

**MASCO CORPORATION**  
**Condensed Consolidated Statements of Operations - Unaudited**  
**For the Three Months and Nine Months Ended September 30, 2018 and 2017**

(in millions, except per common share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net sales	\$ 2,101	\$ 1,945	\$ 6,318	\$ 5,789
Cost of sales	1,434	1,288	4,282	3,781
Gross profit	667	657	2,036	2,008
Selling, general and administrative expenses	367	348	1,134	1,070
Operating profit	300	309	902	938
Other income (expense), net:				
Interest expense	(38)	(43)	(117)	(239)
Other, net	—	(2)	(11)	37
	(38)	(45)	(128)	(202)
Income before income taxes	262	264	774	736
Income tax expense	71	100	198	248
Net income	191	164	576	488
Less: Net income attributable to noncontrolling interest	11	12	36	35
Net income attributable to Masco Corporation	\$ 180	\$ 152	\$ 540	\$ 453
Income per common share attributable to Masco Corporation (diluted):				
Net income	\$ 0.58	\$ 0.48	\$ 1.73	\$ 1.41
Average diluted common shares outstanding	306	316	309	319

*Historical information is available on our website.*

MASCO CORPORATION  
Exhibit A: Reconciliations - Unaudited  
For the Three Months and Nine Months Ended September 30, 2018 and 2017

(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b><u>Gross Profit, Selling, General and Administrative Expenses, and Operating Profit Reconciliations</u></b>				
Net sales	\$ 2,101	\$ 1,945	\$ 6,318	\$ 5,789
Gross profit, as reported	\$ 667	\$ 657	\$ 2,036	\$ 2,008
Rationalization charges	5	1	8	3
Kichler inventory step up adjustment	15	—	40	—
Gross profit, as adjusted	\$ 687	\$ 658	\$ 2,084	\$ 2,011
Gross margin, as reported	31.7%	33.8%	32.2%	34.7%
Gross margin, as adjusted	32.7%	33.8%	33.0%	34.7%
Selling, general and administrative expenses, as reported	\$ 367	\$ 348	\$ 1,134	\$ 1,070
Selling, general and administrative expenses as percent of net sales, as reported	17.5%	17.9%	17.9%	18.5%
Operating profit, as reported	\$ 300	\$ 309	\$ 902	\$ 938
Rationalization charges	5	1	8	3
Kichler inventory step up adjustment	15	—	40	—
Operating profit, as adjusted	\$ 320	\$ 310	\$ 950	\$ 941
Operating margin, as reported	14.3%	15.9%	14.3%	16.2%
Operating margin, as adjusted	15.2%	15.9%	15.0%	16.3%

Historical information is available on our website.

MASCO CORPORATION

Exhibit A: Reconciliations - Unaudited

For the Three Months and Nine Months Ended September 30, 2018 and 2017

(in millions, except per common share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Income Per Common Share Reconciliations</b>				
<b>Income before income taxes, as reported</b>	\$ 262	\$ 264	\$ 774	\$ 736
Rationalization charges	5	1	8	3
Kichler inventory step up adjustment	15	—	40	—
(Gains) from private equity funds, net	—	—	—	(2)
(Earnings) from equity investments, net	—	—	(2)	(1)
Impairment of private equity funds	—	2	—	2
Loss on extinguishment of debt	—	—	—	107
(Gain) on sale of business	—	(2)	—	(51)
<b>Income before income taxes, as adjusted</b>	<b>282</b>	<b>265</b>	<b>820</b>	<b>794</b>
Tax at 26% rate (34% for 2017)	(73)	(90)	(213)	(270)
Less: Net income attributable to noncontrolling interest	11	12	36	35
<b>Net income, as adjusted</b>	<b>\$ 198</b>	<b>\$ 163</b>	<b>\$ 571</b>	<b>\$ 489</b>
<b>Net income per common share, as adjusted</b>	<b>\$ 0.65</b>	<b>\$ 0.52</b>	<b>\$ 1.85</b>	<b>\$ 1.53</b>
Average diluted common shares outstanding	306	316	309	319

Outlook for the Twelve Months Ended December 31, 2018

	Twelve Months Ended December 31, 2018	
	Low End	High End
<b>Income Per Common Share Outlook</b>		
<b>Net income per common share</b>	\$ 2.25	\$ 2.30
Rationalization charges	0.02	0.02
Kichler inventory step up adjustment	0.10	0.10
Allocation to participating securities per share (1)	0.02	0.02
<b>Net income per common share, as adjusted</b>	<b>\$ 2.39</b>	<b>\$ 2.44</b>

(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, 2018 and December 31, 2017**

(dollars in millions)

	September 30, 2018	December 31, 2017
<b>Balance Sheet</b>		
<b>Assets</b>		
Current Assets:		
Cash and cash investments	\$ 569	\$ 1,194
Short-term bank deposits	—	108
Receivables	1,298	1,066
Inventories	1,005	784
Prepaid expenses and other	118	111
Total Current Assets	<u>2,990</u>	<u>3,263</u>
Property and equipment, net	1,211	1,129
Goodwill	896	841
Other intangible assets, net	412	187
Other assets	101	114
Total Assets	<u>\$ 5,610</u>	<u>\$ 5,534</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 1,040	\$ 824
Notes payable	2	116
Accrued liabilities	711	727
Total Current Liabilities	<u>1,753</u>	<u>1,667</u>
Long-term debt	2,971	2,969
Other liabilities	679	715
Total Liabilities	<u>5,403</u>	<u>5,351</u>
Equity	207	183
Total Liabilities and Equity	<u>\$ 5,610</u>	<u>\$ 5,534</u>

	As of September 30,	
	2018	2017
<b>Other Financial Data</b>		
<b>Working Capital Days</b>		
Receivable days	55	51
Inventory days	68	63
Payable days	75	72
Working capital	\$ 1,263	\$ 1,094
Working capital as a % of sales (LTM)	15.5%	14.5%

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, 2018 and 2017**

(dollars in millions)

	Nine Months Ended September 30,	
	2018	2017
<b>Cash Flows From (For) Operating Activities:</b>		
Cash provided by operating activities	\$ 729	\$ 749
Working capital changes	(75)	(282)
Net cash from operating activities	654	467
<b>Cash Flows From (For) Financing Activities:</b>		
Retirement of notes	(114)	(535)
Purchase of Company common stock	(354)	(312)
Cash dividends paid	(98)	(96)
Dividends paid to noncontrolling interest	(89)	(35)
Issuance of notes, net of issuance costs	—	593
Decrease in debt, net	(1)	—
Debt extinguishment costs	—	(104)
Proceeds from the exercise of stock options	8	—
Employee withholding taxes paid on stock-based compensation	(38)	(29)
Net cash for financing activities	(686)	(518)
<b>Cash Flows From (For) Investing Activities:</b>		
Capital expenditures	(160)	(113)
Acquisition of business, net of cash acquired	(549)	—
Proceeds from disposition of business, net of cash disposed	—	128
Other, net	108	142
Net cash (for) from investing activities	(601)	157
Effect of exchange rate changes on cash and cash investments	8	45
<b>Cash and Cash Investments:</b>		
(Decrease) increase for the period	(625)	151
At January 1	1,194	990
At September 30	\$ 569	\$ 1,141
<b>As of September 30,</b>		
	2018	2017
<b>Liquidity</b>		
Cash and cash investments	\$ 569	\$ 1,141
Short-term bank deposits	—	77
<b>Total Liquidity</b>	<b>\$ 569</b>	<b>\$ 1,218</b>

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**MASCO CORPORATION**  
**Segment Data - Unaudited**  
**For the Three Months and Nine Months Ended September 30, 2018 and 2017**

(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Change	2018	2017	Change
<b>Plumbing Products</b>						
Net sales	\$ 992	\$ 950	4%	\$ 2,995	\$ 2,771	8%
Operating profit, as reported	\$ 177	\$ 175		\$ 534	\$ 537	
<i>Operating margin, as reported</i>	<i>17.8%</i>	<i>18.4%</i>		<i>17.8%</i>	<i>19.4%</i>	
Rationalization charges	2	—		4	—	
Accelerated depreciation related to rationalization activity	—	1		1	1	
Operating profit, as adjusted	179	176		539	538	
<i>Operating margin, as adjusted</i>	<i>18.0%</i>	<i>18.5%</i>		<i>18.0%</i>	<i>19.4%</i>	
Depreciation and amortization	20	16		56	45	
EBITDA, as adjusted	\$ 199	\$ 192		\$ 595	\$ 583	
<b>Decorative Architectural Products</b>						
Net sales	\$ 673	\$ 562	20%	\$ 2,024	\$ 1,719	18%
Operating profit, as reported	\$ 104	\$ 112		\$ 338	\$ 355	
<i>Operating margin, as reported</i>	<i>15.5%</i>	<i>19.9%</i>		<i>16.7%</i>	<i>20.7%</i>	
Kichler inventory step up adjustment	15	—		40	—	
Operating profit, as adjusted	119	112		378	355	
<i>Operating margin, as adjusted</i>	<i>17.7%</i>	<i>19.9%</i>		<i>18.7%</i>	<i>20.7%</i>	
Depreciation and amortization	10	4		25	12	
EBITDA, as adjusted	\$ 129	\$ 116		\$ 403	\$ 367	
<b>Cabinetry Products</b>						
Net sales	\$ 239	\$ 229	4%	\$ 724	\$ 711	2%
Operating profit, as reported	\$ 23	\$ 20		\$ 62	\$ 67	
<i>Operating margin, as reported</i>	<i>9.6%</i>	<i>8.7%</i>		<i>8.6%</i>	<i>9.4%</i>	
Rationalization charges	—	—		—	2	
Operating profit, as adjusted	23	20		62	69	
<i>Operating margin, as adjusted</i>	<i>9.6%</i>	<i>8.7%</i>		<i>8.6%</i>	<i>9.7%</i>	
Depreciation and amortization	3	3		10	11	
EBITDA, as adjusted	\$ 26	\$ 23		\$ 72	\$ 80	

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**MASCO CORPORATION**  
**Segment Data - Unaudited**  
**For the Three Months and Nine Months Ended September 30, 2018 and 2017**

(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Change	2018	2017	Change
<b>Windows and Other Specialty Products</b>						
Net sales	\$ 197	\$ 204	(3)%	\$ 575	\$ 588	(2)%
Operating profit, as reported	\$ 16	\$ 24		\$ 28	\$ 50	
<i>Operating margin, as reported</i>	8.1%	11.8%		4.9%	8.5%	
Rationalization charges	3	—		3	—	
Operating profit, as adjusted	19	24		31	50	
<i>Operating margin, as adjusted</i>	9.6%	11.8%		5.4%	8.5%	
Depreciation and amortization	6	5		17	16	
EBITDA, as adjusted	\$ 25	\$ 29		\$ 48	\$ 66	
<b>Total</b>						
Net sales	\$ 2,101	\$ 1,945	8 %	\$ 6,318	\$ 5,789	9 %
Operating profit, as reported - segment	\$ 320	\$ 331		\$ 962	\$ 1,009	
General corporate expense, net (GCE)	(20)	(22)		(60)	(71)	
Operating profit, as reported	300	309		902	938	
<i>Operating margin, as reported</i>	14.3%	15.9%		14.3%	16.2%	
Rationalization charges - segment	5	—		7	2	
Accelerated depreciation related to rationalization activity - segment	—	1		1	1	
Kichler inventory step up adjustment	15	—		40	—	
Operating profit, as adjusted	320	310		950	941	
<i>Operating margin, as adjusted</i>	15.2%	15.9%		15.0%	16.3%	
Depreciation and amortization - segment	39	28		108	84	
Depreciation and amortization - non-operating	2	2		6	10	
EBITDA, as adjusted	\$ 361	\$ 340		\$ 1,064	\$ 1,035	

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**MASCO CORPORATION**  
**North American and International Data - Unaudited**  
**For the Three Months and Nine Months Ended September 30, 2018 and 2017**

(dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Change	2018	2017	Change
<b>North American</b>						
Net sales	\$ 1,724	\$ 1,538	12 %	\$ 5,112	\$ 4,618	11%
Operating profit, as reported	\$ 272	\$ 276		\$ 813	\$ 854	
<i>Operating margin, as reported</i>	<i>15.8%</i>	<i>17.9%</i>		<i>15.9%</i>	<i>18.5%</i>	
Rationalization charges	2	—		4	2	
Accelerated depreciation related to rationalization activity	—	1		1	1	
Kichler inventory step up adjustment	15	—		40	—	
Operating profit, as adjusted	289	277		858	857	
<i>Operating margin, as adjusted</i>	<i>16.8%</i>	<i>18.0%</i>		<i>16.8%</i>	<i>18.6%</i>	
Depreciation and amortization	28	18		76	56	
EBITDA, as adjusted	\$ 317	\$ 295		\$ 934	\$ 913	
<b>International</b>						
Net sales	\$ 377	\$ 407	(7)%	\$ 1,206	\$ 1,171	3%
Operating profit, as reported	\$ 48	\$ 55		\$ 149	\$ 155	
<i>Operating margin, as reported</i>	<i>12.7%</i>	<i>13.5%</i>		<i>12.4%</i>	<i>13.2%</i>	
Rationalization charges	3	—		3	—	
Operating profit, as adjusted	51	55		152	155	
<i>Operating margin, as adjusted</i>	<i>13.5%</i>	<i>13.5%</i>		<i>12.6%</i>	<i>13.2%</i>	
Depreciation and amortization	11	10		32	28	
EBITDA, as adjusted	\$ 62	\$ 65		\$ 184	\$ 183	
<b>Total</b>						
Net sales	\$ 2,101	\$ 1,945	8 %	\$ 6,318	\$ 5,789	9%
Operating profit, as reported - segment	\$ 320	\$ 331		\$ 962	\$ 1,009	
General corporate expense, net (GCE)	(20)	(22)		(60)	(71)	
Operating profit, as reported	300	309		902	938	
<i>Operating margin, as reported</i>	<i>14.3%</i>	<i>15.9%</i>		<i>14.3%</i>	<i>16.2%</i>	
Rationalization charges - segment	5	—		7	2	
Accelerated depreciation related to rationalization activity - segment	—	1		1	1	
Kichler inventory step up adjustment	15	—		40	—	
Operating profit, as adjusted	320	310		950	941	
<i>Operating margin, as adjusted</i>	<i>15.2%</i>	<i>15.9%</i>		<i>15.0%</i>	<i>16.3%</i>	
Depreciation and amortization - segment	39	28		108	84	
Depreciation and amortization - non-operating	2	2		6	10	
EBITDA, as adjusted	\$ 361	\$ 340		\$ 1,064	\$ 1,035	

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