

Windows and Other Specialty Products

Joe Gross / Masco Group Vice President

Safe Harbor Statement

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This presentation contains statements that reflect our views about our future performance and 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. Our views about future performance 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 the levels of home improvement activity and new home construction, our ability to maintain our strong brands and to develop and introduce new and improved products, our ability to maintain our competitive position in our industries, our reliance on key customers, our ability to achieve the anticipated benefits of our strategic initiatives, our ability to improve our under-performing U.S. window business, the cost and availability of raw materials, our dependence on third party suppliers, and risks associated with international operations and global strategies. 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. The forward-looking statements in this presentation speak only as of the date of this presentation. 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.

Agenda

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The Business Today

Milgard Turnaround Plan

Future Outlook

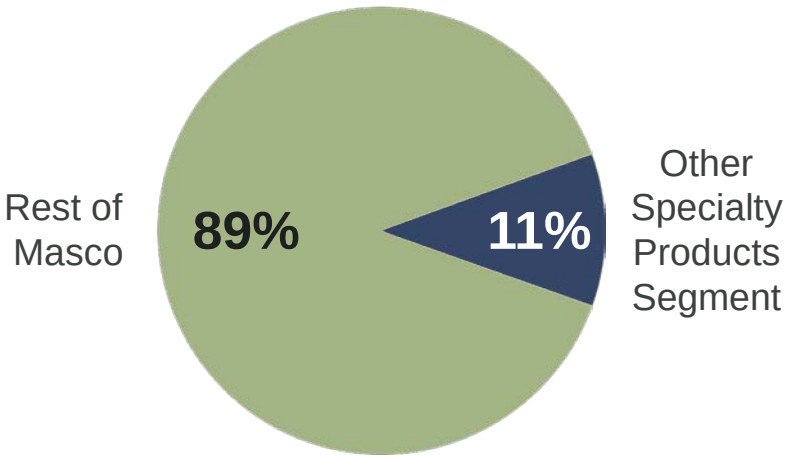






Windows and Other Specialty Products Segment Overview

Masco Corp.
(Breakdown of 2016 Revenue)



	12/31/2016
Revenue	**$0.8B**
Margin as Adjusted*	**(0.3%)**
% Revenue outside North America	**22%**
% Repair & Remodel Sales	**71%**
Currency Exposure	**USD / GBP**
Commodity Exposure	**TiO2 / Resins / Glass**

* Excludes $1M of rationalization charges.

Our Businesses are Market Leaders

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Milgard WINDOWS & DOORS

Clearly the best.™

MASCO UK WindowGroup



Milgard Market Leader in Western U.S., Gaining Share

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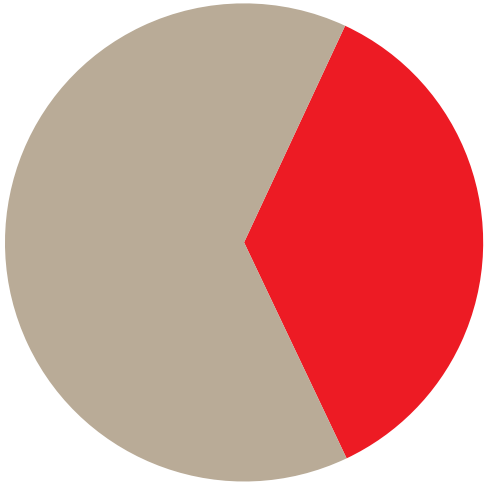
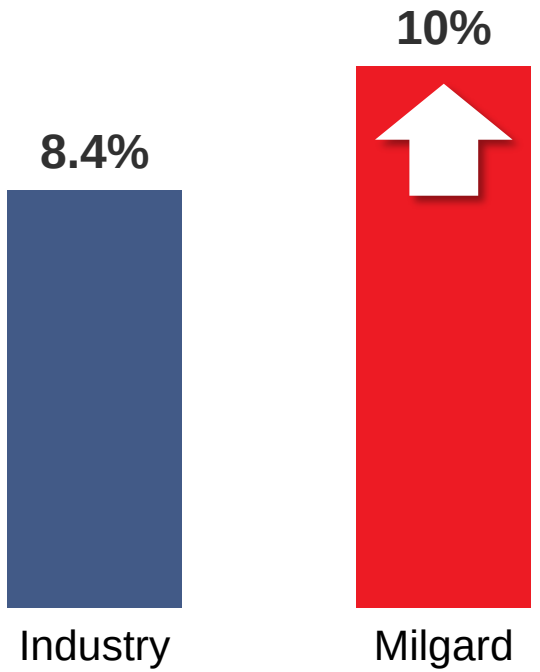
Western U.S. Window & Patio Door Industry $1.3B



Milgard
#1

Strong Revenue Growth vs. Industry

(2011 – 2016 CAGR)



Source: Bain Consulting and company estimates.

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The Turnaround Plan

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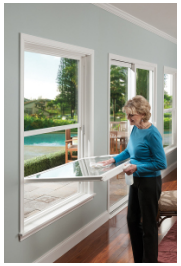
- ☑ Management team in place
- ☑ Evaluate customer and product profitability
- ☑ Identify margin improvement opportunities in all functional areas
- ☑ Develop action plan
- ☑ Execute the plan







Defined Path to Double Digit Operating Margin by Year End 2018

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Future

- Further cost controls
- Capacity leverage
- Disciplined business processes

Complete

- Org restructure
- Pricing actions
- Productivity improvements
- Cost controls
- ERP methodology



- Continued productivity improvements
- Customer & product profitability

In Process

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Three Key Strategies

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1 Complete Milgard turnaround plan

2 Grow Milgard organically in core markets

3 Extend UK Window Group's leadership position



Significant Opportunities in Current Geographies

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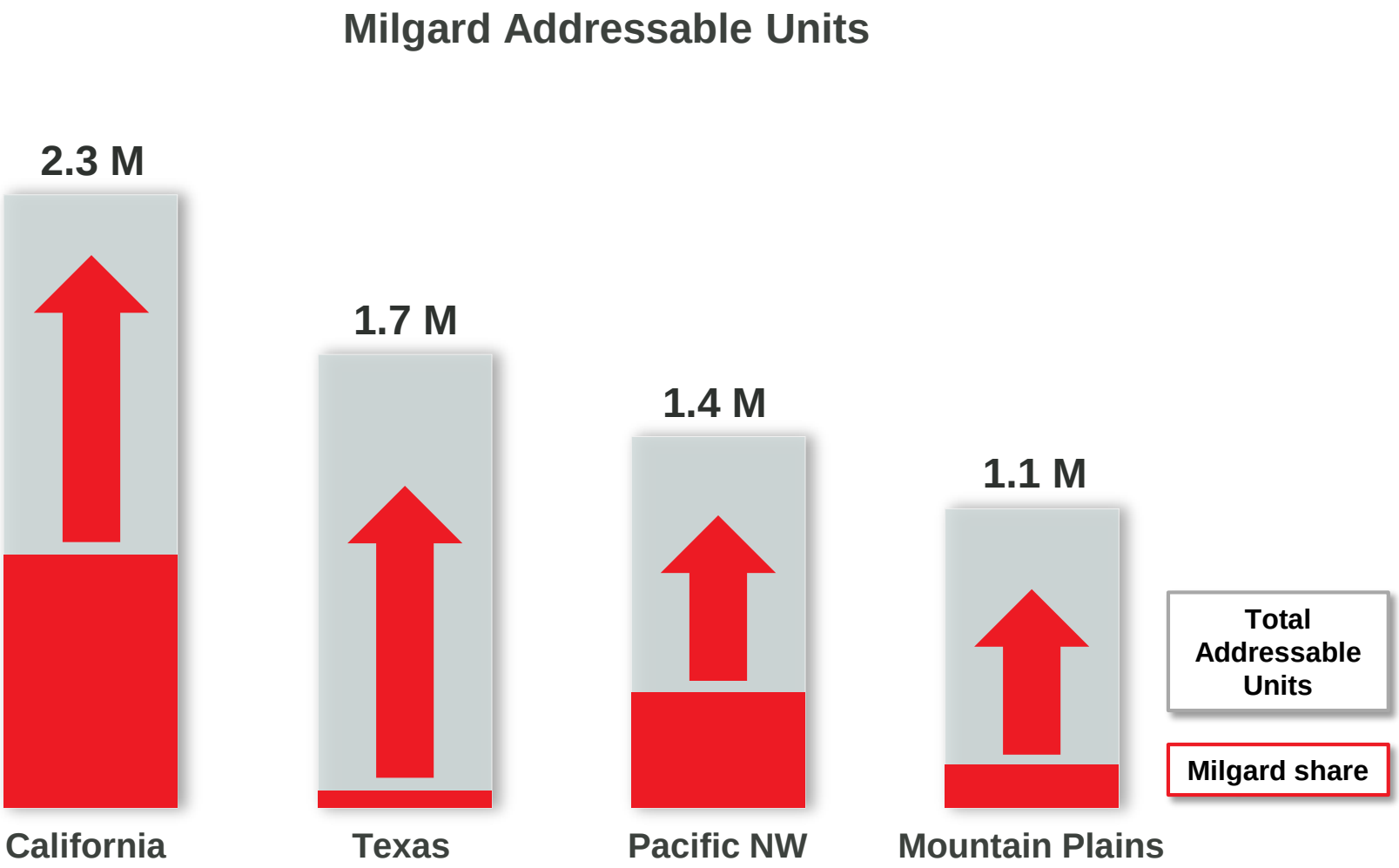

Source: Dodge Data Market Data & Milgard unit sales.

Leverage Strength of the Brand

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Window & door brand in Western United States	**#1**
Window brand online reputation (measured by net reputation score)	**#1**
Vinyl & fiberglass windows in Western United States by BUILDER Magazine in 2016	**#1**
Winner of BUILDER Magazine “Best Quality Vinyl Window in the Nation”	**8 times**
Window industry online presence net reputation score 2016	**#1**

Growth Through Product Innovation

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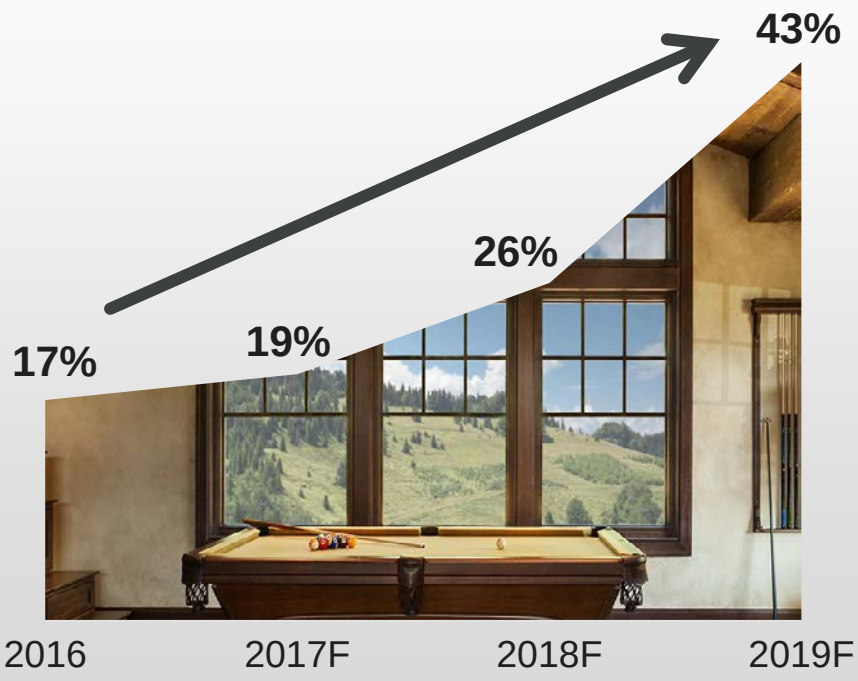
Vitality Index Will Reach 43% by 2019

(% of Revenue)



Premium Painted Vinyl Windows



Moving Glass Wall Systems



Expanded Channel Presence

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Initiatives

- Historically focused exclusively on dealer channel
- High double-digit growth in Home Center channel since 2014
- Ability to successfully sell into multiple channels
- Home Center channel now represents ~18% of sales

Results

+42%*



565 retail locations

+38%*



310 retail locations

*Sales growth since 2014.

Our Strategy at Work – Success in Texas

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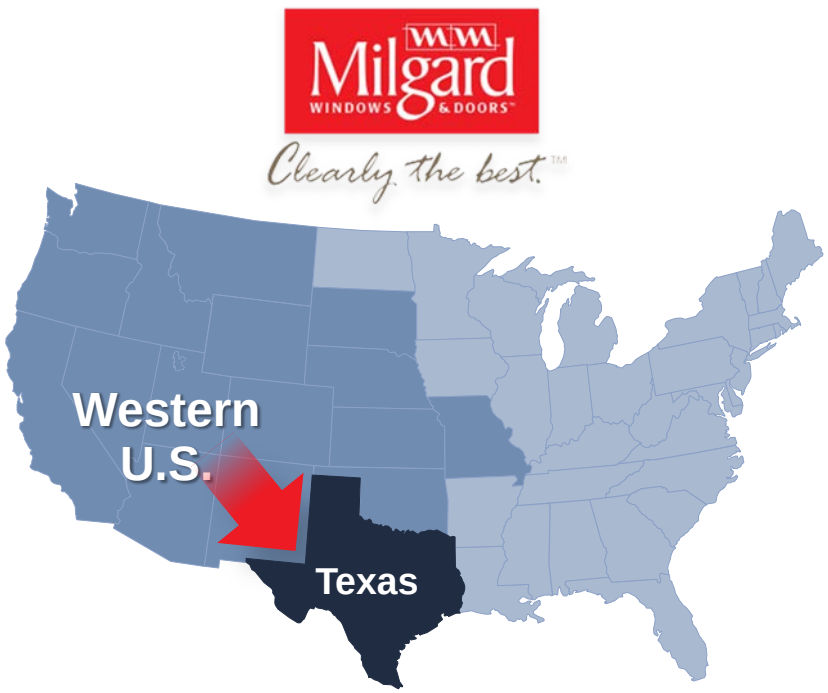
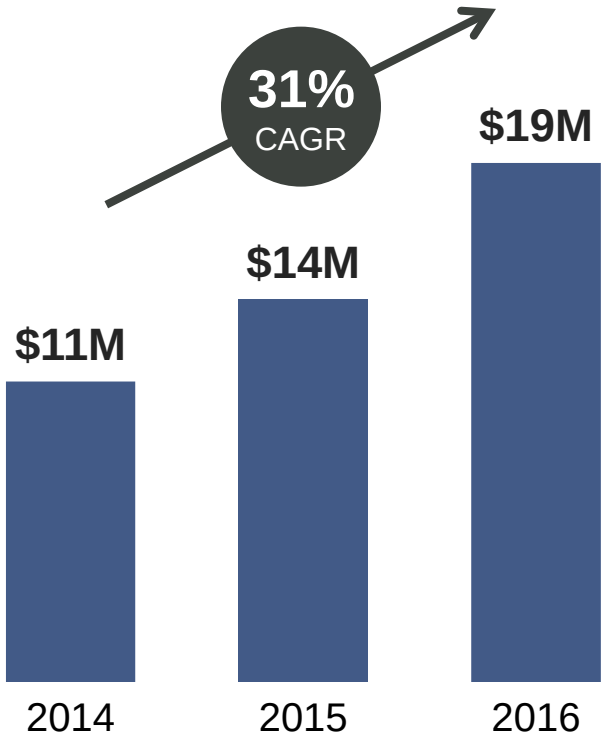


1.7M Addressable Window Units



Source: Bain Consulting and company estimates.

Key Execution Initiatives

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Leverage Milgard Brand strength

+

Innovation

+

Expanded channel presence

Estimated Sales Opportunity:

~$110M-$130M over the next three years

Three Key Strategies

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1 Complete Milgard turnaround plan

2 Grow Milgard organically in core markets

3 Extend UK Window Group's leadership position



Masco's UK Window Group Holds a Leadership Position in the Most Attractive Segment of the UK Window Market

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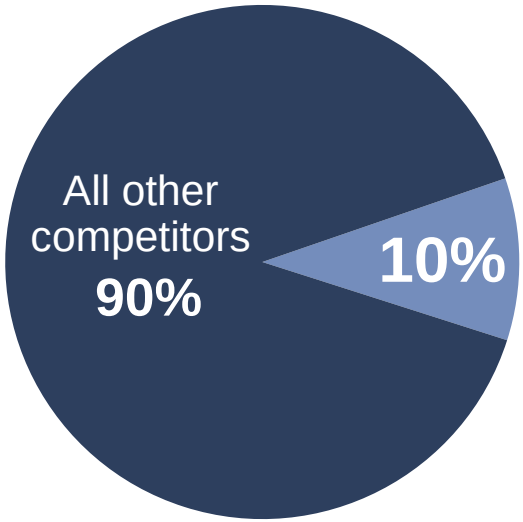
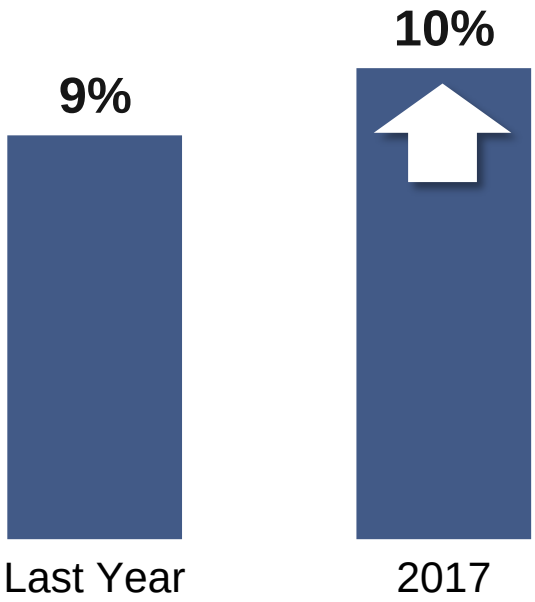
Leading Position in UK Vinyl / Composite



UK Window Group
#1

5.5M Addressable Window Units & 1.1M Addressable Doors Units

Growing Share



Source: 2016 Palmer Market Report.

Key Execution Initiatives

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Grow the core

+

Grow in new sales channels

+

Leverage benefits of scale

Estimated Sales Opportunity:

~$30M-$50M over the next three years

Windows and Other Specialty Products
3 Year Outlook

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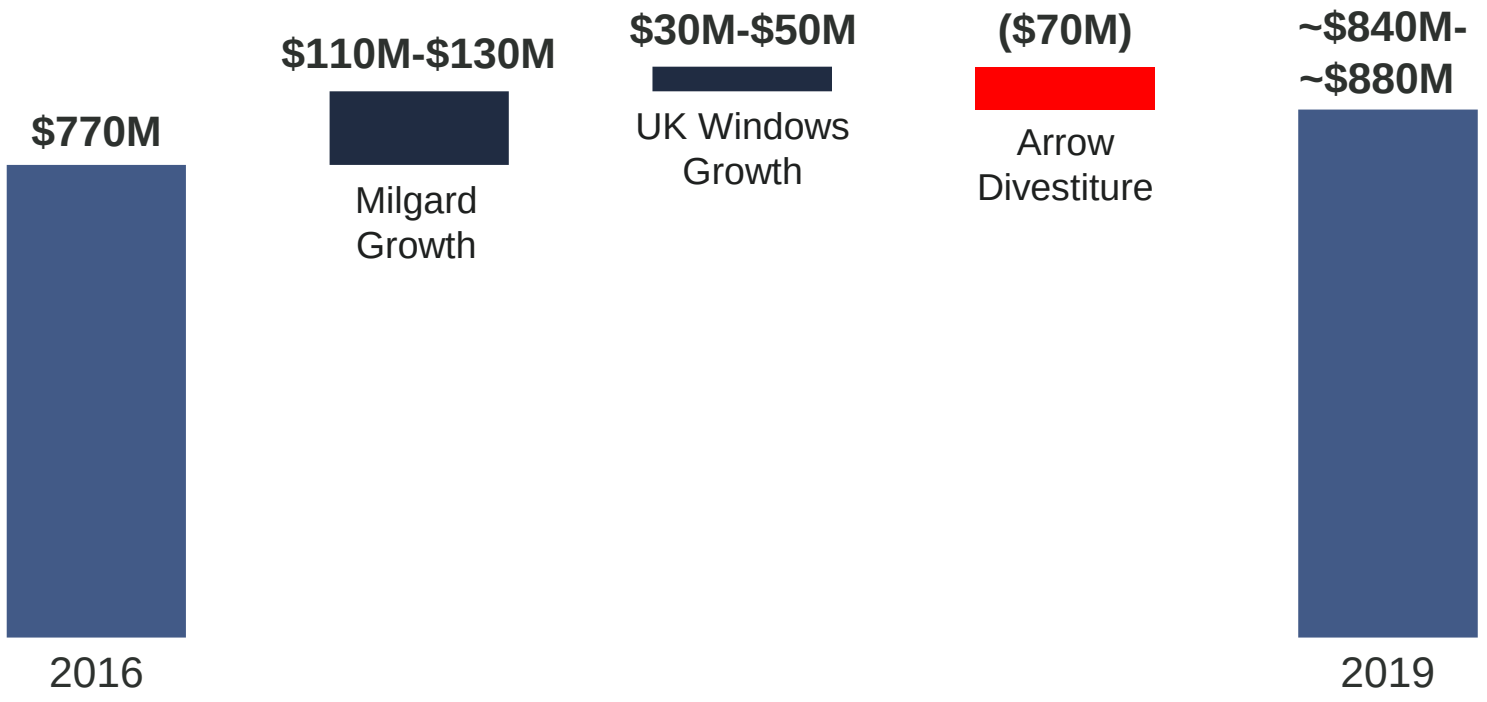
Windows and Other Specialty Products Net Sales



The Segment is expected to generate 10-13% operating margins in 2019 with sales growing at 3-5% CAGR* during the next 3 years

*Sales CAGR of 6-8% excluding Arrow divestiture.

Brand Strength and Market Position Drive Growth

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- **Milgard's turnaround is on schedule**

- **Milgard strong brand and value proposition will outperform the market**

- **UK Window Group is the UK leader for vinyl and composite windows**

2019 Targets:

Sales growing: 3-5%* **Margins: 10-13%**

*Sales CAGR of 6-8% excluding Arrow divestiture.