

MASCO CORPORATION
Condensed Consolidated Statements of Operations - Unaudited
For the Three Months and Nine Months Ended September 30, 2017 and 2016

(in millions, except per common share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|----------|---------------------------------|----------|
| | 2017 | 2016 | 2017 | 2016 |
| Net sales | \$ 1,936 | \$ 1,877 | \$ 5,770 | \$ 5,598 |
| Cost of sales | 1,286 | 1,263 | 3,775 | 3,715 |
| Gross profit | 650 | 614 | 1,995 | 1,883 |
| Selling, general and administrative expenses | 355 | 345 | 1,090 | 1,045 |
| Operating profit | 295 | 269 | 905 | 838 |
| Other income (expense), net: | | | | |
| Interest expense | (43) | (43) | (239) | (186) |
| Other, net | 4 | 1 | 58 | 5 |
| | (39) | (42) | (181) | (181) |
| Income before income taxes | 256 | 227 | 724 | 657 |
| Income tax expense | 96 | 81 | 243 | 229 |
| Net income | 160 | 146 | 481 | 428 |
| Less: Net income attributable to noncontrolling interest | 12 | 12 | 35 | 35 |
| Net income attributable to Masco Corporation | \$ 148 | \$ 134 | \$ 446 | \$ 393 |
| Income per common share attributable to Masco Corporation (diluted): | | | | |
| Net income | \$ 0.46 | \$ 0.40 | \$ 1.38 | \$ 1.17 |
| Average diluted common shares outstanding | 316 | 329 | 319 | 332 |

Historical information is available on our website.

MASCO CORPORATION
Exhibit A: Reconciliations - Unaudited
For the Three Months and Nine Months Ended September 30, 2017 and 2016

(in millions)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|-----------------|---------------------------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 |
| <u>Gross Profit, Selling, General and Administrative Expenses, and Operating Profit Reconciliations</u> | | | | |
| Net sales | \$ 1,936 | \$ 1,877 | \$ 5,770 | \$ 5,598 |
| Gross profit, as reported | \$ 650 | \$ 614 | \$ 1,995 | \$ 1,883 |
| Rationalization charges | 1 | 4 | 3 | 10 |
| Gross profit, as adjusted | \$ 651 | \$ 618 | \$ 1,998 | \$ 1,893 |
| Gross margin, as reported | 33.6% | 32.7% | 34.6% | 33.6% |
| Gross margin, as adjusted | 33.6% | 32.9% | 34.6% | 33.8% |
| Selling, general and administrative expenses, as reported | \$ 355 | \$ 345 | \$ 1,090 | \$ 1,045 |
| Rationalization charges | — | 2 | — | 6 |
| Selling, general and administrative expenses, as adjusted | \$ 355 | \$ 343 | \$ 1,090 | \$ 1,039 |
| Selling, general and administrative expenses as percent of net sales, as reported | 18.3% | 18.4% | 18.9% | 18.7% |
| Selling, general and administrative expenses as percent of net sales, as adjusted | 18.3% | 18.3% | 18.9% | 18.6% |
| Operating profit, as reported | \$ 295 | \$ 269 | \$ 905 | \$ 838 |
| Rationalization charges | 1 | 6 | 3 | 16 |
| Operating profit, as adjusted | \$ 296 | \$ 275 | \$ 908 | \$ 854 |
| Operating margin, as reported | 15.2% | 14.3% | 15.7% | 15.0% |
| Operating margin, as adjusted | 15.3% | 14.7% | 15.7% | 15.3% |

Historical information is available on our website.

MASCO CORPORATION

Exhibit A: Reconciliations - Unaudited

For the Three Months and Nine Months Ended September 30, 2017 and 2016

(in millions, except per common share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|----------------|---------------------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Income Per Common Share Reconciliations | | | | |
| Income before income taxes, as reported | \$ 256 | \$ 227 | \$ 724 | \$ 657 |
| Rationalization charges | 1 | 6 | 3 | 16 |
| (Gain) from auction rate securities | — | — | — | (1) |
| (Gains) from private equity funds, net | — | (1) | (2) | (2) |
| (Earnings) from equity investments, net | — | — | (1) | (1) |
| Impairment of private equity funds | 2 | — | 2 | — |
| Loss on extinguishment of debt | — | — | 107 | — |
| (Gain) on sale of business | (2) | — | (51) | — |
| Income before income taxes, as adjusted | 257 | 232 | 782 | 669 |
| Tax at 34% rate (36% for 2016) | (87) | (84) | (266) | (241) |
| Less: Net income attributable to noncontrolling interest | 12 | 12 | 35 | 35 |
| Net income, as adjusted | \$ 158 | \$ 136 | \$ 481 | \$ 393 |
| Net income per common share, as adjusted | \$ 0.50 | \$ 0.41 | \$ 1.51 | \$ 1.18 |
| Average diluted common shares outstanding | 316 | 329 | 319 | 332 |

Outlook for the Twelve Months Ended December 31, 2017

| | Twelve Months Ended December 31, 2017 | |
|--|--|----------------|
| | Low End | High End |
| Income Per Common Share Outlook | | |
| Net income per common share | \$ 1.80 | \$ 1.84 |
| Loss on extinguishment of debt | 0.22 | 0.22 |
| (Gain) on sale of business | (0.11) | (0.11) |
| Allocation to participating securities per share (1) | 0.02 | 0.02 |
| Net income per common share, as adjusted | \$ 1.93 | \$ 1.97 |

(1) Represents the impact of distributed dividends and undistributed earnings to unvested restricted stock awards in accordance with the two-class method of calculating earnings per share.

Historical information is available on our website.

MASCO CORPORATION
Condensed Consolidated Balance Sheets and Other Financial Data - Unaudited
September 30, 2017 and December 31, 2016

(dollars in millions)

| | September 30, 2017 | December 31, 2016 |
|------------------------------|--------------------|-------------------|
| Balance Sheet | | |
| Assets | | |
| Current Assets: | | |
| Cash and cash investments | \$ 1,141 | \$ 990 |
| Short-term bank deposits | 77 | 201 |
| Receivables | 1,128 | 917 |
| Inventories | 866 | 712 |
| Prepaid expenses and other | 96 | 114 |
| Total Current Assets | <u>3,308</u> | <u>2,934</u> |
| Property and equipment, net | 1,097 | 1,060 |
| Goodwill | 801 | 832 |
| Other intangible assets, net | 156 | 154 |
| Other assets | 121 | 157 |
| Total Assets | <u>\$ 5,483</u> | <u>\$ 5,137</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | \$ 916 | \$ 800 |
| Notes payable | 117 | 2 |
| Accrued liabilities | 675 | 658 |
| Total Current Liabilities | <u>1,708</u> | <u>1,460</u> |
| Long-term debt | 2,969 | 2,995 |
| Other liabilities | 746 | 785 |
| Total Liabilities | <u>5,423</u> | <u>5,240</u> |
| Equity | 60 | (103) |
| Total Liabilities and Equity | <u>\$ 5,483</u> | <u>\$ 5,137</u> |

| | As of September 30, | |
|--|---------------------|--------|
| | 2017 | 2016 |
| Other Financial Data | | |
| Working Capital Days | | |
| Receivable days | 51 | 50 |
| Inventory days | 63 | 56 |
| Payable days | 72 | 72 |
| Working capital | \$ 1,078 | \$ 946 |
| Working capital as a % of sales (<i>LTM</i>) | 14.3% | 12.9% |

Historical information is available on our website.

MASCO CORPORATION
Condensed Consolidated Statements of Cash Flows and Other Financial Data - Unaudited
For the Nine Months Ended September 30, 2017 and 2016

(dollars in millions)

| | Nine Months Ended September 30, | |
|--|---------------------------------|----------|
| | 2017 | 2016 |
| Cash Flows From (For) Operating Activities: | | |
| Cash provided by operating activities | \$ 745 | \$ 670 |
| Working capital changes | (278) | (187) |
| Net cash from operating activities | 467 | 483 |
| Cash Flows From (For) Financing Activities: | | |
| Retirement of notes | (535) | (1,300) |
| Purchase of Company common stock | (312) | (242) |
| Cash dividends paid | (96) | (95) |
| Dividend paid to noncontrolling interest | (35) | (31) |
| Issuance of notes, net of issuance costs | 593 | 889 |
| Debt extinguishment costs | (104) | (40) |
| Issuance of Company common stock | — | 1 |
| Employee withholding taxes paid on stock-based compensation | (29) | (40) |
| Decrease in debt, net | — | (2) |
| Net cash for financing activities | (518) | (860) |
| Cash Flows From (For) Investing Activities: | | |
| Capital expenditures | (113) | (117) |
| Proceeds from disposition of business | 128 | — |
| Other, net | 142 | 77 |
| Net cash from (for) investing activities | 157 | (40) |
| Effect of exchange rate changes on cash and cash investments | 45 | (10) |
| Cash and Cash Investments: | | |
| Increase (decrease) for the period | 151 | (427) |
| At January 1 | 990 | 1,468 |
| At September 30 | \$ 1,141 | \$ 1,041 |

| | As of September 30, | |
|---------------------------|---------------------|-----------------|
| | 2017 | 2016 |
| Liquidity | | |
| Cash and cash investments | \$ 1,141 | \$ 1,041 |
| Short-term bank deposits | 77 | 182 |
| Total Liquidity | \$ 1,218 | \$ 1,223 |

Historical information is available on our website.

MASCO CORPORATION
Segment Data - Unaudited
For the Three Months and Nine Months Ended September 30, 2017 and 2016

(dollars in millions)

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|--|----------------------------------|--------------|--------|---------------------------------|--------------|--------|
| | 2017 | 2016 | Change | 2017 | 2016 | Change |
| Plumbing Products | | | | | | |
| Net sales | \$ 951 | \$ 899 | 6 % | \$ 2,763 | \$ 2,635 | 5 % |
| Operating profit, as reported | \$ 175 | \$ 174 | | \$ 529 | \$ 491 | |
| <i>Operating margin, as reported</i> | <i>18.4%</i> | <i>19.4%</i> | | <i>19.1%</i> | <i>18.6%</i> | |
| Rationalization charges | — | 5 | | — | 11 | |
| Accelerated depreciation related to rationalization activity | 1 | — | | 1 | — | |
| Operating profit, as adjusted | 176 | 179 | | 530 | 502 | |
| <i>Operating margin, as adjusted</i> | <i>18.5%</i> | <i>19.9%</i> | | <i>19.2%</i> | <i>19.1%</i> | |
| Depreciation and amortization | 16 | 14 | | 45 | 42 | |
| EBITDA, as adjusted | \$ 192 | \$ 193 | | \$ 575 | \$ 544 | |
| Decorative Architectural Products | | | | | | |
| Net sales | \$ 553 | \$ 536 | 3 % | \$ 1,711 | \$ 1,649 | 4 % |
| Operating profit, as reported | \$ 104 | \$ 111 | | \$ 346 | \$ 355 | |
| <i>Operating margin, as reported</i> | <i>18.8%</i> | <i>20.7%</i> | | <i>20.2%</i> | <i>21.5%</i> | |
| Depreciation and amortization | 4 | 4 | | 12 | 12 | |
| EBITDA | \$ 108 | \$ 115 | | \$ 358 | \$ 367 | |
| Cabinetry Products | | | | | | |
| Net sales | \$ 229 | \$ 239 | (4)% | \$ 711 | \$ 736 | (3)% |
| Operating profit, as reported | \$ 19 | \$ 19 | | \$ 65 | \$ 77 | |
| <i>Operating margin, as reported</i> | <i>8.3%</i> | <i>7.9%</i> | | <i>9.1%</i> | <i>10.5%</i> | |
| Rationalization charges | — | — | | 2 | 4 | |
| Accelerated depreciation related to rationalization activity | — | 1 | | — | 1 | |
| Operating profit, as adjusted | 19 | 20 | | 67 | 82 | |
| <i>Operating margin, as adjusted</i> | <i>8.3%</i> | <i>8.4%</i> | | <i>9.4%</i> | <i>11.1%</i> | |
| Depreciation and amortization | 3 | 4 | | 11 | 14 | |
| EBITDA, as adjusted | \$ 22 | \$ 24 | | \$ 78 | \$ 96 | |

Historical information is available on our website.

MASCO CORPORATION
Segment Data - Unaudited
For the Three Months and Nine Months Ended September 30, 2017 and 2016

(dollars in millions)

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|----------------------------------|---------------|--------|---------------------------------|---------------|--------|
| | 2017 | 2016 | Change | 2017 | 2016 | Change |
| Windows and Other Specialty Products | | | | | | |
| Net sales | \$ 203 | \$ 203 | —% | \$ 585 | \$ 578 | 1% |
| Operating profit (loss), as reported | \$ 23 | \$ (10) | | \$ 47 | \$ (9) | |
| <i>Operating margin, as reported</i> | <i>11.3%</i> | <i>(4.9)%</i> | | <i>8.0%</i> | <i>(1.6)%</i> | |
| Depreciation and amortization | 5 | 6 | | 16 | 16 | |
| EBITDA | \$ 28 | \$ (4) | | \$ 63 | \$ 7 | |
| Total | | | | | | |
| Net sales | \$ 1,936 | \$ 1,877 | 3% | \$ 5,770 | \$ 5,598 | 3% |
| Operating profit, as reported - segment | \$ 321 | \$ 294 | | \$ 987 | \$ 914 | |
| General corporate expense, net (GCE) | (26) | (25) | | (82) | (76) | |
| Operating profit, as reported | 295 | 269 | | 905 | 838 | |
| <i>Operating margin, as reported</i> | <i>15.2%</i> | <i>14.3 %</i> | | <i>15.7%</i> | <i>15.0 %</i> | |
| Rationalization charges - segment | — | 5 | | 2 | 15 | |
| Accelerated depreciation - segment | 1 | 1 | | 1 | 1 | |
| Operating profit, as adjusted | 296 | 275 | | 908 | 854 | |
| <i>Operating margin, as adjusted</i> | <i>15.3%</i> | <i>14.7 %</i> | | <i>15.7%</i> | <i>15.3 %</i> | |
| Depreciation and amortization - segment | 28 | 28 | | 84 | 84 | |
| Depreciation and amortization - non-operating | 2 | 5 | | 10 | 15 | |
| EBITDA, as adjusted | \$ 326 | \$ 308 | | \$ 1,002 | \$ 953 | |

Historical information is available on our website.

MASCO CORPORATION
North American and International Data - Unaudited
For the Three Months and Nine Months Ended September 30, 2017 and 2016

(dollars in millions)

| | Three Months Ended September 30, | | Change | Nine Months Ended September 30, | | Change |
|--|----------------------------------|--------------|--------|---------------------------------|--------------|--------|
| | 2017 | 2016 | | 2017 | 2016 | |
| North American | | | | | | |
| Net sales | \$ 1,529 | \$ 1,497 | 2% | \$ 4,600 | \$ 4,445 | 3% |
| Operating profit, as reported | \$ 266 | \$ 235 | | \$ 835 | \$ 749 | |
| <i>Operating margin, as reported</i> | <i>17.4%</i> | <i>15.7%</i> | | <i>18.2%</i> | <i>16.9%</i> | |
| Rationalization charges | — | 4 | | 2 | 11 | |
| Accelerated depreciation related to rationalization activity | 1 | 1 | | 1 | 1 | |
| Operating profit, as adjusted | 267 | 240 | | 838 | 761 | |
| <i>Operating margin, as adjusted</i> | <i>17.5%</i> | <i>16.0%</i> | | <i>18.2%</i> | <i>17.1%</i> | |
| Depreciation and amortization | 18 | 19 | | 56 | 57 | |
| EBITDA, as adjusted | \$ 285 | \$ 259 | | \$ 894 | \$ 818 | |
| International | | | | | | |
| Net sales | \$ 407 | \$ 380 | 7% | \$ 1,170 | \$ 1,153 | 1% |
| Operating profit, as reported | \$ 55 | \$ 59 | | \$ 152 | \$ 165 | |
| <i>Operating margin, as reported</i> | <i>13.5%</i> | <i>15.5%</i> | | <i>13.0%</i> | <i>14.3%</i> | |
| Rationalization charges | — | 1 | | — | 4 | |
| Operating profit, as adjusted | 55 | 60 | | 152 | 169 | |
| <i>Operating margin, as adjusted</i> | <i>13.5%</i> | <i>15.8%</i> | | <i>13.0%</i> | <i>14.7%</i> | |
| Depreciation and amortization | 10 | 9 | | 28 | 27 | |
| EBITDA, as adjusted | \$ 65 | \$ 69 | | \$ 180 | \$ 196 | |
| Total | | | | | | |
| Net sales | \$ 1,936 | \$ 1,877 | 3% | \$ 5,770 | \$ 5,598 | 3% |
| Operating profit, as reported - segment | \$ 321 | \$ 294 | | \$ 987 | \$ 914 | |
| General corporate expense, net (GCE) | (26) | (25) | | (82) | (76) | |
| Operating profit, as reported | 295 | 269 | | 905 | 838 | |
| <i>Operating margin, as reported</i> | <i>15.2%</i> | <i>14.3%</i> | | <i>15.7%</i> | <i>15.0%</i> | |
| Rationalization charges - segment | — | 5 | | 2 | 15 | |
| Accelerated depreciation - segment | 1 | 1 | | 1 | 1 | |
| Operating profit, as adjusted | 296 | 275 | | 908 | 854 | |
| <i>Operating margin, as adjusted</i> | <i>15.3%</i> | <i>14.7%</i> | | <i>15.7%</i> | <i>15.3%</i> | |
| Depreciation and amortization - segment | 28 | 28 | | 84 | 84 | |
| Depreciation and amortization - non-operating | 2 | 5 | | 10 | 15 | |
| EBITDA, as adjusted | \$ 326 | \$ 308 | | \$ 1,002 | \$ 953 | |

Historical information is available on our website.