MASCO CORP /DE/
Form 424B2
March 06, 2012
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CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (1)
5.95% Notes due 2022	$ 400,000,000.00	$ 45,840.00
Total	$ 400,000,000.00	$ 45,840.00

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

Filed Pursuant to Rule 424(b)(2)

Registration No. 333-165047

PROSPECTUS SUPPLEMENT

(To prospectus dated February 24, 2010)

Masco Corporation

$400,000,000 5.95% Senior Notes Due 2022

Issue Price: 100.000%

We are offering $400,000,000 of our 5.95% senior notes due March 15, 2022 (the Notes).

The Notes will bear interest at a fixed rate of 5.95% per annum. We will pay interest semi-annually on the Notes on March 15 and September 15 of each year, beginning on September 15, 2012. The Notes will mature on March 15, 2022.

We may redeem the Notes at any time at the make-whole premium set forth under the heading Description of the Notes Redemption at Our Option in this prospectus supplement.

The Notes will be unsecured obligations and rank equally with all of our other unsecured senior indebtedness from time to time outstanding. The Notes will be issued only in registered form in denominations of $2,000 and integral multiples of $1,000 above that amount.

Investing in the Notes involves risks. See the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2011 and beginning on page S-5 of this prospectus supplement for a discussion of certain risks that should be considered in connection with an investment in the Notes.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information.

	Price to Public(1)	Underwriting Discounts	Proceeds To Us (Before Expenses)
Per Note	100.000%	1.000%	99.000%
Total	$ 400,000,000	$ 4,000,000	$ 396,000,000

(1) Plus accrued interest, if any, from March 12, 2012, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Notes will be ready for delivery in book-entry form only through The Depository Trust Company for the benefit of its participants, including Euroclear and Clearstream, on or about March 12, 2012.

Joint Book-Running Managers

Citigroup **J.P. Morgan**

Deutsche Bank Securities **RBC Capital Markets** **Wells Fargo Securities**

Co-Managers

Comerica Securities **COMMERZBANK** **Fifth Third Securities, Inc.**

BofA Merrill Lynch **PNC Capital Markets LLC** **SMBC Nikko** **US Bancorp**

The date of this prospectus supplement is March 5, 2012.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus required to be filed with the SEC. Neither we nor the underwriters have authorized anyone to provide you with different information. If anyone provides you with additional or different information, you should not rely on it. Neither we nor the underwriters are making an offer of these securities in any jurisdiction where the offer or sale of such securities is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement. Our business, financial condition, liquidity, results of operations and prospects may have changed since that date.

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Our executive offices are located at 21001 Van Born Road, Taylor, Michigan 48180. Our telephone number is (313) 274-7400 and our website address is http://www.masco.com. The information on our website is not incorporated by reference in, and does not form a part of, this prospectus supplement or the accompanying prospectus.

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain sections of this prospectus supplement, including the documents incorporated by reference herein, contain forward-looking statements reflecting the Company s views about its future performance and constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995. The Private Securities Litigation Reform Act of 1995 (the Reform Act) provides a safe harbor for forward-looking statements made by or on behalf of the Company. The Company and its representatives may, from time to time, make written or oral forward-looking statements, including statements contained in the Company s filings with the Securities and Exchange Commission and in its reports to stockholders. Generally, the inclusion of the words believe, expect, intend, estimate, project, anticipate, plan, assume, se may, should, will and similar expressions identify statements that constitute forward-looking statements. All statements addressing future operating performance of the Company or any subsidiary, and statements addressing events and developments that the Company expects or anticipates will occur in the future, are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are and will be based upon management s then-current views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements. We caution you against relying on any of these forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

These views involve risks and uncertainties that are difficult to predict and, accordingly, the Company s actual results may differ materially from the results discussed in such forward-looking statements. Readers should consider the various factors, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2011 under Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations Executive Level Overview, Critical Accounting Policies and Estimates and Outlook for the Company, and in our Quarterly Reports on Form 10-Q, that are on file with the SEC, for additional factors that may affect the Company s performance.

Several of the more significant factors that affect our results of operations, including future operating performance, are levels of home improvement activity and new home construction principally in North America and Europe, the importance of our relationships with key customers (including The Home Depot, which represented approximately 27 percent of net sales in 2011), our ability to maintain our leadership positions in our U.S. and global markets in the face of increasing competition or resulting from shifts in consumer preferences and purchasing practices, our ability to effectively manage our overall cost structure, including the cost and availability of raw materials and our ability to achieve cost savings through business rationalizations and other initiatives. These and other factors that may significantly affect our performance are discussed in our Annual Report on Form 10-K and in our Quarterly Reports on Form 10-Q as noted above.

You should rely only on the information contained in this prospectus supplement, in the accompanying prospectus and in material we file with the SEC. We have not authorized anyone to provide you with information that is different.

We are offering to sell, and seeking offers to buy, the securities described in this prospectus supplement and the accompanying prospectus only where offers and sales are permitted. Since information that we file with the SEC in the future will automatically update and supersede information contained in this prospectus supplement and the accompanying prospectus, you should not assume that the information contained herein or therein is accurate as of any date other than the date on the front of the document.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. This prospectus supplement also incorporates by reference the information described under Where You Can Find More Information. The second part is the accompanying prospectus dated February 24, 2010. The accompanying prospectus contains a description of our debt securities and gives more general information, some of which may not apply to this offering.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Unless we have indicated otherwise, references in this prospectus supplement to Masco, the Company, we, us and our refer to Masco Corporation and its consolidated subsidiaries.

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RISK FACTORS

In considering whether to purchase the Notes, you should carefully consider all the information we have included or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the risk factors described below and the risk factors incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2011.

Risks Related to the Offering

An active trading market for the Notes may not develop.

There is currently no public market for the Notes, and we do not currently plan to list the Notes on any national securities exchange. In addition, the liquidity of any trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for these Notes, prevailing interest rates, ratings assigned to the Notes, time remaining to the maturity of the Notes, outstanding amount of the Notes, the market for similar securities, prospects for other companies in our industry and changes in Masco s consolidated financial condition, results of operations or prospects. A liquid trading market in the Notes may not develop, which could decrease the amounts you would otherwise receive upon a sale or disposition of the Notes.

The Notes are the unsecured obligations of Masco Corporation and not obligations of its subsidiaries and will be structurally subordinated to the claims of its subsidiaries creditors. Structural subordination increases the risk that Masco Corporation will be unable to meet its obligations on the Notes when they mature.

The Notes are exclusively the obligations of Masco Corporation and are not obligations of its subsidiaries. A substantial portion of Masco Corporation s operations are conducted through its subsidiaries. As a result, Masco s cash flow and ability to service its debt, including the Notes, depend upon the earnings of its subsidiaries and the distribution to it of earnings, loans or other payments by its subsidiaries.

Masco Corporation s subsidiaries are separate and distinct legal entities. Its subsidiaries will not guarantee the Notes and are under no obligation to pay any amounts due on the Notes or to provide Masco Corporation with funds for its payment obligations, whether by dividends, distributions, loans or other payments. Payments to Masco Corporation by its subsidiaries will also be contingent upon such subsidiaries earnings and business considerations and may be subject to legal and contractual restrictions.

Masco Corporation s right to receive any assets of any of its subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors, including senior and subordinated debt holders and bank and trade creditors. In addition, even if Masco Corporation were a creditor of any of its subsidiaries, its rights as a creditor would be subordinate to any security interest in the assets of its subsidiaries and any indebtedness of its subsidiaries senior to that held by Masco Corporation.

The Notes will be subject to the prior claims of any future secured creditors.

The Notes are unsecured obligations, ranking effectively junior to outstanding secured indebtedness of Masco Corporation and its subsidiaries and any additional secured indebtedness it or they may incur. Accordingly, the Notes will be subordinated to the extent Masco Corporation or its subsidiaries have or will obtain secured borrowings. The indenture governing the Notes permits Masco Corporation and its subsidiaries to incur additional secured debt under specified circumstances. If Masco Corporation or its subsidiaries incur additional secured debt, the assets securing any such indebtedness will be subject to prior claims by secured creditors. In the event of bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up, or upon any acceleration of the Notes, assets of Masco Corporation or its subsidiaries that secure other indebtedness will be available to pay obligations on the Notes only after all other such debt secured by those assets has been repaid in full. Any remaining assets will be available to you ratably with all of the other unsecured and unsubordinated creditors of Masco Corporation and its subsidiaries, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

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The negative covenants in the indenture that governs the Notes provide limited protection to holders of the Notes.

The indenture governing the Notes contains covenants limiting our ability to create certain liens, enter into certain sale and leaseback transactions, and consolidate or merge with, or convey, transfer or lease all or substantially all our assets to, another person. The covenants addressing limitations on liens and on sale and leaseback transactions contain exceptions that will allow us and our subsidiaries to incur liens with respect to material assets. See Description of Debt Securities Covenants Restricting Pledges, Mergers and Other Significant Corporate Actions in the accompanying prospectus. In light of these exceptions, your Notes may be structurally or effectively subordinated to new lenders. The indenture does not limit the amount of additional debt that we or our subsidiaries may incur.

The provisions of the Notes will not necessarily protect you in the event of certain highly leveraged transactions.

Upon the occurrence of a change of control repurchase event you will have the right to require Masco Corporation to repurchase the Notes on the terms set forth in the Notes. However, the change of control repurchase event provisions will not afford you protection in the event of certain highly leveraged transactions that may adversely affect you. For example, any leveraged recapitalization, refinancing, restructuring or acquisition initiated by us generally will not constitute a change of control that would potentially lead to a change of control repurchase event. As a result, we could enter into any such transaction even though the transaction could increase the total amount of our outstanding indebtedness, adversely affect our capital structure or credit rating or otherwise adversely affect the holders of the Notes. These transactions may not involve a change in voting power or beneficial ownership or result in a downgrade in the ratings of the Notes, or, even if they do, may not necessarily constitute a change of control repurchase event that affords you the protections described in this prospectus supplement. If any such transaction were to occur, the value of the Notes could decline. See Description of Notes Change of Control Repurchase Event.

We may not be able to repurchase all of the Notes upon a Change of Control Repurchase Event, which would result in a default under the Notes.

Masco Corporation will be required to offer to repurchase the Notes upon the occurrence of a change of control repurchase event as described in the Description of Notes Change of Control Repurchase Event. However, Masco Corporation may not have sufficient funds to repurchase the Notes in cash at such time. In addition, Masco s ability to repurchase the Notes for cash may be limited by law or the terms of other agreements relating to its indebtedness outstanding at the time, which agreements may provide that a Change of Control Repurchase Event constitutes an event of default or prepayment under such other indebtedness. Our failure to make such a repurchase would result in a default under the Notes.

Ratings of the Notes may change and affect the market price and marketability of the Notes.

Our long term debt has been rated Ba2 and BBB- by Moody s Investors Service, Inc. and Standard & Poor s Ratings Services, respectively. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency s judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with future events, such as future acquisitions. Holders of Notes will have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Notes. In addition, any decline in the ratings of the Notes may make it more difficult for us to raise capital on acceptable terms.

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MASCO CORPORATION

Masco manufactures, distributes and installs home improvement and building products, with emphasis on brand-name consumer products and services holding leadership positions in their markets. The Company is among the largest manufacturers in North America of a number of home improvement and building products, including faucets, cabinets, architectural coatings and windows and one of the largest installers of insulation for the new home construction market. The Company s operations consist of five business segments that are based on similarities in products and services.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table sets forth summary consolidated financial information for Masco s continuing operations for the periods and dates indicated. The information for the years ended and as of December 31, 2011, 2010 and 2009, is derived from our audited consolidated financial statements. You should read the financial information presented below in conjunction with the consolidated financial statements, accompanying notes and management s discussion and analysis of financial condition and results of operations of Masco, which are incorporated by reference into this prospectus supplement.

	Year Ended December 31,		
	2011	2010	2009
	(Dollars in millions, except per common share data)		
Operating Data:			
Net sales(1)	$ 7,467	$ 7,486	$ 7,657
Operating (loss) profit(1),(2),(3),(4)	(295)	(463)	70
(Loss) income from continuing operations(1),(2),(3),(4),(5)	(465)	(1,022)	(130)
Per share of common stock:			
(Loss) income from continuing operations:			
Basic	(1.34)	(2.94)	(0.38)
Diluted	(1.34)	(2.94)	(0.38)
Dividends declared	0.30	0.30	0.30
Dividends paid	0.30	0.30	0.46
Balance Sheet Data:			
Total assets	$ 7,297	$ 8,140	$ 9,175
Long-term debt	3,222	4,032	3,604
Shareholders equity	742	1,582	2,817

(1) Amounts exclude discontinued operations.

(2) The year 2011 includes non-cash impairment charges for goodwill and other intangible assets aggregating $335 million after tax ($494 million pre-tax).

(3) The year 2010 includes non-cash impairment charges for goodwill and other intangible assets aggregating $586 million after tax ($698 million pre-tax). The year 2010 also includes a valuation allowance on U.S. deferred tax assets of $372 million.

(4) The year 2009 includes non-cash impairment charges for goodwill aggregating $180 million after tax ($262 million pre-tax).

(5) (Loss) income from continuing operations excludes income from noncontrolling interest of $42 million, $41 million and $38 million in 2011, 2010 and 2009, respectively.

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RATIO OF EARNINGS TO FIXED CHARGES

Our ratios of earnings to fixed charges for the years ended December 31, 2007 through 2011 are set forth in the table below.

	Year Ended December 31,				
	2011	2010	2009	2008	2007
Ratio of earnings to fixed charges(1)	(0.6)x	(1.6)x	0.5x	0.5x	3.7x

(1) Ratio of earnings to fixed charges means the ratio of income from continuing operations before income taxes and cumulative effect of accounting change, net, and fixed charges to fixed charges, where fixed charges are the interest on indebtedness, amortization of debt expense and estimated interest factor for rentals.

USE OF PROCEEDS

We expect to use all of the net proceeds from the sale of securities described in this prospectus supplement for our general corporate purposes, including the repayment of a portion of our 5.875% fixed rate notes due July 15, 2012.

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CAPITALIZATION

The following table sets forth a summary of our consolidated capitalization on an actual and as adjusted basis as of December 31, 2011. Our consolidated capitalization, as adjusted, gives effect to the issuance of the Notes offered by this prospectus supplement and the application of the estimated net proceeds as described in Use of Proceeds as if the offering had occurred on December 31, 2011. This table should be read in conjunction with our Consolidated Financial Statements incorporated by reference in this prospectus supplement.

	As of December 31, 2011	
	Actual	**As Adjusted**
	(Unaudited, in millions)	
Long-term debt:		
Notes offered hereby	$	$ 400
Other long-term debt, including current portion	4,025	3,629
Total long-term debt, including current portion	4,025	4,029
Stockholders equity:		
Common stock, $1.00 par value and additional paid in capital authorized: 1,400,000,000 shares; issued and outstanding:		
347,900,000 shares as of December 31, 2011	348	348
Preferred stock, $1.00 par value authorized: 1,000,000 shares; issued and outstanding: none as of December 31, 2011		
Paid-in capital	65	65
Retained earnings	38	38
Accumulated other comprehensive income	76	76
Noncontrolling Interest	215	215
Total stockholders equity	742	742
Total capitalization	$ 4,767	$ 4,771

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DESCRIPTION OF NOTES

The summary herein of certain provisions of the indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the indenture, a form of which is available upon request from us. The following description of the particular terms of the Notes supplements the description of the general terms and provisions of the debt securities set forth under Description of Debt Securities beginning on page 4 of the accompanying prospectus.

General

The Notes offered hereby will initially be limited to $400,000,000 aggregate principal amount. The indenture does not limit our ability to incur additional unsecured indebtedness. The Notes are to be issued under an indenture, which is more fully described in the accompanying prospectus.

The Notes will mature on March 15, 2022 and are not subject to any sinking fund.

We may, without the consent of the existing holders of the Notes, issue additional notes having the same terms so that in either case the existing Notes and the new notes form a single series under the indenture.

The Notes will be our senior unsecured debt obligations and will rank equally among themselves and with all of our other present and future senior unsecured indebtedness.

The Notes will be redeemable by us at any time prior to maturity as described below under Redemption at Our Option.

Change of Control Repurchase Event

If a change of control repurchase event occurs we will make an offer to each holder of Notes to repurchase all or any part (in integral multiples of $1,000) of that holder s Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to the date of purchase. Within 30 days following any change of control repurchase event or, at our option, prior to any change of control, but after the public announcement of the change of control, we will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the change of control repurchase event and offering to repurchase Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the change of control, state that the offer to purchase is conditioned on the change of control repurchase event occurring on or prior to the payment date specified in the notice. We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a change of control repurchase event. To the extent that the provisions of any securities laws or regulations conflict with the change of control repurchase event provisions of the Notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the change of control repurchase event provisions of the Notes by virtue of such conflict.

On the change of control repurchase event payment date, we will, to the extent lawful:

1. accept for payment all Notes or portions of Notes properly tendered pursuant to our offer;

2. deposit with the paying agent an amount equal to the aggregate purchase price in respect of all Notes or portions of Notes properly tendered; and

3. deliver or cause to be delivered to the trustee the Notes properly accepted, together with an officers certificate stating the aggregate principal amount of Notes being purchased by us.

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The paying agent will promptly mail to each holder of Notes properly tendered the purchase price for the Notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any Notes surrendered; *provided* that each new note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

We will not be required to make an offer to repurchase the Notes upon a change of control repurchase event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all Notes properly tendered and not withdrawn under its offer.

The term below investment grade rating event means the Notes are rated below investment grade by both rating agencies on any date from the date of the public notice of an arrangement that could result in a change of control until the end of the 60-day period following public notice of the occurrence of a change of control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by either of the rating agencies); *provided* that a below investment grade rating event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular change of control (and thus shall not be deemed a below investment grade rating event for purposes of the definition of change of control repurchase event hereunder) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at the request of the Company that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable change of control (whether or not the applicable change of control shall have occurred at the time of the below investment grade rating event).

The term change of control means the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as that term is used in Section 13(d)(3) of the Exchange Act), becomes the beneficial owner, directly or indirectly, of more than 50% of our voting stock, measured by voting power rather than number of shares.

The term change of control repurchase event means the occurrence of both a change of control and a below investment grade rating event.

The term investment grade means a rating of Baa3 or better by Moody s (or its equivalent under any successor rating categories of Moody s); a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P); and the equivalent investment grade credit rating from any additional rating agency or rating agencies selected by us.

The term Moody s means Moody s Investors Service Inc.

The term rating agency means (1) each of Moody s and S&P; and (2) if either of Moody s or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us (as certified by a resolution of our board of directors) as a replacement agency for Moody s or S&P, or both, as the case may be.

The term S&P means Standard & Poor s Ratings Services, a division of McGraw-Hill, Inc.

The term voting stock of any specified person (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

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Interest

The Notes will bear interest at a fixed rate of 5.95%. The Notes will bear interest from March 12, 2012, payable semi-annually on each March 15 and September 15, beginning on September 15, 2012, to the persons in whose names the Notes are registered at the close of business on the March 1 and September 1, as the case may be, immediately preceding such March 15 and September 15 (whether or not a business day). Interest on the Notes will accrue from March 12, 2012, or from the most recent interest payment date to which interest has been paid or provided for, to but excluding the relevant interest payment date.

If an interest payment date for the Notes falls on a day that is not a business day, the interest payment shall be postponed to the next succeeding business day, and no interest on such payment shall accrue for the period from and after such interest payment date.

Redemption at Our Option

We may, at our option, redeem the Notes in whole or in part at any time at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed, plus accrued interest to the redemption date, and

- as determined by the Independent Investment Banker, the sum of the present values of the principal amount of and remaining scheduled payments of interest on the Notes to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis at the Treasury Rate plus 50 basis points plus accrued interest to the redemption date for the Notes.

The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

Treasury Rate means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated on the third business day preceding the redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Comparable Treasury Issue means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the Notes that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

Comparable Treasury Price means, with respect to any redemption date:

- the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations, or

- if the Independent Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by us.

Reference Treasury Dealer means (a) each of Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Deutsche Bank Securities Inc., RBC Capital Markets, LLC and a Primary Treasury Dealer (defined herein) selected by Wells Fargo Securities, LLC and their respective successors, unless any of them ceases to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), in which case we shall substitute another Primary Treasury Dealer, and (b) any other Primary Treasury Dealers selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked

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prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding that redemption date.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each holder of the Notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Notes or portions of the Notes called for redemption.

Book-Entry; Delivery and Form

Global Notes

The Notes will be issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company (DTC). The Notes will be issued in the form of one or more global notes in the aggregate principal amount of the Notes. Such global notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

So long as DTC, or its nominee, is the registered owner of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such global note for all purposes under the indenture. Except as set forth below, owners of beneficial interests in a global note will not be entitled to have the Notes represented by such global note registered in their names, will not receive or be entitled to receive physical delivery of such Notes in definitive form and will not be considered the owners or holders thereof under the indenture. Accordingly, each person owning a beneficial interest in a global note must rely on the procedures of DTC for such global note and, if such person is not a participant in DTC (as described below), on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indenture.

DTC has advised Masco and the underwriters as follows:

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization under the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges in deposited securities, through electronic computerized book-entry changes in participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its direct participants and by the NYSE Group, Inc., the American Stock Exchange, Inc. and the Financial Industry Regulatory Authority, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Ownership of Beneficial Interests

Purchases of notes under the DTC system must be made by or through direct participants, which will receive a credit for the notes on DTC s records. The ownership interest of each actual purchaser, or beneficial owner, of notes is in turn to be recorded on the direct and indirect participant s records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from