Current Liabilities	1,862	2,363
Long-Term Debt	3,422	3,222
Deferred Income Taxes and Other	1,057	970
Total Liabilities	6,341	6,555
<b>Shareholders' Equity</b>	534	742
Total Liabilities and Shareholders' Equity	<u>\$ 6,875</u>	<u>\$ 7,297</u>

	Year To Date	
	December 31, 2012	December 31, 2011
<b>Other Financial Data</b>		
<b>Working Capital Days</b>		
Receivable Days	47	47
Inventory Days	52	52
Payable Days	66	63
Working Capital	\$ 938	\$ 913
Working Capital as a % of Sales ( <i>LTM</i> )	12.1%	12.2%
Dividend Payments	\$ 107	\$ 107
Cash Paid for Share Repurchases	\$ 8	\$ 30
CAPEX	\$ 119	\$ 151
Average diluted common shares outstanding	349	348

**MASCO CORPORATION**  
**Quarterly Segment Data - Unaudited**  
**For the Three Months and Twelve Months Ended December 31, 2012 and 2011**

(dollars in millions)

	Q4 2012	Q4 2011	Change	YTD 2012	YTD 2011	Change
<b>Cabinets and Related Products</b>						
Net sales	\$ 289	\$ 287	1%	\$1,189	\$1,231	-3%
Operating loss, as reported	\$ (50)	\$ (95)		\$ (120)	\$ (206)	
<i>Operating margin, as reported</i>	<i>-17.3 %</i>	<i>-33.1 %</i>		<i>-10.1 %</i>	<i>-16.7 %</i>	
Rationalization charges	10	6		21	20	
Accelerated depreciation related to plant closures	14	7		16	27	
Impairment of goodwill and other intangible assets	—	44		—	44	
Operating loss, as adjusted	(26)	(38)		(83)	(115)	
<i>Operating margin, as adjusted</i>	<i>-9.0 %</i>	<i>-13.2 %</i>		<i>-7.0 %</i>	<i>-9.3 %</i>	
Depreciation and amortization	14	8		52	51	
EBITDA, as adjusted	\$ (12)	\$ (30)		\$ (31)	\$ (64)	
<b>Plumbing Products</b>						
Net sales	\$ 739	\$ 674	10%	\$2,955	\$2,913	1%
Operating profit, as reported	\$ 65	\$ 52		\$ 307	\$ 322	
<i>Operating margin, as reported</i>	<i>8.8 %</i>	<i>7.7 %</i>		<i>10.4 %</i>	<i>11.1 %</i>	
Rationalization charges	5	2		13	11	
Accelerated depreciation related to plant closures	2	1		12	4	
Impairment of goodwill and other intangible assets	—	1		—	1	
Operating profit, as adjusted	72	56		332	338	
<i>Operating margin, as adjusted</i>	<i>9.7 %</i>	<i>8.3 %</i>		<i>11.2 %</i>	<i>11.6 %</i>	
Depreciation and amortization	13	18		57	64	
EBITDA, as adjusted	\$ 85	\$ 74		\$ 389	\$ 402	
<b>Installation and Other Services</b>						
Net sales	\$ 323	\$ 285	13%	\$1,209	\$1,077	12%
Operating profit (loss), as reported	\$ 6	\$ (8)		\$ (19)	\$ (79)	
<i>Operating margin, as reported</i>	<i>1.9 %</i>	<i>-2.8 %</i>		<i>-1.6 %</i>	<i>-7.3 %</i>	
Rationalization charges	—	2		1	8	
Accelerated depreciation related to plant closures	—	—		—	—	
Impairment of goodwill and other intangible assets	—	—		—	—	
Operating profit (loss), as adjusted	6	(6)		(18)	(71)	
<i>Operating margin, as adjusted</i>	<i>1.9 %</i>	<i>-2.1 %</i>		<i>-1.5 %</i>	<i>-6.6 %</i>	
Depreciation and amortization	8	8		30	32	
EBITDA, as adjusted	\$ 14	\$ 2		\$ 12	\$ (39)	

**MASCO CORPORATION**  
**Quarterly Segment Data - Unaudited**  
**For the Three Months and Twelve Months Ended December 31, 2012 and 2011**

(dollars in millions)

	Q4 2012	Q4 2011	Change	YTD 2012	YTD 2011	Change
<b>Decorative Architectural Products</b>						
Net sales	\$ 386	\$ 348	11%	\$1,818	\$1,670	9%
Operating profit (loss), as reported	\$ 65	\$ (51)		\$ 329	\$ 196	
<i>Operating margin, as reported</i>	16.8 %	-14.7 %		18.1 %	11.7 %	
Rationalization charges	—	11		—	12	
Accelerated depreciation related to plant closures	—	—		—	—	
Impairment of goodwill and other intangible assets	—	75		—	75	
Operating profit, as adjusted	65	35		329	283	
<i>Operating margin, as adjusted</i>	16.8 %	10.1 %		18.1 %	16.9 %	
Depreciation and amortization	3	3		15	15	
EBITDA, as adjusted	\$ 68	\$ 38		\$ 344	\$ 298	
<b>Other Specialty Products</b>						
Net sales	\$ 153	\$ 144	6%	\$ 574	\$ 576	0%
Operating loss, as reported	\$ (35)	\$ (403)		\$ (31)	\$ (401)	
<i>Operating margin, as reported</i>	-22.9 %	-279.9 %		-5.4 %	-69.6 %	
Rationalization charges	—	6		1	6	
Accelerated depreciation related to plant closures	—	23		—	25	
Impairment of goodwill and other intangible assets	42	374		42	374	
Warranty	—	—		12	—	
Operating profit, as adjusted	7	—		24	4	
<i>Operating margin, as adjusted</i>	4.6 %	0.0 %		4.2 %	0.7 %	
Depreciation and amortization	5	6		21	23	
EBITDA, as adjusted	\$ 12	\$ 6		\$ 45	\$ 27	
<b>Total</b>						
Net sales	\$1,890	\$ 1,738	9%	\$7,745	\$7,467	4%
Operating income (loss), as reported—segment	\$ 51	\$ (505)		\$ 466	\$ (168)	
General corporate expense (GCE)	(30)	(23)		(126)	(118)	
Gain from sales of fixed assets, net	3	—		8	—	
Charge for litigation settlements, net	(3)	(3)		(77)	(9)	
Operating income (loss), as reported	21	(531)		271	(295)	
<i>Operating margin, as reported</i>	1.1 %	-30.6 %		3.5 %	-4.0 %	
Rationalization charges - segment	15	27		36	57	
Accelerated depreciation - segment	16	31		28	56	
Rationalization charges - GCE	—	3		14	5	
Accelerated depreciation - GCE	—	—		—	3	
Gain from sales of fixed assets	(3)	—		(8)	—	
Charge for litigation settlements, net	3	3		77	9	
Impairment of goodwill and other intangible assets	42	494		42	494	
Other Specialty Products - Warranty	—	—		12	—	
Operating income, as adjusted	94	27		472	329	
<i>Operating margin, as adjusted</i>	5.0 %	1.6 %		6.1 %	4.4 %	
Depreciation and amortization - segment	43	43		175	185	
Depreciation and amortization - non-operating	1	1		11	19	
EBITDA, as adjusted	\$ 138	\$ 71		\$ 658	\$ 533	

**MASCO CORPORATION**  
**North American and International Data - Unaudited**  
**For the Three Months and Twelve Months Ended December 31, 2012 and 2011**

(dollars in millions)

	Q4 2012	Q4 2011	Change	YTD 2012	YTD 2011	Change
<b>North American</b>						
Net sales	<u>\$1,475</u>	<u>\$1,320</u>	12%	<u>\$6,046</u>	<u>\$5,669</u>	7%
Operating profit (loss), as reported	\$ 35	\$ (459)		\$ 360	\$ (259)	
<i>Operating margin, as reported</i>	2.4 %	-34.8 %		6.0 %	-4.6 %	
Rationalization charges	10	20		25	49	
Accelerated depreciation related to plant closures	14	24		25	49	
Impairment of goodwill and other intangible assets	42	450		42	450	
Other Specialty Products - Warranty	—	—		12	—	
Operating profit, as adjusted	<u>101</u>	<u>35</u>		<u>464</u>	<u>289</u>	
<i>Operating margin, as adjusted</i>	6.8 %	2.7 %		7.7 %	5.1 %	
Depreciation and amortization	<u>33</u>	<u>35</u>		<u>129</u>	<u>139</u>	
EBITDA, as adjusted	<u>\$ 134</u>	<u>\$ 70</u>		<u>\$ 593</u>	<u>\$ 428</u>	
<b>International</b>						
Net sales	<u>\$ 415</u>	<u>\$ 418</u>	-1%	<u>\$1,699</u>	<u>\$1,798</u>	-6%
Operating profit (loss), as reported	\$ 16	\$ (46)		106	91	
<i>Operating margin, as reported</i>	3.9 %	-11.0 %		6.2 %	5.1 %	
Rationalization charges	5	7		11	8	
Accelerated depreciation related to plant closures	2	7		3	7	
Impairment of goodwill and other intangible assets	—	44		—	44	
Operating profit, as adjusted	<u>23</u>	<u>12</u>		<u>120</u>	<u>150</u>	
<i>Operating margin, as adjusted</i>	5.5 %	2.9 %		7.1 %	8.3 %	
Depreciation and amortization	<u>10</u>	<u>8</u>		<u>46</u>	<u>46</u>	
EBITDA, as adjusted	<u>\$ 33</u>	<u>\$ 20</u>		<u>\$ 166</u>	<u>\$ 196</u>	
<b>Total</b>						
Net sales	<u>\$1,890</u>	<u>\$1,738</u>	9%	<u>\$7,745</u>	<u>\$7,467</u>	4%
Operating income (loss), as reported - segment	\$ 51	\$ (505)		\$ 466	\$ (168)	
General corporate expense (GCE)	(30)	(23)		(126)	(118)	
Gain from sales of fixed assets, net	3	—		8	—	
Charge for litigation settlements, net	(3)	(3)		(77)	(9)	
Operating income (loss), as reported	<u>21</u>	<u>(531)</u>		<u>271</u>	<u>(295)</u>	
<i>Operating margin, as reported</i>	1.1 %	-30.6 %		3.5 %	-4.0 %	
Rationalization charges - segment	15	27		36	57	
Accelerated depreciation - segment	16	31		28	56	
Rationalization charges - GCE	—	3		14	5	
Accelerated depreciation - GCE	—	—		—	3	
Gain from sales of fixed assets, net	(3)	—		(8)	—	
Charge for litigation settlements, net	3	3		77	9	
Impairment of goodwill and other intangible assets	42	494		42	494	
Other Specialty Products - Warranty	—	—		12	—	
Operating income, as adjusted	<u>94</u>	<u>27</u>		<u>472</u>	<u>329</u>	
<i>Operating margin, as adjusted</i>	5.0 %	1.6 %		6.1 %	4.4 %	
Depreciation and amortization - segment	43	43		175	185	
Depreciation and amortization - non-operating	<u>1</u>	<u>1</u>		<u>11</u>	<u>19</u>	
EBITDA, as adjusted	<u>\$ 138</u>	<u>\$ 71</u>		<u>\$ 658</u>	<u>\$ 533</u>	